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Årsredovisning för

Veolia Nordic AB

556619-6779

Räkenskapsåret
2021-01-01 - 2021-12-31

Innehållsförteckning: **Sida**

Fastställelseintyg

Undertecknad styrelseledamot i Veolia Nordic AB intygar härmed dels att denna kopia av årsredovisningen överensstämmer med originalet, dels att resultat- och balansräkningen fastställts på årsstämma 2022-07-14. Stämman beslutade också att godkänna styrelsens förslag till resultatdisposition.

Stockholm och 2022-07-14

Håkon Vist
Verkställande direktör

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Årsredovisning för

Veolia Nordic AB

556619-6779

Räkenskapsåret

2021-01-01 - 2021-12-31

Innehållsförteckning: **Sida**

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Veolia Nordic AB
556619-6779

Förvaltningsberättelse

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Styrelsen och verkställande direktören för Veolia Nordic AB, 556619-6779, med säte i Stockholm, får härmed avge årsredovisning för räkenskapsåret 2021-01-01 - 2021-12-31.

Allmänt om verksamheten

Förvaltningsberättelse

Styrelsen och den verkställande direktören för Veolia Nordic AB (556619-6779) med säte i Stockholm får härmed avge årsredovisning för räkenskapsåret 1 januari - 31 december 2021. Samtliga belopp i årsredovisningen är angivna i tusentals kronor om inget annat anges. Belopp inom parentes avser föregående års siffra.

Koncernförhållanden

Veolia Nordic AB är ett helägt dotterbolag till Veolia Energie International SA med säte i Paris, 433 539 566 RCS Paris. Veolia Energie International SA ägs i sin tur av Veolia Environnement SA med säte i Paris, 403 210 032 RCS.
Veolia Nordic AB är moderbolag till två helägda dotterbolag; Veolia Sweden AB, org nr 559065-3506 och Veolia Services Suomi Oy, org nr 2728991-6. Veolia Nordic AB äger även 51% i det finska bolaget STEP Oy, org nr 2212298-1.
Då Veolia Nordic AB ingår som en del i Veolia Environnementkoncernen vilken lämnar en konsoliderad finansiell rapport lämnar Veolia Nordic AB, med hänvisning till ÅRL 7:2, endast en finansiell rapport som avser bolaget och ingen koncernrapport för den nordiska koncernen.

Allmänt om verksamheten

Veolia Nordic AB har under räkenskapsåret via sina nuvarande och under räkenskapsåret avyttrade dotterbolag erbjudit ett heltäckande utbud av innovativa lösningar inom hållbar resurshantering. I praktiken innebär det ett heltäckande utbud av tjänster och projekt med garantier avseende funktion, prestanda och kostnadsnivå inom industrisanering, hantering av energi- och vattenanläggningar och förädling av restprodukter.

I dotterbolaget Veolia Sweden AB bedrevs under året en enligt miljöbalken tillstånds- och anmälningspliktiga verksamheter. Samtliga tillstånd är icke tidsbegränsade och behöver inte förnyas eller revideras under kommande räkenskapsår. Verksamheten har under räkenskapsåret övertagits av ny ägare, Solör Bioenergi.

Veolia är kvalitets- och miljöcertifierat enligt ISO 9000, ISO 14000, OHSAS 18000, samt verifierade inom ISO 26000 (hållbarhetsstandarden). Verksamheten innehar även ackreditering för kylarbeten och energicertifiering av byggnader. Veolia Nordic AB följer Veolia koncernens etiska regler för en hållbar utveckling. Hållbarhetsrapport upprättas av koncernmodern Veolia Environnement SA.

Väsentliga händelser under räkenskapsåret

Veoliakoncernen meddelade i början av 2021 sin avsikt att avyttra all sin verksamhet i Sverige och Norge. Beslutet är en följd av den globala sammanslagningen av Veolia-koncernen och Suez-koncernen, och deras gemensamma strategiska beslut att enbart fokusera på de marknader där koncernerna kan fusioneras. Eftersom Suez avyttrade sin svenska verksamhet redan under 2020, fanns inte dessa förutsättningar i Sverige.
Avyttringen omfattade all verksamhet inom Veolia Sweden AB, Veolia Norge AS och Veolia Recycling Solutions Nordic AB, med tillhörande dotterbolag.

Veolia Sweden AB

Räkenskapsåret påverkades liksom föregående år av Covid-19 pandemin, men nu mer i form av en återhämtning inom den löpande verksamheten hos Veolia Nordens dotterbolag. Efterfrågan ökade, jämfört med föregående år och kostnadsökning för att minimera risken för vår personals hälsa och säkerhet var inte lika påtaglig. En central krishanteringsorganisation övervakade situationen och utvärderade eventuella effekter på produktion och leveranser, och bolagen vidtog också temporära åtgärder för att anpassa verksamheterna efter marknadens efterfrågan på våra tjänster.

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Väsentliga händelser var annars framförallt avyttringen av bolagets verksamhet, som skedde i tre delar. Första delen att avyttras var verksamhetsområdet Utility Solutions, som utgjordes av en del av Veolia Sweden AB och hela Veolia Norge AS. Verksamhetsområdet avyttrades 30 juni 2021 till Solör Bioenergi.

Den andra delen att avyttras var verksamhetsområdet Technical Management som förvärvades av Coor Service Management 1 oktober 2021.

Den tredje och sista delen av Veolia Sweden AB att avyttras var verksamhetsområdet Industrial services, som tillsammans med Veolia Recycling Solutions Nordic och dess tillhörande dotterbolag, förvärvades av REMONDIS International GmbH 16 december 2021.

Veolia Recycling Solutions Nordic AB
Veolia Recycling Solutions Nordic AB utgörs av verksamheten som förvärvades av Hans Andersson Holding AB den 31 augusti 2017, det vill säga Hans Andersson Recycling AB med dotterbolag. Verksamheten är en egen legal enhet inom Veolias nordiska koncern med fokus på avfallshantering och återvinning inom bland annat papper, plast och metall.

Veolia Recycling Solutions Nordic AB:s tillväxt under räkenskapsåret påverkades givetvis också av covid-19 pandemin som hade en direkt påverkan på volymen inom flera återvinningsfraktioner. Under räkenskapsåret har priserna på flera fraktioner, framförallt järn och returpapper som haft en positiv påverkan på resultatet. Trots pandemin bedrev bolaget ett framgångsrikt försäljningsarbete under räkenskapsåret som resulterade i flera större avtal, bland annat inom byggåtervinning och genom ett förlängt och utökat avtal med Västra Götalandsregionen.

De sedan tidigare delägda verksamheterna Seka Miljöteknik och Allåtervinning i Stockholm AB förvärvades till fullo av Veolia Recycling Solutions Nordic AB under kvartal 1 2021.

Veolia Recycling Solutions Nordic AB ingick i avyttringen till REMONDIS International GmbH 16 december 2021.

STEP Oy
STEP Oy berörs inte av avyttringen eftersom bolaget är en del av den finska verksamheten, som Veoliakoncernen behåller.
I bolagets affärsplan finns tydliga mål på lönsam tillväxt baserad på hållbara och miljöanpassade energilösningar med tillhörande tjänster. Detta stöds framförallt på utsläppsdirektiven från 2018 och fortsatta statliga bidrag för omställning till förnyelsebar energi. Företaget fortsätter att expandera sin verksamhet till nya områden i Finland.

Veolia Services Suomi Oy
Veolia Services Suomi Oy berörs inte av avyttringen eftersom bolaget är en del av den finska verksamheten, som Veoliakoncernen behåller. Verksamheten vilar på uppdraget som ansvarigt för drift och underhåll av ångproduktionen till Neste Oil:s raffinaderi och Borealis petrokemiska anläggning i Porvoo. Uppdraget innebär att Veolia genom att ta över berörd driftpersonal från Neste fortsatt driften av den befintliga ångproduktionen, och parallellt bedriver utveckling av organisation och arbetssätt för att vara beredda att ta över driften av den nya infrastruktur för produktion och distribution av ånga som är under konstruktion. Detta baserat på ett 20-årigt avtal med KPP Lid (Kilpilahti Power Plant Lid) som är ett joint venture där Veoliagruppen äger 40 %, Neste 40 % samt Borealis 20 %.

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Utveckling av företagets verksamhet, resultat och ställning

Belopp i Tkr

	2021-12-31	*2020-12-31*	*2019-12-31*	*2018-12-31*	*2017-12-31*
Nettoomsättning	165 524	174 508	151 928	148 621	74 467
Resultat efter finansiella poster	-420 622	-59 794	-8 775	-107 427	228 667
Balansomslutning	2 338 014	2 044 410	1 973 985	1 862 103	1 231 422
Antal Anställda	68	76	79	73	72
Avkastning på eget kapital %	neg	neg	neg	neg	56,1
Soliditet %	10,5	12,9	16,2	16,6	43,9

Definitioner: se not

Väsentliga risker och osäkerhetsfaktorer

Veolia hanterar risker och osäkerhetsfaktorer proaktivt genom väl etablerade, lokalt och globalt kopplad processer, som ständigt är under förbättring.
I praktiken övervakas riskerna med hjälp av funktionen för Risk Management, samt genom instruktioner och stöd från Veolias centrala funktion för Risk Management i Paris.
Hanteringen av dessa funktioner omfattar:

Kundberoende
Veolia arbetar med en bred krets av kunden inom samtliga geografier, vilket skapar en stabil grund för vår verksamhet.

Leverantörsberoende
Risker och osäkerhetsfaktorer minimeras genom avtal med flera leverantörer inom respektive disciplin och geografi. Leverantörssamarbetet utvärderas kontinuerligt och avvikelser relativt avtal eller marknad kan snabbt korrigeras.

Prisrisk:
Veolia har en viss exponering kopplat till inköpspris i samband med inköp och hantering av råmaterial som är viktigt förr verksamheten. Veolias försäljningspriser är dock kopplade till olika prisindex som finns på marknaden, vilket kompenserar för förändringar i bolagets driftkostnad relaterat till råvarorna.
Försäkringsrisk: Traditionella risker såsom brand, stöld, ansvar och liknande. Bedömningen är att Veolia har ett tillfredsställande skydd genom de försäkringar, som är tecknade dels lokalt och dels via moder-koncernen.

Kreditrisk:
Förr att minimera kreditrisken genomförs regelbundna kreditbedömningar. Bedömningen är att Veolia har en väl fungerande kreditbevakning. Hittills har denna inneburit att Veolia inte har drabbats av kundförluster av betydelse.

Valutarisk:
Veolia är exponerad för en mycket ringa transaktionsrisk. En liten omräkningsrisk finns avseende koncerninterna lån men denna bedöms som mycket liten.

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Eget kapital

	Aktiekapital	*Bunda reserver*	*Fritt eget kapital*	*Totalt eget kapital*
Ingående balans	235 603	28 863	-220	264 246
Summa	235 603	28 863	-220	
Årets resultat			-18 248	-18 248
Vid årets utgång	**235 603**	**28 863**	**-18 468**	**245 998**

Förslag till disposition av företagets vinst eller förlust

Styrelsen föreslår att fritt eget kapital, kronor -18 467 975, disponeras enligt följande:

	Belopp i kr
Balanseras i ny räkning	-18 467 975
Summa	**-18 467 975**

Vad beträffar resultat och ställning i övrigt hänvisas till efterföljande resultat- och balansräkning med tillhörande noter

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Veolia Nordic AB
556619-6779

Resultaträkning

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Belopp i Tkr	*Not*	*2021-01-01-2021-12-31*	*2020-01-01-2020-12-31*
Nettoomsättning	2	165 524	174 508
Aktiverat arbete för egen räkning		10 959	10 444
Övriga rörelseintäkter		2 744	2 793
		179 227	187 745
Rörelsens kostnader			
Övriga externa kostnader	*3,5*	-219 213	-116 835
Personalkostnader	*4*	-129 611	-87 956
Avskrivningar av materiella och immateriella anläggningstillgångar		-34 844	-8 905
Övriga rörelsekostnader		-40 105	-604
Rörelseresultat		-244 546	-26 555
Resultat från finansiella poster			
Resultat från andelar i koncernföretag	*6*	-126 215	4 328
Ränteintäkter och liknande resultatposter	*7*	2 116	2 125
Räntekostnader och liknande resultatposter	*8*	-51 977	-39 691
Resultat efter finansiella poster		-420 622	-59 793
Bokslutsdispositioner	*9*	441 709	-
Resultat före skatt		21 087	-59 793
Skatt på årets resultat	*10*	-39 335	5 330
Årets resultat		-18 248	-54 463

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Veolia Nordic AB
556619-6779

Balansräkning

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Belopp i Tkr	*Not*	*2021-12-31*	*2020-12-31*
TILLGÅNGAR			
Anläggningstillgångar			
Immateriella anläggningstillgångar			
Balanserade utgifter för utvecklingsarbeten och liknande arbeten	*11*	821	76 874
		821	76 874
Materiella anläggningstillgångar			
Inventarier, verktyg och installationer	*12*	272	11 349
		272	11 349
Finansiella anläggningstillgångar			
Andelar i koncernföretag	*13*	106 040	1 063 496
Fordringar hos koncernföretag	*14*	-	139 500
Uppskjuten skattefordran	*15*	11 279	50 615
		117 319	1 253 611
Summa anläggningstillgångar		118 412	1 341 834
Omsättningstillgångar			
Kortfristiga fordringar			
Kundfordringar		1 603	436
Fordringar hos koncernföretag		2 083 765	601 509
Aktuell skattefordran		13 207	13 207
Övriga fordringar		27 137	7 172
Förutbetalda kostnader och upplupna intäkter		3 746	5 806
		2 129 458	628 130
Kassa och bank		90 144	74 448
Summa omsättningstillgångar		2 219 602	702 578
SUMMA TILLGÅNGAR		2 338 014	2 044 412

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Veolia Nordic AB
556619-6779

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EGET KAPITAL OCH SKULDER

Eget kapital			
Bundet eget kapital			
Aktiekapital		235 603	235 603
Reservfond		2 400	2 400
Fond för utvecklingsutgifter		26 463	26 463
		264 466	264 466
Fritt eget kapital			
Balanserad vinst eller förlust		-220	54 243
Årets resultat		-18 248	-54 463
		-18 468	-220
Summa eget kapital		245 998	264 246
Långfristiga skulder	*18*		
Skulder till koncernföretag		1 296 507	1 249 092
		1 296 507	1 249 092
Kortfristiga skulder			
Leverantörsskulder		3 298	4 980
Skulder till koncernföretag		647 430	504 431
Övriga kortfristiga skulder		32 531	5 277
Upplupna kostnader och förutbetalda intäkter	*19*	112 250	16 386
		795 509	531 074
SUMMA EGET KAPITAL OCH SKULDER		2 338 014	2 044 412

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Veolia Nordic AB
556619-6779

Kassaflödesanalys

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Belopp i Tkr	*Not*	*2021-01-01-2021-12-31*	*2020-01-01-2020-12-31*
Den löpande verksamheten			
Resultat efter finansiella poster		-420 622	-59 794
Justeringar för poster som inte ingår i kassaflödet, m m	22	164 929	8 905
		-255 693	-50 889
Kassaflöde från den löpande verksamheten före förändringar av rörelsekapital		**-255 693**	**-50 889**
Kassaflöde från förändringar i rörelsekapital			
Ökning(-)/Minskning (+) av rörelsefordringar		-1 501 327	-296 473
Ökning(+)/Minskning (-) av rörelseskulder		311 850	124 892
Kassaflöde från den löpande verksamheten		**-1 445 170**	**-222 470**
Investeringsverksamheten			
Förvärv av immateriella anläggningstillgångar			-29 132
Förvärv av materiella anläggningstillgångar			-9 574
Avyttring av anläggningstillgångar		52 286	
Förvärv av finansiella tillgångar		-158 915	
Avyttring av finansiella tillgångar		1 125 786	214 908
Kassaflöde från investeringsverksamheten		**1 019 157**	**176 202**
Finansieringsverksamheten			
Erhållna koncernbidrag		441 709	
Kassaflöde från finansieringsverksamheten		**441 709**	
Årets kassaflöde		**15 696**	**-46 268**
Likvida medel vid årets början		**74 448**	**120 716**
Likvida medel vid årets slut		**90 144**	**74 448**

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Noter

Not 1 Redovisningsprinciper

Belopp i Tkr om inget annat anges

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Allmänna redovisningsprinciper

Årsredovisningen har upprättats i enlighet med årsredovisningslagen och Bokföringsnämndens allmänna råd BFNAR 2012:1 Årsredovisning och koncernredovisning (K3).

Värderingsprinciper m m

Tillgångar, avsättningar och skulder har värderats utifrån anskaffningsvärden om inget annat anges nedan.

Immateriella anläggningstillgångar

Övriga immateriella anläggningstillgångar

Övriga immateriella tillgångar som förvärvats av företaget är redovisade till anskaffningsvärde minus ackumulerade avskrivningar och nedskrivningar. Utgifter för internt genererad goodwill och varumärken redovisas i resultaträkningen som kostnad då de uppkommer.

Avskrivningar

Avskrivning sker linjärt över tillgångens beräknade nyttjandeperiod. Avskrivningen redovisas som kostnad i resultaträkningen.

Immateriella anläggningstillgångar	*År*
Förvärvade immateriella tillgångar	
Dataprogram	3
Övriga immateriella tillgångar	5

Materiella anläggningstillgångar

Materiella anläggningstillgångar redovisas till anskaffningsvärde minskat med ackumulerade avskrivningar och nedskrivningar. I anskaffningsvärdet ingår förutom inköpspriset även utgifter som är direkt hänförliga till förvärvet.

Tillkommande utgifter

Tillkommande utgifter som uppfyller tillgångskriteriet räknas in i tillgångens redovisade värde. Utgifter för löpande underhåll och reparationer redovisas som kostnader när de uppkommer.

Avskrivningar

Avskrivningar
Avskrivning sker linjärt över tillgångens beräknade nyttjandeperiod eftersom det återspeglar den förväntade förbrukningen av tillgångens framtida ekonomiska fördelar. Avskrivningen redovisas som kostnad i resultaträkningen.

Materiella anläggningstillgångar	*År*
Inventarier, verktyg och installationer	5
Datorer	3

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Leasing

Leasing
Operationella leasingavtal
Leasingavgifterna enligt operationella leasingavtal, inklusive förhöjd förstagångshyra men exklusive utgifter för tjänster som försäkring och underhåll, redovisas som kostnad linjärt över leasingperioden.

Leasetagare finansiella leasingavtal
Då de ekonomiska risker och fördelar som är förknippade med de leasade tillgångarna har övergått till leasetagaren klassificeras avtalet som finansiell leasing. Vid det första redovisningstillfället redovisas en tillgång och skuld i balansräkningen. Vid efteröljande redovisningstillfällen fördelas minimileasingavgifterna på ränta och amortering av skulden enligt effektivräntemetoden. Ränta ska fördelas över leasingperioden genom att belasta varje räkenskapsår med ett belopp som motsvarar en fast räntesats för den under respektive räkenskapsår redovisade skulden. Variabla avgifter ska redovisas som kostnad det räkenskapsårr utgifterna uppkommer.

Utländsk valuta

Poster i utländsk valuta
Monetära poster i utländsk valuta räknas om till balansdagens kurs. Icke-monetära poster räknas inte om utan redovisas till kursen vid anskaffningstillfället.
Valutakursdifferenser som uppkommer vid reglering eller omräkning av monetära poster redovisas i resultaträkningen det räkenskapsår de uppkommer.

Andelar i dotterföretag, intresseföretag, gemensamt styrda företag och företag med ägarintresse i

Andelar i dotterföretag, intresseföretag, gemensamt styrda företag och företag det finns ägarintresse i
Andelar i dotterföretag, intresseföretag, gemensamt styrda företag och företag där det finns ägarintresse i redovisas till anskaffningsvärde minskat med ackumulerade nedskrivningar.
I anskaffningsvärdet ingår förutom inköpspriset även utgifter som är direkt hänfärliga till förvärvet.

Ersättningar till anställda

Planer för vilka pensionspremier betalas redovisas som avgiftsbestämda vilket innebär att avgifterna kostnadsförs i resultaträkningen.

Ersättningar till anställda efter avslutad anställning
I de fall förmånsbestämda pensionsplaner finansieras i egen regi redovisas pensionsskulden till det belopp som erhålls från KPA.

Skatt

Skatt på årets resultat i resultaträkningen består av aktuell skatt och uppskjuten skatt. Aktuell skatt är inkomstskatt för innevarande räkenskapsår som avser årets skattepliktiga resultat och den del av tidigare räkenskapsårs inkomstskatt som ännu inte har redovisats. Uppskjuten skatt är inkomstskatt för skattepliktigt resultat avseende framtida räkenskapsår till följd av tidigare transaktioner eller händelser.

Uppskjuten skatteskuld redovisas för alla skattepliktiga temporära skillnader, dock inte för temporära skillnader som härrör från första redovisningen av goodwill. Uppskjuten skattefordran redovisas för avdragsgilla temporära skillnader och för möjligheten att i framtiden använda skattemässiga underskottsavdrag. Värderingen baseras på hur det redovisade värdet för motsvarande tillgång eller skuld förväntas återvinnas respektive regleras. Beloppen baseras på de skattesatser och skatteregler som är beslutade före balansdagen och har inte nuvärdesberäknats.

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Eventualförpliktelser
Eventualförpliktelser är en sammanfattande beteckning för sådana garantier, ekonomiska åtaganden och eventuella förpliktelser som inte tas upp i balansräkningen.

Intäkter
Det inflöde av ekonomiska fördelar som företaget erhållit eller kommer att erhålla för egen räkning redovisas som intäkt. Intäkter värderas till verkliga värdet av det som erhållits eller kommer att erhållas, med avdrag för rabatter.

Koncernbidrag och aktieägartillskott

Koncernbidrag som erhållits/lämnats redovisas som en bokslutsdisposition i resultaträkningen. Det erhållna/lämnade koncernbidraget har påverkat företagets aktuella skatt.

Offentliga bidrag
Ett offentligt bidrag som inte är förknippat med krav på framtida prestation redovisas som intäkt när villkoren för att få bidraget uppfyllts. Ett offentligt bidrag som är förenat med krav på framtida prestation redovisas som intäkt när prestationen utförs. Om bidraget har tagits emot innan villkoren för att redovisa det som intäkt har uppfyllts, redovisas bidraget som en skuld.

Not 2 Nettoomsättning per rörelsegren och geografisk marknad

Nettoomsättning per rörelsegren

	2021-01-01-2021-12-31	*2020-01-01-2020-12-31*
Administrativa tjänster till konernföretag	165 524	174 508
Övrigt	2 744	2 793
Summa	**168 268**	**177 301**

Not 3 Arvode och kostnadsersättning till revisorer

	2021-01-01-2021-12-31	*2020-01-01-2020-12-31*
KPMG AB		
Revisionsuppdrag	496	240
Övrig konsultation	9 988	79

Med revisionsuppdrag avses lagstadgad revision av årsredovisningen och bokföringen samt styrelsens och verkställande direktörens förvaltning samt revision och annan granskning utförd i enlighet med överenskommelse eller avtal.

Detta inkluderar övriga arbetsuppgifter som det ankommer på bolagets revisor att utföra samt rådgivning eller annat biträde som föranleds av iakttagelser vid sådan granskning eller genomförandet av sådana övriga arbetsuppgifter.

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Not 4 Anställda och personalkostnader

Medelantalet anställda

	2021-01-01-2021-12-31	*Varav män*	*2020-01-01-2020-12-31*	*Varav män*
Sverige	68	31	76	39
Totalt	**68**	**31**	**76**	**39**

Vid årets utgång var det 0
anställda kvar

Löner och andra ersättningar samt sociala kostnader, inklusive pensionskostnader

	2021-01-01-2021-12-31	*2020-01-01-2020-12-31*
Styrelse och VD	5 825	4 110
Övriga anställda	91 590	49 963
Summa	**97 415**	**54 073**
Pensionskostnader för styrlese och verkställande direktör	1 655	1 168
Pensionskostnader för övriga anställda	8 518	9 016
Övriga sociala avgifter enligt lag och avtal	18 443	19 127
Summa pensionskostnader	**28 616**	**29 331**
Totala löner	**126 031**	**83 384**
Andel kvinnor i styrelsen	33,33%	33,33%
Andel män i styrelsen	66,67%	66,67%
Andel kvinnor bland övriga ledande befattningshavare	40%	40%
Andel män bland övriga ledande befattningshavare	60%	60%

Avtal om avgångsvederlag
Vid uppsägning av verställande direktören från bolagetssida gäller 12 månaders uppsägningstid.
Vid uppsägning från verkställande direktören sida gäller 6 månders uppsägningtid.

Not 5 Operationell leasing - leasetagare

	2021-01-01-2021-12-31	*2020-01-01-2020-12-31*
Framtida minimileaseavgifter avseende icke uppsägningsbara operationella leasingavtal:		
Inom ett år	5 186	499
Mellan ett och fem år	-	26 989
Senare än fem år		-
	5 186	27 488
Räkenskapsårets kostnadsförda leasingavgifter	8 097	8 097

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Not 6 Resultat från andelar i koncernföretag

	2021-01-01-2021-12-31	*2020-01-01-2020-12-31*
Utdelning	3 870	4 328
Realisationsresultat vid avyttring av andelar	168 330	
Nedskrivningar	-298 415	
Summa	**-126 215**	**4 328**

Not 7 Ränteintäkter och liknande resultatposter

	2021-01-01-2021-12-31	*2020-01-01-2020-12-31*
Ränteintäkter, koncernföretag	2 023	2 113
Övrigt	93	12
Summa	**2 116**	**2 125**

Not 8 Räntekostnader och liknande resultatposter

	2021-01-01-2021-12-31	*2020-01-01-2020-12-31*
Räntekostnader, koncernföretag	38 727	39 536
Räntekostnader, övriga	13 234	38
Valutakursdifferenser	16	117
Summa	**51 977**	**39 691**

Not 9 Bokslutsdispositioner

	2021-01-01-2021-12-31	*2020-01-01-2020-12-31*
Skillnad mellan skattemässig och redovisad avskrivning:		
Mottagna koncernbidrag	441 709	
Summa	**441 709**	

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Not 10 Skatt på årets resultat

	2021-01-01-2021-12-31	*2020-01-01-2020-12-31*
Aktuell skattekostnad [/skatteintäkt]		5 330
Uppskjuten skatt	-39 335	
	-39 335	**5 330**

Avstämning av effektiv skatt

		2021-01-01-2021-12-31		*2020-01-01-2020-12-31*
	Procent	Belopp	Procent	Belopp
Resultat före skatt		21 087		-59 794
Skatt enligt gällande skattesats	-20,6	-4 344	20,6	12 317
Ej avdragsgilla kostnader	162,2	-70 465	-1,7	-136
Ej skattepliktiga intäkter	-163,3	35 474	11,3	892
Ränteavdrags effekt			-98,3	-7 742
Differens	**-21,7**	**-39 335**	**-68,1**	**5 331**

Not 11 Balanserade utgifter för utvecklingsarbeten och liknande arbeten

	2021-12-31	*2020-12-31*
Ackumulerade anskaffningsvärden		
-Vid årets början	119 874	90 943
-Inköp		29 507
-Avyttringar och utrangeringar	-94 954	-576
Vid årets slut	24 920	119 874
Ackumulerade avskrivningar		
-Vid årets början	-43 000	-36 038
-Återförda avskrivningar på avyttringar och utrangeringar	23 235	201
-Årets avskrivning	-4 334	-7 163
Vid årets slut	-24 099	-43 000
Redovisat värde vid årets slut	**821**	**76 874**

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Not 12 Inventarier, verktyg och installationer

	2021-12-31	*2020-12-31*
Ackumulerade anskaffningsvärden		
-Vid årets början	18 916	18 281
Inköp		9 620
-Avyttringar och utrangeringar	-11 265	-8 985
	7 651	18 916
Ackumulerade avskrivningar		
-Vid årets början	-7 567	-14 765
-Återförda avskrivningar på avyttringar och utrangeringar	30 698	8 940
-Årets avskrivning	-30 510	-1 742
	-7 379	-7 567
Redovisat värde vid årets slut	**272**	**11 349**

Not 13 Andelar i koncernföretag

	2021-12-31	*2020-12-31*
Ackumulerade anskaffningsvärden:		
-Vid årets början	1 063 496	1 278 404
-Avyttring	-659 041	-214 908
-Nedskrivning	-298 415	
Redovisat värde vid årets slut	**106 040**	**1 063 496**

Specifikation av moderföretagets innehav av aktier och andelar i koncernföretag
Ägarandelen av kapitalet avses, vilket även överensstämmer med andelen av rösterna för totalt antal aktier.

Dotterföretag / Org nr / Säte	*Antal andelar*	*i %*	*Redovisat värde*
Veolia Sweden AB, 559065-3506, Stockholm	5 000 000	100	5 000
STEP Oy, 2212298-1, Helsingfors	10 600	51	99 137
Veoli Services Soumi Oy, 2728991-6 Helsingfors	1 000	100	1 903
			106 040

Not 14 Fordringar hos koncernföretag

	2021-12-31	*2020-12-31*
Ackumulerade anskaffningsvärden:		
-Vid årets början	139 500	139 500
Redovisat värde vid årets slut	**139 500**	**139 500**

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Not 15 Uppskjuten skatt

2021-12-31	*Uppskjuten skatt*
Väsentliga temporära skillnader	
Skattemässigt underskottsavdrag	50 614
Uppskjuten skattefordran/skuld	-39 335
Uppskjuten skattefordran/skuld (netto)	**11 279**

2020-12-31	
Väsentliga temporära skillnader	
Skattemässigt underskottsavdrag	45 284
Uppskjuten skattefordran/skuld	5 330
Uppskjuten skattefordran/skuld (netto)	**50 614**

Not 16 Disposition av vinst eller förlust

Förslag till disposition av företagets vinst eller förlust
Styrelsen föreslår att den ansamlade förlusten, kronor 18 467 975, disponeras enligt följande:

	2021-12-31
Balanseras i ny räkning	-18 468
	-18 468

Not 17 Antal aktier och kvotvärde

	2021-12-31	*2020-12-31*
Antal aktier	2 356 028	2 356 028
kvotvärde	100	100

Not 18 Långfristiga skulder

	2021-12-31	*2020-12-31*
Skulder som förfaller senare än ett år från balansdagen		
Skulder till moderföretag	1 249 092	1 249 092
Skulder till koncernföretag	47 415	
Skulder som förfaller senare än fem år från balansdagen	-	562 800

Not 19 Upplupna kostnader och förutbetalda intäkter

	2021-12-31	*2020-12-31*
Upplupna lönekostnader	50 722	6 844
Upplupna sociala avgifter	4 028	5 560
Övriga poster	57 500	3 982
	112 250	**16 386**

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Not 20 Eventualförpliktelser

	2021-12-31	*2020-12-31*
Moderbolagsgarantier*	123 000	26 575
Produktgarantier kopplade till avyttringar under räkenskapsåret 2021	469 154	-
Övriga eventualförpliktelser	74 000	74 000
Summa eventualförpliktelser	**666 364**	**100 575**

* *I beloppet ingår* garantiförbindelser *kopplade till de tidigare dotterbolagens leasingavtal avseende fordon med ett belopp om 110 000 Mkr. Per 31 december 2021 var dessa garantier inte överförda till ny ägare och processen att överföra dessa pågår.*

Not 21 Ekonomiska arrangemang som inte redovisas i balansräkningen

	2021-12-31	*2020-12-31*
Justering för poster som inte ingår i kassaflödet m m		
Avskrivningar	34 844	8 905
Nedskrivning av tillgångar	298 415	
Rearesultat försäljning av anläggningstillgångar	-168 330	
	164 929	**8 905**

Not 22 Väsentliga händelser efter räkenskapsårets slut

Vår bedömning är att Covid-19 inte kommer påverka dotterbolagets lönsamhet under 2022.

Not 23 Nyckeltalsdefinitioner

Rörelsemarginal:
Rörelseresultat / Nettoomsättning.

Balansomslutning:
Totala tillgångar.

Avkastning på sysselsatt kapital:
(Rörelseresultat + finansiella intäkter) / sysselsatt kapital.

Finansiella intäkter:
Poster i finansnettot som är hänförliga till tillgångar (som ingår i sysselsatt kapital).

Sysselsatt kapital:
Totala tillgångar - räntefria skulder.

Räntefria skulder:
Skulder som inte är räntebärande. Pensionsskulder ses som räntebärande.

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Avkastning på eget kapital:
Resultat efter finansiella poster / Justerat eget kapital.

Soliditet:
(Totalt eget kapital + (100 % - aktuell bolagsskattesats av obeskattade reserver)) / Totala tillgångar.

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Not 24 Koncernuppgifter

Veolia Nordic AB utgör moderföretag för en koncern med dotterföretagen i not 13, upprättar ej koncernredovisning.
Koncernredovisning upprättas av koncernmodern Veolia Environnement SA, 403210032 R.C.S., Paris. Veolia Environnements koncernredovisning har
upprättats och reviderats enligt lagstiftning som tillkommit i enlighet med Europeiska gemenskapernas direktiv av den 13 juni 1983 om sammanställd redovisning
(83/349/EEG). Det utländska moderföretagets koncernredovisning finns att tillgå hos företaget.

Inköp och försäljning inom koncernen:
Av företagets totala inköp och försäljning mätt i kronor avser 39,1% (46%) av inköpen och 88% (93%) av försäljningen andra företag inom hela den företagsgrupp som koncernen tillhör.

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Underskrifter

Stockholm och 2022-07-14

Clayle Valerie
Styrelseordförande

Håkon Vist
Verkställande direktör

Vår revisionsberättelse har lämnats 2022-
KPMG AB 2022-07-14

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Mats Kavlk
Auktoriserad revisor

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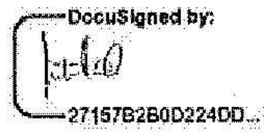
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Revisionsberättelse

Till bolagsstämman i Veolia Nordic AB, org. nr 556619-6779

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för Veolia Nordic AB för år 2021.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av Veolia Nordic ABs finansiella ställning per den 31 december 2021 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Veolia Nordic AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen och verkställande direktören som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen och verkställande direktören ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen och verkställande direktören för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen och verkställande direktören avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

Som del av en revision enligt ISA använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Dessutom:

- identifierar och bedömer vi riskerna för väsentliga felaktigheter i årsredovisningen, vare sig dessa beror på oegentligheter eller misstag, utformar och utför granskningsåtgärder bland annat utifrån dessa risker och inhämtar revisionsbevis som är *tillräckliga och ändamålsenliga för att utgöra en grund för våra* uttalanden. Risken för att inte upptäcka en väsentlig felaktighet till följd av oegentligheter är högre än för en väsentlig felaktighet som beror på misstag, eftersom oegentligheter kan innefatta agerande i maskopi, förfalskning, avsiktliga utelämnanden, felaktig information eller åsidosättande av intern kontroll.
- skaffar vi oss en förståelse av den del av bolagets interna kontroll som har betydelse för vår revision för att utforma granskningsåtgärder som är lämpliga med hänsyn till omständigheterna, men inte för att uttala oss om effektiviteten i den interna kontrollen.
- utvärderar vi lämpligheten i de redovisningsprinciper som används och rimligheten i styrelsens och verkställande direktörens uppskattningar i redovisningen och tillhörande upplysningar.
- drar vi en slutsats om lämpligheten i att styrelsen och verkställande direktören använder antagandet om fortsatt drift vid upprättandet av årsredovisningen. Vi drar också en slutsats, med grund i de inhämtade revisionsbevisen, om huruvida det finns någon väsentlig osäkerhetsfaktor som avser sådana händelser eller förhållanden som kan leda till betydande tvivel om bolagets förmåga att fortsätta verksamheten. Om vi drar slutsatsen att det finns en väsentlig osäkerhetsfaktor, måste vi i revisionsberättelsen fästa uppmärksamheten på upplysningarna i årsredovisningen om den väsentliga osäkerhetsfaktorn eller, om sådana upplysningar är otillräckliga, modifiera uttalandet om årsredovisningen. Våra slutsatser baseras på de revisionsbevis som inhämtas fram till datumet för revisionsberättelsen. Dock kan framtida händelser eller förhållanden göra att ett bolag inte längre kan fortsätta verksamheten.
- utvärderar vi den övergripande presentationen, strukturen och innehållet i årsredovisningen, däribland upplysningarna, och om årsredovisningen återger de underliggande transaktionerna och händelserna på ett sätt som ger en rättvisande bild.

Vi måste informera styrelsen om bland annat revisionens planerade omfattning och inriktning samt tidpunkten för den. Vi måste också informera om betydelsefulla iakttagelser under revisionen, däribland de eventuella betydande brister i den interna kontrollen som vi identifierat.

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KPMG

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens och verkställande direktörens förvaltning för Veolia Nordic AB för år 2021 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman behandlar förlusten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter och verkställande direktören ansvarsfrihet för räkenskapsåret.

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till Veolia Nordic AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens och verkställande direktörens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.
Verkställande direktören ska sköta den löpande förvaltningen enligt styrelsens riktlinjer och anvisningar och bland annat vidta de åtgärder som är nödvändiga för att bolagets bokföring ska fullgöras i överensstämmelse med lag och för att medelsförvaltningen ska skötas på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot eller verkställande direktören i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

Som en del av en revision enligt god revisionssed i Sverige använder vi professionellt omdöme och har en professionellt skeptisk inställning under hela revisionen. Granskningen av förvaltningen och förslaget till dispositioner av bolagets vinst eller förlust grundar sig främst på revisionen av räkenskaperna. Vilka tillkommande granskningsåtgärder som utförs baseras på vår professionella bedömning med utgångspunkt i risk och väsentlighet. Det innebär att vi fokuserar granskningen på sådana åtgärder, områden och förhållanden som är väsentliga för verksamheten och där avsteg och överträdelser skulle ha särskild betydelse för bolagets situation. Vi går igenom och prövar fattade beslut, beslutsunderlag, vidtagna åtgärder och andra förhållanden som är relevanta för vårt uttalande om ansvarsfrihet. Som underlag för vårt uttalande om styrelsens förslag till dispositioner beträffande bolagets vinst eller förlust har vi granskat om förslaget är förenligt med aktiebolagslagen.

Anmärkning

Årsredovisningen har inte upprättats i sådan tid att det varit möjligt att, enligt 7 kap. 10 § aktiebolagslagen, hålla årsstämma inom sex månader efter räkenskapsårets utgång.

Stockholm den 14 juli 2022

KPMG AB

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Resourcing the world

Veolia Environnement
A Public Limited Company (Société Anonyme)
with a share capital of 3,498,626,330 euros
403 210 032 RCS Paris
Administrative headquarters:
30, rue Madeleine Vionnet, 93300 Aubervilliers - France
Tel.: +33 (0)1 85 57 70 00
Registered office:
21, rue La Boétie, 75008 Paris - France
www.veolia.com

2022 FINANCIAL REPORTING SCHEDULE

March 17
2021 Annual Result

May 12
Key figures for the period ending March 31, 2022

June 15
General Shareholders' Meeting

August 3
2022 First Half Results

This document is printed in compliance with ISO 14001.2018 for an environmental management system.

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2021 results	2021 trend	Comments	Communication / sources
	↑	Veolia's biodiversity footprint methodology developed specifically for its activities was completed in 2020. The project team joined with Veolia's Research and Development teams, the 2Ei internal research center, Veolia Eau Ile de France, the ECOSPHERE research office and the IUCN French Committee	
sampling performed and first results obtained	↑	"The objectives of the MEDIPLAST project are to identify the sources and concentrations of micro and nano-plastics in the sea and assess processes for the retention and reduction of plastics in water treatment systems. In 2020, the sampling strategy was reviewed (improved micro and nano-particle quantification techniques). The results were supplemented in 2021 by measures for wastewater treatment plants, wastewater and rainwater networks (tire residues) as well as in the Toulon marine environment (concentrations < 1 MP/L)"	https://www.fondation.veolia.com/fr/microplastiques-les-equipes-de-la-fondation-tara-ocean-et-veolia-collaborent
-	-	implementation not scheduled in 2023	
-	-	implementation not scheduled in 2023	
-	-	implementation not scheduled in 2023	
	↑	Support of the Critical Friends in choosing and defining the Group's biodiversity and annual partnership with the IUCN French Committee in drafting its biodiversity strategy and its commitments to Act4Nature International and its tools (since 2008)	

Link to Veolia's individual commitments to Act4Nature International http://www.act4nature.com/wp-content/uploads/2020/10/VEOLIA-VF.pdf

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Area of action	Related commitments	Objectives and indicators	Target year of attainment	Scope	2020 partial results
	3-9	Build a tool to measure the footprint on "environments and biodiversity" specific to Veolia's activities	2020	Global	finalisé
Research and development			2022		
	3-9	Steering the European project MEDIPLAST on the sources and concentrations of micro-plastics in aquatic environments		Europe	revision of the sampling strategy
Investment	1-3-9	Assessing the major risks to biodiversity for 100% of the projects submitted to the Group Commitment Committee (acquisition, investment, etc.).	2023	Corporate	action planned
Purchases	4	Evaluate 75% of the strategic suppliers with the highest environmental impact (Ecovadis)	2023	Corporate	action planned
Business standards	3	Develop our "waste landfill" activity standard by including operating recommendations that promote biodiversity	2022	Corporate	action planned
Co-construction with our stakeholders	2-7	Involve our external stakeholders in the construction of our biodiversity commitments (Raison d'être: review of objectives by the Comité des Critical friends, IUCN French Committee, etc.)	Ongoing	Corporate	ongoing

2021 results	2021 trend	Comments	Communication / sources
30%	↑	In 2021, the Group strengthened its support for sites identified as sensitive to accelerate the roll-out of biodiversity footprints and the deployment of their action plan, particularly in the Waste business in France, and Central and Eastern Europe, Asia and Northern Europe	Verified as part of the NFPS
36%	↑	Tools were made available to Business Units to facilitate implementation of ecological management at their sites, particularly a green spaces charter, included more systematically in subcontracting agreements (management of green spaces). Central and Eastern Europe, Asia and Latin America helped to raise the indicator	Verified as part of the NFPS
38%	↑	The operating entities are gradually adopting this objective and developing their practices. They rely on Group tools (zero phyto charter) and local Purchasing Departments. The Waste activity in France and Central and Eastern Europe were particularly mobilized	Verified as part of the NFPS
42%	↑	Certain areas such as Asia and Northern Europe deployed local awareness-raising campaigns. A biodiversity e-learning was performed and will be widely deployed in 2022	Verified as part of the NFPS
17.1%	↑	The objective of phasing out coal in Europe by 2030 is well underway and and should accelerate. The 2021 investments concern facilities in Germany, Poland and the Czech Republic. Due to the duration of the transformation projects, the first significant effects will be felt in 2023, with the first steps being taken in 2022	Verified as part of the NFPS
11.4 million metric tons of CO_2 eq.	↓	At the end of 2021, waste recycling, material and energy recovery, heat and electricity cogeneration and renewable energy production activities continued to reduce the greenhouse gas emissions of Group customers	Verified as part of the NFPS
99% for traceability and 76% for certification	↓	As part of its 2020-2023 Environment Plan, Veolia has decided to set targets for the traceability and certification of biomass energy. These objectives are ambitious, particularly outside the European Union. Traceability is being implemented throughout the entire perimeter. Certification is more dependent on the local context and the existence of certification organizations	Verified as part of the NFPS
476,001 metric tons[2]	↑	With 476 thousand metric tons of plastic recycled in 2021, Veolia is in line with the planned trajectory. Investment programs must be implemented in order to achieve the 2023 objectives	Verified as part of the NFPS
€6.0 billion	↑	After a year of stability, revenue relating to the circular economy again increased and is ahead of the projected trajectory. The increase was due to the new energy contracts won and the rising sale prices of recycled raw materials	verified as part of the NFPS
75.6%	↑	The 2023 75% target was reached as of 2021. Action plans undertaken by the Group (renewal work, break-up of networks into sectors, meter maintenance, leak detection) will help consolidate or even improve the efficiency rate by the end of the strategic plan	Verified as part of the NFPS
57%	↑	The conclusions of the diagnosis show that the sites are well aware of the water stress issue. In addition to adopting measures to control water consumption, certain sites have already proposed or set up for their customers solutions to remediate water shortages e.g. replacement interconnections or resources	Verified as part of the NFPS

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8.10 Appendices

8.10.1 PROGRESS WITH THE INDIVIDUAL COMMITMENTS GIVEN BY VEOLIA UNDER THE ACT4NATURE INITIATIVE

Area of action	Related commitments	Objectives and indicators	Target year of attainment	Scope	2020 partial results
Environments and biodiversity	1-3-5	Measure the environmental and biodiversity footprint of our sensitive sites and **deploy at least 75% of the corresponding action plans** *pro forma* 2019-2020		Global	1.7%
	1	Implement ecological management on **75% of sites**(1) **with more than 1 ha of green space** *pro forma* 2019-2020	By 2023	Global	23%
	1-5	Stop using phytosanitary products on **75% of our sites**(1) *pro forma* 2019-2020		Global	19%
	2-8-9	Raise awareness of biodiversity issues among our internal and external stakeholders on 50% of our sites(1) *pro forma* 2019-2020		Global	22%
Climate change	1-4	Progress of the investment plan to convert coal-fired power plants in Europe by 2030 (30%)		Europe	8.1%
	1-4-5	Avoid the emission of 15 million tons of GHGs	By 2023	Global	12.5 million metric tons of CO_2 eq.
	1-5	Supply the sites of our energy sector with biomass, with 98% of wood traced (94% in 2019) and 80% certified (66% in 2019)		Global	88% for traceability and 75% for certification
Circular economy	1-4	Increase the volume of plastics recycled in Veolia's processing plants to 610,000 metric tons (in 2019, 350,000 metric tons)	By 2023	Global	391,345 metric tons
		Reaching **€6.3 billion in revenues in the circular economy** (in 2019, €5.2 billion)		Global	€5.2 billion
Water resources	1-5	Preserving water resources by improving the **efficiency rate of drinking water systems**(3) **to 75%** (in 2019, 72.5%).	By 2023	Global	73.4%
	1-5	Carry out a diagnosis of water resources on **95% of our sites with high water stress**		Global	36%

(1) Reporting scope: Waste business (all sites); Water business (wastewater treatment plants with a population equivalent capacity of over 100,000 and drinking water plants of over 60,000 m3/day); Energy business (energy production facilities selling over 100 GWh/year).
(2) Since 2021, this indicator includes plastic volumes recycled in Veolia transformation plants processing WEEE and volumes recycled in plants acquired or sold by Veolia during the year.
(3) For networks serving over 50,000 inhabitants. At constant scope.

	Reference text	Chapitres/ sections	Pages
• rules applicable to the appointment and replacement of members of the Board of Directors, as well as amendments to the Articles of Association of the Company;		3.1.1, 8.1.3.3, 8.1.7 and 8.1.8	106, 554, 556 and 556
• powers of the Board of Directors, in particular regarding share issues and buybacks;		7.1.3 and 7.1.4	535 and 538
• agreements entered into by the Company that are amended or terminated in the event of a change in control of the Company, unless disclosure of such agreements would be detrimental to the Company's interests, except where legally required;		8.3	559
• agreements providing for compensation for members of the Board of Directors or employees in the event of resignation or dismissal without real and serious cause, or of termination of employment as a consequence of a public offer to purchase of exchange shares.		3.4.2.3	161
4 – Share capital and share ownership			
Structure, changes in the Company's share capital and crossing of thresholds	Article L.233-13 of the French Commercial Code	7.2	546
Acquisition and sale of treasury shares by the Company	L.225-211 and R.225-160 of the French Commercial Code	6.1.6 note 10.2.2 and 7.1.3.1 to 7.1.3.3	441 and 535 to 536
Employee share ownership in the Company on the last day of the fiscal year (proportion of share capital represented)	Article L.225-102, paragraph 1, of the French Commercial Code	4.4.4.4 and 7.2	280 and 546
Details of potential adjustments to securities granting access to share capital in the event of share buybacks or financial transactions	R.228-90 and R.228-91 of the French Commercial Code	7.1.3.4	536
Information on transactions by management and closely-related persons in the Company securities	L.621-18-2 of the French Monetary and Financial Code	3.5.2	189
Dividends distributed in respect of the past three years	243 bis of the French General Tax Code	7.3.1	548
5 – Non-Financial Performance Statement (NFPS)			
Non-Financial Performance Statement	Articles L.225-102-1, L.22-10-36, R.225-105 of the French Commercial Code	See Management report cross-reference table	310
6 – Other disclosures			
Additional information	223 quater, 223 quinquies of the French General Tax Code	6.2.7	511
Injunctions or fines for anticompetitive practices	L.462-2 of the French Commercial Code	N/A	N/A
Information on facilities classified as "at risk"			
• technological accident risk prevention policy rolled out by the Company	Article L.225-102-2 of the French Commercial Code	2.1.6.3 and 2.2.2.2	76 and 87
• the Company's ability to guarantee insurance coverage for its civil liability towards property and individuals due to the operation of such facilities	Article L.225-102-2 of the French Commercial Code	2.1.6.3 and 2.2.2.2	76 and 87
• means implemented by the Company to manage compensation for victims in the event of a technological accident for which the Company is liable	Article L.225-102-2 of the French Commercial Code	2.1.6.3 and 2.2.2.2	76 and 87

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	Reference text	Chapitres/ sections	Pages
Explanation of how total compensation complies with the compensation policy adopted, including how it contributes to the long-term performance of the Company and the way in which performance criteria were applied	Article L.22-10-9,I., 8° of the French Commercial Code	3.4.1.1.2	142
Way in which the vote of the last Ordinary General Meeting provided for in Article L.22-10-34 I of the French Commercial Code was taken into account	Article L.22-10-9,I., 9° of the French Commercial Code	N/A	N/A
Difference compared with the compensation policy implemented and any derogations	Article L.22-10-9,I., 10° of the French Commercial Code	N/A	N/A
Application of the provisions of Article L.225-45, paragraph 2, of the French Commercial Code (suspension of payment of directors' compensation in the event of noncompliance with Board of Directors gender parity requirements)	Article L.22-10-9,I., 11° of the French Commercial Code	N/A	N/A
Grant to and retention by corporate officers of options	Article L.225-185 of the French Commercial Code, Article L.22-10-57 of the French Commercial Code	3.4.3.1	163
Grant to and retention by executive corporate officers of free shares	Article L.225-197-1 and L.22-10-59 of the French Commercial Code	3.2.1.7, 3.4.1.1, 3.4.3.1 and 3.4.4	128, 139, 163 and 174
Information on governance			
List of offices and positions held in all companies by each corporate officer during the fiscal year	L.225-37-4,1° of the French Commercial Code	3.1.1.3	108
Agreements between an executive or a major shareholder and a subsidiary	L.225-37-4, 2° of the French Commercial Code	6.1.6 note 14	455
Summary table of current delegations granted by General Shareholders' Meetings in respect of share capital increases	L.225-37-4, 3° of the French Commercial Code	7.1.4	538
Organization of executive management's powers	L.225-37-4, 4° of the French Commercial Code	3.3.1	137
Composition and conditions of preparation and organization of Board of Directors' activities	L.22-10-10, 1° of the French Commercial Code	3.1.1, 3.1.2 and 3.2	106, 118 and 119
Application of the principle of balanced representation of men and women on the Board of Directors	L.22-10-10, 2° of the French Commercial Code	3.1.1.1, 3.2.1.2 and 4.4.5.3	106, 119 and 286
Any limits placed by the Board on the powers of the Chief Executive Officer	L.22-10-10, 3° of the French Commercial Code	3.3.2	138
Reference to a corporate governance code and application of the "comply or explain" principle	L.22-10-10, 4° of the French Commercial Code	3.2.1.1	119
Specific procedures governing the attendance of shareholders at General Shareholders' Meetings	L.22-10-10, 5° of the French Commercial Code	8.1.3	553
Assessment procedure for everyday agreements - Implementation	L.22-10-10, 6° of the French Commercial Code	3.2.1.8	129
Factors likely to have an impact in the event of a public offer to purchase or exchange shares:	L.22-10-11 of the French Commercial Code		
• share capital structure of the Company;		7.1.1, 7.2.1 and 7.2.2	534, 546 and 547
• restrictions pursuant to the Articles of Association on the exercise of voting rights and the transfer of shares or agreement clauses brought to the attention of the Company pursuant to Article L.233-11 of the French Commercial Code;		N/A	N/A
• direct or indirect investments in the share capital of the Company of which it is aware pursuant to Articles L.233-7 and L.233-12 of the French Commercial Code;		7.2.1 and 7.2.2	546 and 547
• list of holders of any securities conferring special controlling rights and description thereof - control mechanisms provided in any employee share ownership system, when control rights are not exercised by this system;		7.2.1 and 7.2.2	546 and 547
• agreements between shareholders of which the Company is aware and which could lead to restrictions on the transfer of shares and the exercise of voting rights;		8.3	559

	Reference text	Chapitres/ sections	Pages
Table presenting the results of the Company for the past five years	R.225-102 of the French Commercial Code	6.2.7	511
Information on supplier and customer payment periods	D.441-4 of the French Commercial Code	6.2.7	511
Amount of inter-company loans granted and statement by the statutory auditors	L.511-6 and R.511-2-3 of the French Monetary and Financial Code	N/A	N/A
2 – Internal control and risk management			
Description of the main risks and uncertainties facing the Company	L.225-100-1,I., 3° of the French Commercial Code	Intro of 2 and 2.2	68 and 77
Indications on financial risks relating to the impact of climate change and presentation of measures taken by the Company to mitigate these risks by implementing a low-carbon strategy in all aspects of its activity	L.22-10-35, 1° of the French Commercial Code	2.2.2.1 and 4.2.3	79 and 216
Principal characteristics of internal control and risk management procedures implemented by the Company and the group for the preparation and processing of accounting and financial information	L.22-10-35, 2° of the French Commercial Code	2.1	69
Indications on the hedging objectives and policy for each main transaction category and exposure to price, credit, liquidity and treasury risks, including the use of financial instruments	L.225-100-1, 4° of the French Commercial Code	2.2.2.3, 6.1.6 note 9.3.1 and 6.2.5 note 7.3	97, 426 and 497
Anticorruption system	Law no. 2016-1691 of December 9, 2016, known as the Sapin 2 law	4.6.3	300 to 304
Vigilance plan and report on its effective implementation	L.225-102-4 of the French Commercial Code	4.7	309
3 – Report on corporate governance			
Information on compensation			
Compensation policy of corporate officers			
Compensation policy of corporate officers	Article L.22-10-8, I., paragraph 2 of the French Commercial Code, Article R.22-10-14 of the French Commercial Code	3.4.1, 3.4.2, 3.4.3 and 3.4.4.2	139, 159, 163 and 179
Compensation and benefits of all kinds paid during the fiscal year or awarded in respect of the fiscal year to each corporate officer	Article L.22-10-9, I., 1° of the French Commercial Code, Article R.22-10-15 of the French Commercial Code	3.4.1.1.1, 3.4.1.1.2 and 3.4.4.1	139, 142 and 174
Relative proportion of fixed and variable compensation	Article L.22-10-9,I., 2° of the French Commercial Code	3.4	139
Utilization of the possibility to request the repayment of variable compensation	Article L.22-10-9,I., 3° of the French Commercial Code	N/A	N/A
Commitments of all nature given by the Company in favour of corporate officers, corresponding to items of compensation, indemnities or benefits payable or likely to be payable on the start, termination or change in duties or subsequent thereto	Article L.22-10-9,I., 4° of the French Commercial Code	3.4.2	159
Compensation paid or awarded by a company included in the scope of consolidation within the meaning of Article L.233-16 of the French Commercial Code	Article L.22-10-9,I., 5° of the French Commercial Code	N/A	N/A
Ratios of the compensation of each executive corporate officer to the average and median compensation of Company employees	Article L.22-10-9,I., 6° of the French Commercial Code	3.4.1.1.2	142
Annual trends in compensation, Company performance, average compensation of Company employees and the aforementioned ratios over the past five years	Article L.22-10-9,I., 7° of the French Commercial Code	3.4.1.1.2	142

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8.9.2 ANNUAL FINANCIAL REPORT

The following cross-reference table identifies, in this Universal Registration Document, the information comprising the annual financial report that must be published by listed companies pursuant to Article L.451-1-2 of the French Monetary and Financial Code and Article 222-3 of the general regulations of the French Financial Markets Authority (*Autorité des Marchés Financiers*).

Information required		Chapters or Sections	Pages
1 –	Company financial statements	6.2	468
2 –	Consolidated financial statements	6.1	354
3 –	Management report (minimum information within the meaning of Article 222-3 of the AMF general regulations)	See Cross-reference table below	566
4 –	Statement by the person responsible for the annual financial report	8.8	562
5 –	Statutory Auditors' reports on the consolidated financial statements and the Company financial statements	6.1.7 and 6.2.6	464 and 508

8.9.3 MANAGEMENT REPORT (INCLUDING THE REPORT ON CORPORATE GOVERNANCE AND THE NON-FINANCIAL PERFORMANCE STATEMENT)

The cross-reference table identifies the information that must be published in the management report pursuant to the provisions of the French Commercial Code applicable to public limited companies with a Board of Directors, as well as the specific section of the management report on corporate governance.

	Reference text	Chapitres/ sections	Pages
1 – Position and activities of the Group			
Company position during the past fiscal year and objective and comprehensive analysis of trends in business, results and the financial position of the Company and the Group, specifically, its debt position in terms of business volume and complexity	L.225-100-1,I.,1°, L.232-1,II, L.233-6, L.233-26 of the French Commercial Code	1.1.2, 1.1.3, 1.2, 1.3, 1.4, 1.5.2 and 4.4.3.5	15, 16, 17, 23, 38, 44, 267 and 323
Financial key performance indicators	L.225-100-1,I.,2° of the French Commercial Code	Profile and 1.2.2	1 to 12 and 20
Non-financial key performance indicators relating to the specific activities of the Company and the group, specifically information relating to environmental and employee issues	L.225-100-1,I.,2° of the French Commercial Code	Profile, 1.2.2 and 4.2	1 to 12, 20 and 207
Major events between the reporting date and the date the Management Report is prepared	L.232-1, II and L.233-26 of the French Commercial Code	5.5.4	348
Identify of the principal shareholders and holders of voting rights at General Shareholders' Meetings and changes during the fiscal year	L.233-13 of the French Commercial Code	7.2	546
Existing branches	L.232-1, II of the French Commercial Code	6.2.7	511
Acquisitions of significant investments in companies whose registered office is in France	L.233-6 paragraph 1 of the French Commercial Code	5.2.2.2, 6.1.6 notes 4.2 and 16 and 6.2.5 note 7.11	328, 370, 456 and 504
Transfers or disposals of shares in cross-shareholdings	L.233-29, L.233-30 and R.233-19 of the French Commercial Code	N/A	N/A
Foreseeable developments in the position of the Company/Group and future outlook	L.232-1, II and L.233-26 of the French Commercial Code	5.5.6	348
Research and development activities	L.232-1, II and L.233-26 of the French Commercial Code	1.4	38

Heading in Annexes 1 and 2 of the Delegated Regulation of March 14, 2019		Chapters or Sections	Pages
14.5	Potential material impacts on corporate governance	3.1.2, 3.2.1.2, 3.2.2 and 6.1.6 note 3	118, 119, 130 and 366
15 –	**Employees**		
15.1	Number of employees and breakdown by main category	Profile/Key figures and 4.4.2	12 and 265
15.2	Shareholdings and stock options held by corporate officers	3.1.1.2, 3.4.1.1.2, 3.4.3, 3.4.4 and 3.5.1	107, 142, 163, 174 and 188
15.3	Arrangements providing for employee involvement in the share capital	4.4.4.4 and 5.2.4	280 and 329
16 –	**Major shareholders**		
16.1	Shareholders holding more than 5% of the share capital and voting rights	7.2 and 8.1.5	546 and 555
16.2	Existence of different voting rights	7.2 and 8.1.4	395 and 555
16.3	Control of the issuer	7.2.2	396
16.4	Arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control	8.3	559
17 –	**Related party transactions**	3.6 and 6.1.6 note 14	191 and 455
18 –	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**		
18.1	*Historical financial information*	Profile, 5.3.1, 6.1, 6.2 and 8.7	4, 331, 354, 468 and 561
18.2	Interim and other financial information	N/A	N/A
18.3	Auditing of historical annual financial information	6.1.7 and 6.2.6	464 and 508
18.4	*Pro forma financial information*	N/A	N/A
18.5	Dividend policy	7.3 and 8.1.2	548 and 553
18.6	Legal and arbitration proceedings	6.1.6 note 13 and 8.2	451 and 557
18.7	Significant change in the issuer's financial position	5.5.4 and 6.1.6 note 15	348 and 455
19 –	**Additional information**		
19.1	Share capital		
19.1.1	Amount of issued share capital and authorized share capital	7.1.1, 7.1.2 and 7.1.4	534, 534 and 538
19.1.2	Shares not representing capital	N/A	N/A
19.1.3	Shares held by the issuer or its subsidiaries	7.1.3	535
19.1.4	Convertible securities, exchangeable securities or securities with subscription warrants	7.1.5, 7.1.7 and 6.1.6 note 9.1.1.1	543, 545 and 415
19.1.5	Acquisition rights and/or obligations over authorized but unissued capital or an undertaking to increase the capital	7.1.4	538
19.1.6	Options over share capital of Group members	N/A	N/A
19.1.7	Share capital history	7.1.6	544
19.2	Memorandum and Articles of Association		
19.2.1	Issuer's objects and company register	8.1.1	552
19.2.2	Rights, preferences and restrictions attaching to shares	8.1.2 and 8.1.4 to 8.1.6	553 and 555
19.2.3	Provisions that could delay, defer or prevent a change in control of the issuer	N/A	N/A
20 –	**Material contracts**	8.3	559
21 –	**Documents available**	8.5	560

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Heading in Annexes 1 and 2 of the Delegated Regulation of March 14, 2019		Chapters or Sections	Pages
6 –	**Organizational structure**		
6.1	Brief description of the Group	1.5.1	42
6.2	List of issuer's significant subsidiaries	6.1.6 note 16 and 6.2.5 note 7.11	456 and 504
7 –	**Operating and financial review**		
7.1	Financial condition		
7.1.1	Development and performance of the businesses; Key performance and development indicators	Profile, 4.1, 5.2, 5.3.1, 5.3.2, 5.3.3, 5.5.1, 5, 6 and 6.1.1 to 6.1.3	1 to 12, 198, 326, 331, 332, 335, 346, 349 and 354 to 357
7.1.2	Likely future developments and activities in the field of research and development	1.4	38
7.2	Operating results	5.3.4.1, 5.3.4.5 and 6.1.6 note 6.2	337, 339 and 380
8 –	**Capital resources**		
8.1	Information on the issuer's capital resources	6.1.5 and 6.1.6 note 10	360 and 440
8.2	Sources and amounts of cash flows	6.1.4, 6.1.6 notes 6.3, 9.3.2 and 7.1.7, 8.4	358, 385, 545 and 559
8.3	Borrowing requirements and funding structure	5.4.1, 5.4.3, 5.4.4, 6.1.6 notes 9.1 and 9.2	341, 344, 344, 414 and 422
8.4	Restrictions on the use of capital resources that have materially affected the Group's operations	6.1.6 note 9.1.3	421
8.5	Anticipated sources of funds	N/A	N/A
9 –	**Regulatory environment**	1.6	57
10 –	**Trend information**		
10.1.a	Significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last fiscal year	1.3.2 and 5.5.4	28 and 348
10.1.b	Description of any significant change in the financial performance of the Group	N/A	N/A
10.2	Known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects	1.2 and 5.5.6	17 and 348
11 –	**Profit forecasts or estimates**		
11.1.	Published profit forecasts or estimates	5.5.6	348
11.2	Statement setting out the principal assumptions underlying profit forecasts or estimates	5.5.6	348
11.3	Statement that profit forecasts or estimates are comparable with historical financial information and consistent with accounting policies	5.5.6	348
12 –	**Administrative, management and supervisory bodies and senior management**		
12.1	Information concerning members of the Board of Directors and Executive Management	3.1.1, 3.1.2 and 3.1.3	106 and 118
12.2	Administrative and management bodies and senior management conflicts of interests	3.1.3	118
13 –	**Compensation and benefits**		
13.1	Compensation paid and benefits in kind granted	3.4.1, 3.4.3 and 3.4.4	139, 163 and 174
13.2	Total amounts set aside or accrued to provide for pension, retirement or similar benefits for corporate officers	6.1.6 note 7.3 and 3.4.2	397 and 485
14 –	**Board practices**		
14.1	Date of expiration of current terms of office	3.1.1 and 3.1.2	106 and 118
14.2	Service contracts between members of the administrative or management bodies and the issuer or any of its subsidiaries providing for benefits upon termination of employment, or an appropriate statement to the effect that no such benefits exist	6.1.6 note 14, 3.1.3 and 3.6	455, 118 and 191
14.3	Information on the Audit and Compensation Committees	3.2.2.1 and 3.2.2.3	130 and 134
14.4	Statement regarding corporate governance	3.2.1.1	119

8.9 Cross-reference tables

To facilitate the reading of this document, the following cross-reference tables identify:

- the main sections detailed in Annexes 1 and 2 of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019, supplementing the provisions of Commission Regulation (EU) 2017/1129 of June 14, 2017;
- the information comprising the annual financial report required by Article L.451-1-2 of the French Monetary and Financial Code and Article 222-3 of the general regulations of the French Financial Markets Authority (*Autorité des Marchés Financiers*);
- the information comprising the Board of Directors' management report, including notably the corporate governance report, provided for in the French Commercial Code.

8.9.1 UNIVERSAL REGISTRATION DOCUMENT

The following cross-reference table identifies the main sections detailed in Annexes 1 and 2 of Commission Delegated Regulation (EU) 2019/980 of March 14, 2019, supplementing Commission Regulation (EU) 2017/1129 of June 14, 2017, and refers to the pages of this Universal Registration Document where the information for each section can be found.

Heading in Annexes 1 and 2 of the Delegated Regulation of March 14, 2019		Chapters or Sections	Pages
1 –	**Persons responsible, third party information, experts' reports and competent authority approval**		
1.1	Persons responsible for the information	8.8	562
1.2	Statement by those responsible for the information	8.8	562
1.3	Statement or expert report	N/A	N/A
1.4	Third-party confirmation	N/A	N/A
1.5	Statement without prior approval		1
2 –	**Statutory Auditors**	8.6	560
3 –	**Risk factors**	intro of 2, 2.2 and 5.5.5	68, 77 and 348
4 –	**Information about the issuer**		
4.1	Legal and commercial name	8.1.1	552
4.2	Place of registration, registration number and legal entity identifier (LEI)	8.1.1	552
4.3	Date of incorporation and length of life of the issuer	1.1.1 and 8.1.1	14 and 552
4.4	Domicile and legal form of the issuer, the legislation under which it operates, its country of incorporation, the address and telephone number of the registered office and the website with a disclaimer	8.1.1	552
5 –	**Business overview**		
5.1	Principal activities	1.1.3, 1.3.1 and 1.3.2	16, 23 and 28
5.2	Principal markets	1.3.3, 1.3.4 and 1.5	30, 31 and 42
5.3	Important events in the development of the issuer's business	1.2, 5.2.1, 5.2.2 and 6.1.6 note 3	17, 326, 327 and 366
5.4	Strategy and objectives	1.1, 1.2, 4.1, 5.2.1 and 5.5.6	14, 17, 198, 326 and 348
5.5	Extent to which the issuer is dependent on patents or licenses, industrial, commercial or financial contracts or new manufacturing processes	1.5.3.1	56
5.6	Basis for any statements made by the issuer regarding its competitive position	1.3.4.2	36
5.7	Investments		
5.7.1	Material investments completed	5.2.2.2, 5.4.2 and 6.1.6 note 4.2	328, 343 and 370
5.7.2	Material investments in progress	5.1, 5.2.2.1 and 6.1.6 note 4.4.1	324, 327 and 372
5.7.3	Information relating to joint ventures and undertakings in which the issuer holds a portion of the capital	6.1.6 note 6.2.4	382
5.7.4	Environmental issues that may affect the issuer's utilization of property, plant and equipment	4.2	207

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8.8 Persons assuming responsibility for the Universal Registration Document and the Annual Financial Report

8.8.1 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT AND THE ANNUAL FINANCIAL REPORT

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

8.8.2 STATEMENT BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT AND THE ANNUAL FINANCIAL REPORT

I hereby certify, that to the best of my knowledge, the information contained in this Universal Registration Document is true and fair and does not contain any omission likely to affect its import.

I hereby certify that, to the best of my knowledge, the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all consolidated companies, and that the management report contained in this document provides a fair review of the development and performance of the business, results and financial position of the Company and all consolidated companies, and describes the principal risks and uncertainties they face.

Aubervilliers,

April 21, 2022

Chairman and Chief Executive Officer

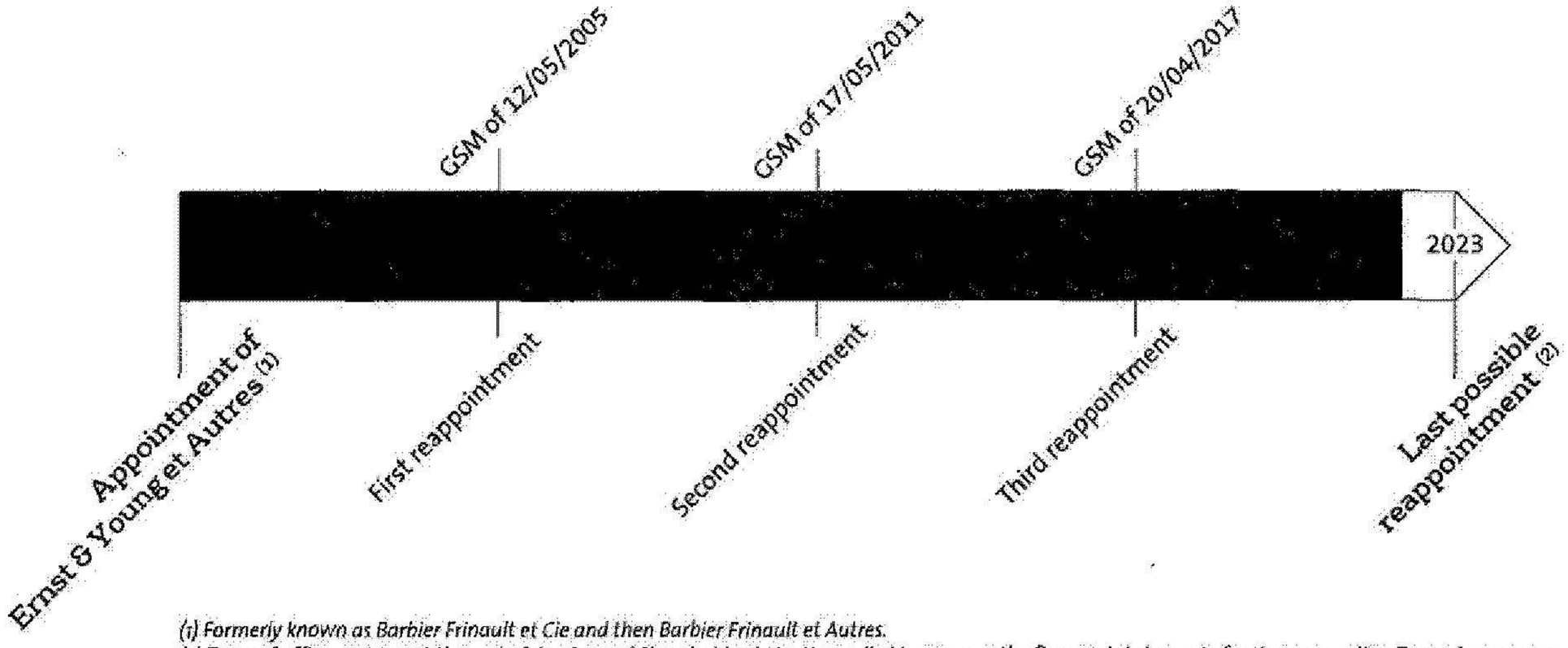
Antoine Frérot

ERNST & YOUNG ET AUTRES

Member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles et du Centre* (Versailles and Center Regional Auditors' Association).

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

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



(1) Formerly known as Barbier Frinault et Cie and then Barbier Frinault et Autres.
(2) Term of office expiring at the end of the General Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2022.

Following the call for tenders conducted in 2021 in accordance with prevailing regulations by the Group Finance Department, with the support of the Purchasing Department and in conjunction with the Group Legal Department, Compliance Department and Audit and Internal Control Department, the Board of Directors decided, at the recommendation of the Accounts and Audit Committee, among the options presented, to propose:

- the renewal of the term of office of Ernst & Young et Autres at the General Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2022; and
- the appointment of Deloitte & Associés to replace KPMG SA whose term of office will expire in 2025 during the General Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2024 and cannot be renewed as the maximum term of office defined by prevailing regulation has been reached.

8.7 Financial information included by reference

Pursuant to Commission Regulation (EU) no. 2017/1129, the following information is incorporated by reference in the Universal Registration Document:

- the operating and financial review, the consolidated financial statements and the parent company financial statements for fiscal year 2020 and the corresponding Statutory Auditors' reports, included in Chapter 5 and Chapter 6, Sections 6.1 and 6.2, respectively, of the Veolia Environnement Registration Document for fiscal year 2020, filed with the AMF on March 17, 2021 under the number D.21-0145;
- the operating and financial review, the consolidated financial statements and the parent company financial statements for fiscal year 2019 and the corresponding Statutory Auditors' reports, included in Chapter 3 and Chapter 4, Sections 4.1 and 4.2, respectively, of the Veolia Environnement Registration Document for fiscal year 2019, filed with the AMF on March 17, 2020 under the number D.20-0136.

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8.5 Documents available to the public

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

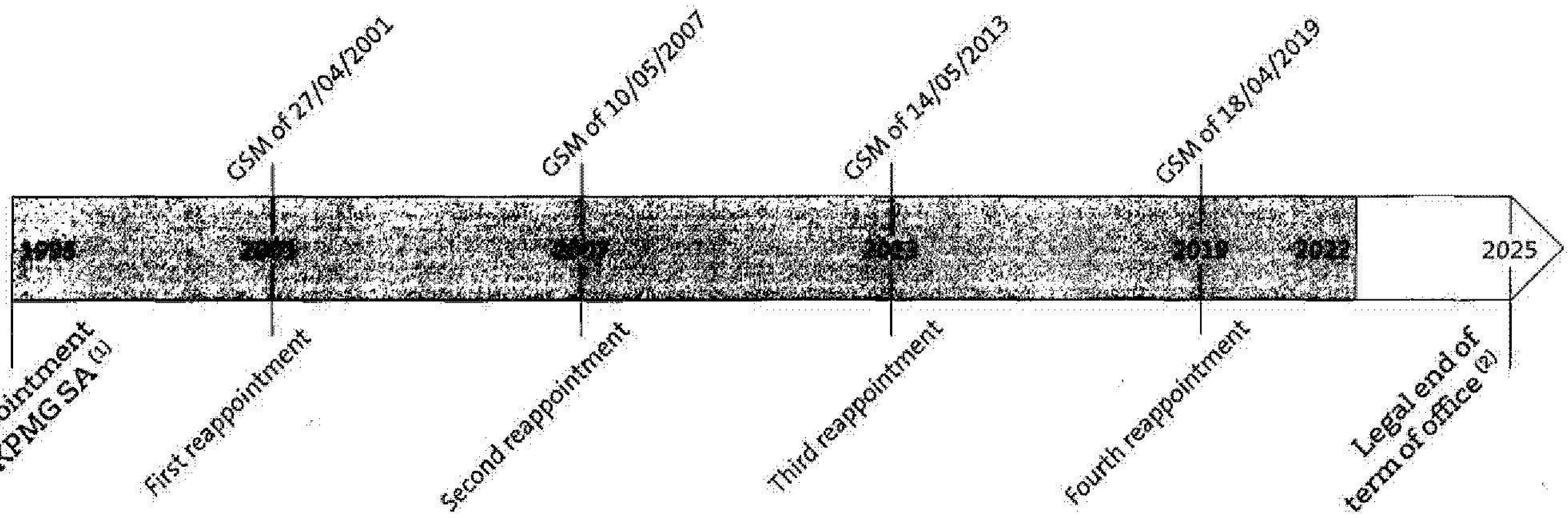
8.6 Persons responsible for auditing the financial statements

KPMG SA

Member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles et du Centre* (Versailles and Center Regional Auditors' Association).

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

2, avenue Gambetta Tour Eqho – 92066 Paris La Défense Cedex.



(1) KPMG SA was appointed by the Combined General Meeting of May 10, 2007 to replace Salustro Reydel (a member of KPMG International) which was appointed on December 18, 1995 and whose term of office was renewed by the General Shareholders' Meeting of April 27, 2001.
(2) Term of office expiring at the end of the General Shareholders' Meeting called to approve the financial statement for the year ending December 31, 2024.

8.3 Change in control and major contracts RFA

In many countries, including France, local authorities can terminate contracts entered into with Group companies (see Chapter 2, Section 2.2.2.4 above). The takeover of Veolia Environnement could also affect the validity of contracts entered into by Group companies that include a change in control clause.

8.4 Main financial flows between Veolia Environnement and the main subsidiaries of the geographic structure (Business Units)

The main financial flows between Veolia Environnement and the main subsidiaries of the geographic structure Business Units are disclosed in the notes to the Veolia Environnement financial statements set forth in Chapter 6, Section 6.2 above.

Veolia Environnement primarily finances its Business Units through loans and current accounts (net position of €10.7 billion as of December 31, 2021) and through equity. As a result, it received €527.5 million in interest and €369 million in dividends in 2021. The Company has set up a cash pooling system in the main countries in which it operates and uses hedging, mainly at Group level, in accordance with defined management rules (see Chapter 6, Section 6.1, Note 10 to the consolidated financial statements above).

The main operating flows between Veolia Environnement and the Business Units comprise amounts rebilled by Veolia Environnement to the Business Units totalling €472.1 million, primarily in respect of the provision of services and brand royalties and temporary out-placement of personnel. In addition, in connection with contractual commitments relating to the financial management of repair and maintenance work at facilities made available by delegating authorities, the Company received indemnities of €78.5 million in full and final settlement from Water France Business Unit subsidiaries and paid €95.2 million to Water France Business Unit subsidiaries in 2021.

As part of its operating activities, Veolia Environnement has granted financial and operating guarantees totalling €1,417.4 million as of December 31, 2021.

The table below details certain balance sheet line items (non-current assets, debt, net cash), net cash flows from operating activities and dividends paid in 2021 and attributable to the Company as of December 31, 2021, broken down between Veolia Environnement and its Business Units.

Impact on the consolidated financial statements *(€ million)*	France	Europe excluding France	Rest of the world	Global businesses	Other	Veolia Environnement	Consolidated total
Non-current assets	3,552.3	11,840.8	8,020.6	2,427.5	(254.4)	4,044.0	29,630.8
Non-Group debt[1]	113.7	1,432.2	989.1	434.1	33.4	17,780.0	20,782.5
Net cash per the balance sheet[2]	1,022.0	(4,544.1)	(2,005.9)	(1084.4)	(2,901.9)	19,791.2	10,276.8
Net cash flows from operating activities	701.0	1,441.1	655.5	477.0	9.6	(120.4)	3,163.8
Impact on the financial statements of VE SA							
Dividends paid during the period and attributable to Veolia Environnement	147.8	0.0	0.0	0.1	221.1		

(1) Non-current borrowings + current borrowings +/- fair value remeasurement of cash instruments.
(2) Cash and cash equivalents less bank overdrafts and other cash position items.

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CENTRAL AND EASTERN EUROPE

Lithuania

See chapter 6, section 6.1, note 13 of the consolidated financial statements above.

AFRICA MIDDLE EAST

Egypt

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

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

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

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

In an award dated May 25, 2018, the ICSID ruled that the Contract's breaches by the Governorate did not involve sufficiently serious acts of Egypt that could be assimilated to violations of the BIT and consequently rejected all of Veolia Propreté claims for compensation. The arbitral tribunal held in particular that the contractual claims should have been referred to CRCICA according to the arbitration clause included in the Contract. In this arbitration, Onyx Alexandria submitted counterclaims for approximately 1 billion Egyptian pounds (approximately €54,1 million) and the Governorate requested the arbitral tribunal's authorization to amend its initial claims for compensation of approximately €28,9 million.

On February 24, 2022 the tribunal rendered its award and partially upheld the parties' claims. Onyx Alexandria is entitled to receive, after offsetting the amount awarded to Governorate, the remaining amount of approximately 51 million Egyptian pounds excluding interest (approximately €2,5 million).

VEOLIA TECHNOLOGIES AND CONTRACTING

VWT v. K+S Potash

See chapter 6, section 6.1, note 13 of the consolidated financial statements above.

VWT v. Antero

See chapter 6, section 6.1, note 13 of the consolidated financial statements above.

SOUTH EUROPE

Veolia Propreté v. la République d'Italie

See chapter 6, section 6.1, note 13 of the consolidated financial statements above.

8.2 Litigations and arbitrations

The most significant legal proceedings involving the Company or its subsidiaries are described hereinafter. In addition, tax audits and disputes are described in chapter 6, note 12.3 of the consolidated financial statements.

The description of the most significant judicial, administrative or arbitral proceedings set forth in chapter 6, section 6.1, note 13 annexed to the consolidated financial statements is incorporated by reference within this chapter 8, section 8.2. The main updates concerning these disputes, which are set forth in note 14 and reflect significant changes that have occurred up to the registration date of this document, are also described in this chapter 8, section 8.2.

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

Consolidated reserves booked for all of the Group's disputes (see chapter 6, section 6.1, note 13 to the consolidated financial statements), including reserves for tax and labor law disputes, represent together a large number of disputes for amounts that are individually immaterial. These reserves include all probable losses relating to the various disputes that the Group encounters in conducting its business. The largest reserves booked for disputes (excluding tax and labor law litigation) in the financial statements for December 31, 2021 are approximately €19 million.

NORTH AMERICA

United States - Flint

See chapter 6, section 6.1, note 13 of the consolidated financial statements above.

Despite its request, the court of appeals denied VNA's motion to appeal the August 2021 decision at this time. VNA may nevertheless file an appeal after trial.

United States - WASCO and Aqua Alliance

Several current and former indirect subsidiaries of Veolia Eau in the United States(1) are defendants in lawsuits in the United States, in which the plaintiffs seek recovery for personal injuries and other damages allegedly due to exposure to asbestos, silica and other potentially hazardous substances. With respect to the lawsuits against Veolia Eau's former subsidiaries, certain of Veolia Eau's current subsidiaries retain liability and in certain cases manage the defense of the lawsuits. In addition, in certain instances, the acquirers of the former subsidiaries benefit from indemnification obligations provided by Veolia Eau or the Company in respect of these lawsuits. These lawsuits typically allege that the plaintiffs' injuries resulted from the use of products manufactured or sold by Veolia Eau's current or former subsidiaries or their predecessors. There are generally numerous other defendants, in addition to Veolia Eau's current or former subsidiaries, which are accused of having contributed to the injuries alleged. Reserves have been booked for the possible liability of current subsidiaries in these cases, based on the nexus between the injuries claimed and the products manufactured or sold by these subsidiaries or their predecessors, the extent of the injuries allegedly sustained by the plaintiffs, the involvement of other defendants and the settlement history in similar cases. These reserves are booked at the time such liability becomes probable and can be reasonably assessed, and do not include reserves for possible liability in lawsuits that have not been initiated.

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

During the ten-year period ended December 31, 2021, the average annual costs that the Group has incurred with respect to these claims, including amounts paid to plaintiffs, legal fees and expenses, have been $933,248 after reimbursements by insurance companies.

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

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8.1.7 BOARD OF DIRECTORS AND EXECUTIVE MANAGEMENT

Composition of the Board - Chairman and Vice-Chairman (Chairmen) of the Board: pursuant to Article 11 of the Articles of Association, the Board of Directors has a minimum of three and a maximum of 18 members, elected by General Shareholders' Meetings subject to exceptions provided by law. The Board of Directors elects a Chairman (see Section 3.2.1.5 above on the Chairman) and, where appropriate, one or two Vice-Chairmen (see Section 3.2.1.6 above on the Vice-Chairman), who must be individuals. The term of their duties cannot exceed their term of office as directors.

Employee representation: pursuant to the employment protection law of June 14, 2013, the Veolia Environnement Board of Directors includes two members representing employees, appointed in accordance with Article 11.2 of the Company's Articles of Association.

Share ownership: Article 11.1 of the Articles of Association requires each member of the Board of Directors to own at least 750 registered shares in the Company throughout their term of office. This provision does not apply to employee shareholders and Directors representing employees, appointed or designated in accordance with legislation (see Section 3.1.1.1 above).

Term of office - age limit applicable to directors and the Chairman: except for directors representing employees, members of the Board of Directors are appointed individually by Ordinary General Meetings for a period of four years, expiring at the end of the Ordinary General Meeting called to approve the financial statements for the year then ended and held in the year in which their term of office expires (see Section 3.2.1.2 above). Directors may be reappointed, it being noted that:

- at the end of each Annual General Meeting, the number of directors aged over 70 years of age may not exceed one-third of the total number of directors in office;
- Article 12 of the Articles of Association states that the Chairman's duties expire, at the latest, at the end of the Ordinary General Meeting called to approve the financial statements for the year then ended, held during the year in which the Chairman reaches 70 years of age.

Powers: the powers of the Board of Directors (see Article 15 of the Articles of Association) are detailed in Sections 3.2.1.4 and 3.3.2 above.

Executive Management: pursuant to Article 19 of the Articles of Association, the Company's Executive Management is assumed, under its responsibility, either by the Chairman of the Board of Directors or by another individual, who may or may not be a director, appointed by the Board of Directors and with the title of Chief Executive Officer. The decisions of the Board of Directors regarding the choice between these two methods of exercising Executive Management are made in accordance with the Articles of Association. Shareholders and third parties are informed of this choice in accordance with legal provisions (see Section 3.3.1 above).

The Chief Executive Officer has the widest powers to act in all circumstances in the Company's name, within the limits of the corporate purpose and subject to:

- powers expressly conferred on shareholders' meetings and the Board of Directors by prevailing legal and regulatory provisions; and
- powers reserved for and prior authorizations required from the Board of Directors in accordance with the internal regulations of the Board of Directors (see Section 3.3.2 above).

The duration of the Chief Executive Officer's duties and his compensation are set by the Board of Directors. Pursuant to Article 19 of the Articles of Association, the duties of Chief Executive Officer expire, at the latest, at the end of the Ordinary General Meeting called to approve the financial statements for the year then ended, held during the year in which the Chief Executive Officer reaches 70 years of age.

Deputy Chief Executive Officer: pursuant to Article 20 of the Articles of Association and at the recommendation of the Chief Executive Officer, the Board of Directors may appoint one or more individuals to assist the Chief Executive Officer, with the title of Deputy Chief Executive Officer. The maximum number of Deputy Chief Executive Officers is set at five.

In agreement with the Chief Executive Officer, the Board of Directors sets the scope and duration of the powers conferred on each Deputy Chief Executive Officer, who have the same powers as the Chief Executive Officer with regard to third parties. The age limit on the exercise of the duties of Deputy Chief Executive Officer is 70 years of age.

8.1.8 AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND CHANGES TO THE SHARE CAPITAL AND RIGHTS ATTACHED TO SHARES

All amendments to the Articles of Association and changes to the share capital or the voting rights attached to the securities that make up the share capital must comply with applicable law, since the Articles of Association do not contain any specific provisions relating thereto.

The text of the Company's Articles of Association is available and can be consulted on the Company's website (see Section 8.5 below).

Consultation of the documents made available

Documents and information relating to General Shareholders' Meetings are made available to shareholders in accordance with prevailing laws and regulations and, in particular, the information referred to in Article R.22-10-23 of the French Commercial Code is published on the Company's website:

http://www.veolia.com/en/veolia-group/finance-area, in the "General Shareholders' Meetings" section, no later than twenty-one days prior to the meeting.

8.1.4 DOUBLE VOTING RIGHTS

The voting rights attached to shares are proportional to the percentage of share capital that such shares represent, and each share carries the right to cast one vote.

However, in accordance with the provisions of Articles L.225-123 and L.22-10-46 of the French Commercial Code, a double voting right[1] is granted to all fully paid-up shares registered in the name of the same shareholder for at least two years, as well as to new registered shares which would be granted without consideration to a shareholder in the event of a share capital increase by capitalization of reserves, profits or additional paid-up capital, in respect of shares enjoying this right.

In accordance with the provisions of Article L.225-124 of the French Commercial Code, double voting rights cease for all shares converted to bearer form or sold. Nonetheless, transfers as a result of succession, the liquidation of joint property between spouses or an *inter vivos* gift to a spouse or relative entitled to inherit, does not result in the loss of this right or interrupt the two-year vesting period. This also applies in the event of a transfer as a result of a merger or spin-off of a shareholder company.

The voting right attached to shares subject to beneficial ownership is exercised by the income beneficiary at Ordinary General Meetings and by the bare title owner at Extraordinary General Meetings.

8.1.5 IDENTIFICATION OF SHAREHOLDERS

When shares are fully paid up, they may be held in registered or bearer form, at the discretion of the shareholder, subject to provisions of the laws and regulations in force and the Company's Articles of Association. Until the shares are fully paid up, they must be held in registered form.

Company shares are registered in an account under the conditions and in accordance with the terms provided for by the laws and regulations in force. However, where the owner of the shares does not reside in France or French Overseas Territories, within the meaning of Article 102 of the French Civil Code, any intermediary may be registered on behalf of such owner, in accordance with the provisions of Article L.228-1 of the French Commercial Code.

Furthermore, the Company's Articles of Association provide that the Company may seek to identify all holders of securities that grant an immediate or deferred right to vote at its meetings, in accordance with the procedures set forth in Articles L.228-2 *et seq.* of the French Commercial Code. Pursuant to these provisions, the Company reviews its share ownership four times per year on average.

Failure by the holders of securities or their intermediaries to comply with their data disclosure obligations set forth in Articles L.228-2 *et seq.* of the French Commercial Code results, pursuant to the conditions provided for by law, in the temporary loss of voting rights and, under certain circumstances, the suspension of the right to dividend payments attached to the shares.

8.1.6 CROSSING OF THRESHOLDS

In addition to the thresholds provided by the law and regulations in force, the Company's Articles of Association provide that all individuals or legal entities, acting alone or in concert with others, that enter into possession of or that no longer hold, either directly or indirectly, a fraction of the share capital, voting rights or securities granting future access to the share capital equal to 1% or more of the Company's share capital, or any multiple thereof, must inform the Company, by registered letter with acknowledgment of receipt within a period of fifteen days from crossing this threshold, of his/her/its identity and any parties acting in concert with him/her/it, together with the total number of shares, voting rights, or securities granting future access to the share capital owned alone, either directly or indirectly, or in concert.

Failure to comply with the above provisions will be penalized by the loss of voting rights for the shares that exceed the threshold that should have been declared, for all General Shareholders' Meetings that are held until the expiry of a two-year period following the date on which the aforementioned notification is brought into compliance, if the application of this penalty is requested by one or more shareholders who together hold at least 1% of the Company's shares.

(1) The Veolia Environnement Combined General Meeting of April 22, 2015 rejected resolution A (not approved by the Board of Directors) which sought to exclude the automatic acquisition of double voting rights introduced by the Florange law for all shares held in registered form for at least two years.

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Shareholders can access a dedicated voting website prior to meetings (Votaccess). This site allows each shareholder to access meeting documents, submit voting instructions electronically or request an admission card.

Remote and proxy votes can only be taken into account if the forms, duly completed and signed (and accompanied by the certificate of shareholding for bearer shares) are received by the clearing institution no later than the third business day prior to the meeting.

In accordance with the provisions of Article R.225-79 and R.22-10-24 of the French Commercial Code, notification of the appointment and dismissal of a proxy holder may also be made by electronic means.

Only notifications of appointment to or dismissal from positions duly signed, completed and received no later than two days before the date of the meeting may be taken into account.

In accordance with the provisions of Article R.22-10-28 of the French Commercial Code, any shareholder who has already voted by mail, or sent a proxy or an admission card request is no longer able to choose another method of participation in the meeting, but may, nonetheless, sell all or some of their shares. However, if the sale takes place before D-2, the Company will cancel or amend accordingly, as appropriate, the remote vote cast, the proxy, the admission card or the certificate of shareholding. To this end, the authorized intermediary holding the account notifies the Company or its proxy holder of the sale and provides it with the necessary information. No sale or any other transaction made after D-2, regardless of the method used, is notified by the authorized intermediary holding the account or taken into consideration by the Company, notwithstanding any agreement to the contrary. It is noted that if a shareholder does not name a proxy holder in a proxy form, the Chairman of the General Shareholders' Meeting shall register a vote in favour of adopting draft resolutions submitted or approved by the Board of Directors, and shall register a vote against the adoption of all other draft resolutions. In order to issue any other vote, the shareholder must choose a proxy holder who agrees to vote as directed by the shareholder.

Under the terms of Article 22, paragraph 4 of the Company's Articles of Association, the Board of Directors may decide that shareholders may attend the General Shareholders' Meeting *via* videoconference or by telecommunication or electronic means, including *via* the Internet, under the conditions provided for by the applicable regulations at the time of use. In this case, the shareholders concerned will be deemed to be present for the purposes of calculating quorum and majority at the meeting in question. This option has not yet been used by the Company as of the date of filing of this Universal Registration Document.

8.1.3.3 Main powers and quorum required for General Shareholders' Meetings

Ordinary General Meetings

The Ordinary General Meeting is called to make all decisions that do not amend the Articles of Association. It is held at least once a year, within six months of the end of each fiscal year, in order to approve the accounts for that fiscal year. It may only proceed, when it is convened for the first time, if the shareholders present, represented or having voted remotely hold at least one-fifth of the shares with voting rights. When it is convened for the second time, no quorum is required. The decisions of the Ordinary General Meeting are made by a simple majority of the votes of the shareholders present, represented or having voted remotely.

Extraordinary General Meetings

The Extraordinary General Meeting is the only meeting authorized to amend the provisions of the Articles of Association. It may not, however, increase the commitments of shareholders, with the exception of reverse stock splits, duly and properly carried out. It may only proceed, when it is convened for the first time, if the shareholders present, represented or having voted remotely hold at least one-quarter, and, when it is convened for the second time, one-fifth of the shares with voting rights. The decisions of the Extraordinary General Meeting are made by a majority of two-thirds of the votes of the shareholders present, represented or having voted remotely.

8.1.3.4 Shareholders' rights

Inclusion of points or draft resolutions on the agenda

Requests for the inclusion of points or draft resolutions on the agenda must reach 30, rue Madeleine Vionnet – 93300 Aubervilliers – France (Veolia Environnement, Office of the General Counsel) by registered letter with acknowledgment of receipt or by e-mail to AGveoliaenvironnement.ve@veolia.com, no later than twenty-five days prior to the date of the meeting, and may not be sent more than 20 days after publication of the notice of the meeting in the "*Bulletin des Annonces Légales et Obligatoires*" (BALO)(French Legal Gazette of Mandatory Legal Announcements).

The request for the inclusion of a point on the agenda must be justified. The request for the inclusion of draft resolutions must be accompanied by the text of the draft resolutions, which may include a brief explanatory statement. Such requests from shareholders must include a certificate providing proof of their legal status as shareholders, either in the registered securities accounts or in the bearer securities accounts held by a financial intermediary, as well as the percentage of share capital required by the regulations. Review of the point or draft resolution filed in line with the regulations is subject to the submission, by the authors of the request, of a new certificate evidencing the recording of the securities in the same accounts on D-2.

Written questions

In accordance with the provisions of Article R.225-84 of the French Commercial Code, any shareholder wishing to submit written questions must address them to the Chairman of the Board of Directors, 30, rue Madeleine Vionnet, 93300 Aubervilliers (Veolia Environnement, Office of the General Counsel) by registered letter with acknowledgment of receipt, no later than four business days prior to the meeting. In order for these questions to be taken into consideration, it is imperative that they are accompanied by a share registration certificate. Answers to written questions may be published directly on the Company's website (https://www.veolia.com/en/ veolia-group/finance) in the "General Shareholders' Meetings" section.

8.1.2 APPROPRIATION OF NET INCOME UNDER THE ARTICLES OF ASSOCIATION

Each share grants entitlement to an amount of the profit in proportion to the percentage of the capital that such share represents.

The distributable earnings are made up of the net income for the fiscal year, minus any accumulated losses and the various deductions provided for by law, plus any retained earnings.

The General Shareholders' Meeting may decide to distribute amounts drawn from the reserves of which it may freely dispose, by expressly stating the reserve items from which the amounts are drawn.

After approving the financial statements and recording the existence of amounts that are eligible for distribution (including the distributable earnings and, if any, the amounts drawn from reserves referred to above), the General Shareholders' Meeting may decide to distribute all or part of such amounts to the shareholders as dividends, to allocate them to reserve items, or to carry them forward.

The General Shareholders' Meeting has the option of granting the shareholders, for all or part of the dividends paid out or interim dividends, an option of payment in cash or payment in shares under the conditions laid down by the law. Furthermore, the General Shareholders' Meeting may decide, for all or part of the dividend, interim dividends, distributed reserves or premiums, or for any capital reduction, that such distribution or such capital reduction will be carried out in kind by delivery of Company assets.

The Board of Directors has the option of distributing interim dividends prior to the approval of the annual financial statements pursuant to the terms and conditions provided for by law.

8.1.3 GENERAL SHAREHOLDERS' MEETINGS

8.1.3.1 Notice of meetings

General Shareholders' Meetings are convened and deliberate under the terms and conditions provided for by law. Meetings are held at the Company's registered office or at any other location stated in the notice.

Shareholders' decisions are made at ordinary, extraordinary, special or combined meetings, depending on the nature of the decisions that shareholders are called upon to make.

8.1.3.2 Participation in and attendance at Meetings

Conditions

All shareholders, regardless of the number of shares they hold, are entitled to attend meetings in accordance with the laws and regulations in force, either by attending them in person, by being represented at them, by voting pursuant to the ballot-by-mail process, (also known as "by mail"), or by giving a proxy to the Chairman of the meeting.

In accordance with Article R.22-10-28 of the French Commercial Code, the only shareholders permitted to attend meetings are those who can provide proof of their legal status through the recording of the securities in their name, or in the name of the intermediary registered as acting on their behalf, no later than the second business day prior to the meeting at midnight, Paris time (hereafter, D-2), either in registered securities accounts, or in bearer securities accounts held by their authorized intermediary.

For registered shareholders, this accounting recognition in the registered securities accounts on D-2 is sufficient for them to be able to attend.

For holders of bearer shares, it is the responsibility of the authorized intermediaries that hold the bearer securities accounts to provide proof of the legal status as shareholder of their clients to the clearing institution for the meeting appointed by Veolia Environnement, by providing a certificate of shareholding which they append to the ballot-by-mail voting form or proxy form or to the admission card request drawn up in the name of the shareholder or on behalf of shareholders represented by the registered intermediary.

Procedures

Shareholders wishing to attend the General Shareholders' Meeting in person must apply for an admission card:

- registered shareholders should apply directly to the clearing institution for the meeting appointed by Veolia Environnement (hereinafter "the clearing institution");
- holders of bearer shares should apply to their financial intermediary.

If a holder of bearer shares wishing to attend the meeting in person has not received their admission card by D-2, they must submit a request to their financial intermediary to issue them with a certificate of shareholding enabling them to provide evidence of their position as a shareholder as of D-2 in order to be admitted.

A notice of the meeting, including a ballot-by-mail voting, proxy or admission card request form, is automatically sent to all registered shareholders. Holders of bearer shares must contact the financial intermediary with whom their shares are registered in order to obtain the ballot-by-mail voting, proxy or admission card request form.

Remote voting

Shareholders who are unable to attend the General Shareholders' Meeting in person may choose from one of the following options:

- give a written proxy to another shareholder, to their spouse or partner or any other natural or legal person of their choice;
- give a proxy to the Chairman of the meeting;
- vote by mail;
- vote electronically prior to the General Shareholders' Meeting.

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8.1 Main provisions pursuant to the law and the Articles of Association concerning Veolia Environnement

8.1.1 CORPORATE NAME, REGISTERED OFFICE, ADMINISTRATIVE HEADQUARTERS, WEBSITE, LEGAL FORM, APPLICABLE LAW, FISCAL YEAR, DATE OF INCORPORATION AND TERM, TRADE AND COMPANIES REGISTRY, LEGAL ENTITY IDENTIFIER AND CORPORATE PURPOSE

Corporate name	Veolia Environnement since April 30, 2003		
Abbreviated corporate name	VE		
Registered office	21, rue La Boétie – 75008 Paris - France		
Administrative headquarters	30, rue Madeleine Vionnet – 93300 Aubervilliers - France		
Website	www.veolia.com(1)	**Telephone**	+33 (0) 1 85 57 70 00
Legal form	*Société anonyme à conseil d'administration* (public limited company with a Board of Directors)		
Applicable law	French law		
Corporate purpose	Pursuant to Article 3 of the Company's Articles of Association, Veolia Environnement's corporate purpose, directly and indirectly, in France and in all other countries, involves: • conducting all service activities, for private, professional and public customers, that are related to the environment, in particular, water, wastewater, energy, transportation and waste management…; • the acquisition, use and exploitation of all patents, licenses, trademarks, models that are directly or indirectly related to corporate activities; • the acquisition of all equity investments, in the form of subscriptions, purchases, contributions, exchanges or by any other means, and the acquisition of shares, bonds and all other securities in existing or future enterprises, groupings or companies, and the option of disposing of such interests; • in general, all commercial, industrial, financial or non-trading transactions, whether in personal or real property, that are directly or indirectly related to the aforementioned corporate purpose, and, in particular, the issue of all guarantees, first-demand guarantees, sureties and other security interests, in particular for the benefit of all groupings, enterprises or companies in which the Company holds an equity investment within the scope of its business activities, as well as the financing or refinancing of its business activities.		
Fiscal year	From January 1 to December 31 of each year		
Date of incorporation	November 24, 1995		
Term	99 years		
Statutory end date	December 18, 2094		
Registration	403 210 032 RCS Paris		
APE Code	7010Z		
LEI – Legal Entity Identifier	969500LENY69X51 OOT31		

(1) The information on the website is not part of this Universal Registration Document.

8

ADDITIONAL INFORMATION

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Information from the Annual Financial Report is clearly identified in the table of contents by the pictogram RFA

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A taxpayer may make a global election to include dividends in income taxable at the progressive income tax scale. They will therefore be taxed after a 40% deduction. Under this option, social security contributions are deductible from taxable income in the amount of 6.8%.

For beneficiaries who are not tax residents in France, dividends are subject to withholding tax at a rate dependent on the country of tax residence.

7.3.2 DIVIDEND POLICY

The Company's dividend policy is determined by the Board of Directors which may consider a number of factors, such as net income and financial position, as well as the dividends paid by the Company's other French and international companies in the same sector.

7.3.3 PERIOD DURING WHICH DIVIDEND PAYMENTS MUST BE CLAIMED

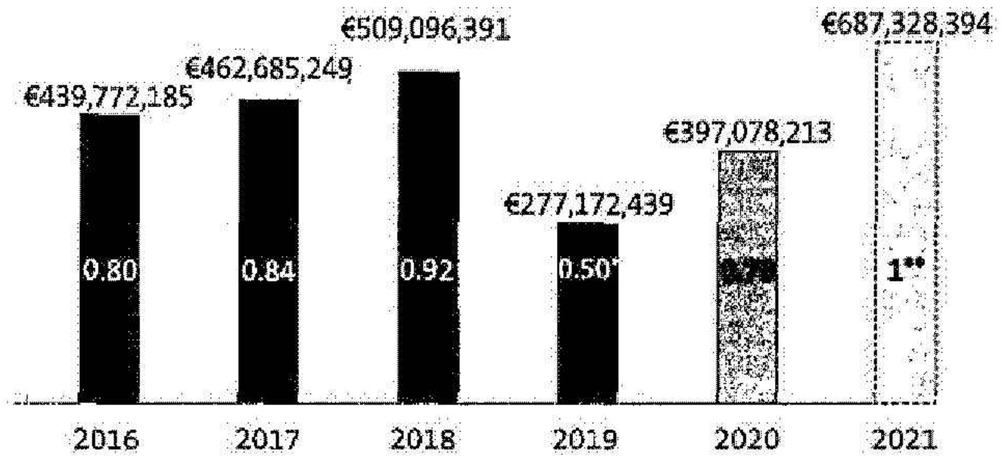
Dividends that are not claimed within five years from the date on which they are made available for payment revert to the French government.

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7.3 Dividend policy

7.3.1 DIVIDEND(1) PER SHARE AND TOTAL AMOUNTS PAID

DURING THE PAST FIVE FISCAL YEARS



A dividend payment of €0.70 per share for each of the Company's outstanding shares carrying dividend rights as of January 1, 2021 was approved by the Combined General Meeting of April 22, 2021. The ex-dividend date was set at May 10, 2021 and the dividend was paid from May 12, 2021. As of December 31, 2020, the share capital comprised 578,611,362 shares, including 12,839,673 treasury shares. The total dividend distribution was adjusted to take account of the number of treasury shares held by Veolia Environnement at the payment date, as treasury shares are stripped of dividend rights.

A dividend of €1 per share for 2021, payable in cash, will be proposed to the General Shareholders' Meeting of June 15, 2022. The ex-dividend date has been set at July 5, 2022 and the 2021 dividend will be paid from July 7, 2022. The Company aims to return to the pre-crisis dividend policy for 2021.

For individual shareholders who are French tax residents, a mandatory flat-rate levy of 12.8% will be deducted as payment on account for income tax due in 2022 on 2021 income. This levy will however not be applied to taxpayers whose reference taxable income for the year before last is less than €50,000 for a single person or €75,000 for couples, if they request exemption in advance.

Social security contributions on dividends paid to private individual shareholders tax resident in France are subject to withholding tax deducted by the paying agent at a rate of 17.2%.

The definitive tax liability for dividends paid by Veolia Environnement will be determined based on information reported in the income tax return filed in the year following receipt of the dividends.

Whether paid in cash or shares, dividends are liable to a flat-rate tax of 12.8% (giving a total tax rate of 30% including social security contributions). Social security contributions are not deductible from income tax.

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

** The Board of Directors, during its extraordinary meeting of April 1, 2020, given the exceptional circumstances related to the Covid-19 epidemic and to protect the interests of all the Group's stakeholders in a spirit of solidarity, decided to set the dividend for fiscal year 2019 at €0.50 instead of €1.*

*** Subject to approval of the General Shareholders' Meeting of June 15, 2022. The total dividend 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, i.e. 687,328,394 shares, and may change depending on movements in the number of shares conferring entitlement to dividends up to the ex-dividend date.*

7.2.2 CHANGES IN THE COMPANY'S PRINCIPAL SHAREHOLDERS DURING THE PAST THREE FISCAL YEARS

The table below presents the number of shares and the corresponding percentage of share capital and voting rights held as of December 31, 2021 by Veolia Environnement's principal known shareholders, and changes in the Company's principal shareholders (holding more than 4% of the Company's share capital, directly or indirectly), during the past three years.

A double voting right was introduced on April 3, 2016 for shares held in registered form by the same shareholder for at least two years, in accordance with the Florange law of March 29, 2014 (see Chapter 8, Section 8.1.4, below).

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

	Position as of December 31, 2021					Position as of December 31, 2020					Position as of December 31, 2019		
Shareholder	Number of shares	% of share capital	Theoretical number of voting rights	Number of voting rights that may be exercised	% of voting rights that may be exercised*	Number of shares	% of share capital	Theoretical number of voting rights	Number of voting rights that may be exercised	% of voting rights that may be exercised*	Number of shares	% of share capital	% of voting rights that may be exercised*
Caisse des Dépôts[1]	42,278,706**	6.04	68,314,825	68,314,825	9.40	35,135,341**	6.07	61,171,460	61,171,460	10.16	33,344,181	5.88	10.07
BlackRock[2]	40,072,824	5.73	40,072,824	40,072,824	5.51	29,669,536	5.13	29,669,536	29,669,536	4.93	28,489,269	5.02	4.83
Employees[3]	32,693,820	4.67	40,521,915	40,521,915	5.58	23,470,055	4.06	33,872,862	33,872,862	5.62	12,572,327	2.22	3.52
Franklin Resources[4]	-	-	-	-	-	-	-	-	-	-	42,036,249	7.41	7.13
Veolia Environnement[5]	12,396,872	1.77	12,396,872	0***	0***	12,839,673	2.22	12,839,673	0***	0***	12,450,465	2.19	0
Public and other investors	572,283,044	81.79	577,741,842	577,741,842	79.51	477,496,757	82.52	477,453,495	477,453,495	79.29	438,374,048	77.28	74.45
TOTAL	699,725,266	100%	739,048,278	726,651,406	100%	578,611,362	100%	615,007,026	602,167,353	100%	567,266,539	100%	100%

* *Percentage of voting rights as a proportion of effective voting rights (Veolia Environnement treasury shares do not exercise voting rights).*
** *Including 26,036,119 shares held in registered form for more than two years.*
*** *As of December 31, 2021, Veolia Environnement held 12,396,872 treasury shares.*
(1) *According to the notification to the Company on January 25, 2022 by Caisse des Dépôts that CNP Assurance had crossed downwards the 2% bylaws reporting threshold on January 11, 2022. This threshold crossing followed the sale of securities by CNP Assurances. Caisse des Dépôts, which did not cross any reporting thresholds, held at that date, directly and indirectly through CNP Assurances and LBP Prévoyance, 42,278,706 shares and 68,314,825 voting rights representing 6.04% of the share capital and 9.40% of voting rights issued. Caisse des dépôts et consignations held directly at that date 30,995,375 shares and 57,031,494 voting rights, representing 4.43% of the share capital and 7.85% of voting rights issued. On February 16, 2022, Caisse des dépôts et consignations notified it had crossed downwards the 6% bylaws reporting threshold indirectly through CNP Assurances on February 10, 2022. This threshold crossing followed the return of securities received by CNP Assurances as collateral. Caisse des Dépôts held at that date, directly and indirectly through CNP Assurances and LBP Prévoyance, 41,718,706 shares and 67,754,825 voting rights representing 5.96% of the share capital and 9.33% of voting rights issued. Caisse des dépôts et consignations held directly at that date 30,995,375 shares and 57,031,494 voting rights, representing 4.43% of the share capital and 7.85% of voting rights issued. To the Company's knowledge, during the year ended December 31, 2021, Caisse des Dépôts filed a notification that it had crossed downwards the 10% voting rights threshold (see AMF Decisions and Information no. 221C2712).*
(2) *According to the notification to the Company on October 13, 2021 by BlackRock that it had a crossed a bylaws reporting threshold on October 8, 2021. To the Company's knowledge, during the year ended December 31, 2021, BlackRock filed several notifications that it had crossed, upwards or downwards, the legal 5% share capital and/or voting rights thresholds (see AMF Decisions and Information no. 221C0194, no. 221C0205, no. 221C0231, no. 221C0238, no. 221C0385, no. 221C0417, no. 221C0436, no. 221C0444, no. 221C0512, no. 221C0538, no. 221C0646, no. 221C0739, no. 221C0756, no. 221C0773, no. 221C0801, no. 221C0818, no. 221C0841, no. 221C0938, no. 221C1065, no. 221C1104).*
(3) *Direct and indirect shareholdings, including through financial investment vehicles.*
(4) *At the date of the most recent notification to the Company that it had crossed a bylaws reporting threshold, i.e. January 12, 2021, Franklin Resources held 5,742,772 shares and as many voting rights, representing 0.99% of the share capital and 0.95% of voting rights of Veolia Environnement.*
(5) *Treasury shares without voting rights. This information is included in the monthly report of transactions carried out by Veolia Environnement in its own shares that was filed with the French Financial Markets Authority (AMF) on January 6, 2022.*

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

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

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

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

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

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

As of December 31, 2021, the total nominal outstanding amount on these bond issues was 3 billion renminbi (€417 million euro-equivalent).

Commercial paper

Veolia Environnement has a short-term financing program comprising Negotiable European Commercial Paper (NEU CP) capped at €6 billion. The financial documentation for this program was updated with the Bank of France on September 7, 2020.

As of December 31, 2021, the total outstanding amount of negotiable commercial paper issued by the Company was €5,847 million.

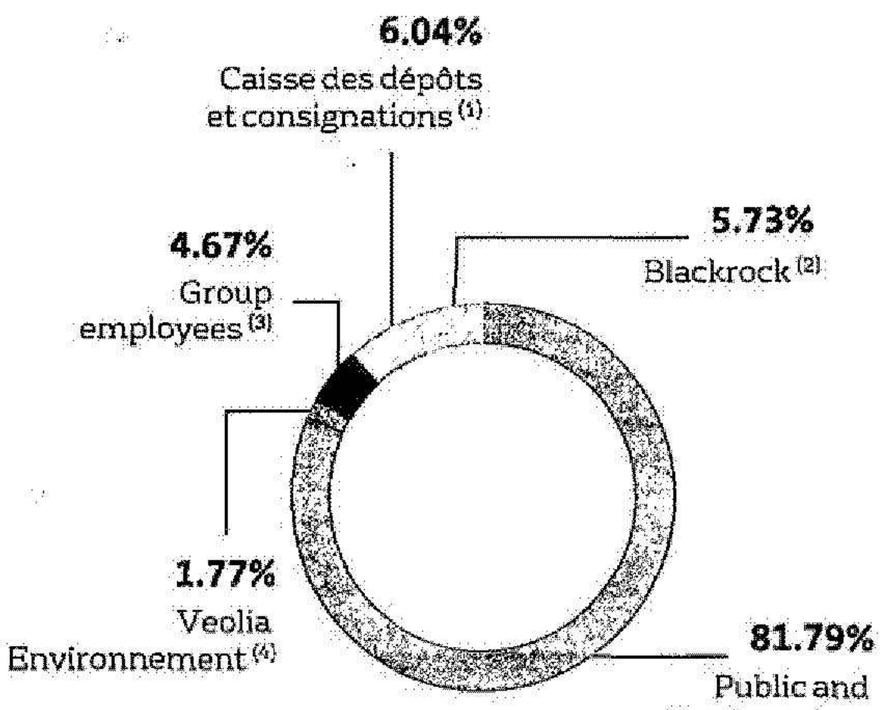
On May 18, 2020, Veolia Environnement set-up a commercial paper program capped at GBP 600 million with the Bank of England (which launched this program), under the bank's Covid Corporate Financing Facility assistance program.

The Bank of England has closed this program.

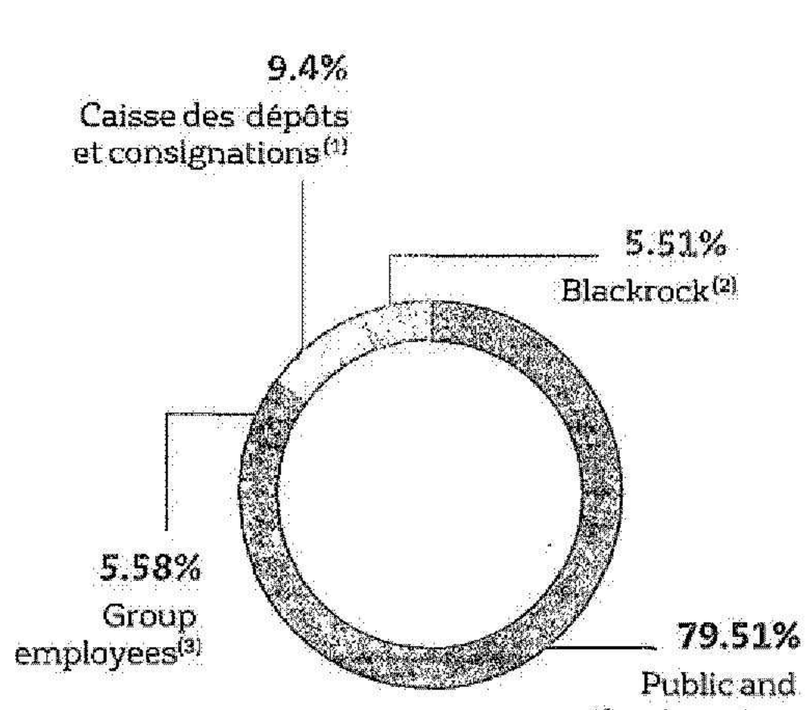
7.2 Veolia Environnement shareholders

7.2.1 BREAKDOWN OF SHAREHOLDERS AS OF DECEMBER 31, 2021

Breakdown of shareholders (number of shares)



Breakdown of shareholders (voting rights available for exercise)



(1) According to the notification on January 25, 2022 by Caisse des Dépôts that it had crossed a bylaws reporting threshold.

(2) According to the notification on October 13, 2021 by BlackRock that it had crossed a bylaws reporting threshold.

(3) Direct and indirect shareholdings, including through financial investment vehicles. Pursuant to the provisions of Article L.225-102 of the French Commercial Code, employee share ownership as of December 31, 2021 is 4.67% of share capital and 5.58% of voting rights.

(4) Treasury shares without voting rights.

7.1.7 NON-EQUITY SECURITIES

EMTN program

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

The main outstanding bond issues performed under the EMTN program as of December 31, 2021 are as follows:

Issue date	Currency	Nominal issue amount *(in millions of currency units)*	Additional drawdowns/partial repurchases	Nominal amount outstanding as of December 31, 2021 (in millions of currency units)	Interest rate	Maturity
November 25, 2003	EUR	700		700	6.125%	November 25, 2033
May 24, 2007	EUR	1,000				
December 2013	EUR		-150			
April 2015	EUR		-205	645	5.125%	May 24, 2022
October 29, 2007	GBP	500				
January 7, 2008	GBP		150	650	6.125%	October 29, 2037
March 30, 2012	EUR	750		750	4.625%	March 30, 2027
April 9, 2015	EUR	500		500	1.59%	January 10, 2028
October 4, 2016	EUR	600		600	0.314%	October 4, 2023
October 4, 2016	EUR	500		500	0.927%	January 4, 2029
March 30, 2017	EUR	650		650	0.672%	March 30, 2022
March 30, 2017	EUR	650		650	1.496%	November 30, 2026
December 5, 2018	EUR	750		750	1.94%	January 7, 2030
January 14, 2019	EUR	750		750	0.892%	January 14, 2024
January 15, 2020	EUR	500		500	0.664%	January 15, 2031
April 15, 2020	EUR	700		700	1.25%	April 15, 2028
June 15, 2020	EUR	500		500	0.80%	January 15, 2032
January 14, 2021	EUR	700		700	0%	January 14, 2027

As of December 31, 2021, the total nominal outstanding amount of the EMTN program was €8,374 million, maturing in more than one year.

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

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

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

As of December 31, 2021, the total nominal outstanding amount was approximately €700 million, maturing in more than one year.

Public issue on the US market

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

As of December 31, 2021, the total nominal outstanding amount was US$300 million (€265 million euro-equivalent), maturing in more than one year.

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7.1.6 CHANGES IN SHARE CAPITAL OVER THE PAST FIVE FISCAL YEARS

The table below shows the changes in the Veolia Environnement share capital since the start of fiscal year 2017:

Meeting date	Transaction	Transaction date	Number of shares issued	Par value of the shares (in euros)	Par value amount of the share capital increase (in euros)	Additional paid-in capital (in euros)	Total share capital (in euros)	Total number of shares
04/19/2018	Share capital increase reserved for employees (Group savings plan)	09/20/2018 (recorded by the Chairman and Chief Executive Officer)	2,228,518	5	11,142,590	22,909,165.04	2,827,966,705	565,593,341
04/19/2018	Share capital increase following the vesting of free shares granted to all French employees of the Group (46,456 employees)	05/03/2019 (recorded by the Chairman and Chief Executive Officer)	232,280	5	1,161,400	-	2,829,128,105	565,825,621
04/18/2019	Share capital increase reserved for employees (Group savings plan)	11/15/2019 (recorded by the Chairman and Chief Executive Officer)	1,440,918	5	7,204,590	17,925,019.92	2,836,332,695	567,266,539
04/22/2020	Share capital increase reserved for employees (Group savings plan)	12/17/2020 (recorded by the Chairman and Chief Executive Officer)	11,344,823	5	56,724,115	100,855,476.47	2,893,056,810	578,611,362
04/19/2018	Share capital increase following the vesting of 700 free shares to executives and high potential employees of the Group	05/03/2021 (recorded by the Chairman and Chief Executive Officer)	971,827	5	4,859,135	-	2,897,915,945	579,583,189
04/22/2021	Share capital increase with preferential subscription rights in the context of the financing of the Public Tender Offer by the Company for Suez shares	10/08/2021 (recorded by the Chairman and Chief Executive Officer)	110,396,796	5	551,983,980	1,954,023,289.20	3,449,829,925	689,979,985
04/22/2021	Share capital increase reserved for employees (Group savings plan)	12/08/2021 (recorded by the Chairman and Chief Executive Officer)	9,745,281	5	48,726,405	167,618,833.20	3,498,626,330	699,725,266

7.1.5 OTHER SECURITIES GRANTING ACCESS TO THE SHARE CAPITAL

Potential dilutive effect of bonds convertible into and/or exchangeable for new and/or existing shares

See Section 7.1.7 below.

Potential dilutive effect of performance shares

In accordance with the Group's compensation policy and the authorization granted by the Company's Extraordinary General Meeting of April 18, 2019, the Board of Directors decided on April 30, 2019, at the recommendation of the Compensation Committee, to grant 1,131,227 performance shares, representing approximately 0.20% of the share capital at that date, to around 450 beneficiaries.

In addition, pursuant to the authorization granted by the Company's Extraordinary General Meeting of April 22, 2020, the Board of Directors decided on May 5, 2020, at the recommendation of the Compensation Committee, to grant 1,109,400 performance shares, representing approximately 0.20% of the share capital at this date, to around 450 beneficiaries.

Finally, pursuant to the authorization granted by the Company's Extraordinary General Meeting of April 22, 2021, the Board of Directors decided on May 4, 2021, at the recommendation of the Compensation Committee, to grant 937,182 performance shares, representing approximately 0.20% of the share capital at this date, to around 450 beneficiaries.

The scheduled issue date is May 2022 for the 2019 performance shares, May 2023 for the 2020 performance shares and May 2024 for the 2021 performance shares. If all these shares were issued, this would represent a dilution of 0.45%, based on 699,725,266 shares outstanding as of December 31, 2021.

See Chapter 3, Section 3.4.3.1 above.

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Type of authorization	Securities/transactions concerned	Term of authorization and expiry date	Upper limit on the use of the authorization *(in € and/or as a percentage)*
Issues of securities reserved for Group employees and executives			
	Issues reserved for members of employee savings plans with cancellation of preferential subscription rights* Share capital increase by issuing shares or securities granting access to the Company's share capital (Resolution 23)	26 months August 15, 2024	**2% of the share capital** as of the date of the General Meeting (counting towards the overall cap)
	Issues reserved for employees with cancellation of preferential subscription rights* ** Share capital increase reserved for a category of beneficiaries (Resolution 24)	18 months December 15, 2023	**0.6% of the share capital** as of the date of the General Meeting (counting towards the overall cap)
	Authorization to the Board of Directors to grant free shares, existing or to be issued, to employees of the Group and *corporate officers of the Company*, subject to performance conditions, with waiver by shareholders of their preferential subscription rights (Resolution 25)	26 months August 15, 2024	**0.35% of the share capital** as of the date of the General Meeting.
Share capital reduction by cancellation of shares			
	Cancellation of treasury shares (Resolution 26)	26 months August 15, 2024	**10% of the share capital** within any 24-month period

* *The total par value share capital increases that may be carried out pursuant to this resolution will count towards the overall cap of €1,049,587,899 set forth in the 17th resolution presented to the Combined General Meeting of June 15, 2022.*

** *Share capital increase reserved for (i) employees and corporate officers of affiliated companies as provided under Article L.225-180 of the French Commercial Code and Articles L.3341-1 and L.3344-2 of the French Labour Code and/or (ii) share ownership funds (UCITS or similar) invested in the Company's shares and whose share capital is held by the employees and corporate officers referred to in (i), and/or (iii) any financial institution (or subsidiary of such an institution) acting at the request of Veolia Environnement to set up a structured offering of shares to employees and corporate officers of affiliated companies having their registered office in countries where, for regulatory reasons or otherwise, employees may not participate in the usual employee shareholding mechanisms (issues reserved for employees who are members of savings plans).*

7.1.4.3 Authorizations proposed to the Combined General Meeting of June 15, 2022

Type of authorization	Securities/transactions concerned	Term of authorization and expiry date	Upper limit on the use of the authorization *(in € and/or as a percentage)*
Share repurchases			
	Share repurchase program ***Except during a public offer period*** (Resolution 16)	18 months December 15, 2023	**€36 per share, up to a limit of 69,972,526 shares and €1 billion**; the Company may not hold more than 10% of its share capital
Share issues			
	Issues with preferential subscription rights (PSR)* Issue of all types of securities ***Except during a public offer period*** (Resolution 17)	26 months August 15, 2024	€1,049,587,899 (par value), representing **approximately 30% of the share capital** as of the date of the General Meeting (counting towards the overall maximum par value amount of €1,049,587,899, hereinafter the "overall cap")
	Issues with no preferential subscription rights (PSR)* Issue of all types of securities by public offer – mandatory priority subscription period ***Except during a public offer period*** (Resolution 18)	26 months August 15, 2024	€349,862,633 (par value) representing **approximately 10% of the share capital** as of the date of the General Meeting (counting towards the overall cap)
	Issues with no preferential subscription rights (PSR)* Issue of all types of securities, by way of private placement ***Except during a public offer period*** (Resolution 19)	26 months August 15, 2024	€349,862,633 (par value) representing **approximately 10% of the share capital** as of the date of the General Meeting (counting towards the par value upper limit of €349,862,633 for share capital increases without PSR and towards the overall cap)
	Issues of securities as payment for contributions in kind* ***Except during a public offer period*** (Resolution 20)	26 months August 15, 2024	€349,862,633 (par value) representing **approximately 10% of the share capital** as of the date of the General Meeting (counting towards the par value upper limit of €349,862,633 for share capital increases without PSR and towards the overall cap)
	Increase in the number of securities in the event of share capital increases with or without preferential subscription rights *(green shoe option)** ***Except during a public offer period*** (Resolution 21)	26 months August 15, 2024	**Extension by no more than 15% of the share capital** increase performed with or without PSR (additional issue counting towards the upper limit of the relevant resolution with or without PSR and towards the overall cap, and where applicable, towards the par value upper limit of €349,862,633 for share capital increases without PSR)
	Share capital increase by capitalizing premiums, reserves, profits or other items* ***Except during a public offer period*** (Resolution 22)	26 months August 15, 2024	€400 million (par value) representing **approximately 11.4% of the share capital** as of the date of the General Meeting (this maximum par value amount counting towards the overall cap)

* *The total par value share capital increases that may be carried out pursuant to this resolution will count towards the overall cap of €1,049,587,899 set forth in the 17th resolution presented to the Combined General Meeting of June 15, 2022.*

** *Share capital increase reserved for (i) employees and corporate officers of affiliated companies as provided under Article L.225-180 of the French Commercial Code and Articles L.3341-1 and L.3344-2 of the French Labour Code and/or (ii) share ownership funds (UCITS or similar) invested in the Company's shares and whose share capital is held by the employees and corporate officers referred to in (i), and/or (iii) any financial institution (or subsidiary of such an institution) acting at the request of Veolia Environnement to set up a structured offering of shares to employees and corporate officers of affiliated companies having their registered office in countries where, for regulatory reasons or otherwise, employees may not participate in the usual employee shareholding mechanisms (issues reserved for employees who are members of savings plans).*

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Type of authorization	Securities/transactions concerned	Term of authorization and expiry date	Upper limit on the use of the authorization *(in € and/or as a percentage)*	Used in 2021
Issues of securities reserved for Group employees and executives				
	Issues reserved for members of employee savings plans with cancellation of preferential subscription rights* Share capital increase by issuing shares or securities *granting access to the* Company's share capital (Resolution 20)	26 months June 22, 2023	€57,861,136 (par value) representing **approximately 2% of the share capital** as of the date of the General Meeting (counting towards the overall cap)	Share capital increase reserved for employees (Group savings plan): issue on December 8, 2021 of 7,866,525 new shares, representing **approximately 1.1% of the share capital** at this date
	Issues reserved for employees with cancellation of preferential subscription rights* ** Share capital increase reserved for a category of beneficiaries (Resolution 21)	18 months October 22, 2022	€17,358,340 (par value) representing **approximately 0.6% of the share capital** as of the date of the General Meeting (counting towards the overall cap)	Share capital increase reserved for employees (Group savings plan): issue on December 8, 2021 of 1,878,756 new shares, representing **approximately 0.3% of the share capital** at this date
	Authorization granted to the Board of Directors to issue free shares, existing or to be issued, to employees of the Group and corporate officers of the Company, with waiver by shareholders of their preferential subscription rights (Resolution 22)	26 months June 22, 2023	**0.5% of the share capital** as of the date of the General Meeting	During its meeting of May 4, 2021, the Board of Directors decided to grant, effective the same day, 937,182 performance shares to approximately 450 beneficiaries, representing **approximately 0.2% of the share capital** at this date

* *The total par value amount of share capital increases that may be carried out pursuant to this resolution will count towards the overall cap of €868 million set forth in the 17th resolution presented to the Combined General Meeting of April 22, 2021.*

** *Share capital increase reserved for (i) employees and corporate officers of affiliated companies as provided under Article L.225-180 of the French Commercial Code and Articles L.3341-1 and L.3344-2 of the French Labour Code and/or (ii) share ownership funds (UCITS or similar) invested in the Company's shares and whose share capital is held by the employees and corporate officers referred to in (i), and/or (iii) any financial institution (or subsidiary of such an institution) acting at the request of Veolia Environnement to set up a structured offering of shares to employees and corporate officers of affiliated companies having their registered office in countries where, for regulatory reasons or otherwise, employees may not participate in the usual employee shareholding mechanisms (issues reserved for employees who are members of savings plans).*

*** *In respect of the Suez combination project.*

7.1.4.2 Authorizations adopted by the Combined General Meeting of April 22, 2021[1]

Type of authorization	Securities/transactions concerned	Term of authorization and expiry date	Upper limit on the use of the authorization *(in € and/or as a percentage)*	Used in 2021
Share repurchases				
	Share repurchase program ***Except during a public offer period*** (Resolution 16)	18 months October 22, 2022	**€36 per share, up to a limit of 57,861,136 shares and €1 billion;** the Company may not hold more than 10% of its share capital	**Treasury shares** As of December 31, 2021, the Company held 12,396,872 shares, valued based on the closing share price as of December 31, 2021 (€32.26) at a market value of €399,923,090.72 **Movements in the liquidity contract** 1,002,832 shares purchased and 1,445,633 shares sold. As of December 31, 2021, the Company held 53,000 shares under the current liquidity contract (see Section 7.1.3 above).
Share issues				
	Issues with preferential subscription rights (PSR)* Issue of all types of securities ***Except during a public offer period*** (Resolution 17)***	26 months June 22, 2023	€868 million (par value) representing **approximately 30% of the share capital** as of the date of the General Meeting (counting towards the overall maximum par value amount of €860 million, hereinafter the "overall cap")	Share capital increase with preferential subscription rights in the context of the financing of the Public Tender Offer by the Company for Suez shares: issue of 110,396,796 new shares on October 8, 2021, representing **approximately 19% of the share** capital at this date
	Issues with no preferential subscription rights (PSR)* Issue of all types of securities by way of public offer – mandatory priority subscription period ***Except during a public offer period*** (Resolution 18)***	26 months June 22, 2023	€868 million (par value) representing **approximately 30% of the share capital** as of the date of the General Meeting (counting towards the overall cap)	None
	Increase in the number of securities in the event of share capital increases with or without preferential subscription rights (*green shoe option*)* ***Except during a public offer period*** (Resolution 19)***	26 months June 22, 2023	**Extension by no more than 15% of a share capital increase performed** with or without PSR (additional issue counting towards the upper limit of the relevant resolution with or without PSR and towards the overall cap, and where applicable, towards the par value upper limit of €289 million for share capital increases without PSR)	None

* *The total par value amount of share capital increases that may be carried out pursuant to this resolution will count towards the overall cap of €868 million set forth in the 17th resolution presented to the Combined General Meeting of April 22, 2021.*

** *Share capital increase reserved for (i) employees and corporate officers of affiliated companies as provided under Article L.225-180 of the French Commercial Code and Articles L.3341-1 and L.3344-2 of the French Labour Code and/or (ii) share ownership funds (UCITS or similar) invested in the Company's shares and whose share capital is held by the employees and corporate officers referred to in (i), and/or (iii) any financial institution (or subsidiary of such an institution) acting at the request of Veolia Environnement to set up a structured offering of shares to employees and corporate officers of affiliated companies having their registered office in countries where, for regulatory reasons or otherwise, employees may not participate in the usual employee shareholding mechanisms (issues reserved for employees who are members of savings plans).*

*** *In respect of the Suez combination project.*

(1) Authorizations still in effect as of the date of filing of this Universal Registration Document only.

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7.1.4 AUTHORIZED BUT UNISSUED SHARES

7.1.4.1 Authorizations adopted by the Combined General Meeting of April 22, 2020(1)

Type of authorization	Securities/transactions concerned	Term of authorization and expiry date	Upper limit on the use of the authorization *(in € and/or as a percentage)*	Used in 2021
Share issues				
	Issues with no preferential subscription rights (PSR)* Issue of all types of securities, by way of private placement ***Except during a public offer period*** (Resolution 17)	26 months June 22, 2022	€283 million (par value) representing **approximately 10% of the share capital** as of the date of the General Meeting (counting towards the par value upper limit of €283 million for share capital increases without PSR and towards the overall cap)	None
	Issues of securities as payment for contributions in kind* ***Except during a public offer period*** (Resolution 18)	26 months June 22, 2022	€283 million (par value) representing **approximately 10% of the share capital** (counting towards the par value upper limit of €283 million for share capital increases without PSR and towards the overall cap)	None
	Share capital increase by capitalizing premiums, reserves, profits or other items* ***Except during a public offer period*** (Resolution 20)	26 months June 22, 2022	€400 million (par value) representing **approximately 14.2% of the share capital** as of the date of the General Meeting (counting towards the overall cap)	None
Share capital reduction by cancellation of shares				
	Cancellation of treasury shares (Resolution 24)	26 months June 22, 2022	**10% of the share capital** within any 24-month period	None

* *The total par value amount of share capital increases that may be carried out pursuant to this authorization will count towards the overall cap of €850 million set forth in the 15th resolution presented to the Combined General Meeting of April 22, 2020.*

(1) Authorizations still in effect as of the date of filing of this Universal Registration Document only.

- purchases of the Company's shares may relate to a number of shares such that:
  - at the date of each repurchase, the number of shares purchased by the Company since the beginning of the share repurchase plan (including the current repurchase) does not exceed 10% of the shares comprising the Company's share capital at that date (this percentage will apply to the share capital, as adjusted in light of transactions affecting it after this General Shareholders' Meeting), *i.e.* 69,972,527 shares as of the date of filing of this Universal Registration Document, it being specified that (i) the number of shares purchased for retention and subsequent delivery as part of a merger, spin-off or contribution may not exceed 5% of the share capital; and (ii) when shares are bought to increase liquidity under the conditions defined by the AMF's general regulations, the total number of shares taken into account for the calculation of the aforementioned limit of 10% is the number of shares purchased, after deduction of the number of shares sold during the period of the authorization,
  - the number of shares that the Company holds at any given time whatsoever does not exceed 10% of the shares comprising the Company's share capital on the date in question;
- shares may be purchased, sold or transferred at any time, within the limits authorized by prevailing legal and regulatory provisions, except during a public offer for the Company's shares, and by any means, particularly on regulated markets, multilateral trading systems, with systematic internalizers or over-the-counter, including by block purchases or sales, by public offers to purchase or exchange shares, or through the use of options or other forward financial instruments traded on regulated markets, multilateral trading systems, with systematic internalizers or over the counter or through delivery of shares following the issue of securities granting access to the Company's share capital by conversion, exchange, redemption, exercise of a warrant or otherwise. Transactions may be conducted either directly or indirectly through an investment services provider or by any other means (with no limit on the proportion of the share repurchase plan that may be implemented by any of these methods);
- the maximum purchase price of the shares under this resolution will be €36 per share (or the equivalent of this amount on the same date in any other currency); this maximum price is only applicable to acquisitions decided as from the date of the Combined General Meeting of June 15, 2022 and not to forward transactions concluded pursuant to an authorization granted by a previous General Shareholders' Meeting that provides for acquisitions of shares subsequent to the date of this meeting.

In the event of a change in the par value of shares, capital increase *via* capitalization of reserves, grant of free shares, division or regrouping of securities, distribution of reserves or of any other assets, redemption of capital or any other transaction concerning the share capital or shareholders' equity, the General Shareholders' Meeting delegates to the Board of Directors the power to adjust the maximum aforementioned purchase price in order to take account of the impact on the share value of these transactions.

The total amount allocated to the share repurchase program authorized above may not exceed €1 billion.

This authorization would, as from the date of the Combined General Meeting of June 15, 2022, cancel any as yet unused portion of any prior authorization granted to the Board of Directors to trade in the Company's shares. This authorization is granted for a period of eighteen months from the date of this Combined General Meeting.

The General Shareholders' Meeting would grant full powers to the Board of Directors, including the option of sub-delegation under the conditions provided for by law, to implement this authorization, to specify, if necessary, the terms and conditions thereof, to carry out the repurchase plan, and, in particular, to place all stock market orders, enter into all agreements, allocate or reallocate the shares acquired to the desired objectives under the applicable statutory and regulatory provisions, to determine the terms and conditions under which, if applicable, the rights of holders of securities or other rights granting access to the share capital will be protected, in compliance with legal and regulatory provisions and, where applicable, contractual provisions stipulating other types of adjustment, make all declarations to the AMF and to all competent authorities, carry out all other formalities and, in general, do whatever is necessary.

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The table below details transactions by the Company in treasury shares during fiscal year 2021 under the program authorized by the Combined General Meetings of April 22, 2020 and April 22, 2021:

	Cumulated gross flows as of December 31, 2021		Open positions as of December 31, 2021			
			Open buy positions		Open sell positions	
	Purchases[1]	Sales/ Transfers[2]	Call options purchased	Forward purchases	Call options sold	Forward sales
Number of shares	1,002,832	1,445,633	N/A	N/A	N/A	N/A
Average transaction price *(in euros)*	26.00	25.23	N/A	N/A	N/A	N/A
Average strike price *(in euros)*	N/A	N/A	N/A	N/A	N/A	N/A
AMOUNT *(IN EUROS)*	26,077,805.76	36,474,218.06	N/A	N/A	N/A	N/A

N/A: not applicable.
(1) Purchases performed under the liquidity agreement.
(2) Sales performed under the liquidity agreement and the UK Share Incentive Plan.

7.1.3.3 Objectives of transactions carried out in 2021 and allocation of treasury shares held

As of December 31, 2021, Veolia Environnement held a total of 12,396,872 treasury shares, representing 1.77% of the Company's share capital. No shares were held directly or indirectly by Veolia Environnement subsidiaries.

On this date, the portfolio of treasury shares was allocated as follows:

- 4,007,813 shares were allocated to cover stock option programs or other share grant programs for Group employees;
- 8,389,059 shares were allocated to external growth transactions.

As of December 31, 2021, Veolia Environnement held 53,000 shares under the current liquidity agreement.

7.1.3.4 Description of the program submitted to the Combined General Meeting of June 15, 2022 for authorization

The share repurchase authorization described in Section 7.1.3.1 above will expire on October 22, 2022 at the latest, unless the Combined General Meeting of June 15, 2022 adopts the resolution presented in accordance with the provisions of Articles L.22-10-62 *et seq.* of the French Commercial Code and Article L.225-210 *et seq.* of the same code, set out below.

This resolution, in consideration of the report by the Board of Directors, authorizes the Company to implement a new plan to repurchase shares under the following conditions:

- this authorization would be intended to allow the Company to trade in its own shares with the following objectives: (i) implementing all Company stock option plans within the scope of the provisions of Articles L.225-177 *et seq.* and L.22-10-56 *et seq.* of the French Commercial Code or any similar plan; (ii) granting or selling shares to employees in respect of their profit-sharing plan or the implementation of any company or group savings plan (or equivalent plan) under the conditions provided for by law and in particular Articles L.3332-1 *et seq.* of the French Labour Code; (iii) granting free shares under the provisions of Articles L.225-197-1 *et seq.* and L.22-10-59 and L.22-10-60 of the French Commercial Code, (iv) in general, honouring commitments relating to stock option plans or other plans involving shares awarded to employees of the issuer or affiliated companies; (v) delivering shares on the exercise of rights attached to securities granting access to the share capital by redemption, conversion, exchange, presentation of a warrant, or in any other way, (vi) canceling all or some of the securities thus repurchased, pursuant to the 24th resolution adopted by the Combined General Meeting of April 22, 2020 or any resolution of the same nature that may follow this resolution during the period of validity of the present authorization; (vii) delivering shares (by way of exchange, payment or other) within the scope of external growth transactions, mergers, spin-offs or contributions; (viii) stimulating the secondary market for Veolia Environnement shares through an investment services provider, as part of a liquidity contract that complies with market practices accepted by the French Financial Markets Authority (AMF);
- this program is also intended to allow the use of any market practice that might be accepted by the French Financial Markets Authority (AMF), and more generally, the completion of any other transaction in accordance with the regulations in force. In such a case, the Company will inform its shareholders by way of a press release;

Following the delisting by Veolia Environnement of its American Depositary Receipts (ADRs) from the New York Stock Exchange (NYSE), the final listing of the ADRs on the NYSE occurred on December 22, 2014. Since this date, the ADRs are traded on the US over-the-counter market under the code VEOEY.

The ADR program is managed by Deutsche Bank as a sponsored level 1 facility.

7.1.3 PURCHASE OF TREASURY SHARES BY THE COMPANY(1)

7.1.3.1 Repurchase plan in effect as of the date of filing of this Universal Registration Document (plan authorized by the Combined General Meeting of April 22, 2021)

During the Combined General Meeting of April 22, 2021, the Company's shareholders authorized a share repurchase plan that allows the Company to purchase, sell or transfer its shares at any time, except during a public offer, within the limits authorized by provisions set forth by the law and regulations in force, and by any means, on regulated markets, on multilateral trading systems, with systematic internalizers or over the counter, including through block sales or purchases (with no limit on the proportion of the share repurchase plan that may be implemented by this method), by public offers to purchase or exchange shares, or through the use of options or other forward financial instruments traded on regulated markets, multilateral trading systems, with systematic internalizers or over-the-counter or through delivery of shares following the issue of securities granting access to the Company's share capital by conversion, exchange, redemption, exercise of a warrant or otherwise. Transactions may be conducted either directly or indirectly through an investment services provider.

Shares may be purchased such that the number of shares purchased by the Company throughout the term of the repurchase plan does not exceed at any time whatsoever 10% of the shares comprising the Company's share capital, and such that the number of shares that the Company holds at any given time does not exceed 10% of the shares comprising the Company's share capital.

This authorization allows the Company to trade in its own shares with the following objectives: (i) implementing all Company stock option plans or any similar plan, (ii) granting or selling shares to employees in respect of their profit-sharing plan or the implementation of any company or Group savings plan (or equivalent plan), (iii) granting free shares, (iv) delivering shares on the exercise of rights attached to securities granting access to the share capital by redemption, conversion, exchange, presentation of a warrant or in any other way, (v) stimulating the secondary market for, or the liquidity of, Veolia Environnement shares through an investment services provider, as part of a liquidity contract that complies with the Ethics Charter recognized by the AMF, or (vi) canceling all or some of the shares thus repurchased.

The Combined General Meeting of April 22, 2021 set the maximum share purchase price at €36 per share and set the maximum amount that the Company may allocate to the share repurchase plan at €1 billion. It granted full powers to the Board of Directors, with the option of sub-delegation under the conditions laid down by law, to decide on and implement this authorization.

The authorization described above, which is in force as of the date of filing of this Universal Registration Document, will expire no later than eighteen months from the date of the Combined General Meeting of April 22, 2021, *i.e.*, on October 22, 2022, unless a new plan is authorized at the next General Shareholders' Meeting.

7.1.3.2 Summary of transactions completed by Veolia Environnement in its own securities in 2021

Percentage of the Company's share capital held as treasury shares as of December 31, 2021	1.77
Number of treasury shares held as of December 31, 2021	12,396,872
Carrying value of the portfolio as of December 31, 2021*	€377,418,360.39
Market value of the portfolio as of December 31, 2021**	€399,923,090.72
Number of shares canceled over the past 24 months	0

* *Carrying value excluding provisions.*
** *Based on the closing price as of December 31, 2021 (€32.26).*

On May 28, 2019, Veolia Environnement entrusted the implementation of a new liquidity contract to Kepler Cheuvreux, commencing June 1, 2019 for an initial period ending December 31, 2019 and automatically renewable for successive 12-month periods (unless terminated). An amount of €20 million was allocated to the operation of the new liquidity account, excluding all securities.

(1) This section includes the information required in the plan description pursuant to Article 241-2 of the AMF's general regulations and the information required pursuant to the provisions of Articles L.225-211 of the French Commercial Code.

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7.1 Information on the share capital and stock market data

7.1.1 SHARE CAPITAL

As of December 31, 2021, Veolia Environnement's share capital was €3,498,626,330, divided into 699,725,266 fully paid-up shares, all of the same class, with a par value of €5 each (see Section 7.1.6, below).

As of the date of filing of this Universal Registration Document, the Company's share capital is unchanged.

7.1.2 MARKET FOR THE COMPANY'S SHARES

Veolia Environnement shares

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

Euronext Paris - Share price and trading volumes

	Share price *(in euros)*		
Year *(month)*	High	Low	Trading volume
2021			
December	32.610	28.290	35,086,358
November	30.550	27.750	33,905,977
October	28.760	25.990	37,506,772
September	28.867	26.020	50,432,511
August	28.221	26.216	23,356,269
July	27.064	24.220	32,302,712
June	25.319	23.940	25,348,091
May	25.734	23.873	31,769,408
April	25.878	21.038	43,206,945
March	22.745	20.537	41,782,923
February	23.082	21.231	33,227,698
January	22.687	19.139	45,457,593
2020			
December	20.620	18.705	34,468,891
November	19.995	16.000	54,057,701
October	19.035	15.675	45,799,952
September	20.550	17.880	42,987,508
August	20.600	18.630	35,259,841
July	20.590	19.075	40,250,340

Source: Bloomberg.

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SHARE CAPITAL AND OWNERSHIP

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6.3.5 STATUTORY AUDITORS' REPORT ON THE *PRO FORMA* FINANCIAL INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2021

This is a free translation into English of the auditors' report issued in the French language and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and construed in accordance with, French law and professional standards applicable in France

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

In our capacity as statutory auditors of your Company and in accordance with Regulation (EU) n°2017/1129 supplemented by the Commission Delegated Regulation (EU) n°2019/980, we hereby report to you on the *Pro forma* Financial Information of Veolia Environnement (the "Company") for the year ended December 31, 2021 set out in Section 6.3 of the Universal Registration Document (the "*Pro forma* Financial Information").

The *Pro forma* Financial Information has been prepared for the sole purpose of illustrating the impact that the takeover of Suez by Veolia, its financing and the divestment of the Water and Waste businesses (excluding hazardous waste) in France and certain international assets of Suez ("New Suez"), described in Section 1.1 of the *Pro forma* Financial Information (together the "Transactions"), might have had on the consolidated statement of financial position as of December 31, 2021 and the consolidated income statement for the year ended December 31, 2021 had the Transactions taken place with effect from December 31, 2021 for the consolidated statement of financial position and January 1, 2021 for the consolidated income statement. By its very nature, this information describes a hypothetical situation and does not necessarily represent the financial position or performance that would have been reported had the Transactions taken place at an earlier date than the actual or contemplated date.

It is your responsibility to prepare the *Pro forma* Financial Information in accordance with the provisions of Regulation (EU) n°2017/1129 and ESMA's recommendations on *Pro forma* Financial Information.

It is our responsibility to express a conclusion, based on our work, in accordance with Annex 20, Section 3 of Commission Delegated Regulation (EU) n°2019/980, as to the proper compilation of the *Pro forma* Financial Information on the basis stated.

We performed the procedures that we deemed necessary with regard to the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to this engagement. These procedures, which did not include an audit or a review of the financial information used as a basis to prepare the *Pro forma* Financial Information, mainly consisted in ensuring that the information used to prepare the *Pro forma* Financial Information was consistent with the underlying financial information, as described in the notes to the *Pro forma* Financial Information, reviewing the evidence supporting the *pro forma* adjustments and conducting interviews with Company management to obtain the information and explanations that we deemed necessary.

In our opinion:

- the *Pro forma* Financial Information has been properly compiled on the basis stated;
- this basis is consistent with the Company's accounting policies.

This report has been issued for the sole purpose of:

- filing the Universal Registration Document with the French financial markets authority (*Autorité des marchés financiers, AMF*);
- and, where appropriate, a public offer of securities of the Company in France or in other EU member states in which a prospectus approved by the AMF would be notified;

and may not be used in any other context.

Paris-La-Défense, April 20, 2022
The Statutory Auditors

KPMG Audit		ERNST & YOUNG et Autres	
A Division of KPMG S.A.			
Eric Jacquet	Baudouin Griton	Jean-Yves Jégourel	Quentin Séné

NOTE 7 *PRO FORMA* ADJUSTMENTS RELATING TO THE DIVESTED SCOPE

Pro forma adjustments relating to the divested scope concern the sale of New Suez to the Consortium. The entities covered by remedies In addition to the New Suez divestments (i.e. other scopes acquired with a view to divestment in accordance with the authorization granted by the European Union) are presented in Assets and liabilities classified as held for sale at their net carrying amount as of December 31, 2021.

7.1 Objective of the quantified data

It is recalled that in the context of the *Pro forma* Financial Information, the Company sells New Suez to the Consortium at the same time as the Transaction.

This column therefore illustrates the impact of this divestment on the consolidated financial position and the consolidated income statement of the new grouping.

7.2 Information basis for assets and liabilities transferred to New Suez

The carrying amount of assets and liabilities transferred is based on:

- financial information prepared in accordance with IFRS 5, non-current assets held for sale and discontinued operations, in the Suez group consolidated financial statements for the year ended December 31, 2021 for the scope divested to the Consortium;
- fair value adjustments to New Suez net assets based on the disposal price for the scope divested to the Consortium (including the disposal price for non-controlling interests).

7.3 Determining the disposal price applied

A disposal price of €8.2 billion was adopted for the preparation of the *Pro forma* Financial Information, comprising cash received as of January 31, 2022, the earn-out receivable in 2022 estimated at €300 million and the disposal price for non-controlling interests of €489 million.

Close attention should be paid to the following points concerning this disposal price:

- at this stage, it is merely for information purposes and was calculated based on Suez group balance sheet items as of September 30, 2021;
- it will be updated during 2022 following adjustments to the transaction price (based on the final accounts adopted for New Suez);
- it will be adjusted in particular for the difference between working capital requirements as of January 31, 2022 and normative working capital requirements.

NOTE 8 TAX IMPACT OF THE *PRO FORMA* ADJUSTMENTS

The 2021 actual tax rates published by Veolia Environnement and Suez are 44.1% and 33.6% respectively.

The *Pro forma* Financial Information does not currently include all the potential tax impacts of the divestment of the New Suez scope to the Consortium and particularly the capitalization of deferred tax assets and any potential tax liabilities, in the absence of detailed, comprehensive and final information.

The following adjustments were recognized in the *pro forma* accounts to reflect the taxation of the adjustment items:

- **in the *pro forma* income statement for the year ended December 31, 2021:**
  - in the income tax expense, addition of tax income on *pro forma* net income of €37.8 million in respect of the application of a tax rate of 44.1% to *pro forma* additional charges incurred by Veolia Environnement (drawdown on the bridge loan and acquisition costs);
- **in the *pro forma* statement of financial position as of December 31, 2021:**
  - in operating receivables, an increase was recognized in operating receivables in respect of *pro forma* tax receivables of €37.8 million, to reflect the additional income tax income on the restatements recorded by Veolia Environnement in net income. This adjustment is recorded through an offsetting entry in equity attributable to owners of the Company.

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NOTE 5 FINANCING *PRO FORMA* ADJUSTMENTS

The financing plan for all transactions is structured as follows:

- implementation of a bridge loan with a banking syndicate during the first half of 2021, securing the financing of part of the Public Tender Offer;
- refinancing of this bridge loan through the proceeds from the divestment of New Suez assets, with the two transactions considered performed at the same time on January 1, 2021 for the *pro forma* income statements and on December 31, 2021 for the *pro forma* statement of financial position;
- issue of equity securities or securities granting access to the share capital for €2.5 billion.

Bridge loan implementation costs were incurred in fiscal year 2021 on the signature of the initial syndication phase in the amount of €41.6 million. These costs were invoiced in fiscal year 2021, including €23 million invoiced in advance and recorded in prepayments in the Veolia Environnement historical financial statements for the year ended December 31, 2021.

The *pro forma* accounts were therefore adjusted to reflect Sonate financing costs, borne in 2022.

Accordingly, the following pro form adjustments were recognized in respect of bridge loan drawdown costs in fiscal year 2022:

- in the *pro forma* income statement for the year ended December 31, 2021: impact of €23 million in net financial expense, due to financial expenses corresponding to bridge loan drawdown costs in 2022;
- in the *pro forma* statement of financial position as of December 31, 2021:

(i) impact of €23 million in equity relating to the impact in the income statement of bridge loan costs,

(ii) €27.6 million increase in current borrowings,

(iii) recognition of a tax receivable in operating receivables in respect of VAT on bridge loan costs for €4.6 million.

NOTE 6 TRANSACTION COST *PRO FORMA* ADJUSTMENTS

Transaction costs borne by Veolia Environnement mainly comprise legal, financial and advisory costs relating to the transaction. Due to their nature, these costs should not impact the recurring performance of the Group in the future.

Costs borne by the Company are already reflected in the Veolia Environnement historical income statement for fiscal year 2021 in the amount of €149.6 million before tax. Costs still to be borne by Veolia Environnement up to the takeover are estimated at €62.8 million.

The following adjustments were recognized to reflect these transaction costs:

- in the *pro forma* income statement for the year ended December 31, 2021: an impact of €62.8 million in operating income corresponding to the estimated costs still to be borne by Veolia Environnement up to completion of the Transaction (in 2022, up to the effective acquisition of control);
- in the *pro forma* statement of financial position as of December 31, 2021: an increase in operating payables of €75.4 million in respect of transaction costs estimated by the Company in 2022, plus the corresponding VAT, as well as in operating receivables of €12.6 million corresponding to VAT on costs to be borne by Veolia Environnement and Suez.

The following adjustments were recognized to reflect the acquisition of control and record the resulting goodwill:

In the *pro forma* statement of financial position as of December 31, 2021

- on the goodwill line: a net adjustment of €3,521 million was recorded as follows:

(i) cancellation of goodwill included in Suez historical data in the amount of €3,845 million,

(ii) recognition of goodwill in respect of the takeover of Suez of €7,365 million;

- on the non-consolidated investments line: non-consolidated Suez shares acquired as of December 31, 2021 and recorded in the amount of €3,721 million were eliminated and their fair value included in determining the consideration transferred;
- the cash and cash equivalents line is impacted by the amount paid in the context of the takeover and includes:

(i) cash paid at the close of the Public Tender Offer (€7,218 million representing 363,641,261 shares at a price of €20.5 less €0.65 in respect of the 2021 dividend paid by Suez),

(ii) the price supplement of €347 million payable to Engie;

- on the assets classified as held for sale line: fair value adjustments to New Suez assets in the amount of €4,496 million;
- in equity, a net adjustment of €5,022 million, including a Group share of €5,148 million and non-controlling interests of €126 million, as follows:

· equity attributable to owners of the Company:

(i) an increase in reserves through fair value remeasurement at a price of €19.85 per share of Suez shares held as of December 31, 2021 in the amount of €8 million,

(ii) the recognition of deeply-subordinated perpetual securities at their fair value of €1,626 million (see above), offset in the amount of €1,576 million by the elimination of their historical value as of December 31, 2021,

(iii) elimination of historical Suez equity attributable to owners of the Company (excluding deeply subordinated securities eliminated in ii) for a total amount of €4,848 million;

· equity attributable to non-controlling interests

(i) elimination of the disposal of equity attributable to non-controlling interests of New Suez in the amount of €363 million, after fair value adjustments of €489 million, leading to a net impact of €126 million.

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4.3 Recognition of the buyback of minority interests

The reopening of the Public Tender Offer and the launch of the squeeze-out procedure for residual minority interests are reflected in the accounts as follows:

	Reference	12/31/2021
Price for shares acquired following the reopening of the Public Tender Offer and the squeeze-out procedure **(A)**		1,752
Valuation of Suez non-controlling interests at the date of the Public Tender Offer **(B)**		1,255
DIFFERENCE BETWEEN THE NET CARRYING AMOUNT OF NON-CONTROLLING INTERESTS AND THE ACQUISITION PRICE OF MINORITY SHARES (= A-B)		497

The following adjustments were recorded to recognize the buyback of non-controlling interests following the reopening of the Public Tender Offer and the squeeze-out procedure:

- the cash and cash equivalents line is impacted by the amount paid following the reopening of the Public Tender Offer and the squeeze-out procedure (€1,752 million, representing 88,251,520 shares at a price of €20.5 less €0.65 in respect of the 2021 dividend paid by Suez);
- equity attributable to owners of the Company: recognition in equity attributable to owners of the Company of the difference of €497 million between the acquisition price for the non-controlling interests and the net carrying amount of non-controlling interests after the Offer;
- equity attributable to non-controlling interests: impact of the cancellation of non-controlling interest recognized following the Offer in the amount of €1,255 million, purchased in full from minority interests.

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4.2 Determination of provisional goodwill

Based on the purchase consideration for Suez and the Suez financial statements for the year ended December 31, 2021, goodwill calculated using the partial goodwill method (with non-controlling interests valued at their net carrying amount), would be as follows:

	Reference	12/31/2021
Price for shares acquired on the acquisition of control at 86.22%	(a)	7,218
Price supplement payable to Engie on the 29.9% share block acquired	(b)	347
Total consideration transferred (A)		7,565
Valuation of non-controlling interests **(B)**		3,547
• o/w scope acquired and retained by Veolia Environnement	(c)	*1,795*
• o/w scope acquired with a view to divestment in accordance with European regulations	(g)	*9*
• o/w New Suez		*489*
• o/w residual minority interests after the Public Tender Offer	(c)	*1,255*
Fair value at the transaction date of Suez shares held as of 12/31/2021 **(C)**	(d)	3,728
Valuation of deeply subordinated securities **(D)**	(e)	1,626
Suez Group identifiable assets acquired	(f)	39,146
Elimination of existing goodwill in Suez Group	(f)	(3,845)
Total identifiable assets acquired (E)		35,301
• o/w scope acquired and retained by Veolia Environnement		*22,190*
• o/w scope acquired with a view to divestment in accordance with European regulations		*225*
• o/w New Suez		*12,886*
Total liabilities assumed (F)	(f)	30,695
• o/w scope acquired and retained by Veolia Environnement		*21,338*
• o/w scope acquired with a view to divestment in accordance with European regulations		*177*
• o/w New Suez		*9,180*
Fair value adjustments to net assets acquired and immediately sold to New Suez **(G)**	(g)	4,496
TOTAL GOODWILL (= A + B + C + D-E + F-G)		7,365

(a) At a price of a price of €20.5/share less €0.65/share (2021 dividend paid by Suez) for the purchase of 363,641,261 Suez shares outstanding at the date of the Public Tender Offer.
(b) Price supplement payable to Engie (see Note 6.3.1).
(c) Valuation at net carrying amount.
(d) Fair value at a price of €20.5/share less €0.65/share of the Suez shares held by the Company as of December 31, 2021.
(e) Fair value based on Bloomberg estimates as of December 31, 2021.
(f) Based on the Suez IFRS consolidated financial statements as of December 31, 2021.
(g) Fair value adjustments to net assets acquired and immediately sold to New Suez were determined as follows:

	12/31/2021
New Suez disposal price (at 100%, including non-controlling interests*) (A)	8,201
Net assets acquired and immediately sold to New Suez **(B)**	3,705
FAIR VALUE ADJUSTMENTS (= A-B)	4,496

* *Disposal price excluding minority interests of €7,719 million; disposal price for minority interests of €489 million.*

NOTE 3 HARMONIZATION OF ACCOUNTING POLICIES AND METHODS

The unaudited *Pro forma* Financial Information is presented in accordance with Veolia accounting policies and methods used to prepare the consolidated financial statements for the year ended December 31, 2021.

Given the recent date of the takeover of Suez by Veolia Environnement and the period available for the preparation of the *Pro forma* Financial Information, the Company was unable to assess, at the date of preparation of this information, all the potential impacts of the harmonization of accounting rules and methods. Accordingly, adjustments relating to the harmonization of accounting rules and methods will be reflected in subsequent financial publications.

NOTE 4 BUSINESS COMBINATION *PRO FORMA* ADJUSTMENTS

The business combination is recognized in accordance with the acquisition method as defined in IFRS 3, revised. Under this method, Veolia Environnement is considered to be the acquirer. The Suez shares were acquired by Veolia Environnement in several stages:

(i) acquisition of a 29.9% Share Block from Engie on October 6, 2020;

(ii) acquisition of Suez shares following the Public Tender Offer increasing the Suez acquisition rate to 86.22%;

(iii) acquisition of Suez shares following the reopening of the Public Tender Offer increasing the Suez acquisition rate to 95.95%;

(iv) acquisition of the residual Suez shares through the squeeze-out procedure.

On January 18, 2022, following the Public Tender Offer; Veolia acquired control of Suez. Veolia has elected to recognize this acquisition using the partial goodwill method, with non-controlling interests valued at net carrying amount. The holding rate at the date of control was 86.22%, entailing the recognition of minority interests of 13.78%. The buyout of minority interests following the reopening of the Public Tender Offer and the squeeze out procedure are treated separately from the acquisition of securities at the date of control, as transactions with non-controlling interests.

Veolia Environnement recognizes the Suez assets acquired and liabilities assumed (see Note 4.1 below) and determines the goodwill resulting from this acquisition (see Note 4.2 below). The minority interests buyback commitment is reflected by the recognition of non-controlling interests at the date of control, cancelled on the buyback of these interests by the Company (see Note 4.3 below).

4.1 Recognition of assets acquired and liabilities assumed

The Suez identifiable assets acquired and liabilities assumed are recognized at fair value at the date of acquisition of control of Suez on January 18, 2022, with any residual difference with respect to the consideration transferred recognized as goodwill.

At this stage, the *Pro forma* Financial Information does not include any fair value adjustments or allocations to new assets or liabilities for the assets and liabilities acquired and retained by the Company. Due to the proximity of the date of acquisition of control with the date of publication of the *pro forma* accounts, work on the initial recognition of the business combination was still ongoing at the date of publication of these *pro forma* accounts.

Accordingly, for preliminary purposes, the purchase consideration was allocated in the *Pro forma* Financial Information to the historical value of assets acquired and liabilities assumed, which was considered representative of their fair value as of December 31, 2021, with the resulting difference recognized as goodwill.

The New Suez assets were measured at fair value less estimated transaction costs in accordance with IFRS 5 and to the extent the disposal price for these assets is known at the date of publication of these *pro forma* accounts. Nonetheless, note that this disposal price for the divestment of New Suez assets and liabilities to the Consortium was determined provisionally based on the New Suez accounts and will be adjusted after the divestment to take account, in particular, of any adjustments to working capital requirements recognized as of January 31, 2022.

The remedies in addition to the divestments (*i.e.* scope acquired with a view to divestment in accordance with European regulations) recorded in Assets and liabilities classified as held for sale, were valued at net carrying amount, in so far as this scope had not been measured to fair value at the date of publication of these *pro forma* accounts.

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Certain items of the Suez statement of financial position were aggregated in line with the Veolia Environnement presentation format as follows:

(d) other non-current assets were reclassified in other non-current financial assets in the amount of €178.4 million;

(e) non-current contract assets were reclassified in full in concession intangible assets;

(f) current contract assets were reclassified in full in operating receivables;

(g) other current assets were reclassified in operating receivables in the amount of €710.5 million;

(i) financial assets at fair value through profit or loss were reclassified in other current financial assets in the amount of €31.4 million;

(k) other non-current financial liabilities were reclassified in non-current financial liabilities in the amount of €15.7 million;

(l) (m) non-current contract liabilities (€87.5 million) and other non-current liabilities (€413.5 million), were reclassified in non-current concession liabilities in the amount of €501 million;

(n) by reporting convention and according to available published information, other current liabilities were reclassified in current operating payables in the amount of €1,879.7 million.

Pro forma adjustments made to the Suez statement of financial position for harmonization with Veolia Environnement presentation rules are detailed below. These harmonization adjustments were made based on available published financial information and particularly the notes to the Suez consolidated financial statements for fiscal year 2021.

(a) presentation on a separate line of non-current concession assets of €1,785.4 million (Note 10.1 to the Suez 2021 consolidated financial statements);

(b) (c) non-current concession receivables presented by Suez in non-current loans and receivables carried at amortized cost were reclassified in non-current operating financial assets in the amount of €137.6 million (Note 13.1.2 to the Suez 2021 consolidated financial statements). Loans and receivables at amortized cost (after deduction of concession receivables) were reclassified in other non-current financial assets in the amount of €659.9 million (Note 13.1.2);

(h) (i) current concession receivables presented by Suez in current loans and receivables carried at amortized cost were reclassified in current operating financial assets in the amount of €36 million (Note 13.1.2 to the Suez 2021 consolidated financial statements). The remaining balance in the statement of financial position of €792.1 million was reclassified in other current financial assets by reporting convention;

(o) the share of contract liabilities corresponding to provisions for renewal expenses was reclassified in current provisions in the amount of €189.9 million (Note 1.5.13.4 to the Suez 2021 consolidated financial statements). The remaining balance in the statement of financial position was reclassified in operating payables by reporting convention;

(p) bank overdrafts and other cash position items previously presented in short-term borrowings by Suez were reclassified on a separate line in the amount of €2,817.3 million (Note 13.2.1 to the Suez 2021 consolidated financial statements).

(In millions of euros)	Note	Suez published historical data	Reclassifications	Suez re-presented historical data
Share capital		2,557.3		2,557.3
Additional paid-in capital		5,363.4		5,363.4
Deeply-subordinated perpetual securities		1,575.9		1,575.9
Reserves and retained earnings attributable to owners of the Company		(3,213.4)		(3,213.4)
Total equity attributable to owners of the Company		**6,283.2**		**6,283.2**
Total equity attributable to non-controlling interests		**2,167.5**		**2,167.5**
Shareholders' equity		**8,450.7**		**8,450.7**
Non-current provisions		499.0		499.0
Non-current financial liabilities	(k)	11,479.7	15.7	11,495.4
Non-current IFRS 16 lease debt		555.1		555.1
Non-current derivative instruments – Liabilities		9.0		9.0
Concession liabilities – non-current	(l)(m)		501.0	501.0
Deferred tax liabilities		431.7		431.7
Other financial assets	(k)	15.7	(15.7)	0.0
Contract liabilities	(l)	87.5	(87.5)	0.0
Other non-current liabilities	(m)	413.5	(413.5)	0.0
Non-current liabilities		**13,491.2**	**0.0**	**13,491.2**
Operating payables	(n)	1,857.3	2,261.1	4,118.4
Concession liabilities – current				0.0
Current provisions	(o)	519.3	189.9	709.2
Current financial liabilities	(p)	2,817.3	(2,817.3)	0.0
Current IFRS 16 lease debt		153.9		153.9
Current derivative instruments – Liabilities		48.2		48.2
Bank overdrafts and other cash position items	(p)		2,817.3	2,817.3
Contract liabilities	(o)	571.3	(571.3)	0.0
Other current liabilities	(n)	1,879.7	(1,879.7)	0.0
Liabilities directly associated with assets classified as held for sale		9,357.2		9,357.2
Current liabilities		**17,204.2**	**0.0**	**17,204.2**
TOTAL EQUITY AND LIABILITIES		**39,146.1**	**0.0**	**39,146.1**

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Statement of financial position

(In millions of euros)	Note	Suez published historical data	Reclassifications	Suez re-presented historical data
Goodwill		3,845.2		3,845.2
Concession intangible assets	(a) (c)	0.0	1,800.3	1,800.3
Other intangible assets	(a)	2,887.9	(1,785.4)	1,102.5
Property, plant and equipment		6,690.8		6,690.8
Right of use (net)		659.9		659.9
Investments in joint ventures		77.8		77.8
Investments in associates		303.7		303.7
Non-consolidated investments		53.3		53.3
Non-current operating financial assets	(b)	0.0	137.6	137.6
Non-current derivative instruments – Assets		40.7		40.7
Other non-current financial assets	(c) (d)	0.0	838.3	838.3
Deferred tax assets		108.3		108.3
Contract assets	(e)	14.9	(14.9)	0.0
Loans and receivables carried at amortized cost	(b) (c)	797.5	(797.5)	0.0
Other non-current financial assets	(d)	178.4	(178.4)	0.0
Non-current assets		**15,658.4**	**0.0**	**15,658.4**
Inventories and work-in-progress		319.7		319.7
Operating receivables	(f) (g)	2,780.7	908.7	3,689.4
Current operating financial assets	(h)		36.0	36.0
Other current financial assets	(i)		823.5	823.5
Current derivative instruments – Assets		35.4		35.4
Cash and cash equivalents		5,472.6		5,472.6
Contract assets	(f)	198.2	(198.2)	0.0
Loans and receivables carried at amortized cost	(h) (i)	828.1	(828.1)	0.0
Financial assets measured at fair value through income	(i)	31.4	(31.4)	0.0
Other current assets	(g)	710.5	(710.5)	0.0
Assets classified as held for sale		13,111.1		13,111.1
Current assets		**23,487.7**	**0.0**	**23,487.7**
TOTAL ASSETS		39,146.1	0.0	39,146.1

NOTE 1 VEOLIA ENVIRONNEMENT HISTORICAL DATA

The Veolia Environnement historical data for the year ended December 31, 2021 presented in the *pro forma* statement of financial position and the *pro forma* condensed income statement for fiscal year 2021 corresponds to the data published in the consolidated financial statements of the Company for the year ended December 31, 2021.

Income statement

As Veolia Environnement wished to continue presenting its income statement by function but did not have, within the period available for the preparation of the *Pro forma* Financial Information, the information necessary to reclassify by function the operating expenses presented in the Suez income statement by nature, the *pro forma* income statement presents operating income before the share of net income of equity-accounted entities directly after revenue, without presenting expense accounts or the other intermediate operating aggregates.

NOTE 2 SUEZ RE-PRESENTED HISTORICAL DATA

The Suez historical data for the year ended December 31, 2021 presented in the *pro forma* statement of financial position and the *pro forma* condensed income statement for fiscal year 2021 corresponds to the data published in the Suez consolidated financial statements for the year ended December 31, 2021.

Presentation reclassifications were performed to align the presentation of Suez data with Veolia Environnement data based on information published in the Suez consolidated financial statements for the year ended December 31, 2021. These reclassifications are detailed below.

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6.3.4 NOTES TO THE UNAUDITED *PRO FORMA* FINANCIAL INFORMATION

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Unaudited Pro forma Financial Information / Pro forma consolidated statement of financial position and income statement

Business combination adjustments	Financing adjustments	Acquisition cost adjustments	Divestments	Tax impact of pro forma *adjustments*	*Pro forma* condensed data
Note 4	Note 5	Note 6	Note 7	Note 8	
0.0	**0.0**	**0.0**	**0.0**	**0.0**	**38,409.9**
0.0	**0.0**	**(62.8)**	**0.0**	**0.0**	**2,106.6**
0.0	0.0	0.0	0.0	0.0	150.4
0.0	0.0	0.0	0.0	0.0	75.3
0.0	0.0	0.0	0.0	0.0	75.1
0.0	**0.0**	**(62.8)**	**0.0**	**0.0**	**2,257.0**
0.0	(23.0)	0.0	0.0	0.0	(747.6)
0.0	**(23.0)**	**(62.8)**	**0.0**	**0.0**	**1,509.4**
0.0	0.0	0.0	0.0	37.8	(552.3)
0.0	**(23.0)**	**(62.8)**	**0.0**	**37.8**	**957.1**
0.0	0.0	0.0	(441.7)	0.0	16.6
0.0	**(23.0)**	**(62.8)**	**(441.7)**	**37.8**	**973.7**
0.0	(23.0)	(62.8)	(372.1)	37.8	658.4
0.0	0.0	0.0	(69.6)	0.0	315.3

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6.3.3.2 *Pro forma* condensed consolidated income statement for the year ended December 31, 2021

Income statement

(in millions of euros)	Veolia published historical data	Suez published historical data	Harmonization of accounting policies and methods	Re-presented condensed historical data
	Note 1	Note 2	Note 3	
Revenue	**28,508.1**	**9,901.8**	**0.0**	**38,409.9**
Operating income before share of net income (loss) of equity-accounted entities	**1,212.7**	**956.7**	**0.0**	**2,169.4**
Share of net income (loss) of equity-accounted entities	104.8	45.6	0.0	150.4
o/w share of net income (loss) of joint ventures	74.0	1.3	0.0	75.3
o/w share of net income (loss) of associates	30.8	44.3	0.0	75.1
Operating income after share of net income (loss) of equity-accounted entities	**1,317.5**	**1,002.3**	**0.0**	**2,319.8**
Net financial expense	(416.8)	(307.8)	0.0	(724.6)
Pre-tax net income (loss)	**900.7**	**694.5**	**0.0**	**1,595.2**
Income tax expense	(345.8)	(244.3)	0.0	(590.1)
Net income (loss) from continuing operations	**554.9**	**450.2**	**0.0**	**1,005.1**
Net income (loss) from discontinued operations	0.0	458.3	0.0	458.3
Net income (loss) for the year	**554.9**	**908.5**	**0.0**	**1,463.4**
Attributable to owners of the Company	404.3	674.2	0.0	1,078.5
Attributable to non-controlling interests	150.6	234.3	0.0	384.9

Unaudited Pro forma Financial Information / Pro forma consolidated statement of financial position and income statement

Business combination adjustments	Financing adjustments	Acquisition cost adjustments	Divestments	Tax impact of pro forma *adjustments*	*Pro forma* data
Note 4	Note 5	Note 6	Note 7	Note 8	
(2,557.3)	0.0	0.0	0.0	0.0	3,498.6
(5,363.4)	0.0	0.0	0.0	0.0	9,309.5
50.4	0.0	0.0	0.0	0.0	4,087.0
2,722.6	(23.0)	(62.8)	0.0	37.8	(4,289.6)
(5,147.8)	**(23.0)**	**(62.8)**	**0.0**	**37.8**	**12,605.5**
126.0	**0.0**	**0.0**	**(489.0)**	**0.0**	**3,056.5**
(5,021.8)	**(23.0)**	**(62.8)**	**(489.0)**	**37.8**	**15,661.9**
0.0	0.0	0.0	0.0	0.0	2,375.6
0.0	0.0	0.0	0.0	0.0	21,957.9
0.0	0.0	0.0	0.0	0.0	1,853.2
0.0	0.0	0.0	0.0	0.0	77.8
0.0	0.0	0.0	0.0	0.0	2,089.4
0.0	0.0	0.0	0.0	0.0	1,628.1
0.0	**0.0**	**0.0**	**0.0**	**0.0**	**29,982.0**
0.0	0.0	75.4	0.0	0.0	17,742.7
0.0	0.0	0.0	0.0	0.0	169.4
0.0	0.0	0.0	0.0	0.0	1,247.7
0.0	27.6	0.0	0.0	0.0	8,651.9
0.0	0.0	0.0	0.0	0.0	564.5
0.0	0.0	0.0	0.0	0.0	309.7
0.0	0.0	0.0	0.0	0.0	3,059.2
0.0	0.0	0.0	(9,180.4)	0.0	198.2
0.0	**27.6**	**75.4**	**(9,180.4)**	**0.0**	**31,943.3**
(5,021.8)	4.6	12.6	(9,669.4)	37.8	77,587.2

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Equity and Liabilitiesv

(In millions of euros)	Veolia published historical data	Suez re-presented historical data	Harmonization of accounting policies and methods	**Re-presented historical data**
	Note 1	Note 2	Note 3	
Share capital	3,498.6	2,557.3	0.0	6,055.9
Additional paid-in capital	9,309.5	5,363.4	0.0	14,672.9
Deeply-subordinated perpetual securities	2,460.7	1,575.9	0.0	4,036.6
Reserves and retained earnings attributable to owners of the Company	(3,750.8)	(3,213.4)	0.0	(6,964.2)
Total equity attributable to owners of the Company	**11,518.0**	**6,283.2**	**0.0**	**17,801.2**
Total equity attributable to non-controlling interests	**1,252.0**	**2,167.5**	**0.0**	**3,419.5**
Shareholders' equity	**12,770.0**	**8,450.7**	**0.0**	**21,220.7**
Non-current provisions	1,876.6	499.0	0.0	2,375.6
Non-current financial liabilities	10,462.5	11,495.4	0.0	21,957.9
Non-current IFRS 16 lease debt	1,298.1	555.1	0.0	1,853.2
Non-current derivative instruments – Liabilities	68.8	9.0	0.0	77.8
Concession liabilities – non-current	1,588.4	501.0	0.0	2,089.4
Deferred tax liabilities	1,196.4	431.7	0.0	1,628.1
Non-current liabilities	**16,490.8**	**13,491.2**	**0.0**	**29,982.0**
Operating payables	13,548.9	4,118.4	0.0	17,667.3
Concession liabilities – current	169.4	0.0	0.0	169.4
Current provisions	538.5	709.2	0.0	1,247.7
Current financial liabilities	8,624.3	0.0	0.0	8,624.3
Current IFRS 16 lease debt	410.6	153.9	0.0	564.5
Current derivative instruments – Liabilities	261.5	48.2	0.0	309.7
Bank overdrafts and other cash position items	241.9	2,817.3	0.0	3,059.2
Liabilities directly associated with assets classified as held for sale	21.4	9,357.2	0.0	9,378.6
Current liabilities	**23,816.5**	**17,204.2**	**0.0**	**41,020.7**
TOTAL EQUITY AND LIABILITIES	**53,077.3**	**39,146.1**	**0.0**	**92,223.4**

.../... unqualified report containing an emphasis of matter paragraph on the method and consequences of retroactive application of the IFRS IC decision on attributing employee benefits to period of service under defined benefit pension plans;

- the consolidated statement of financial position and the consolidated income statement taken from the published Suez consolidated financial statements for the year ended December 31, 2021, prepared in accordance with IFRS as adopted in the European Union and audited by MAZARS, and ERNST & YOUNG et Autres. The statutory auditors issued an unqualified report.

This information is public and available on the websites of the Veolia and Suez groups.

The unaudited *Pro forma* Financial Information was drawn up in accordance with the accounting policies used to prepare the audited Veolia Environnement consolidated financial statements for the year ended December 31, 2021.

The unaudited *Pro forma* Financial Information is presented in millions of euros.

Business combination adjustments	Financing adjustments	Acquisition cost adjustments	Divestments	Tax impact of pro forma *adjustments*	*Pro forma* data
Note 4	Note 5	Note 6	Note 7	Note 8	
3,521.0	0.0	0.0	0.0	0.0	13,567.4
0.0	0.0	0.0	0.0	0.0	5,506.3
0.0	0.0	0.0	0.0	0.0	2,431.1
0.0	0.0	0.0	0.0	0.0	15,392.7
0.0	0.0	0.0	0.0	0.0	2,222.3
0.0	0.0	0.0	0.0	0.0	1,316.3
0.0	0.0	0.0	0.0	0.0	657.9
(3,721.0)	0.0	0.0	0.0	0.0	102.6
0.0	0.0	0.0	0.0	0.0	1,329.0
0.0	0.0	0.0	0.0	0.0	129.2
0.0	0.0	0.0	0.0	0.0	1,269.4
0.0	0.0	0.0	0.0	0.0	1,167.5
(200.0)	**0.0**	**0.0**	**0.0**	**0.0**	**45,091.8**
0.0	0.0	0.0	0.0	0.0	1,136.0
0.0	4.6	12.6	0.0	37.8	13,759.7
0.0	0.0	0.0	0.0	0.0	165.0
0.0	0.0	0.0	0.0	0.0	2,344.5
0.0	0.0	0.0	0.0	0.0	380.3
(9,317.5)	0.0	0.0	7,719.0	0.0	14,392.8
4,495.7	0.0	0.0	(17,388.4)	0.0	317.1
(4,821.8)	**4.6**	**12.6**	**(9,669.4)**	**37.8**	**32,495.4**
(5,021.8)	4.6	12.6	(9,669.4)	37.8	77,587.2

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6.3.2 BASIS UNDERLYING THE PREPARATION OF THE *PRO FORMA* FINANCIAL INFORMATION

This unaudited *Pro forma* Financial Information is presented in accordance with Annex 20 of Commission Delegated Regulation (EU) 2019/980, supplementing Commission Regulation (EU) 2017/1129. The *Pro forma* Financial Information applies the recommendation issued by ESMA (ESMA32-382-1138 of March 4, 2021) and the provisions of AMF position-recommendation no. 2021-02 on *Pro forma* Financial Information.

The unaudited *Pro forma* Financial Information was prepared based on the following items:

- the consolidated statement of financial position and the consolidated income statement taken from the published Veolia Environnement consolidated financial statements for the year ended December 31, 2021, prepared in accordance with IFRS as adopted in the European Union and audited by KPMG Audit, a division of KPMG S.A. and ERNST & YOUNG et Autres. The statutory auditors issued an .../...

6.3.3 *PRO FORMA* CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND INCOME STATEMENT

6.3.3.1 *Pro forma* consolidated statement of financial position as of December 31, 2021

Assets

(In millions of euros)	Veolia published historical data	Suez re-presented historical data	Harmonization of accounting policies and methods	Re-presented historical data
	Note 1	Note 2	Note 3	
Goodwill	6,201.2	3,845.2	0.0	10,046.4
Concession intangible assets	3,706.0	1,800.3	0.0	5,506.3
Other intangible assets	1,328.6	1,102.5	0.0	2,431.1
Property, plant and equipment	8,701.9	6,690.8	0.0	15,392.7
Right of use (net)	1,562.4	659.9	0.0	2,222.3
Investments in joint ventures	1,238.5	77.8	0.0	1,316.3
Investments in associates	354.2	303.7	0.0	657.9
Non-consolidated investments	3,770.3	53.3	0.0	3,823.6
Non-current operating financial assets	1,191.4	137.6	0.0	1,329.0
Non-current derivative instruments – Assets	88.5	40.7	0.0	129.2
Other non-current financial assets	431.1	838.3	0.0	1,269.4
Deferred tax assets	1,059.2	108.3	0.0	1,167.5
Non-current assets	**29,633.4**	**15,658.4**	**0.0**	**45,291.8**
Inventories and work-in-progress	816.3	319.7	0.0	1,136.0
Operating receivables	10,015.3	3,689.4	0.0	13,704.7
Current operating financial assets	129.0	36.0	0.0	165.0
Other current financial assets	1,521.0	823.5	0.0	2,344.5
Current derivative instruments – Assets	344.9	35.4	0.0	380.3
Cash and cash equivalents	10,518.7	5,472.6	0.0	15,991.3
Assets classified as held for sale	98.7	13,111.1	0.0	13,209.8
Current assets	**23,443.9**	**23,487.7**	**0.0**	**46,931.6**
TOTAL ASSETS	**53,077.3**	**39,146.1**		**92,223.4**

6.3.1.2 Merger control authorizations

As of April 20, 2022, the proposed combination had received 17 authorizations from the main national competition authorities in addition to the European Commission authorization (obtained on December 14, 2021). 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, but had however authorized beforehand the closing of the Public Tender Offer which took place on January 18, 2022.

6.3.1.3 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). This transaction reinforced the Group's financial structure while strengthening its credit ratios.

Public Tender offer

The Public Tender Offer filed by Veolia Environnement concerned 451,892,781 shares not yet held by the Company, at a price of €19.85, representing a maximum Offer amount of €8.97 billion. The Offer was financed by a bridge loan with a banking syndicate. This loan was refinanced in part by the proceeds from the divestments performed in the context of the formation of New Suez received on January 31, 2022 and in part by the share capital increase with preferential subscription rights finalized in October 2021 for €2.5 billion. The financing plan aimed to maintain an investment grade credit rating for the Company and to keep the net financial debt/EBITDA ratio below 3.0x in the medium term, in line with the Group's objectives.

6.3.1.4 Nature of the *Pro forma* Financial Information presented

In the context of the planned acquisition of Suez by Veolia Environnement, the unaudited *Pro forma* Financial Information illustrates the impact of the Transaction on the Veolia Environnement consolidated statement of financial position and consolidated income statement for the year ended December 31, 2021 as if the Transaction had been performed on January 1, 2021 for the *pro forma* income statement, considering all competition authority agreements to have been obtained at this date, and on December 31, 2021 for the *pro forma* statement of financial position.

This unaudited *Pro forma* Financial Information also illustrates:

- the transfer to Assets classified as held for sale of the entities or activities whose sale was required by the European Commission in the context of Veolia Environnement obtaining authorization of the Public Tender Offer for the Suez SA shares. This concerns hazardous waste activities in France. This transfer does not include the potential impacts of the decisions of the ongoing CMA investigation;
- the impact of the divestment of New Suez, described in Section 6.3.1.1 above, as if it had been performed and completed on January 1, 2021 for the *pro forma* income statement and on December 31, 2021 for the *pro forma* statement of financial position.

The *Pro forma* Financial Information is provided for information purposes and presents a situation that is by nature hypothetical. It is not representative of future results or the future financial position of the combined new group on completion of the Transaction.

Adjustments to the *Pro forma* Financial Information are limited to those: (i) directly attributable to the Transaction, and (ii) that may reasonably be documented at the date of preparation of this *Pro forma* Financial Information. Accordingly the following adjustments could not be calculated:

- the harmonization of accounting policies and methods (Section 6.3.4, Note 3);
- the fair value of Suez assets acquired and liabilities assumed for the scope retained by Veolia (Section 6.3.4, Note 4.1);
- the tax impacts of the divestment of the New Suez scope (Section 6.3.4, Note 8).

The New Suez assets and liabilities were measured at fair value less estimated transaction costs in accordance with IFRS 5 and to the extent the disposal price for these assets is known at the date of publication of these *pro forma* accounts. Nonetheless, note that this disposal price for the divestment of New Suez assets and liabilities to the Consortium was determined provisionally based on the New Suez accounts and will be adjusted after the divestment to take account, in particular, of any adjustments to working capital requirements recognized as of January 31, 2022.

Remedies in addition to the New Suez divestments (*i.e.* other scopes acquired with a view to divestment in accordance with the authorization granted by the European Union) are recorded in Assets and liabilities classified as held for sale at their net carrying amount as of December 31, 2021. Results may therefore differ significantly from the *Pro forma* Financial Information presented in this document, depending in particular on the final fair value of these residual net assets in the course of measurement and the ongoing review process by the CMA.

Accordingly, the goodwill determined based on the Suez Group aggregated statement of financial position as of December 31, 2021 is provisional and calculated solely for the purposes of preparing a *pro forma* statement of financial position and income statement in accordance with the Prospectus Regulation.

Note also that the following items are not reflected in the *Pro forma* Financial Information:

- restructuring and integration costs likely to be generated by the Transaction;
- synergies, operating efficiency improvements and other cost savings likely to be generated by the Transaction;
- *pro forma* adjustments relating to reciprocal transactions in so far as the Company does not foresee any transactions with a material impact and to the extent of information available to date;
- *pro forma* adjustments concerning change in control clauses that would lead to the early termination of certain operating contracts or hybrid debt agreements. No early terminations at the initiative of investors with a material impact were observed or identified between the takeover date and the date of publication of this *Pro forma* Financial Information.

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6.3 Unaudited *Pro forma* Financial Information

6.3.1 INTRODUCTION

Veolia Environnement ("**the Company**") *Pro forma* Financial Information comprises the *pro forma* consolidated statement of financial position as of December 31, 2021 and the *pro forma* consolidated income statement for the year ended December 31, 2021 and the notes thereto (together, the "***Pro forma* Financial Information**").

This unaudited *Pro forma* Financial Information presented by Veolia Environnement aims to illustrate the impact of the takeover of Suez by Veolia Environnement (the "**Transaction**"), its financing and the scope divestment to the Consortium ("**New Suez**"), described in Section 6.3.1.1 below (together, the "**Transactions**"), on the Veolia Environnement consolidated statement of financial position and consolidated income statement for the year ended December 31, 2021 as if the Transactions had been performed on January 1, 2021 for the *pro forma* income statement, considering all competition authority agreements to have been obtained at this date, and on December 31, 2021 for the *pro forma* statement of financial position.

6.3.1.1 Summary of the Transaction

The acquisition of Suez by Veolia Environnement was performed as follows:

- **October 6, 2020**: acquisition of 187,800,000 Suez shares from Engie, representing approximately 29.9% of the share capital and voting rights of Suez, at a price of €18 per share (cum dividend) (the "**Share Block Acquisition**"). Engie benefits from a top-up clause in the event the market receives an improved offer from Veolia;
- **February 8, 2021**: publication by the AMF of the notice of filing for Veolia's Public Tender Offer (**"the Public Tender Offer"** or **"the Offer"**) for the Suez share capital;
- **April 12, 2021**: agreement in principal between Suez and Veolia notably setting the price of the Public Tender Office at €20.50 per Suez share (cum dividend) and the formation 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 and the general principles for the formation of New Suez and 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 for the New Suez scope:
  - Scope concerned:

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

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

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

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

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

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

(vii) Suez's Municipal Water, Industrial Water and Infrastructure Design and Construction activities in China as well as all of the activities of the Suyu group and two industrial incinerators in Shanghai and Suzhou,

(viii) Suez's Municipal Water activities in Australia,

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

Conditional on certain reorganizations of the divested scope, the transfer to the Consortium of at least 90% of the revenues of the divested scope 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 Commission of the proposed acquisition of Suez by Veolia, accompanied by certain remedies in addition to the sale of municipal water and non-hazardous waste activities in France to New Suez already planned and covering industrial water, mobile water solutions and special industrial waste;
- **January 10, 2022**: closing of the Public Tender Offer at a price of €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. Settlement-delivery took place on January 18, 2022;
- **January 12-27, 2022**: reopening of the offer enabling shareholders who had 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 Suez shares on February 18, 2022;
- **January 31, 2022**: sale by Veolia Environnement 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.

Invoices **issued** not settled at the year end and past due					
0 days (information only)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)
112					591
26,329	(11,116)	(14,386)	(1,384)	24,587	(2,300)
4.64%	-1.96%	-2.54%	-0.24%	4.34%	-0.41%

35
16,028

Generally, 45 days from the end of the invoice month

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Supplier and customer settlement periods

Pursuant to Article D.441-6 of the French Commercial Code, the following disclosures are provided for supplier and customer settlement periods:

- for suppliers, the number and amount of invoices received, not settled at the year end and past due; this amount is broken down by period past due and presented as a percentage of total purchases, including VAT, for the period;,
- for customers, the number and amount of invoices issued, not settled at the year end and past due; this amount is broken down by period past due and presented as a percentage of total revenue, including VAT, for the period.

Invoices received and issued, not settled as of December 31, 2021 and past due

Invoices **received** not settled at the year end and past due						
	0 days (information only)	1 to 30 days	31 to 60 days	61 to 90 days	91 days or more	Total (1 day or more)
(A) Late payment period						
Number of invoices concerned	477					89
Total invoice amount concerned (incl. VAT) *(€ million)*	14,936	1,222	8,606	1,296	162	11,286
As a percentage of total purchases of the fiscal year (incl. VAT)	2.85%	0.23%	1.64%	0.25%	0.03%	2.16%
Percentage of total revenue of the fiscal year (incl. VAT)						
(B) Invoices not included in (A) relating to receivables and payable in dispute or not recognized in the accounts						
Number of invoices excluded	133					
Total invoice amount excluded (incl. VAT) *(€ million)*	5,917					
(C) Reference settlement periods applied (contractual or statutory period – Article L.441-6 or Article L.443-1 of the French Commercial Code)						
Settlement periods applied to determine late payment	Generally, 45 days from the end of the invoice month and 30 days from the invoice date					

6.2.7 PARENT COMPANY RESULTS FOR THE LAST FIVE YEARS AND OTHER SPECIFIC INFORMATION

Parent company results for the last five years

	2021	2020	2019	2018	2017
Share capital at the end of the fiscal year					
Share capital *(€ thousand)*	3,498,626	2,893,057	2,836,333	2,827,967	2,816,824
Number of shares issued	699,725,266	578,611,362	567,266,539	565,593,341	563,364,823
Transactions and results for the fiscal year *(€ thousand)*					
Operating income	618,265	686,292	616,344	670,285	617,915
Income before taxes, depreciation, amortization and impairment	432,591	138,209	212,057	489,543	256,086
Income tax expense	60,140	90,303	75,327	73,693	94,566
Income after taxes, depreciation, amortization and impairment	1,248,830	620,913	1,058,299	883,060	314,498
Distributed income	687,328[1]	397,031	277,125	509,050	462,640
Earnings per share *(in euros)*					
Income after taxes, but before depreciation, amortization and impairment	0.70	0.39	0.51	1.00	0.62
Income after taxes, depreciation, amortization and impairment	1.78	1.07	1.87	1.56	0.56
Dividend per share	1.00	0.70	0.50	0.92	0.84
Personnel					
Number of employees	1,079	1,071	1,082	1,075	1,074
Total payroll *(€ thousand)*	143,757	133,442	137,281	139,234	132,793
Total benefits (social security, benevolent works, etc.) *(€ thousand)*	82,400	73,120	71,638	82,478	58,385

(1) 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.

Other disclosures

Expenses not deductible for tax purposes

Pursuant to Article 223 *quater* of the French General Tax Code, expenses and charges referred to in Article 39-4 of the French General Tax Code totaled €1,007,331 (additional depreciation on passenger vehicles and compensation paid to directors).

Branches

Pursuant to Article L.232-1 of the French Commercial Code, Veolia Environnement declares it had branches as of December 31, 2021.

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Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), our statutory audit does not include assurance on the viability of the Company or the quality with which the Company's management has conducted or will conduct the affairs of the entity.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the annual financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. These conclusions are based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Accounts and Audit Committee

We submit a report to the Accounts and Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as significant audit findings. We also bring to its attention any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Accounts and Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the current period and which are therefore the key audit matters. We describe these matters in the audit report.

We also provide the Accounts and Audit Committee with the declaration provided for in Article 6 of Regulation (EU) no. 537/2014, confirming our independence pursuant to the rules applicable in France as defined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Accounts and Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, April 13, 2022
The Statutory Auditors

KPMG Audit

A Division of KPMG S.A.

Eric Jacquet — Baudouin Griton

ERNST & YOUNG et Autres

Jean-Yves Jégourel — Quentin Séné

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law.

Information given in the management report and in the other documents addressed to shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Board of Directors' management report and in the other documents provided to shareholders with respect to the financial position and the financial statements.

We attest the fair presentation and the consistency with the financial statements of the information relating to payment deadlines mentioned in Article D.441-6 of the French Commercial Code (*Code de commerce*).

Information relating to corporate governance

We attest the inclusion in the section of the Board of Directors' management report on corporate governance of the information required by Articles L.225-37-4, L.22-10-10 and L.22-10-9 of the French Commercial Code (*Code de commerce*).

Concerning the information given in accordance with the requirements of Article L.22-10-9 of the French Commercial Code (*Code de commerce*) relating to remunerations and benefits paid or awarded to Directors and any other commitments made in their favour, we have verified its consistency with the financial statements and, where applicable, with the information obtained by your Company from companies controlled by it and included in the scope of consolidation. Based on this work, we attest the accuracy and fair presentation of this information.

We verified the compliance of the information provided pursuant to Article L.22-10-11 of the French Commercial Code (*Code de commerce*) on factors that your Company considered likely to have an impact in the event of a public offer for cash or shares, with the relevant source documents communicated to us. Based on this work, we have no matters to report on this information.

Other information

In accordance with French law, we have verified that the required information concerning the purchase of investments and controlling interests and the identity of the shareholders and holders of the voting rights has been properly disclosed in the management report.

Other Legal and Regulatory Verifications or Information

Format of presentation of the annual financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the annual financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of the Chairman and Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of December 17, 2018.

Based on the work we have performed, we conclude that the presentation of the annual financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the annual financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Veolia Environnement by your General Shareholders' Meetings of December 18, 1995 for KPMG SA and December 23, 1999 for Ernst & Young et Autres.

As of December 31, 2021, KPMG SA was in the twenty-seventh year of total uninterrupted engagement and Ernst & Young et Autres the twenty-third year, including twenty-two years since securities of the Company were admitted to trading on a regulated market, respectively.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The Accounts and Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The financial statements have been approved by the Board of Directors.

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6.2.6 STATUTORY AUDITORS' REPORT ON THE ANNUAL FINANCIAL STATEMENTS

This is a translation into English of the Statutory Auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the management report and other documents provided to the shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2021

To the General Shareholders' Meeting of Veolia Environnement,

Opinion

In compliance with the engagement entrusted to us by your General Shareholders' Meetings, we have audited the accompanying annual financial statements of Veolia Environnement for the year ended December 31, 2021.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of December 31, 2021 and of the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Accounts and Audit Committee.

Basis for opinion

Audit framework

We conducted our work in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for statutory auditors, for the period from January 1, 2020 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) no. 537/2014.

Justification of Assessments - Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the annual financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific elements, accounts or items of the financial statements.

Measurement of equity investments and loans to equity investments

Risk identified

As of December 31, 2021, equity investments and loans to equity investments are recorded in the balance sheet at a net carrying amount of €28,827 million and represent 63% of total assets. At their date of entry into Company assets, they are recorded at acquisition cost.

As disclosed in Note 2.2.1 to the financial statements, the value in use of equity investments is determined by your 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. If the value in use of investments is lower than their net carrying amount, an impairment is recognized in the amount of the difference.

Given the amount of equity investments in the balance sheet and the sensitivity of the value in use to changes in assumptions, we considered the measurement of the value in use of equity investments and loans to equity investments to be a key audit matter.

Our response

Our procedures primarily consisted in:

- assessing the compliance of the methodology used to determine the values in use applied by your Company with prevailing accounting standards and its consistency with the methodology applied last year for the relevant equity investments;
- assessing the methodology and data used by the Company to estimate the values in use and conducting a critical assessment of the implementation of this methodology and particularly, where applicable:
  - assessing the consistency of forecast cash flows with the most recent Company estimates used in the budget process and with respect to the economic and financial context in which the entities operate by analyzing the source of any differences between forecast and actual cash flows of prior periods,
  - assessing the multiples used and, in particular, the reference panel and transactions adopted to determine these multiples.

Besides assessing the value in use of equity investments, our procedures also consisted in:

- assessing the recoverable amount of loans to equity investments with respect to analyses of equity investments performed;
- controlling the recognition of a contingency provision where the Company is committed to bearing the losses of a subsidiary with negative equity.

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
69,183	-	-	(2,545)	1,043	-	Year ended December 31, 2021
-	1,042	1,284	(390)	484	-	Year ended December 31, 2021
-	N/A	1,556	N/A	NC	-	Year ended December 31, 2021
-	10,672	9,565	350	158	78	Year ended December 31, 2021
(9)	-	-	(2)	(2)	-	Year ended December 31, 2021
(24)	-	-	0	3	-	Year ended December 31, 2021
(12)	-	-	(2)	(3)	-	Year ended December 31, 2021
(12)	-	-	(2)	(2)	-	Year ended December 31, 2021
-	-	-	(2)	(2)	-	Year ended December 31, 2021
-	-	-	(2)	(3)	-	Year ended December 31, 2021
-	-	-	(2)	(2)	-	Year ended December 31, 2021
-	-	-	(2)	(2)	-	Year ended December 31, 2021
-	-	-	(2)	(2)	-	Year ended December 31, 2021
-	433,801	436,638	19,149	21,333	-	Year ended December 31, 2021
-	5,744	3,431	3,186	421	-	Year ended December 31, 2021
-	NC	NC	NC	NC	-	Year ended December 31, 2021
906,024	74,714	74,124	30,537	1,073	-	Year ended December 31, 2021
-	102,853	101,811	12,815	5,518	-	Year ended December 31, 2021

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Company	Number of shares held	Share capital	Shareholders' equity other than share capital*	% share capital held	Carrying amount of shares held GROSS	Carrying amount of shares held NET
VIGIE 1 AS[1]	21,100	211	(2,233)	100.00%	238	238
Institut de l'Économie Positive	10,796	2,019	(154)	5.35%	24	100
Campus Cyber	100,000	8,030	NC	1.25%	100	100
Vestalia	519	37	335	14.03%	89	89
SIG 41	2,000	20	(7)	100.00%	53	13
VIGIE 28 AS	3,700	37	25	100.00%	37	37
VIGIE 33	2,000	20	(8)	100.00%	37	12
VIGIE 34	3,694	37	(26)	99.84%	37	14
VIGIE 41 AS	3,700	37	(25)	100.00%	37	15
VIGIE 48 AS	3,700	37	(12)	100.00%	37	25
VIGIE 50 AS	3,700	37	(12)	100.00%	37	25
VIGIE 51 AS	3,700	37	(12)	100.00%	37	25
VIGIE 52 AS	3,700	37	(12)	100.00%	37	25
Veolia Eau d'Île-de-France	100	100	21,333	1.00%	1	1
GIE Veolia Placements[4]	1	N/A	421	50.00%	0	0
SNCM Judicial liquidation	1,581,185	32,477	(701,917)	73.03%	0	0
Other subsidiaries and equity investments (Less than 1% of share capital)						
Veolia UK[3]	866,733	921,150	52,590	0.11%	1,387	1,387
Fovarosi Csatornazasi Muvek Reszvenytar	1	189,726	80,779	0.00%	0	0

** 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

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

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7.11 Subsidiaries and equity investments (1)

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	Carrying amount of shares held NET
Veolia Eau – Compagnie Générale des Eaux(1)	214,187,296	2,207,287	2,256,808	100.00%	8,300,000	7,366,473
Suez(1)	187,810,000	2,558,399	NC	29.36%	3,771,773	3,771,773
Veolia Propreté(1)	8,967,700	143,483	1,144,343	100.00%	1,930,071	1,930,071
Veolia Énergie International(1)	87,996,970	1,760,127	369,106	99.99%	1,137,296	1,137,296
Veolia North America Inc.(2)	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(1)	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(1)	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.

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).

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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.

7.5 Management compensation

(in euros)	Amount
Compensation granted to members of management bodies	**3,063,046**

The above amount only includes compensation borne by Veolia Environnement.

Compensation paid by other entities is, therefore, excluded.

7.6 Deferred tax

Deferred tax liabilities

(€ thousand)	Amount
Tax-driven provisions	
Accelerated depreciation	17,983
Provisions for price increases	-
Provisions for exchange rate fluctuations	-
Other	
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	-
TOTAL	**2,445,728**

Deferred tax assets

(€ thousand)	Amount
Provisions not deductible in the year recorded	
Provisions for paid leave	-
Statutory employee profit-sharing	-
Provisions for contingencies and losses	-
Other nondeductible provisions	103,717
Other	
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	-
TOTAL	**2,420,386**
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%).

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(€ thousand)	Purchases	Sales
Currency hedging instruments included in the overall foreign exchange position:		
Cross currency swaps:		
CNY	-	-
EUR	60,000	-
TOTAL	**60,000**	**-**
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
TOTAL	**8,416,945**	**6,770,699**

7.4 Average workforce

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

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.

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
Swaps hedging debt			
Fixed-rate payer/floating-rate receiver swaps	EUR	515,819	515,819
Floating-rate payer/fixed-rate receiver swaps	EUR	540,500	540,500
TOTAL		**1,056,319**	**1,056,319**
Trading *swaps*			
Fixed-rate receiver/floating-rate payer swaps	EUR	-	-
Fixed-rate payer/floating-rate receiver swaps	EUR	-	-
TOTAL		**-**	**-**

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
Currency hedging instruments included in matching foreign exchange positions:		
Cross currency swaps:		
CNY	87,314	-
CZK	-	181,028
EUR	288,666	60,000
KRW	-	108,847
TOTAL	**375,980**	**349,875**
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
TOTAL	**9,313,768**	**4,629,750**

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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[1]	19,174	57,168
Prepayments	45,617	-
Deferred income	-	40,837
TOTAL	**269,116**	**353,184**

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

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
TOTAL[1]	69,768

(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.

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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
Commitments given			
Discounted notes not yet matured			
Endorsements and guarantees[1]	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
TOTAL	11,248,527	1,854,382	Note 3
Commitments received			
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.

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[1]	(16.5)
TOTAL	(7.0)

(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.

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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
TOTAL	618,264	686,292	

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
TOTAL	789,362	742,997	

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
Expenses on borrowings	**(336,707)**	**(320,913)**	
Income from other securities and long-term receivables	**3,456**	**5,754**	
Foreign exchange gains and losses	**(738)**	**1,131**	
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
Other financial income and expenses	**1,698,984**	**901,839**	
NET FINANCIAL EXPENSE	1,364,995	587,811	

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.

NOTE 5 RECEIVABLES AND DEBT MATURITY ANALYSIS

(€ thousand)	Amount	Falling due in one year	Falling due in more than one year
Non-current assets			
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
Current assets			
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
TOTAL RECEIVABLES	**27,911,803**	**12,955,619**	**14,956,182**

(€ thousand)	Amount	Falling due in one year	Falling due in one to five years	Falling due in more than five years
Liabilities				
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
TOTAL LIABILITIES	**25,539,745**	**15,642,871**	**4,645,406**	**5,251,468**

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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[1]	6,527,520	3,809,758
Treasury note outstandings	5,873,937	5,949,859
Bank borrowings[2]	699,331	-
Tax group current accounts	66,671	145,287
Bank accounts in overdraft and short-term bank facilities	15,692	10,010
TOTAL	13,183,151	9,914,914

(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

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
TOTAL EQUITY EQUIVALENTS	2,000,000	500,000	-	2,500,000

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
TOTAL	43,528	138	10,138	4,567	13,853	35,384
Nature of charges and write-backs:						
Operating			7,727	3,323	3,198	
Financial			113	137	-	
Exceptional			2,298	1,107	10,655	
TOTAL			10,138	4,567	13,853	

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
TOTAL	11,027,063	850,255	787,328	110,232	11,200,222

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.

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NOTE 4 BALANCE SHEET EQUITY AND LIABILITIES

4.1 Share capital and reserves

(€ thousand)	Opening balance	Increase	Decrease	Closing balance
Share capital[1]	**2,893,057**	**605,569**	**-**	**3,498,626**
Additional paid-in capital[1]	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
TOTAL BEFORE NET INCOME FOR THE YEAR	**12,224,700**	**3,020,538**	**724,912**	**14,520,326**
Net income for the year	-	1,248,830	-	1,248,830
TOTAL AFTER NET INCOME FOR THE YEAR	**12,224,700**	**4,269,368**	**724,912**	**15,769,156**

(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.

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
GRAND TOTAL	**4,659**	**4,254**

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.

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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		
Total HKD	**23,852**	**7,899**	**154,017**	**136,909**	**177,869**	**144,808**
Loans	46,714	0	73	9,215		
Current account hedges	0	0	0	82		
Foreign currency derivatives	41	16,249	40,772	55,268		
Total HUF	**46,755**	**16,249**	**40,845**	**64,565**	**87,600**	**80,814**
Loans	2,401	1,556	0	0		
Foreign currency derivatives	3,927	0	8,020	4,971		
Total INR	**6,328**	**1,556**	**8,020**	**4,971**	**14,348**	**6,527**
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		
Total JPY	**15,959**	**2,375**	**53,944**	**67,442**	**69,903**	**69,817**
Loans	7,993	525	456	16		
Foreign currency derivatives	431	3,844	5,709	10,394		
Total KRW	**8,424**	**4,369**	**6,165**	**10,410**	**14,589**	**14,779**
Loans	1,679	105	99	0		
Foreign currency derivatives	983	0	12,194	14,850		
Total MXN	**2,662**	**105**	**12,293**	**14,850**	**14,955**	**14,955**
Loans	30,755	14	29,067	5,020		
Foreign currency derivatives	3,150	2,274	148,575	192,182		
Total PLN	**33,905**	**2,288**	**177,642**	**197,202**	**211,547**	**199,490**
Loans	8,460	0	0	0		
Current account hedges	0	0	0	709		
Foreign currency derivatives	11	530	4,433	11,674		
Total RON	**8,471**	**530**	**4,433**	**12,383**	**12,904**	**12,913**
Loans	4,056	656	702	0		
Current account hedges	0	0	76	0		
Foreign currency derivatives	0	1,479	15,837	18,508		
Total SEK	**4,056**	**2,135**	**16,615**	**18,508**	**20,671**	**20,643**
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		
Total USD[1]	**227,652**	**39,204**	**139,439**	**129,229**	**367,091**	**168,433**
Total Other currencies	**17,201**	**17,987**	**48,785**	**47,245**	**65,986**	**65,234**
Grand total	**690,470**	**357,133**	**1,778,293**	**1,834,118**	**2,468,763**	**2,191,251**

(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.

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		
Total ARS	**25,119**	**98**	**3,201**	**22,084**	**28,320**	**22,182**
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		
Total AUD	**49,278**	**110**	**169,680**	**204,918**	**218,958**	**205,028**
Loans	46,219	623	19	0		
Foreign currency derivatives	838	6,952	29,186	70,525		
Total BRL	**47,057**	**7,575**	**29,205**	**70,525**	**76,262**	**78,100**
Loans	0	199	1,754	1,477		
Foreign currency derivatives	231	0	16,841	17,100		
Total CAD	**231**	**199**	**18,595**	**18,577**	**18,826**	**18,776**
Loans	11,396	0	212	0		
Foreign currency derivatives	0	3,134	4,133	12,560		
Total CLP	**11,396**	**3,134**	**4,345**	**12,560**	**15,741**	**15,694**
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		
Total CNY	**59,538**	**72,404**	**66,712**	**55,038**	**126,250**	**127,442**
Loans	32,724	0	0	0		
Foreign currency derivatives	0	2,972	24,781	47,425		
Total COP	**32,724**	**2,972**	**24,781**	**47,425**	**57,505**	**50,397**
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		
Total CZK	**22,182**	**36,744**	**117,570**	**107,092**	**139,752**	**143,836**
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		
Total GBP	**47,680**	**139,200**	**682,006**	**592,183**	**729,686**	**731,383**

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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
TOTAL	695,129	1,778,293	361,387	1,834,118	

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[1]	**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.

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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 Unweltservice 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. Lid	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
TOTAL	12,236,979	8,154,855	1,100,536	8,545,066	340,880	13,288,184

NOTE 3 BALANCE SHEET ASSETS

3.1 Non-current assets

Movements in gross values

(€ thousand)	Opening balance	Contributions	Increase	Decrease	Closing balance	Notes
Intangible assets	**237,546**		**8,783**	**20,226**	**226,103**	**3.1.1**
Property, plant and equipment	**39,812**		**959**	**546**	**40,225**	**3.1.1**
Long-term loans and investments						
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
TOTAL	**31,887,459**	**8,154,855**	**1,815,640**	**9,748,902**	**32,109,053**	

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
TOTAL	**2,237,093**	**8,170**	**22,842**	**839,750**	**1,428,355**	
Nature of charges and write-backs:						
Operating			20,676	21,782		
Financial			1,803	809,798		
Exceptional			363	-		
TOTAL			22,842	831,580		

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.

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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.

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).

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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

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	As of January 1, 2021 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
TOTAL ASSETS	**37,588,701**	**12,931,932**	**(11,002,074)**	**39,518,559**

Equity and Liabilities

(€ thousand)	As of December 31, 2020 net	Merger impacts net	Merger eliminations net	As of January 1, 2021 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
TOTAL EQUITY AND LIABILITIES	**37,588,701**	**12,931,932**	**(11,002,074)**	**39,518,559**

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

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

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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.

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 Office 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.

6.2.5 NOTES TO THE COMPANY FINANCIAL STATEMENTS

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6.2.4 STATEMENT OF SOURCE AND APPLICATION OF FUNDS

(€ thousand)	2021	2020
Source of funds		
Operating cash before changes in working capital[1]	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[2]	2,683,770	156,322
Increase in equity equivalents	500,000	2,000,000
New borrowings	700,000	2,077,400
TOTAL SOURCE OF FUNDS	**5,403,686**	**6,652,029**
Application of funds		
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[3]	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
TOTAL APPLICATION OF FUNDS	**2,479,495**	**8,615,568**
Increase/decrease in working capital requirements	2,924,191	(1,963,539)
TOTAL	**5,403,686**	**6,652,029**

(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.

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6.2.3 PROPOSED APPROPRIATION OF 2021 NET INCOME

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

(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.

(€ thousand)	2021	2020
Financial income		
Financial income from equity investments[3]	886,059	498,175
Financial income from other securities and long-term receivables[3]	3,456	5,754
Other interest and similar income[3]	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
TOTAL (V)	2,680,857	2,359,767
Financial expenses		
Amortization, impairment and charges to provisions for financial items	26,932	220,720
Interest and similar expenses[4]	497,389	504,037
Foreign exchange losses	785,626	1,041,032
Net expenses on sales of marketable securities	5,915	6,167
TOTAL (VI)	1,315,862	1,771,956
2. NET FINANCIAL INCOME (V-VI)	1,364,995	587,811
3. NET INCOME FROM ORDINARY ACTIVITIES BEFORE TAX (I-II+III-IV+V-VI)	1,195,680	532,605
Exceptional income		
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
TOTAL (VII)	14,641	5,716
Exceptional expenses		
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
TOTAL (VIII)	21,632	7,711
4. NET EXCEPTIONAL ITEMS (VII-VIII)	(6,991)	(1,995)
STATUTORY EMPLOYEE PROFIT-SHARING (IX)	-	-
INCOME TAX EXPENSE (X)	60,140	90,303
TOTAL INCOME (I+III+V+VII)	3,315,546	3,053,274
TOTAL EXPENSES (II+IV+VI+VIII+IX-X)	2,066,716	2,432,361
NET INCOME/(LOSS)	1,248,830	620,913
(3) Of which income from related parties	*927,580*	*536,346*
(4) Of which interest charged by related parties	*19,829*	*16,704*

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6.2.2 INCOME STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2021

(€ thousand)	2021	2020
Operating revenue[1]		
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
TOTAL (I)	**618,264**	**686,292**
Operating expenses[2]		
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
TOTAL (II)	**789,362**	**742,997**
1. OPERATING LOSS (I - II)	(171,098)	(56,705)
Joint venture operations	**1,784**	**1,499**
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)	As of December 31, 2021	As of December 31, 2020
Liabilities[1]		
Convertible bonds	-	-
Other bond issues	11,200,222	11,027,063
Bank borrowings[2]	715,023	10,010
Other borrowings[3]	12,468,128	9,904,904
Payments received on account for work-in-progress	-	-
Operating payables		
Trade payables and related accounts	239,509	140,419
Tax and employee-related liabilities	88,965	76,804
Other operating payables	-	-
Miscellaneous liabilities		
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
Accrued income and deferred charges		
Deferred income[1]	**59,938**	**75,075**
TOTAL (III)	25,539,745	21,500,758
UNREALIZED FOREIGN EXCHANGE GAINS (IV)	2,195,504	1,819,715
GRAND TOTAL (I+II+III+IV)	46,039,789	37,588,701
(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	-	-

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Equity and Liabilities

(€ thousand)	As of December 31, 2021	As of December 31, 2020
Shareholders' equity		
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	-	-
Reserves		
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
Sub-total: Shareholders' equity	**15,751,173**	**12,215,605**
Investment subsidies	-	-
Tax-driven provisions	17,983	9,095
TOTAL (I)	**15,769,156**	**12,224,700**
Equity equivalents		
Proceeds from issues of equity equivalent securities	-	-
Subordinated loans	-	-
Other	2,500,000	2,000,000
TOTAL (I.A)	**2,500,000**	**2,000,000**
Provisions		
Provisions for contingencies	26,246	36,499
Provisions for losses	9,138	7,029
TOTAL (II)	**35,384**	**43,528**

(€ thousand)	As of December 31, 2021 Gross	Deprec., amort. & impairment	Net	As of December 31, 2020 Net
Current assets				
Inventories and work-in-progress				
Raw materials & supplies	-	-	-	-
Work in process – goods and services	-	-	-	-
Semi-finished and finished goods	-	-	-	-
Bought-in goods	-	-	-	-
Payments on account – inventories	**2,259**	**-**	**2,259**	**2,302**
Receivables(3)				
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	-	-	-	-
Marketable securities				
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
Cash at bank and in hand	**608,359**	**-**	**608,359**	**494,387**
Prepayments(4)	**252,945**	**-**	**252,945**	**122,521**
TOTAL (II)	12,781,104	37,305	12,743,799	5,679,338
Accrued income and deferred charges				
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
GRAND TOTAL (I+II+III+IV+V)	47,505,449	1,465,660	46,039,789	37,588,701
(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*

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6.2 Company financial statements

6.2.1 BALANCE SHEET AS OF DECEMBER 31, 2021

Assets

(€ thousand)	Gross	Deprec., amort. & impairment	As of December 31, 2021 Net	As of December 31, 2020 Net
Share capital subscribed but not called				
Non-current assets				
Intangible assets				
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[1]	-	-	-	-
Other intangible assets	-	-	-	-
Intangible assets in progress	12,447	-	12,447	16,223
Property, plant and equipment				
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	-	-	-	-
Long-term loans and investments[2]				
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
TOTAL (I)	32,109,053	1,428,355	30,680,698	29,650,366

- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. These conclusions are based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Accounts and Audit Committee

We submit a report to the Accounts and Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as significant audit findings. We also bring to its attention any significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Accounts and Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters. We describe these matters in the audit report.

We also provide the Accounts and Audit Committee with the declaration provided for in Article 6 of Regulation (EU) no. 537/2014, confirming our independence pursuant to the rules applicable in France as defined in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (*Code de commerce*) and in the French Code of Ethics (*Code de déontologie*) for Statutory Auditors. Where appropriate, we discuss with the Accounts and Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Paris-La Défense, April 13, 2022
The Statutory Auditors

KPMG Audit

A Division of KPMG S.A.

Eric Jacquet — Baudouin Griton

ERNST & YOUNG et Autres

Jean-Yves Jégourel — Quentin Séné

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Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information pertaining to the Group presented in the management report of the Board of Directors.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated non-financial statement required by Article L.225-102-1 of the French Commercial Code (*Code de commerce*) is included in Group management report, it being specified that, in accordance with the provisions of Article L.823-10 of the Code, we have verified neither the fair presentation nor the consistency with the consolidated financial statements of the information contained therein. This information should be reported on by an independent third party.

Other Legal and Regulatory Verifications or Information

Format of presentation of the consolidated financial statements intended to be included in the annual financial report

We have also verified, in accordance with the professional standard applicable in France relating to the procedures performed by the statutory auditor relating to the annual and consolidated financial statements presented in the European single electronic format, that the presentation of the consolidated financial statements intended to be included in the annual financial report mentioned in Article L.451-1-2, I of the French Monetary and Financial Code (*Code monétaire et financier*), prepared under the responsibility of the Chairman and Chief Executive Officer, complies with the single electronic format defined in the European Delegated Regulation No 2019/815 of December 17, 2018. As it relates to consolidated financial statements, our work includes verifying that the tagging of these consolidated financial statements complies with the format defined in the above delegated regulation.

Based on the work we have performed, we conclude that the presentation of the consolidated financial statements intended to be included in the annual financial report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the consolidated financial statements that will ultimately be included by your Company in the annual financial report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of Veolia Environnement by the Shareholders' Meetings of December 18, 1995 for KPMG Audit and December 23, 1999 for Ernst & Young et Autres.

As of December 31, 2021, KPMG SA was in the twenty-seventh year of total uninterrupted engagement and Ernst & Young et Autres the twenty-third year, including twenty-two years since securities of the Company were admitted to trading on a regulated market, respectively.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease its operations.

The Accounts and Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and, where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (*Code de commerce*), the scope of our statutory audit does not include assurance on the viability of the Company or the quality with which the Company's management had conducted or will conduct the affairs of the entity.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

Sensitivity tests performed on the Poland and Czech Republic and Slovakia CGUs produced a recoverable amount in excess of the net carrying amount. However, the value of these CGUs remains dependent on the management assumptions disclosed in Note 8.1.2.2.
We therefore considered the impairment testing of the goodwill of these CGUs to be a key audit matter.

Our response

We assessed the compliance of the methodology adopted by your Group with prevailing accounting standards.
We also performed a critical review of the implementation of this methodology for these CGUs and notably assessed:
- the amount of items comprising the carrying amount of the CGUs tested and the consistency of the method of calculating this value with the method of calculating forecast cash flows for the value in use;
- the reasonableness of forecast cash flows given the economic and financial context in which the CGU operates and the reliability of the process for determining estimates by analyzing, for prior year forecasts, the causes of any forecast/actual variances;
- the consistency of these forecast cash flows with the most recent Group estimates as presented to the Board of Directors as part of the budget process;
- the consistency of discount rates and long-term growth rates adopted with the type of underlying assets;
- the analysis of the sensitivity of the values in use calculated by your Group to a change in the main assumptions adopted.

Finally, we verified the appropriateness of the disclosures in Note 8.1.2 to the consolidated financial statements.

Assessment of the recoverable amount of intangible assets, property, plant and equipment and operating financial assets of contracts

Notes 6.2.1, 6.4, 8.2 and 8.3 to the consolidated financial statements

Risk identified

As of December 31, 2021, the net carrying amount of your Group's intangible assets, property, plant and equipment and operating financial assets is €5,035 million, €8,702 million and €1,320 million, respectively. These assets primarily consist of intangible assets and operating financial assets under concession arrangements (IFRIC 12) and the production and distribution assets necessary for the performance of contacts in your Group's three businesses.
These assets are tested for impairment by your Group where there is indication that they may have suffered a loss in value (nonperformance of a major long-term contract under the conditions provided, operating technical difficulties, default by a counterparty for operating financial assets, etc.) as disclosed in Notes 8.2, 8.3 and 6.2.1 to the consolidated financial statements. The recoverable amount generally corresponds to the value in use, which is equal to the present value of future cash flows expected to be derived from these assets or groups of assets as disclosed in Notes 6.2.1 and 6.4 to the consolidated financial statements.
Determining value in use requires your Group to make significant judgments; we have therefore considered the valuation of intangible assets, property, plant and equipment and operating financial assets of contracts to be a key audit matter.

Our response

We assessed the compliance of the methodology adopted by your Group with prevailing accounting standards. We also performed a critical review of the implementation of this methodology and notably assessed the contracts identified with regard to:
- changes in economic performance;
- the rationale behind differences between forecast and actual results for prior periods;
- where appropriate, the reasonableness of forecast cash flows given the economic and financial context in which the contracts are performed, in particular by analyzing the main data and assumptions underlying the estimates (assumptions regarding changes in volumes, prices, direct costs and investment) and the reasonableness of discount rates adopted with respect to long-term growth rates and market data for each geographic zone.

Contingent liabilities relating to litigation in the United States (Flint and K+S Potash) and Lithuania (Antero)

Notes 11 and 13 to the consolidated financial statements

Risk identified

Your Group is regularly involved in major litigation with its customers and third parties during the course of its activities. The disputes relating to legal, administration or arbitration proceedings disclosed in Note 13, due to their amount or the parties involved, represent a greater exposure for the Group.
As disclosed in Note 11, a provision is recognized at the reporting date if the Group has a current legal or implicit obligation to a third party as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated. In the case of these litigations, estimates by your Group to determine any provisions were made in an uncertain context as to their outcome.
Where the outcome of legal, administration or arbitration proceedings is uncertain, the Group considers that in accordance with IAS 37 criteria, a provision, or where applicable an additional provision, should not be recognized in respect of these proceedings, but that they should be disclosed in the notes to the consolidated financial statements as indicated in Note 13.
We considered the contingent liabilities relating to this litigation to be a key audit matter due to the amounts concerned and the management judgment involved in assessing the uncertain outcome of these litigations.

Our response

As part of our audit of the consolidated financial statements, our work consisted in:
- assessing the procedures implemented by the Company to identify and inventory all risks;
- obtaining an understanding of the risk analysis of this litigation performed by your Group, of the corresponding documentation and the written consultations from external advisors;
- analyzing the information on the ongoing proceedings and the probable financial consequences communicated to us by your Group's external advisors in response to our circularization letters;
- assessing the main risks identified and the assumptions adopted by your Group and their accounting treatment;
- assessing the information regarding these risks disclosed in Note 13 to the consolidated financial statements.

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6.1.7 STATUTORY AUDITORS' REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

This is a translation into English of the statutory auditors' report on the consolidated financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.

This statutory auditors' report includes information required by French law, such as information about the appointment of the Statutory Auditors.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2021

To the General Shareholders' Meeting of Veolia Environnement,

Opinion

In compliance with the engagement entrusted to us by your General Shareholders' Meetings, we have audited the accompanying consolidated financial statements of Veolia Environnement for the year ended December 31, 2021.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as of December 31, 2021 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Accounts and Audit Committee.

Basis for opinion

Audit framework

We conducted our work in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (*Code de commerce*) and the French Code of Ethics (*Code de déontologie*) for statutory auditors, for the period from January 1, 2021 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) no. 537/2014.

Emphasis of matter

We draw attention to the following matter described in Note 1.2, "Accounting standards framework" to the consolidated financial statements setting out the means and consequences of the retroactive application of the IFRS IC decision on attributing employee benefits to periods of service under defined benefit pension plans (IAS 19, Employee benefits). Our opinion is not modified in respect of this matter.

Justification of Assessments – Key Audit Matters

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the state of sanitary emergency have had numerous consequences for companies, particularly on their operations and their financing, and have led to greater uncertainties on their future prospects. Those measures, such as travel restrictions and remote working, have also had an impact on the companies' internal organization and the performance of the audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (*Code de commerce*) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, approved in the conditions mentioned above, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the consolidated financial statements.

Impairment tests on goodwill of the Germany, Poland and Czech Republic and Slovakia cash-generating units

Notes 8.1.1 and 8.1.2 to the consolidated financial statements

Risk identified

As of December 31, 2021, the total net carrying amount of goodwill is €6,201.2 million, including goodwill of €386.6 million for the "Germany" cash-generating unit, of €234.7 million for the "Poland" cash-generating unit and of €1,050.7 million for the "Czech Republic and Slovakia" cash-generating unit.
For the purpose of impairment tests, goodwill is allocated, from the acquisition date, to each of the cash-generating units (CGU) or each of the groups of cash-generating units (CGUs) that are expected to benefit from the business combination.
Your Group performs systematic annual impairment tests and more frequent tests where there is indication that the CGU or group of CGUs may have suffered a loss in value. The need to recognize an impairment is assessed by comparing the net carrying amount of the assets and liabilities of the CGU or group of CGUs with their recoverable amount. The recoverable amount of a cash-generating unit is the higher of its fair value less costs to sell and its value in use. For CGUs that are not classified as held for sale (IFRS 5), the value in use is equal to the present value of future cash flows expected to be derived from the CGU. The impairment test method and the assumptions adopted are presented in Note 8.1.2 to the consolidated financial statements.
Determining value in use requires your Group to make significant judgments, particularly regarding factors such as changes in economic data and market prices, efficiency gain and performance assumptions and discount rates and long-term growth rates.
Recoverable amounts determined for impairment testing purposes were tested for their sensitivity to a 1% increase in discount rates, a 1% decrease in perpetual growth rates and a 5% decrease in operating cash flows. Sensitivity tests performed by your Group on the Germany CGU indicate that a change in assumptions produces a recoverable amount lower than the net carrying amount, as disclosed in Note 8.1.2.2.

NOTE 17 AUDIT FEES

Audit fees incurred by the Group during fiscal years 2021 and 2020 total €28.1 million and €28.2 million, respectively, including:

- €24.0 million in 2021 and €23.3 million in 2020 in respect of the statutory audit of the accounts; and
- €4.1 million in 2021 and €4.8 million in 2020 in respect of services falling within the scope of diligences directly related to the audit engagement.

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Publication exemption	COMPANY	COUNTRY	CURRENCY
	Veolia Klärschlamm und Biogas Schönebeck GmbH	Germany	EUR
	VEOLIA Klärschlammverwertung Deutschland GmbH	Germany	EUR
	VEOLIA PET GERMANY GmbH	Germany	EUR
	Veolia Pet Norge AS	Norway	NOK
	VEOLIA PET SVENSKA AB	Sweden	SEK
	VEOLIA STADTWERKE BRAUNSCHWEIG BETEILIGUNGS- GmbH & Co.KG	Germany	EUR
	VEOLIA UMWELTSERVICE & CONSULTING GmbH	Germany	EUR
	VEOLIA UMWELTSERVICE BETEILIGUNGSVERWALTUNGS GmbH	Germany	EUR
	VEOLIA UMWELTSERVICE DUAL GmbH	Germany	EUR
	VEOLIA UMWELTSERVICE GmbH	Germany	EUR
	VEOLIA UMWELTSERVICE GmbH DEUTSCHLAND	Germany	EUR
	VEOLIA UMWELTSERVICE NORD GmbH	Germany	EUR
Yes	VEOLIA UMWELTSERVICE OST GmbH & Co. KG	Germany	EUR
	VEOLIA UMWELTSERVICE OST VERWALTUNGS GmbH	Germany	EUR
	VEOLIA UMWELTSERVICE RESSOURCENMANAGEMENT GmbH	Germany	EUR
Yes	VEOLIA UMWELTSERVICE SÜD GmbH & Co. KG	Germany	EUR
	VEOLIA UMWELTSERVICE SÜD VERWALTUNGS GmbH	Germany	EUR
	VEOLIA UMWELTSERVICE WERTSTOFFMANAGEMENT GmbH	Germany	EUR
	VEOLIA UMWELTSERVICE WEST GmbH	Germany	EUR
	VEOLIA VERWALTUNGSGESELLSCHAFT mbH	Germany	EUR
	VEOLIA WASSER DEUTSCHLAND GmbH	Germany	EUR
	VEOLIA WASSER STORKOW GmbH	Germany	EUR
	VEOLIA WASSER WAGENFELD GmbH	Germany	EUR
	VEOLIA WASSER WEGELEBEN GmbH	Germany	EUR
	VKD Holding GmbH	Germany	EUR

The German subsidiaries of the Group are included in the enclosed consolidated financial statements. In accordance with section 264(3), 264-B and 291 of the German Commercial Code (HGB), these entities may be exempt from the obligation to publish an annual report and present consolidated financial statements under German GAAP. Subsidiaries that have opted for this exemption are listed below:

Publication exemption	COMPANY	COUNTRY	CURRENCY
	ALTVATER CHERNIVZY	Ukraine	UAH
	ALTVATER KIEV	Ukraine	UAH
	ALTVATER TERNOPIL	Ukraine	UAH
	BIOCYCLING GmbH	Germany	EUR
	BRAUNSCHWEIGER NETZ GmbH	Germany	EUR
	BRAUNSCHWEIGER VERSORGUNGS-AG & Co. KG	Germany	EUR
	BRAUNSCHWEIGER VERSORGUNGS-VERWALTUNGS-AG	Germany	EUR
	CARE BIOGAS Gmbh	Germany	EUR
	EUROLOGISTIK UMWELTSERVICE GmbH	Germany	EUR
	GASVERSORGUNG GÖRLITZ GmbH	Germany	EUR
	GLOBALIS BETEILIGUNGSGESELLSCHAFT mbH	Germany	EUR
Yes	GLOBALIS SERVICE GmbH & CO. KG	Germany	EUR
Yes	GUD GERAER UMWELTDIENSTE GmbH & Co. KG	Germany	EUR
	GUD GERAER UMWELTDIENSTE VERWALTUNGS GmbH	Germany	EUR
	HVT Handel Vertrieb Transport GmbH	Germany	EUR
	INTROTEC SCHWARZA GmbH	Germany	EUR
	JOB & MEHR GmbH	Germany	EUR
	KANALBETRIEBE FRITZ WITHOFS GmbH	Germany	EUR
	KOM-DIA GmbH	Germany	EUR
	MULITPET GmbH	Germany	EUR
	MULITPORT GmbH	Germany	EUR
	ÖKOTEC Energiemanagement GmbH	Germany	EUR
	ONYX ROHR- UND KANAL-SERVICE GmbH	Germany	EUR
	Ostthüringer Wasser und Abwasser GmbH	Germany	EUR
	RECYCLING & ROHSTOFFVERWERTUNG KIEL GmbH	Germany	EUR
	RECYPET AG	Switzerland	CHF
Yes	ROHSTOFFHANDEL KIEL GmbH & Co. KG	Germany	EUR
	STADTENTWAESSERUNG BRAUNSCHWEIG GmbH	Germany	EUR
	STADTWERKE GÖRLITZ Aktiengesellschaft	Germany	EUR
	STADTWERKE WEISSWASSER GmbH	Germany	EUR
	SWG Services GmbH	Germany	EUR
	URR GmbH Germany EUR	Germany	EUR
	VBG VERWALTUNGS- UND BETEILIGUNGSGESELLSCHAFT mbH	Germany	EUR
	VEOLIA BS ENERGY BETEILIGUNGS GmbH	Germany	EUR
	VEOLIA DEUTSCHLAND GmbH	Germany	EUR
	VEOLIA ENERGIE DEUTSCHLAND GmbH	Germany	EUR
	VEOLIA ENVIRONNEMENT LAUSITZ GmbH	Germany	EUR
	VEOLIA GEBÄUDESERVICE DEUTSCHLAND GmbH	Germany	EUR
	VEOLIA INDUSTRIE DEUTSCHLAND GmbH	Germany	EUR
	VEOLIA INDUSTRIEPARK DEUTSCHLAND GmbH	Germany	EUR
	Veolia Infra Klärschlamm Deutschland GmbH	Germany	EUR

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Company and address	French company registration number (Siret)	Consolidation method	% control	% interest
Veolia Environmental Services Asia Pte Ltd 15 Tuas View Circuit 636968 (Singapore)		FC	100.00	100.00
Veolia Environmental Services China LTD 40/F One Taikoo Place 979 King's Road Quarry Bay (Hong-Kong)		FC	100.00	100.00
GLOBAL BUSINESSES				
Sade-Compagnie Générale de Travaux d'Hydraulique (CGTH-SADE) and its subsidiaries ZAC François Ory 23/25 avenue du docteur Lannelongue 75014 Paris	562 077 503 02584	FC	100.00	99.47
Veolia Water Technologies and its subsidiaries l'Aquarène 1, place Montgolfier 94417 St Maurice Cedex	414 986 216 00037	FC	100.00	100.00
OTV l'Aquarène – 1 place Montgolfier 94417 St Maurice Cedex	433 998 473 000 14	FC	100.00	100.00
SARP Industries and its subsidiaries 427, route du Hazay – Zone Portuaire Limay-Porcheville 78520 Limay	303 772 982 00029	FC	100.00	99.86
Société d'Assainissement Rationnel et de Pompage (SARP) and its subsidiaries 22 boulevard de Pesaro – 92000 Nanterre	775 734 817 00395	FC	100.00	99.68
Société Internationale de Dessalement (SIDEM) 1 rue Giovanni Batista Pirelli 94410 Saint-Maurice	342 500 956 000 38	FC	100.00	100.00
Veolia Nuclear Solutions, Inc and its subsidiaries 1150 W. 120th Avenue Suite 400 Vestminster 80234 CO (United States)		FC	100.00	100.00
OTHER				
Veolia Energie International 21 rue La Boétie 75008 Paris	433 539 566 00045	FC	99.99	99.99

Consolidation method.
FC: Full consolidation – EA: Equity associate.

Company and address	French company registration number (Siret)	Consolidation method	% control	% interest
Veolia ES Canada Industrial Services Inc. 555 René-Lévesque Boulevard West Suite 1450 H2Z 1B1 H1B 5M9 Montreal – Québec (Canada)		FC	100.00	100.00
Veolia Holding America Latina SA Calle Torrelaguna 60, 2 Planta 28043 Madrid (Spain)		FC	100.00	100.00
Beijing Yansan Veolia Water No. 5 Yanshan Xinghua East Road, 102500 BEIJING CHINA		FC	50.00	50.00
Shanghai Pudong Veolia Water Corporation Ltd No. 703 Pujian Road, Pudong New District 200127 SHANGHAI (China)		EA	50.00	50.00
Changzhou CGE Water Co Ltd No.12 Juqian Road, CHANGZHOU Municipality, Jiangsu Province 213000 (China)		EA	49.00	24.99
Kunming CGE Water Supply Co Ltd No.6 Siyuan Road, Kunming Municipality, Yunnan Province 650231 (China)		EA	49.00	24.99
Veolia Korea and its subsidiaries East 16 F Signature Towers Building Chungyechou-ro 100 Jung-gu (South Korea)		FC	100.00	100.00
Veolia Water Australia and its subsidiaries Level 4, Bay Center, 65 Pirrama Road, Pyrmont NSW 2009 (Australia)		FC	100.00	100.00
Veolia Middle East and its subsidiaries 21 rue La Boétie 75008 Paris	505 190 801 00041	FC	100.00	100.00
Amendis 20 rue Imam Ghazali 90,000 Tangier (Morocco)		FC	100.00	100.00
REDAL SA 6 Zankat Al Hoceima, BP 161 10,000 Rabat (Morocco)		FC	100.00	100.00
Lanzhou Municipal Water Supply (Group) Co LTD No. 2 Hua Gong Street, Xigu District, LANZHOU, Gansu Province (China)		EA	35.84	18.27
Sharqiyah Desalination Co. SAOC PO Box 685, PC 114 Jibroo, (Sultanate of Oman)		EA	35.75	35.75
Tianjin Jinbin Veolia Water Co Ltd No2 Xinxiang Road, Bridge 4 Jin Tang Expressway, Dongli District Tianjin Municipality (China)		EA	49.00	49.00
Veolia Water – Veolia Environmental Service (Hong Kong) – VW- VES (HK) Ltd 40/F, One Taikoo Place 979 King's Road Quarry Bay (Hong Kong)		FC	100.00	100.00
Veolia Environmental Services Australia Pty Ltd Level 4, Bay Center – 65 Pirrama Road NSW 2009 – Pyrmont (Australia)		FC	100.00	100.00

Consolidation method.
FC: Full consolidation – EA: Equity associate.

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Company and address	French company registration number (Siret)	Consolidation method	% control	% interest
Siram SPA and its subsidiaries Via Anna Maria Mozzoni, 12 20152 Milan (Italy)		FC	100.00	99.99
Veolia Espana S.L.U.and its subsidiaries Cl Juan Ignacio Luca De tena, 4 28027 Madrid (Spain)		FC	100.00	99.99
Veolia Energia Polska ul. Puławska 2, Budynek Plac Unii C 02-566 WARSZAWA (Poland)		FC	60.00	60.00
Veolia Term SA and its subsidiaries ul Pulawska 2, 02-566 WARSZAWA (Poland)		FC	100.00	60.00
Veolia Energia Warszawa and its subsidiary ul Pulawska 2, 02-566 WARSZAWA (Poland)		FC	97.21	58.32
Veolia Nordic AB and its subsidiaries Hälsingegatan 47 113 31 Stockholm (Sweden)		FC	100.00	99.99
Veolia Nederland BV and its subsidiaries Tupolevlaan 69 1119 PA Schiphol -Rijk (Netherlands)		FC	100.00	99.99
Vilnius Energija Konstitucijos ave. 7 02300 Vilnius (Lithuania)		FC	100.00	99.99
Veolia Energy Hungary Co Ltd and its subsidiaries Szabadsag ut 301 2040 Budaors (Hungary)		FC	99.98	99.97
Veolia Energia Slovensko A.S. and its subsidiaries Einsteinova 25 851 01 Bratislava (Slovakia)		FC	100.00	99.99
LLC Veolia Mag and its subsidiaries Bat 3 1-3-5 SerpukhovskyPereulok Dom 3 Stroeni 3 115093 Moscow (Russia)		FC	100.00	99.99
Pražská teplárenská – PT and its subsidiaries Partyzánská 1 170 00 Praha 7-Holešovice (Czech Republic)		FC	100.00	100.00
Veolia Energie CR A.S. and its subsidiaries 28.Rijna 3123/152 709 74 Ostrava (Czech Republic)		FC	83.06	83.05
REST OF THE WORLD				
VNA Regeneration Services LLC 4760 World Houston Parkway, Suite 100 Houston, TX 77032 (United States)		FC	100.00	100.00
Veolia Water Americas, LLC and its subsidiaries 53 State street 14th floor 02109 MA Boston (United States)		FC	100.00	100.00
Veolia Environmental Services North America 53 State street 14th floor 02109 MA Boston (United States)		FC	100.00	100.00
VES Technical Solutions LLC 53 State street 14th floor 02109 MA Boston (United States)		FC	100.00	100.00

Consolidation method.
FC: Full consolidation – EA: Equity associate.

Company and address	French company registration number (Siret)	Consolidation method	% control	% interest
Onyx Est Bâtiment O'Rigin 1 rue Henriette Galle Grimm 54000 Nancy	305 205 411 00070	FC	95.00	95.00
Paul Grandjouan SACO 6 rue Nathalie Sarraute 44200 Nantes	867 800 518 00609	FC	100.00	100.00
OTUS 28 boulevard de Pesaro 92000 Nanterre	622 057 594 00385	FC	100.00	100.00
OTHER EUROPEAN COUNTRIES				
Veolia Water UK Plc and its subsidiaries 210 Pentonville Road London N1 9JY (United Kingdom)		FC	100.00	100.00
Veolia ES (UK) Ltd and its subsidiaries 210 Pentonville Road London – N19JY (United Kingdom)		FC	100.00	100.00
Veolia Umweltservice GmbH and its subsidiaries Hammerbrookstrasse 69 20097 Hamburg (Germany)		FC	100.00	100.00
Veolia Deutschland GmbH and its subsidiaries Lindencorso Unter den linden 21 10117 Berlin (Germany)		FC	100.00	100.00
Braunschweiger Versorgungs- AG &Co.KG Taubenstrasse 7 38106 Braunschweig (Germany)		FC	74.90	50.11
Aquiris SA Avenue de Vilvorde, 450 1130 Brussels (Belgium)		FC	99.00	99.00
Apa Nova Bucuresti Srl Strada Aristide Demetriade nr 2, Sector 1 Bucharest (Romania)		FC	73.69	73.69
Veolia Central & Eastern Europe and its subsidiaries 21 rue La Boétie 75008 Paris	433 934 809 00032	FC	100.00	100.00
Veolia Energie Praha, a.s. Na Florenci 2116/15, Nové Město, 110 00 Praha 1 (Czech Republic)		FC	100.00	83.05
Prazske Vodovody A Kanalizace a.s. Ke Kablu 971/1,102 00 Prague 10 (Czech Republic)		FC	51.00	51.00
Soflyska Voda AD Mladost region Mladost 4 Business Park Street Building 2a 1715 Sofia Sofia (Bulgaria)		FC	77.10	77.10
Veolia Energy UK PLC and its subsidiaries 210 Pentonville Road N1 9JY London (United Kingdom)		FC	100.00	99.99
Veolia NV-SA and its subsidiaries 52, quai Fernand-Demets 1070 – Brussels (Belgium)		FC	100.00	100.00

Consolidation method.
FC: Full consolidation – EA: Equity associate.

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NOTE 16 MAIN COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

In 2021, Veolia Group consolidated or accounted for a total of 1,553 companies, of which the main companies are:

Company and address	French company registration number (Siret)	Consolidation method	% control	% interest
Veolia Environnement SA 21 rue La Boétie 75008 Paris	403 210 032 00104	FC	100.00	100.00
FRANCE				
Water				
Veolia Eau – Compagnie Générale des Eaux 21 rue La Boétie 75008 Paris	572 025 526 10945	FC	100.00	100.00
Veolia Water 21 rue La Boétie 75008 Paris	421 345 042 00053	FC	100.00	100.00
Compagnie des Eaux et de l'Ozone 21 rue La Boétie 75008 Paris	775 667 363 02470	FC	100.00	100.00
Société Française de Distribution d'Eau 28 boulevard de Pesaro 92000 Nanterre	542 054 945 00416	FC	99.62	99.62
Compagnie Fermière de Services Publics ZAC de la Pointe 9, rue des Frênes 72190 Sarge les Le Mans	575 750 161 00904	FC	99.87	99.87
Compagnie Méditerranéenne d'Exploitation des Services d'Eau – CMESE 1 rue Albert Cohen Immeuble Plein Ouest A 13016 Marseille	780 153 292 00187	FC	99.72	99.72
Société des Eaux de Melun Zone Industrielle – 198/398, rue Foch 77000 Vaux Le Pénil	785 751 058 00047	FC	99.32	99.32
Société des Eaux de Marseille 78 boulevrd Lazer 13010 Marseille	057 806 150 00488	FC	98.71	98.71
Waste				
Veolia Propreté 21 rue La Boétie 75008 Paris	572 221 034 01230	FC	100.00	100.00
Routière de l'Est Parisien 28 boulevard de Pesaro 92000 Nanterre	612 006 965 00182	FC	100.00	100.00
ONYX Auvergne Rhône-Alpes 2/4, avenue des canuts 69120 Vaulx en Velin	302 590 898 00656	FC	100.00	100.00

Consolidation method.
FC: Full consolidation – EA: Equity associate.

On the same day and in front of the same tribunal, Antero filed suit against VWT and claimed that VWT breached its contractual obligations under the DBA. In this lawsuit, Antero asserts claims under alternative theories of fraud and breach of contract. Antero seeks USD $451million under its fraud claim and USD $371million under its breach of contract claim. Antero concedes that it cannot recover under both theories. VWT vigorously rejected all of these claims, which it considers without merit.

VWT's claims have been consolidated with Antero's claims. These consolidated proceedings are now ongoing.

The Antero lawsuit has been reported to the insurers. After initially accepting to cover the legal expenses in connection with those proceedings, the insurers ultimately disputed their coverage obligation and have initiated arbitral proceedings to that end. The Group strongly contests the insurers' position.

NOTE 14 RELATED PARTY TRANSACTIONS

The Group identifies related parties in accordance with the provisions of paragraph 9 of IAS 24 revised, Related Party Disclosures.

A breakdown of compensation and related benefits of key management (related parties) is presented in Note 7.4.

A breakdown of relations with joint ventures is presented in Note 6.2.4.1.

Relations with other related parties break down as follows:

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.

NOTE 15 SUBSEQUENT EVENTS

- Regarding the combination with Suez, the closing of the Suez Tender Offer and the sale of the New Suez to the consortium took place in January 2022 (refer to Note 3 – Suez Combination for more details).
- Following the emergence of the conflict in Eastern Europe, the Group is closely monitoring the development of the situation. The Group provides essential services for local populations in Ukraine and Russia, with the health and safety of its employees and the reduction of these risks as priorities. These activities represent, in 2021, 0.3% of the Group's revenue and 0.8% of the capital employed.

  Veolia remains attentive on a daily basis to the evolution of the conflict in Eastern Europe as well as its impact on the economic environment and on energy supplies.

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Southern Europe

Veolia Propreté *vs.* Republic of Italy

In October 2007, Veolia Propreté made very significant investments in Italy through long-term concession contracts for the construction and management of waste recovery and power generation facilities in the regions of Calabria and Tuscany. The Italian subsidiaries of Veolia Propreté were unable to execute the concession contracts due to the serious failures of the Italian authorities. In 2014, these actions caused subsidiaries' bankruptcy and the destruction of Veolia Propreté's investment.

In June 2018, Veolia Propreté commenced an against the Republic of Italy arbitration before the International Center for Settlement of Investment Disputes alleging breaches of the Energy Charter Treaty.

The tribunal was constituted in January 2019. To date, Veolia Propreté claims amounts to circa €300M plus interests.

The arbitration is underway.

Veolia Technologies and Contracting

VWT *vs.* K+S Potash

On December 1, 2012, Veolia Water Technologies, Inc. ("VWT") signed a $324.5MUSD contract with K + S Potash Canada GP ("KSPC") for the design, supply and commissioning of a evaporation and crystallization system, which includes 14 large evaporators and crystallizers (the "Tanks"), for a potash mine then under construction by KSPC in the province of Saskatchewan, Canada. In this framework, a letter of guarantee at first request was issued by VWT to the benefit of KSPC in the amount of $14.6MUSD.

On July 17, 2016, during the process of commissioning the Tanks, one tank collapsed (the "Incident"). A new replacement tank had to be manufactured and installed. The Incident also damaged other Tanks and plant equipment, which had to be removed and replaced. VWT cooperated with KSPC to determine the cause of the incident. The first investigation, conducted by KSPC, identified a defect in the design of the metal structure supporting the Tanks, for which VWT and one of its subcontractors were responsible. A second investigation conducted by VWT, however, found a defect in the production of the concrete bases to which the metal structure supporting the Tanks was affixed. These concrete bases were in turn built by a subcontractor of KSPC. VWT has repaired the damaged Tanks. These repairs resulted in significant contractual changes ("Change Orders") and additional costs. Mid-June, 2017, a second letter of guarantee at first request was issued by VWT to KSPC in the amount of $15MUSD.

Several procedures are currently in progress.

ADRIC Arbitration Procedure (ADR Institute of Canada)

On August 18, 2017, VWT filed a complaint with the ADRIC seeking KSPC's reimbursement of the costs incurred by the contractual modifications made to carry out repairs linked to the Incident, *i.e.* $19MUSD. Mid-January 2019, the arbitral tribunal accepted jurisdiction over only some claims (approximately $13.6MUSD). This procedure is stayed due to proceedings initiated by KSCP before the Court of Queen's Bench for Saskatchewan (see below).

Legal Proceedings (the Court of Queen's Bench for Saskatchewan)

On April 11, 2018, KSPC brought claims against VWT before the Court of Queen's Bench for Saskatchewan in the amount of $180MCAD (approximately €119M) for consequential damages and additional costs of repair in relation to the Incident. On January 18 2019, VWT made a settlement offer to KSPC who refused the offer.

By an Act of May 28, 2018, one of KSPC's subcontractors, AECON, sued KSPC before the Court of Queen's Bench for various claims for damages. On June 28, 2018, KSPC joined VWT as a third party to the proceedings in an attempt to require VWT to indemnify KSPC for a minimum of $466MCAD (approximately €318M) as well as for reimbursement of sums already paid by KSPC to other subcontractors.

On March 25, 2020, KSPC brought claims against VWT before the Court of Queen's Bench for Saskatchewan for an amount quantified to date at $4.6MCAD (approximately €3M). These new claims include an equipment failure occurred in November 2018 and alleged corrosion in specific materials of the plant. In June 2020, VWT filed a statement of defence before this court and contested these new claims.

KSPC obtained payment of the first and second letter of guarantee in November 2020 and 2019, respectively.

The Group strongly contests the merits of all these legal proceedings.

These lawsuits have been reported to insurance companies, which have already covered part of the expenses incurred.

VWT *vs.* Antero

In August 2015, Veolia Water Technologies Inc. ("VWT") and Antero Resources Corporation ("Antero") entered into a Design Build Agreement ("DBA") for a revised contract sum of USD $255.8 million for the treatment of water associated with the drilling, production and general development of shale gas at the Clearwater facility located in Pennsboro West Virginia ("Facility"). VWT achieved the substantial completion of the Facility on March 15, 2019. The Facility was fine-tuned over the following months. The final performance test was scheduled to begin on September 16, 2019 but by letter of September 12, 2019, Antero wrongly terminated the DBA without proper contractual notice or valid reason.

On March 13, 2020 VWT filed suit against Antero in the District Court, City and County of Denver, Colorado, in the United States, alleging breach of contract and seeking damages of USD $120 million.

Criminal actions

Criminal proceedings were initiated by the former Attorney General against fifteen employees of the State of Michigan and the City of Flint for their conduct related to the water crisis in Flint. Of these fifteen employees, seven pleaded guilty. On June 13, 2019, the new Attorney General dropped all charges against the remaining eight employees.

In mid-January 2021, the Michigan Attorney General's Office announced that a Grand Jury had issued criminal indictments against eight former Flint and state officials and one current State official for their alleged roles in the Flint water crisis. The investigation remains open and is ongoing.

Insurance

These lawsuits have been reported to the insurers. Some of the insurers, relying on an exclusion clause contained in their policies, have made it known that they do not intend on covering the financial consequences of VNA's liability, if this were to be established, for damages resulting from lead.

The Group strongly contests this position, arguing that this exclusion clause is not applicable in the current situation and that, in any case, the clause is void as it is contrary to both the mandatory rule of Article L.113-1 of the French Insurance Code, requiring that the exclusion shall be "formal and limited" and contrary to its interpretation by the courts.

Central and Eastern Europe

Lithuania – Energy

Between 2000 and 2003, the Lithuanian subsidiaries of the Group, UAB Vilniaus Energija ("UVE") and UAB Litesko ("Litesko"), signed a number of contracts with Lithuanian cities, of which the most significant was with the city of Vilnius ("Vilnius") in 2002 to rent, operate and modernize the heating and electricity production and distribution infrastructure. The Group made significant investments over the years for which it expects the cost incurred to be taken into account and a return on its investment.

Since 2009, the government publicly, and on numerous occasions, accused the Group of being responsible for high heating prices by waging a sustained campaign against it. Several steps were thus taken by the public authorities against the Lithuanian subsidiaries of the Group, among others:

- a €19M fine imposed on UVE by the Competition Council;
- the transfer of ownership without compensation of the individual heat exchange sub-stations invested by UVE;
- the unilateral reduction of the heating prices to capture the savings realized with the help of a smoke condenser invested by UVE;
- the retroactive annulment of the heating prices applied by UVE for the period 2011-2015;
- the annulment of the amendments extending the duration of the contract concluded between Litesko and the city of Alytus and the transfer to Alytus of the assets invested by Litesko.

All the harmful decisions taken against the Lithuanian subsidiaries of the Group are subject to pending challenges or appeals before the local courts.

In this context, the Company and its subsidiaries also had to initiate the arbitral proceedings described below.

ICSID arbitration

In January 2016, the Company, Veolia Energie International (successor in law to Veolia Baltics and Eastern Europe), UVE and Litesko (collectively "the Companies") filed a request for arbitration against Lithuania before the International Center for Settlement of Investment Disputes ("ICSID").

To date, the Companies' claim amounts to circa €80M (not including interest). For its part, Lithuania withdrew its €150M counterclaim in its last submission. This procedure is still pending.

In June 2018, Lithuania filed an objection to the arbitral tribunal's jurisdiction, based on a decision rendered by the European Court of Justice on March 6, 2018 in the *Achmea* case, in which the Court ruled that investor-state arbitration provisions in intra-EU bilateral investment treaties are incompatible with European Union law. In a declaration dated January 15, 2019, the EU Member States indicated their intention to terminate the intra-EU bilateral investment treaties by December 2019. On May 5th 2020, a vast majority of Member states – including France and Lithuania – signed a plurilateral treaty organizing the termination of the intra-EU bilateral investment treaties. The treaty came into effect in France on August 28, 2021 and in Lithuania on September 4, 2021. These developments may have an impact on the ICSID arbitration and, as the case may be, on the enforcement of the future award as well as on the proceedings described hereafter.

In July 2020, Lithuania initiated a legal action against the Companies and other respondents before the Vilnius regional court, by which it seeks compensation for damages worth over € 240 million. Lithuania has indicated that this action is a transfer of the counterclaims it previously withdrew from the ICSID arbitration, following the Achmea decision. To date, only VEI, UVE and Litesko have been served with Lithuania's writ of summons. These latter vigorously contest Lithuania's claims. In August 2020, the Vilnius regional court declared Lithuania's claim inadmissible. Lithuania appealed that decision. In March 2021, the court of appeal annulled the tribunal's decision. Several cassation appeals were filed against this latter decision. In January 2022, the supreme court validated the court of appeal's decision and remanded the case back to the Vilnius court. In February 2022, this latter declared again Lithuania's claim inadmissible notably on the ground that Lithuania has no interest in bringing such a claim. Lithuania appealed this judgment.

SCC arbitration

In November 2016, in the context of the Vilnius agreement which expiration date was nearly reached (March 2017), the Company and UVE filed a request for arbitration before the Stockholm Chamber of Commerce ("SCC") to secure the appointment of an independent expert to evaluate the condition of the assets. That SCC arbitration has since expanded in scope to address claims by the Company, UVE, Vilnius and municipal company VST ("VST") in connection with the Vilnius lease.

In this arbitration, the Company and UVE filed a claim for an indemnity of circa €22M. For their part, Vilnius and VST submitted counterclaims quantified to date at circa €690M. This procedure is still ongoing. The Company and UVE vigorously contest Vilnius and VST's counterclaims and seek their dismissal.

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On February 18, 2015, VWNAOS issued an interim report based, among other things, on tests performed exclusively by Flint, which showed that the city was in compliance with the Lead & Copper rule. This report included a statement that the drinking water was "safe" in that it complied "with state and federal standards and required testing". During that evening's public meeting, which was organized by the Flint City Council Public Works Committee, VWNAOS employees communicated to the public the results of VWNAOS' interim report.

In parallel, Flint conducted lead tests at the home of a Flint resident which revealed high levels of lead in the water but did not share these results with VWNAOS. Michigan government officials maintained that it was an isolated incident, not a system-wide problem.

On March 12, 2015, VWNAOS delivered its final report to Flint, which was subsequently made available to the public. In its report, VWNAOS issued a broad set of recommendations to address TTHM compliance and improve water quality related to taste, odour and discoloration. The report also recommended that Flint work with the State regulators and Flint's engineering firm to establish a corrosion control plan. Most of these recommendations were ignored by Flint.

On June 24, 2015, an employee of the U.S. Environmental Protection Agency issued a memorandum summarizing the available information regarding measures taken by Flint and several governmental agencies in response to high lead levels in Flint's drinking water reported by a Flint resident in February 2015.

On September 25, 2015, Flint issued a lead advisory to the residents of Flint regarding the presence of lead in the drinking water.

On October 16, 2015, Flint switched its water supply source back to the Detroit water system.

On October 21, 2015, the office of the Governor of the State of Michigan commissioned the Flint Water Advisory Task Force, a group of experts from a variety of disciplines, to conduct an independent review of the Flint water crisis, including lead contamination of the water.

On March 21, 2016, the Flint Water Advisory Task Force issued its final report, drafted after interviewing numerous individuals and reviewing many documents. The report concluded that the responsibility for the Flint water crisis rested largely with several governmental agencies and Flint. The report concluded that the Michigan Department of Environmental Quality and the City of Flint did not require the implementation of corrosion control when the source of the water supply was changed to the Flint River, which the Task Force found was contrary to requirements imposed by a federal law known as the Lead & Copper Rule.

Since February 2016, numerous individual complaints and putative class actions have been filed in Michigan state and federal courts by Flint residents against a number of defendants, including the State of Michigan, the Michigan Department of Environmental Quality, Flint, LAN and three of the US subsidiaries of the Company, Veolia North America Inc., VWNAOS and Veolia North America LLC (collectively "VNA").

Although the Company has been named in several actions mentioned above, it has not been served and is not a party to any of these actions. Only the three U.S. subsidiaries of the Company are active parties in these actions.

In November 2020, the plaintiffs in the putative class actions and individual actions (both state and federal) reached a settlement with some defendants in these actions, including the State of Michigan and Flint, but not VNA. This settlement was approved by the federal judge in the amount of $626.25 million.

The proceedings will continue with regard to those who are not parties to the settlement, including VNA.

The plaintiffs' cause of action in the federal and state proceedings against VNA is professional negligence.

Civil Actions in the United States District Court for the Eastern District of Michigan (Federal Court)

Individual actions: Actions brought by individually represented plaintiffs have been organized into a bellwether process, under which a series of trials brought by a small number of representative plaintiffs will be held. The first of these began in February 2022. Further bellwether trials have not yet been scheduled.

Issues class action: In August 2021, the court certified an issues class action with respect to VNA. The issues class action will only address some specific common questions regarding elements of VNA's alleged liability. If this issues class action is successful on the merits (which will be decided after a jury trial), each class plaintiff must file an individual action and prove specific causation and personal damages in order to engage VNA's liability. A request for an *en banc* hearing before the full Sixth Circuit is currently pending.

Civil Actions in Circuit Court for the Seventh Judicial Circuit, Genesee County, Michigan (State Court)

Individual actions and putative class action: In parallel to the actions in federal court, claims filed by individual plaintiffs and a putative class are pending in state court. No trial date has been set for any of these state court cases.

Civil action brought by the Michigan Attorney General: In June 2016, the State of Michigan's Attorney General filed a "*parens patriae*" civil action in state court against several corporations, including VNA and the Company itself, alleging certain acts and omissions related to the Flint water crisis. After unilaterally dismissing that action, the Attorney General filed a new action in August 2016. The Attorney General then agreed to dismiss the Company without prejudice from that action. After the 2018 election of a new state Governor and Attorney General, the Attorney General filed an amended complaint against the Company and VNA, among others. The Company has not been served with that complaint and is not currently an active party in this action, but VNA is. Following motions to dismiss, the only remaining causes of action brought by the Attorney General against VNA are professional negligence and unjust enrichment. No trial date has been set.

The Group strongly contests the merits of claims in all of these civil proceedings.

Deferred tax assets and liabilities **break down by destination** as follows:

(€ million)	As of December 31, 2020 re-presented	As of December 31, 2021
DEFERRED TAX ASSETS, NET		
Deferred tax assets through net income	962.5	1,015.6
Deferred tax assets through equity	74.0	43.6
DEFERRED TAX ASSETS, NET	1,036.5	1,059.2
DEFERRED TAX LIABILITIES		
Deferred tax liabilities through net income	1,055.6	1,128.4
Deferred tax liabilities through equity	45.8	68.0
DEFERRED TAX LIABILITIES	1,101.4	1,196.4

12.3 Tax audits

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

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

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

In estimating the risk as of December 31, 2021, the Group took account of the expenses that could arise as a consequence of these audits, based on a technical analysis of the positions defended by the Group before the tax authorities. The Group periodically reviews the risk estimate in view of developments in the audits and legal proceedings.

NOTE 13 CONTINGENT ASSETS AND LIABILITIES

In accordance with IAS 37 criteria, management does not consider it appropriate to record a provision or, as the case may be, an additional provision, or to recognize deferred income with respect to the following legal, administrative or arbitration proceedings as of December 31, 2021, due to the uncertain nature of their outcome.

The main contingent assets and liabilities relating to legal, administrative or arbitration proceedings are presented below:

North America

United States - Water - Flint

In November 2011, the Governor of Michigan declared the City of Flint, Michigan ("Flint") to be in financial difficulty and appointed an emergency manager ("Emergency Manager") for Flint. In an attempt to save money, the Emergency Manager decided to switch the city's water supply source (previously provided by Detroit) to the Flint River on an interim basis as part of a long-term plan to switch to water from Lake Huron.

In 2013, Flint hired the engineering firm Lockwood, Andrews & Newman ("LAN") to prepare the Flint water plant to switch water sources. In April 2014, the Flint water plant began treating Flint River water for distribution to its residents.

Following the switch to Flint River water, Flint residents began to complain about its odour, taste and appearance. Between August and December 2014, Flint experienced a number of water quality issues resulting in violations of National Primary Drinking Water Regulations, including "Total Trihalomethanes" ("TTHM") (which are disinfection byproducts) maximum contaminant level violations.

In February 2015, Flint hired a US subsidiary of the Company, Veolia Water North America Operating Services, LLC ("VWNAOS"), to produce a report, which included a discussion of residual effects of the chlorination process, discoloration and taste and odor issues. This one-time review (invoiced at USD $40,000) was completed by VWNAOS in approximately four weeks. Throughout that time, and subsequently, Flint continued to retain LAN as its primary water engineering consultant. In December 2014 and during 2015, LAN developed a treatment plan for the Flint River water and submitted reports to Flint that addressed compliance with the Safe Drinking Water Act. In its plan and reports, LAN did not raise or address any concerns that Flint's new water supply could create problems with lead levels in the drinking water.

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The breakdown **by main tax group** as of December 31, 2021 is as follows:

(€ million)	Recognized deferred tax assets on tax losses	Recognized deferred tax assets on timing differences	Deferred tax liabilities on timing differences	Net recognized deferred tax position
France tax group	7.2	50.3	(50.3)	7.2
United States tax group	165.4	115.8	(155.5)	125.7
TOTAL FOR THE MAIN TAX GROUPS	172.6	166.1	(205.8)	132.9

The timing schedule for the reversal of the net deferred tax position on timing differences and the deferred tax asset position on tax losses of the France tax group and the United States tax group is as follows:

	Deferred tax assets on tax losses			Net deferred tax on timing differences			Total		
(€ million)	5 years or less	More than 5 years	Total	5 years or less	More than 5 years	Total	5 years or less	More than 5 years	Total
France tax group	7.2	-	**7.2**			-	7.2	-	**7.2**
United States tax group	165.4	-	**165.4**	40.4	(80.1)	**(39.7)**	205.8	(80.1)	**125.7**

The **expiry schedule** for deferred tax assets on tax losses recognized and not recognized as of December 31, 2021 is as follows:

	Maturing in				
(€ million)	5 years or less	More than 5 years	Unlimited	Total as of December 31, 2021	Total as of December 31, 2020 re-presented
Recognized tax losses	193.4	6.1	113.6	313.1	304.9
Tax losses not recognized	535.9	73.9	689.2	1,299.0	1,256.8

The increase in recognized tax losses as of December 31, 2021 follows the reassessment by the Group of its outlook and, particularly the outlook of the US tax group.

Movements in deferred tax assets and liabilities during **2021** are as follows:

(€ million)	As of December 31, 2020 re-presented	Changes in business through net income	Changes in business through equity	Changes in consolidation scope	Foreign exchange translation	Transfers to Assets/ Liabilities classified as held for sale	Other move-ments	As of December 31, 2021
Deferred tax assets, gross	2,646.6	42.0	(49.7)	(6.0)	91.3	-	46.0	2,770.2
Deferred tax assets not recognized	(1,610.1)	(84.6)	19.3	15.0	(50.4)	-	(0.2)	(1,711.0)
DEFERRED TAX ASSETS, NET	**1,036.5**	**(42.6)**	**(30.4)**	**9.0**	**40.9**	**-**	**45.8**	**1,059.2**
DEFERRED TAX LIABILITIES	**1,101.4**	**-5.5**	**14.7**	**8.6**	**38.4**	**-**	**38.8**	**1,196.4**

As of December 31, 2021, deferred tax assets not recognized total -€1,711.0 million, including -€1,299.0 million on tax losses and -€412.0 million on timing differences. As of December 31, 2020, such deferred tax assets totaled -€1,610.0 million, including -€1,256.8 million on tax losses and -€353.3 million on timing differences.

Deferred tax assets and liabilities **break down by nature** as follows:

(€ million)	As of December 31, 2020 re-presented	As of December 31, 2021
DEFERRED TAX ASSETS		
Tax losses	1,561.7	1,621.3
Provisions and impairment losses	177.0	222.4
Employee benefits	218.7	220.7
Financial instruments	70.6	47.4
Operating financial assets	39.7	34.8
Fair value of assets purchased	18.2	21.3
Foreign exchange gains and losses	0.2	0.8
Finance leases	40.6	30.1
Intangible assets, PP&E and operating financial assets	97.8	91.6
Other	422.0	479.8
DEFERRED TAX ASSETS, GROSS	**2,646.5**	**2,770.2**
DEFERRED TAX ASSETS NOT RECOGNIZED	**(1,610.0)**	**(1,711.0)**
RECOGNIZED DEFERRED TAX ASSETS	**1,036.5**	**1,059.2**

(€ million)	As of December 31, 2020 re-presented	As of December 31, 2021
DEFERRED TAX LIABILITIES		
Intangible assets and Property plant and equipment	462.2	530.2
Fair value of assets purchased	263.1	240.6
Operating financial assets	69.1	68.9
Financial instruments	49.3	64.1
Finance leases	59.7	64.5
Provisions	32.2	32.2
Foreign exchange gains and losses	4.9	7.6
Employee benefits	48.0	51.0
Other	112.9	137.3
DEFERRED TAX LIABILITIES	**1,101.4**	**1,196.4**

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12.1.2 Effective tax rate

	2020 re-presented	2021
Net income (loss) from continuing operations (a)	228.4	554.9
Share of net income (loss) of associates (b)	23.1	30.8
Share of net income (loss) of joint ventures (c)	87.4	74.0
Share of net income (loss) of other equity-accounted entities (d)	-	-
Impairment losses on goodwill of joint ventures and other equity-accounted entities (e)	-	11.8
Income tax expense (f)	(137.0)	(345.8)
Net income from continuing operations before tax (g) = (a)-(b)-(c)-(d)-(e)-(f)	254.9	784.1
Effective tax rate -(f)/(g)	**53.8%**	**44.10%**
Theoretical tax rate[1]	**32.02%**	**28.41%**
Net impairment losses on goodwill not deductible for tax purposes	5.1%	-
Differences in tax rate	-16.1%	0.9%
Capital gains and losses on disposals	-4.6%	1.2%
Dividends	2.4%	1.4%
Taxation without tax base	8.4%	4.6%
Effect of tax projections[2]	9.2%	4.9%
Other permanent differences	17.4%	2.7%
EFFECTIVE TAX RATE	53.8%	44.1%

(1) The tax rate indicated is the statutory tax rate in France applicable in fiscal years 2020 and 2021.
(2) Effect of tax projections primarily includes impairment losses on deferred tax assets and capitalized deferred taxes.

The main elements explaining the effective tax rate in **2021** are as follows:

- transactions in countries with a lower tax rate than the French standard rate;
- a change in the deferred tax rate in the United Kingdom;
- taxation without tax base.

It is recalled that the main elements explaining the effective tax rate in **2020** were as follows:

- transactions in countries with a lower tax rate than the French standard rate;
- other permanent differences.

12.2 Deferred tax assets and liabilities

Deferred tax assets and liabilities are generally recognized on timing differences and/or tax loss carry forwards.

Deferred tax assets arising from timing differences are only recognized when it is probable that:

- there are sufficient taxable timing differences within the same tax group or tax entity that are expected to reverse in the same periods as the expected reversal of such deductible timing differences or in the periods when the deferred tax assets arising from tax losses can be carried back or forward; or
- the Group is likely to generate sufficient future taxable profits against which the asset can be offset.

At each reporting date, the Group reviews the recoverable amount of deferred tax assets arising from material tax losses carried-forward.

Deferred tax assets arising from these tax losses are no longer recognized or are reduced when required by the specific facts and circumstances of each company or tax group concerned, and particularly when:

- the forecast period and uncertainties regarding the economic environment no longer enable the probability of utilization to be assessed;
- the companies have not started utilizing the losses;
- the forecast utilization period exceeds the carry forward period authorized by tax legislation; or
- offset against future taxable profits is uncertain due to the risk of different interpretations of the application of tax legislation.

Deferred tax assets and liabilities are adjusted for the effects of changes in prevailing tax laws and rates at the year end. Deferred tax balances are not discounted.

By nature of obligation, these provisions concern:

- provisions for site rehabilitation in the amount of €680.5 million at the end of 2021, compared with €626.0 million at the end of 2020;
- provisions for environmental risks in the amount of €35.0 million at the end of 2021, compared with €17.8 million at the end of 2020;
- provisions for plant dismantling in the amount of €31.6 million at the end of 2021, compared with €34.2 million at the end of 2020.

Self-insurance provisions were mainly recorded by Group insurance and reinsurance subsidiaries.

Other provisions include various obligations recorded as part of the normal operation of the Group's subsidiaries and which are of immaterial individual amount. They primarily concern the following operating segments:

- France in the amount of €55.7 million as of December 31, 2021, compared with €34.9 million as of December 31, 2020;
- Europe excluding France, in the amount of €77.6 million as of December 31, 2021, compared with €60.3 million as of December 31, 2020;
- the Rest of the world in the amount of €35.4 million as of December 31, 2021, compared with €40.3 million as of December 31, 2020;
- Global businesses in the amount of €29.6 million as of December 31, 2021, compared with €24.5 million as of December 31, 2020;
- the Other segment in the amount of €33.0 million as of December 31, 2021, compared with €24.2 million as of December 31, 2020.

Provisions for pensions and other employee benefits as of December 31, 2021 total €733.1 million, and include provisions for pensions and other post-employment benefits of €651.2 million (governed by IAS 19 and detailed in Note 7.3), and provisions for other long-term benefits of €84.5 million.

NOTE 12 INCOME TAX EXPENSE

12.1 Income taxes

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

12.1.1 Analysis of the income tax expense

The income tax expense breaks down as follows:

(€ million)	2020 re-presented	2021
Current income tax (expense) income	**(224.2)**	**(308.8)**
France	(22.9)	(41.5)
Other countries	(201.3)	(267.3)
Deferred tax (expense) income	**87.2**	**(37.0)**
France	11.7	(3.4)
Other countries	75.5	(33.6)
TOTAL INCOME TAX EXPENSE	(137.0)	(345.8)

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

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Movements in non-current and current provisions during **2021** are as follows:

(€ million)	As of December 31, 2020 re-presented	*Addition/ Charge*	*Repayment/ Utilization*	Reversal	Actuarial gains (losses)	Unwinding *of the* discount	Changes in *consolidation* scope	Foreign *exchange* translation	*Non-current/ current reclassification*	Other movements	As of December 31, 2021
Tax litigation[1]	47.8	10.5	(6.4)	(15.4)	-	-	7.0	1.0	-	1.0	45.5
Employee litigation	22.2	7.1	(5.9)	(3.3)	-	-	2.5	(0.1)	-	1.0	23.5
Other litigation	142.3	14.9	(7.4)	(15.5)	-	(1.5)	-	1.4	-	(0.1)	134.1
Contractual commitments	94.0	204.2	(205.6)	(7.1)	-	0.3	-	0.1	-	-	85.9
Provisions for work-in-progress and losses to completion on long-term contracts	129.8	34.1	(32.9)	(15.0)	-	(0.1)	-	3.6	-	-	119.5
Closure and post-closure costs	678.0	11.7	(35.6)	(19.4)	-	77.6	18.0	14.2	-	2.6	747.1
Restructuring provisions	45.5	19.8	(24.0)	(6.0)	-	-	(0.2)	0.6	-	(0.8)	34.9
Self-insurance provisions	240.8	97.4	(54.8)	(24.7)	-	0.1	0.2	1.0	-	0.2	260.2
Other provisions	184.2	121.5	(60.9)	(22.3)	-	-	7.8	0.7	-	0.3	231.3
Provisions excluding pensions and other employee benefits	**1,584.6**	**521.2**	**(433.6)**	**(128.8)**	**-**	**76.4**	**35.4**	**22.4**	**-**	**4.4**	**1,682.0**
Provisions for pensions and other employee benefits	**741.9**	**64.8**	**(62.4)**	**(6.8)**	**(67.2)**	**6.0**	**21.4**	**7.0**	**-**	**28.4**	**733.1**
TOTAL PROVISIONS	2,326.5	586.0	(496.0)	(135.6)	(67.2)	82.4	56.8	29.4	-	32.8	2,415.1
NON-CURRENT PROVISIONS	1,815.8	345.2	(268.0)	(76.6)	(67.2)	82.4	52.5	24.1	(80.0)	48.4	1,876.6
CURRENT PROVISIONS	510.7	240.8	(228.0)	(59.0)	-	-	4.3	5.3	80.0	(15.6)	538.5

(1) Provisions other than for income tax.

Provisions for litigation total €203.1 million overall as of December 31, 2021, compared with €212.3 million overall as of December 31, 2020.

The France, Europe excluding France, Rest of the world and Global businesses operating segments account for €46.5 million, €69.5 million, €40.1 million and €41.8 million of these provisions, respectively, as of December 31, 2021.

Additional information on the main litigation is presented in Note 13.

As of December 31, 2021, **provisions for contractual commitments** primarily concern the France operating segment in the amount of €55.1 million.

Provisions for work-in-progress and losses to completion on long-term contracts total €119.5 million as of December 31, 2021 and mainly concern the France operating segment in the amount of €16.8 million, the Europe excluding France operating segment in the amount of €27.6 million, the Rest of the world operating segment in the amount of €37.8 million and the Global businesses operating segment in the amount of €37.4 million.

Provisions for closure and post-closure costs total €747.1 million as of December 31, 2021 compared with €678.0 million as of December 31, 2020 and mainly concern the following operating segments:

- France in the amount of €276.1 million in 2021, compared with €262.9 million in 2020;
- Europe excluding France, in the amount of €244.7 million in 2021, compared with €219.0 million in 2020.

The change in these provisions in **2021** is mainly due to the unwinding of the discount in the amount of €77.6 million, net reversals of provisions in the amount of -€55.0 million and foreign exchange translation gains and losses in the amount of €14.2 million.

NOTE 11 PROVISIONS

Pursuant to IAS 37, Provisions, Contingent Liabilities and Contingent Assets, a provision is recorded when, at the year end, the Group has a current legal or implicit obligation to a third party as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be reliably estimated.

Provisions cover all losses that are considered probable, and that relate to litigation (taxation other than income tax, employee or other) arising in the normal course of Veolia's business operations, including adjustments on uncertain tax positions identified but not yet adjusted.

As part of its obligations under public services contracts, Veolia generally has contractual obligations for the maintenance and repair of the installations it manages. The resulting maintenance and repair costs are analyzed in accordance with IAS 37 on provisions and, where necessary, a provision for contractual commitments is recorded where there are delays in work to be performed.

In the event of a restructuring, an obligation exists if, prior to the period end, the restructuring has been announced and a detailed plan produced or implementation has commenced. Future operating costs are not provided.

Provisions for closure and post-closure costs encompass the legal and contractual obligations of the Group on the completion of operating activities at a site (primarily site rehabilitation provisions) and, more generally, expenditure associated with environmental protection (provision for environmental risks).

In the case of provisions for rehabilitation of landfill facilities, Veolia accounts for the obligation to restore a site as waste is deposited, recording a non-current asset component. This asset is amortized during the fiscal year based on its depletion. The costs included take account of the technical and operating characteristics of the sites, as well as applicable regulatory requirements. The monitoring period following the closure of a landfill site depends on the country where the Group operates (France: 30 years; UK: 60 years). Inflation is taken into account in the total cost calculation and, depending on the projected expenditure schedule, a discount rate is applied (based on the country and flow maturities). Provisions are calculated, by site, at the reporting date, taking account of the landfill site fill rate, total estimated costs per year, the scheduled closure date and the discount rate and are recorded progressively over the operating period.

Provisions giving rise to an outflow after more than one year are discounted if the impact is material. Discount rates reflect current assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recorded in the Consolidated Income Statement in "Other financial income and expenses".

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

10.5 Earnings per share

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

Pursuant to IAS 33, the weighted average number of shares outstanding taken into account for the calculation of net income per share is adjusted for the distribution of scrip dividends during the year. Pursuant to IAS 33.9 and IAS 12, net income attributable to owners of the Company has been adjusted to take into account the cost of the coupon payable to holders of deeply subordinated securities issued by Veolia Environnement.

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

Net income and the number of shares used to calculate basic and diluted earnings per share are presented below for all activities.

	As of December 31, 2020 re-presented	As of December 31, 2021
Weighted average number of ordinary shares *(in millions of shares)*	**554.9**	**592.9**
Weighted average number of ordinary shares for the calculation of basic earnings per share	554.9	592.9
Theoretical number of additional shares resulting from the exercise of share purchase and subscription options	25.0	25.1
Weighted average number of ordinary shares for the calculation of diluted earnings per share *(in millions of shares)*	**579.9**	**618.0**
Net income (loss) attributable to owners of the Company per share		
Net income (loss) attributable to owners of the Company *(in millions of euros)*	88.8	404.3
Net income (loss) attributable to owners of the Company per share *(in euros)*:		
Basic	0.16	0.68
Diluted	0.15	0.65
Net income (loss) from discontinued operations attributable to owners of the Company per share		
Net income (loss) from discontinued operations attributable to owners of the Company *(in millions of euros)*	(19.9)	-
Net income (loss) from discontinued operations attributable to owners of the Company per share *(in euros)*:		
Basic	(0.04)	-
Diluted	(0.04)	-
NET INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE		
Net income (loss) from continuing operations attributable to owners of the Company *(in millions of euros)*	108.7	404.3
Net income (loss) from continuing operations attributable to owners of the Company per share *(in euros)*:		
Basic	0.20	0.68
Diluted	0.19	0.65

The only potentially dilutive instruments recognized by Veolia Environnement are the share subscription and purchase options presented in Note 7.2.2.

The change in financial instruments at fair value through equity mainly concerns the Suez shares for €295.8 million (see Note 3).

No material amounts were released to the Consolidated Income Statement in respect of interest rate derivatives hedging cash flows and recorded in finance costs and income.

10.3 Net income attributable to non-controlling interests

Pursuant to IFRS 10, non-controlling interests in fully consolidated subsidiaries are considered a component of equity.

Furthermore, in accordance with IAS 32, Financial Instruments: Presentation, non-controlling interest put options are recognized as liabilities.

10.3.1 Net income attributable to non-controlling interests

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

As of December 31, 2021, non-controlling interests mainly concern:

- In Europe excluding France: Poland (€175.8 million) and Germany (€197.5 million);
- In the Rest of the world: China (€442.9 million).

The change in non-controlling interests is mainly due to net income for the year (€150.6 million), dividend distributions (-€137.3 million), share capital increases (€34.6 million), changes in consolidated scope (+€10.3 million), foreign exchange translation (+€47.7 million) and fair value adjustments on financial instruments (+€46.7 million).

10.3.2 Net income (loss) attributable to non-controlling interests

Net income attributable to non-controlling interests is €150.6 million for the year ended December 31, 2021, compared with €119.7 million for the year ended December 31, 2020.

Net income attributable to non-controlling interests breaks down by operating segment as follows:

(€ million)	Year ended December 31, 2020 re-presented	Year ended December 31, 2021
France	(0.7)	(3.4)
Europe excluding France[1]	(53.7)	(79.8)
Rest of the world[2]	(61.6)	(59.9)
Global businesses	(3.7)	(7.6)
Other	-	0.1
NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	**(119.7)**	**(150.6)**

(1) Including net income attributable to non-controlling interests in Central Europe (€77.1 million in 2021).
(2) Including net income attributable to non-controlling interests in Africa/Middle East (-€16.6 million), Taiwan (-€13.4 million), China (-€8.9 million) and Australia (-€11.4 million) in 2021.

10.4 Deeply-subordinated securities and OCEANE convertible bonds

10.4.1 OCEANE convertible bonds

On March 8, 2016, Veolia Environnement issued convertible "OCEANE" bonds. The conversion option of this transaction may be settled solely in shares and is recognized in equity. The bonds convertible and/or exchangeable for new and/or existing shares ("OCEANEs") issued in March 2016 were redeemed on September 14, 2019. -€5.5 million was recognized in equity as of December 31, 2019.

On September 12, 2019, Veolia Environnement completed an offering of bonds convertible and/or exchangeable for new and/or existing shares maturing January 1, 2025 by way of a private placement without shareholders' preferential subscription rights, of a nominal amount of €700 million (see also Note 9.1.1.1).

10.4.2 Deeply subordinated securities

On November 8, 2021, Veolia Environnement performed a hybrid debt issue in the amount of €500 million bearing a coupon of 2% until the first reset date in February 2028. Costs relating to this transaction totaled -€3.0 million.

It is recalled that Veolia Environnement performed a €2 billion debt issue on October 14, 2020 to refinance the acquisition of the 29.9% Suez share block from Engie.

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

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

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Movements in foreign exchange translation reserves (attributable to owners of the company and to non-controlling interests)

(€ million)	Total	o/w Attributable to owners of the Company
Translation differences on the financial statements of subsidiaries drawn up in a foreign currency	(222.7)	(217.9)
Translation differences on net foreign investments	(187.5)	(187.7)
As of December 31, 2020 re-presented	**(410.2)**	**(405.6)**
Translation differences on the financial statements of subsidiaries drawn up in a foreign currency	235.4	198.2
Translation differences on net foreign investments	(53.3)	(53.3)
Movements in 2021	**182.1**	**144.9**
Translation differences on the financial statements of subsidiaries drawn up in a foreign currency	12.7	(19.7)
Translation differences on net foreign investments	(240.8)	(241.0)
AS OF DECEMBER 31, 2021	(228.1)	(260.7)

Breakdown by currency of foreign exchange translation reserves attributable to owners of the company

(€ million)	As of December 31, 2020 re-presented	Change	As of December 31, 2021
Chinese renminbi	224.7	92.1	316.8
US dollar	31.7	94.5	126.2
Czech koruna	0.7	9.5	10.2
Mexican peso	(28.7)	1.0	(27.7)
Polish zloty	(51.0)	(5.6)	(56.6)
Argentinian peso	(123.8)	(8.2)	(132.0)
Pound sterling	(193.5)	54.6	(138.9)
Hong Kong dollar	(168.8)	(79.1)	(247.9)
Colombian peso	(42.2)	(14.6)	(56.8)
Hungarian forint	(38.3)	(14.4)	(52.7)
Other currencies	(16.4)	15.1	(1.3)
TOTAL	(405.6)	144.9	(260.7)

10.2.5 Fair value reserves

Fair value reserves attributable to owners of the Company total +€353.6 million as of December 31, 2021 and -€418.0 million as of December 31, 2020, and break down as follows:

(€ million)	Available-for-sale securities	Commodity derivatives hedging cash flows	Foreign currency derivatives hedging cash flows	Hedging costs	Interest rate derivatives hedging cash flows	Total	o/w Attributable to owners of the Company
As of December 31, 2020 re-presented	**(363.8)**	**22.4**	**(2.3)**	**(3.4)**	**(62.1)**	**(409.2)**	**(418.0)**
Fair value adjustments	675.3	91.0	(2.6)	50.3	21.3	835.3	788.6
Other movements	(10.3)	(6.6)	-	-		(16.9)	(17.0)
AMOUNT AS OF DECEMBER 31, 2021	301.2	106.8	(4.9)	46.9	(40.8)	409.2	353.6

Amounts are presented net of tax.

Fiscal years 2020 and 2021

For 2020, 170,000,000 shares could be issued pursuant to the share increase authorizations granted by the General Meeting of April 22, 2020, based on 567,266,539 shares comprising the share capital as of April 22, 2020.

As of December 31, 2020, 11,344,823 shares had been issued from among the 170,000,000 above-mentioned authorized shares.

For 2021, 173,583,408 shares could be issued pursuant to the share increase authorizations granted by the General Meeting of April 22, 2021, based on 578,611,362 shares comprising the share capital as of April 22, 2021.

As of December 31, 2021, 121,113,904 shares had been issued from among the 173,583,408 shares above-mentioned authorized shares.

10.2.2 Offset of treasury shares against equity

Treasury shares are deducted from equity.

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

10.2.2.1 Purchases and sales of treasury shares

Purchase and sale transactions in Veolia Environnement shares under the liquidity contract in 2021 and 2020 were as follows:

	2020 re-presented	2021
Number of shares purchased during the year	2,406,320	1,002,832
Number of shares sold during the year	2,016,320	1,349,832

As of December 31, 2020 and 2021, Veolia Environnement did not hold any shares under the liquidity contract. A €20 million drawdown authorization was granted for the operation of this liquidity contract.

12,839,673 and 12,396,872 treasury shares are held as of December 31, 2020 and December 31, 2021, respectively.

10.2.2.2 Equity risk

As of December 31, 2021, Veolia Environnement holds 12,396,872 of its own shares, of which 8,389,059 are allocated to external growth transactions and 4,007,813 were acquired for allocation to employees under employee savings plans. These shares have a market value of €399.9 million, based on a share price of €32.26 and a net carrying amount of €430.1 million deducted from equity.

10.2.3 Appropriation of net income and dividend distribution

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

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

10.2.4 Foreign exchange gains and losses

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

In 2020, the change in foreign exchange translation reserves primarily reflects fluctuations in the Chinese renminbi (-€47.4 million), the US dollar (-€108.0 million), the pound sterling (-€39.4 million) and the Hong Kong dollar (+€69.4 million).

Accumulated foreign exchange translation reserves total -€260.7 million as of December 31, 2021 (attributable to owners of the Company).

In **2021**, the change in foreign exchange translation reserves primarily reflects fluctuations in the Chinese renminbi (+€92.0 million), the US dollar (+€94.5 million), the pound sterling (+€54.6 million) and the Hong Kong dollar (-€79.1 million).

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NOTE 10 EQUITY AND EARNINGS PER SHARE

10.1 Share capital management procedures

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

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

10.2 Equity attributable to owners of the Company

10.2.1 Share capital

The share capital is fully paid-up.

10.2.1.1 Share capital increases

In **2021**, Veolia Environment carried out an initial share capital increase of €4.9 million deducted from additional paid-in capital, following the definitive acquisition of the rights to performance shares awarded to approximately 700 beneficiaries as decided by the Board of Directors on May 2, 2018.

On October 8, 2021, Veolia Environnement performed a share capital increase of €2,506 million as part of the financing of the Suez acquisition, using the delegation of authority granted by the Combined General Meeting of April 22, 2021 and decided by the Chairman and Chief Executive Office on September 15, 2021. The expenses relating to this transaction were deducted from additional paid-in capital for €37.9 million.

On December 8, 2021, Veolia Environnement performed a share capital increase of €216.3 million as part of the 2021 Sequoia employee share ownership plan, using the delegation of authority granted by the Combined General Meeting of April 22, 2021, bringing the share capital to €3,498,626,330. The expenses relating to this transaction were deducted from additional paid-in capital for €1.1 million.

In 2020, Veolia Environnement performed a share capital increase of €56.8 million as part of the 2020 Sequoia employee share ownership plan, using the delegation of authority granted by the Combined General Meeting of April 22, 2020, bringing the share capital to €2,893,056,810 as of December 31,2020. This capital increase was accompanied by additional paid-in capital of €100.9 million. An amount of €5.7 million was charged to the legal reserve through a deduction from additional paid-in capital. The expenses relating to this transaction were deducted from additional paid-in capital for €1.3 million.

10.2.1.2 Number of shares outstanding and par value

The number of shares outstanding was 578,611,362 as of December 31, 2020 and 699,725,266 as of December 31, 2021. The par value of each share is €5.

10.2.1.3 Authorized but unissued shares

For the financial management of Veolia Environnement, resolutions authorizing share capital increases approved every two years by Veolia Environnement's General Meeting are intended to authorize the Board of Directors to increase the share capital subject to certain conditions and limits. They allow the nature of financial instruments issued to be adapted in line with financing requirements and the situation of the French and international capital markets.

These resolutions are generally divided into two categories and subject to the following share capital increase ceilings:

- resolutions authorizing share capital increases with preferential subscription rights (PSR) subject to a maximum par value amount capped at €850 million (*i.e.* approximately 30% of the Company's share capital on the date of the General Shareholders' Meeting that approved these resolutions); and
- resolutions authorizing share capital increases without PSR subject to an overall maximum par value amount capped at €281 million (*i.e.* approximately 10% of the Company's share capital on the date of the General Shareholders' Meeting that approved these resolutions).

Within the framework of the financing of the Public Tender Offer by the company for all of the shares of Suez, these two ceilings were increased to €868 million by the Combined General Meeting of April 22, 2021 (approximately 30% of the capital of the company on the date of the General meeting that approved these resolutions).

The use of these resolutions may not lead to share capital increase transactions with or without PSR exceeding a second overall ceiling of a par value amount of €868 million (approximately 30% of the Company's share capital on the date of the General Shareholders' Meeting that approved these resolutions).

All these authorizations are suspended during a Public Tender Offer filed by a third party and aimed at taking control of the Company.

9.5.2 Commitments received

Financing commitments received total €9,171.6 million as of December 31, 2021, compared with €144.9 million as of December 31, 2020.

This increase is mainly due to commitments received from banks on the launch of the Tender Offer for Suez in the amount of €9 billion (see Note 3).

9.5.3 Collateral guaranteeing financial liabilities

As of December 31, 2021, the Group has given €21.2 million of collateral guarantees in support of financial liabilities.

The breakdown by type of asset is as follows *(€ million)*:

Type of pledge/mortgage *(€ million)*	Amount pledged (a)	Total in the Consolidated Statement of Financial Position (b)	Corresponding% (a)/(b)
Intangible assets	7	5,035	0.1%
Property, plant and equipment	14	8,702	0.1%
Financial assets[1]	0		
Total non-current assets	21	29,633	
Current assets	0	23,444	0.0%
TOTAL	21		

(1) Financial assets pledged as collateral are shares of consolidated subsidiaries and other financial assets, the ratio of pledged assets to total assets in the Consolidated Statement of Financial Position is not significant.

The breakdown by maturity is as follows:

(€ million)	As of December 31, 2020 re-presented	As of December 31, 2021	Maturing in: Less than 1 year	1 to 5 years	More than 5 years
Intangible assets	**0**	**7**	**0**	**3.5**	**3.5**
Property, plant and equipment	**11**	**14**	**0.3**	**0.8**	**12.9**
Mortgage pledge	0	0	0	0	0
Other PP&E pledge[1]	11	14	0.3	0.8	12.9
Financial assets	**24**	**0**	**0**	**0**	**0**
Current assets	**12**	**0**	**0**	**0**	**0**
Pledges on receivables	12	0	0	0	0
TOTAL	47	21	0.3	4.3	16.4

(1) Mainly equipment and rolling stock.

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Net gains and losses on derivative instruments, hedging relationships and other mainly include the following amounts for fiscal year **2021**:

- a net interest expense on hedging relationships (fair value hedges and cash flow hedges) of €26.2 million;
- net losses on derivatives not qualifying for hedge accounting of -€75.0 million, mainly on foreign currency derivatives.

In addition, the charge relating to the ineffective portion of net investment hedges and cash flow hedges was not material in **2021** or 2020.

9.4.2 Other financial income and expenses

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

(€ million)	2020 re-presented	2021
Net gains/losses on loans and receivables	12.6	8.0
Capital gains and losses on disposals of financial assets, net of disposal costs	26.1	(15.8)
Dividends received	2.8	124.3
Assets and liabilities at fair value through profit or loss	0.1	0.4
Unwinding of the discount on provisions	(23.5)	(20.9)
Foreign exchange gains and losses	(12.9)	7.9
Interest on concession liabilities	(79.8)	(76.5)
Interest on IFRS 16 lease debt	(32.2)	(28.2)
Other	(32.9)	(73.3)
OTHER FINANCIAL INCOME AND EXPENSES	(139.7)	(74.2)

In **2021**, capital losses on disposals of financial assets total -€15.8 million and mainly comprise the capital loss on the divestiture of activities in Namibia (VWT) for -€7.1 million and the capital loss on the liquidation of a non-consolidated company, VIGIE 2, for -€7.5 million, offset by a provision reversal of €7.5 million.

In 2020, capital gains and losses on disposals of financial assets, net of disposal costs, include the impact of:

- Sade Telecom for €25.0 million;
- Liuzhou in China for €9.1 million.

9.5 Financing commitments

9.5.1 Commitments given

Debt guarantees: these relate to guarantees given to financial institutions in connection with the financial liabilities of non-consolidated companies and equity-accounted entities, when the commitment covers the entire amount.

Letters of credit: letters of credit delivered by financial institutions to Group creditors, customers and suppliers guaranteeing operating activities.

Off-balance sheet commitments given break down as follows:

(€ million)	As of December 31, 2020 re-presented	As of December 31, 2021	Maturing in: Less than 1 year	1 to 5 years	More than 5 years
Letters of credit	(50.5)	(63.1)	(29.5)	(13.0)	(20.6)
Debt guarantees	(47.7)	(18.4)	(5.8)	(3.1)	(9.5)
Other financing commitments given	(42.2)	(32.7)	(18.6)	(1.6)	(12.5)
TOTAL FINANCING COMMITMENTS GIVEN	(140.4)	(114.2)	(53.9)	(17.7)	(42.6)

Commitments on lease contracts entered into by the Group are analyzed in Note 8.4.

Commitments given in respect of joint ventures (at 100%) total -€3.1 million as of December 31, **2021** compared with -€3.4 million as of December 31, 2020.

Assets past due over six months are mainly concentrated in Morocco, Italy and China and concern local authorities (municipalities or equivalent).

In Morocco, net trade receivables total €223.9 million, including €71.7 million over six months past due.

In Italy, net trade receivables total €209.5 million, including €61.2 million over six months past due.

9.3.3.2 Counterparty risk relating to investment and hedging activities

The Group is exposed to credit risk relating to the investment of its surplus cash and its use of derivative instruments in order to manage interest rate and foreign exchange risk. Credit risk corresponds to the loss that the Group may incur should a counterparty default on its contractual obligations. In the case of derivative financial instruments, this risk corresponds to the fair value of all the instruments contracted with a counterparty insofar as this value is positive.

The Group minimizes counterparty risk through internal control procedures limiting the choice of banking counterparties to leading banks and financial institutions (banks and financial institutions with a minimum Moody's, Standard & Poor's or Fitch's rating of A3/P3/F3 respectively for transactions with a term of less than one year and of A2/A/A respectively for transactions with a term of more than one year, unless justified). Limits are determined for each counterparty based primarily on the rating awarded by the rating agencies, the size of their equity and commitments given to the Group and are reviewed regularly. In addition, the Group has set-up Credit Support Annexes with its main counterparties limiting counterparty risk using margin call mechanisms.

Counterparty risk on financial transactions is monitored on an ongoing basis by the middle-office within the Group Finance Department. The Group is not exposed to any risk as a result of material concentration.

Veolia Environnement cash surpluses (€8.7 billion as of December 31, 2021) are managed with a profitability objective close to that of the money market, avoiding exposure to capital risk and maintaining a low level of volatility.

They were injected into the following types of investment:

- UCITS satisfying the AMF cash and cash equivalents classification for €7,475.7 million;
- term deposit accounts classified as cash equivalents, mainly with leading international banks, with a short-term rating from Standard & Poor's, Moody's or Fitch of A3/P3/F3, for €1,236.9 million.

9.4 Financial income and expenses

9.4.1 Cost of net financial debt

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

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

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

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

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

Finance income totals €99.4 million, while finance expenses total -€441.9 million in **2021**.

The cost of net financial debt presented in the Consolidated Cash Flow Statement reflects the cost of net financial debt of continuing operations presented above and the cost of net financial debt of discontinued operations of nil in 2021.

The heading "Interest paid" in the Consolidated Cash Flow Statement reflects the cost of net financial debt of continuing and discontinued operations adjusted for accrued interest of -€23.8 million and fair value adjustments to hedging derivatives of -€9.1 million in **2021**.

(€ million)	2020 re-presented	2021
Expenses on gross debt	(331.4)	(289.2)
Assets at fair value through profit or loss (fair value option)[1]	3.7	(4.6)
Net gains and losses on derivative instruments, hedging relationships and other	(86.7)	(48.8)
COST OF NET FINANCIAL DEBT	(414.4)	(342.6)

(1) Cash equivalents are valued at fair value through profit or loss.

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9.3.2.3 Information on early debt repayment clauses

Veolia Environnement debt

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

Subsidiary debt

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

Based on due diligence performed within the subsidiaries, the Group considers that the covenants included in the Group's material financing agreements were satisfied (or had been waived by lenders) as of December 31, 2021.

9.3.3 Management of credit risk

The Group is exposed to counterparty risk in various areas: its operating activities, cash investment activities and derivatives.

9.3.3.1 Counterparty risk relating to operating activities

Credit risk must be considered separately with respect to operating financial assets and operating receivables. Credit risk on operating financial assets is appraised *via* the rating of primarily public customers. Credit risk on other operating receivables is appraised through an analysis of late payment and/or default by customers taking account of their nature (public/private) as detailed below.

Group customer credit risk analysis may be broken down into the following four categories (Public customers – Delegating authority, Private customers – Individuals, Public customers – Other and Private customers – Companies):

		As of December 31, 2021			Breakdown by customer type			
(€ million)	Note	Gross carrying amount	Impairment losses	Net carrying amount	Public customers – Delegating authority	Private customers – Individuals	Public customers – Other	Private customers – Companies
Non-current and current operating financial assets	6.4	1,397.6	(77.3)	1,320.4	972.2	-	46.2	302.0
Trade receivables	6.3	8,489.6	(1,031.5)	7,458.1	1,518.4	1,394.5	1,412.7	3,132.5
Other current operating receivables	6.3	1,254.1	(58.2)	1,195.9	173.0	45.6	79.3	898.0
Non-current financial assets in loans and receivables	9.1.2	476.9	(70.4)	406.6	82.9	9.4	18.6	295.7
Current financial assets in loans and receivables	9.1.2	240.7	(30.2)	210.5	49.4	12.0	5.5	143.6
LOANS AND RECEIVABLES		11,859.9	(1,267.6)	10,591.5	**2,795.9**	**1,461.5**	**1,562.3**	**4,771.8**
Other financial assets	9.1.2	1,346.9	(11.8)	1,335.1	7.4	10.7	0.5	1,316.5
TOTAL AS OF DECEMBER 31, 2021		13,206.8	(1,279.4)	11,926.6	**2,803.3**	**1,472.2**	**1,562.8**	**6,088.3**
TOTAL AS OF DECEMBER 31, 2020		11,931.6	(1,185.8)	10,745.8	**3,069.7**	**969.2**	**1,451.2**	**5,255.7**

Assets past due and not impaired break down as follows:

			Assets past due but not impaired			
(€ million)	Note	Net carrying amount	Amount not yet due	0-6 months	6 months - 1 year	More than 1 year
Non-current and current operating financial assets	6.4	1,320.4	1,315.5	2.0	2.9	-
Trade receivables	6.3	7,458.1	5,844.2	1,170.4	183.5	260.0
Other current operating receivables	6.3	1,195.9	1,004.3	46.6	29.7	115.3
Non-current financial assets in loans and receivables	9.1.2	406.6	406.6	-	-	-
Current financial assets in loans and receivables	9.1.2	210.5	192.2	7.2	1.1	10.0
LOANS AND RECEIVABLES AS OF DECEMBER 31, 2021		**10,591.5**	**8,762.8**	**1,226.2**	**217.2**	**385.3**
Other non-current and current financial assets	9.1.2	1,335.1	1,335.1	-	-	-
TOTAL AS OF DECEMBER 31, 2021		**11,926.6**	**10,097.9**	**1,226.2**	**217.2**	**385.3**
TOTAL AS OF DECEMBER 31, 2020		**10,745.8**	**8,615.5**	**1,439.1**	**265.1**	**436.1**

9.3.2.2 Net liquid asset positions

Liquid assets of the Group as of December 31, **2021** break down as follows:

(€ million)	As of December 31, 2020 re-presented	As of December 31, 2021
Veolia Environnement		
Undrawn MT syndicated loan facility	3,000.0	3,000.0
Undrawn MT bilateral credit lines	1,000.0	1,000.0
Undrawn ST bilateral credit lines	-	-
Letters of credit facility	21.6	22.9
Cash, cash equivalents, liquid assets and financing assets	5,542.2	10,333.7
Subsidiaries:		
Cash, cash equivalents, liquid assets and financing assets	1,132.9	1,156.7
TOTAL LIQUID ASSETS	**10,696.7**	**15,513.3**
Current debt and bank overdrafts and other cash position items		
Current debt[1]	7,599.6	9,034.9
Bank overdrafts and other cash position items	217.6	241.9
TOTAL CURRENT DEBT AND BANK OVERDRAFTS AND OTHER CASH POSITION ITEMS	**7,817.2**	**9,276.8**
TOTAL LIQUID ASSETS NET OF CURRENT DEBT AND BANK OVERDRAFTS AND OTHER CASH POSITION ITEMS, LIQUID ASSETS AND FINANCING ASSETS	**2,879.5**	**6,236.5**

(1) See also Note 9.1.1.

As of December 31, 2021, Veolia has total liquid assets of €15.5 billion, including cash and cash equivalents of €11.5 billion. In addition, as disclosed in Note 9.5.2, the Group also has a €9 billion bridge loan secured with a banking syndicate in the context of the Public Tender Offer.

As of December 31, 2021, cash equivalents are mainly held by Veolia Environnement in the amount of €8,712.6 million. They comprise monetary UCITS of €7,475.7 million and term deposit accounts of €1,236.9 million.

Confirmation of the credit outlook

The rating agencies confirmed the credit outlook in the fourth quarter of **2021**.

Refinancing of the multi-currency liquidity lines

In October 2017, the multi-currency syndicated loan facility initially secured on November 2, 2015 for an amount of €3 billion and with a maturity of 2020, was extended to 2024. It may be drawn in eastern European currencies and Chinese renminbi.

This syndicated loan facility was not drawn as of December 31, 2021.

Renewal of bilateral credit lines

Veolia Environnement has bilateral credit lines for a total undrawn amount of €1,000 million as of December 31, 2021.

Veolia Environnement may draw on the multi-currency syndicated loan facility and all credit lines at any time.

Undrawn confirmed credit lines mature as follows:

(€ million)	As of December 31, 2021 Total	2022	2023	2024	2025	2026	2027
			Maturing in				
Undrawn syndicated loan facility	3,000.0		-	3,000.0	-	-	-
Credit lines	1,000.0		275.0	175.0	550.0	-	-
Letters of credit facility	22.9	22.9	-	-	-	-	-
TOTAL	4,022.9	22.9	275.0	3,175.0	550.0	-	-

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Greenhouse gases

Regulatory constraints and management policy

As a combustion plant operator, the Group is exposed to the risks inherent to the Emissions Trading Scheme (EU ETS) introduced by the European Union in 2005. Phase 4 (2021-2030) has just commenced, reducing available allowances (free allowance grants) under the EU Emissions Trading Scheme on a straight-line basis by 2.2% annually.

Under European regulations, the actual emissions position is determined each year and the corresponding rights surrendered. The Group then purchases or sells emission rights, depending on whether actual emissions are greater or lesser than emission rights allocated, under the hedging policy described above.

In addition, China also officially launched a country-wide Emissions Trading Scheme in 2021, focusing initially on electricity producers. The impacts are not material at this stage for the Group.

Accounting treatment adopted by the Group

In the absence of specific IFRS provisions, the Group has adopted the "net liability approach," which involves the recognition of a liability at the period end if actual emissions exceed allowances held, in accordance with IAS 37.

Allowances are managed as a production cost and, in this respect, are recognized in inventories at:

- *nil* value, when they are received free of charge;
- acquisition cost, if purchased for valuable consideration on the market.

Transactions in these allowances performed on the forward market are generally recognized outside the application scope of IFRS 9 ("own use" exemption), except for certain specific transactions related to the hedging of electricity production activities. See also Note 6.3.1.

The position in **2021** is as follows:

Volume *(in thousands of metric tons)*	As of January 1, 2021 re-presented	Changes in consolidation scope	Granted	Purchased/Sold/ Canceled	Used	As of December 31, 2021
TOTAL	569	(36)	4,290	7,010	(11,556)	277

The inventory of 277 thousand metric tons is equivalent to approximately €22.1 million as of December 31, 2021, based on a spot price of €80 per metric ton.

9.3.2 Management of liquidity risk

The operational management of liquidity and financing is managed by the Treasury and Financing Department. This management involves the centralization of major financing in order to optimize liquidity and cash.

The Group secures financing on international bond markets, international private placement markets, the treasury note market and the bank lending market (see Note 9.1.1.4 – Non-current and current financial liabilities).

9.3.2.1 Maturity of financial liabilities

As of December 31, **2021**, undiscounted contractual flows on net financial debt (nominal value) break down by maturity date as follows:

	As of December 31, 2021		Maturity of undiscounted contractual flows					
(€ million)	Carrying amount	Total undiscounted contractual flows	2022	2023	2024	2025	2026	Beyond 5 years
Bond issues[1]	11,014.8	11,117.1	1,305.7	1,028.8	757.9	706.1	656.1	6,662.5
Other liabilities	8,312.0	8,312.0	7,559.2	104.0	150.5	63.0	94.8	340.5
Gross financial liabilities excluding IFRS 16, the impact of amortized cost and hedging derivatives	**19,326.8**	**19,429.1**	**8,864.9**	**1,132.8**	**908.4**	**769.1**	**750.9**	**7,003.0**
IFRS 16 lease debt	1,708.7	1,708.8	410.6	362.4	221.8	161.9	103.5	448.6
Gross financial liabilities excluding the impact of amortized cost and hedging derivatives	**21,035.6**	**21,137.9**	**9,275.5**	**1,475.2**	**1,130.2**	**931.0**	**854.4**	**7,451.6**
Impact of derivatives hedging debt	(13.0)							
Gross financial liabilities	**21,022.6**							
Cash and cash equivalents	(10,518.7)							
Liquid assets and financing financial assets	(971.7)							
Net financial debt	**9,532.2**							

(1) Excluding the impact of amortized cost and derivatives hedging debt.

	As of December 31, 2020 re-presented		As of December 31, 2021	
(€ million)	Assets	Liabilities	Assets	Liabilities
Commodity derivatives	**34.4**	**55.7**	**244.2**	**119.9**
Electricity	9.9	55.4	108.1	117.9
Petroleum products	1.4	-	0.8	-
CO_2	8.2	-	-	-
Coal	0.5	0.1	1.4	0.3
Gas	14.2	-	133.9	1.7
Other	0.2	0.2	-	-

These derivatives break down by hedge type as follows:

	As of December 31, 2020 re-presented		As of December 31, 2021	
(€ million)	Assets	Liabilities	Assets	Liabilities
Commodity derivatives	**34.4**	**55.7**	**244.2**	**119.9**
Fair value hedges	-	-	-	-
Cash flow hedges	23.1	0.1	135.2	2.0
Derivatives not qualifying for hedge accounting	11.3	55.6	109.0	117.9

Electricity risk

Certain subsidiaries enter into electricity transactions (forward contracts, options) which are recognized as derivative instruments in accordance with IFRS 9.

	Contract notional amount as of December 31, 2021 by maturity			
(€ million)	Total amount	< 1 year	1 to 5 years	> 5 years
Electricity purchase instruments:				
• in Gwh	2,745	1,205	1,540	0
• in € million	107	37	70	0
Electricity sales instruments:				
• in Gwh	1,738	1,181	557	0
• in € million	131	89	42	0

Electricity purchase and sales instruments maturing in 2022 have a market value of +€3 million (based on valuation assumptions at the reporting date). Instruments maturing after 2021 have a market value of -€13 million. These transactions are recorded in the Consolidated Statement of Financial Position at fair value based on the quoted price of commodities with similar maturities and using internal models integrating non-observable data in the absence of a liquid market.

A 10% increase or decrease in the price of electricity (all other things being equal) would have an impact on net income of +€8.3 million and -€7.2 million, respectively.

	Contract notional amounts as of December 31, 2020 re-presented by maturity date			
(€ million)	Total amount	< 1 year	1 to 5 years	> 5 years
Electricity purchase instruments:				
• in Gwh	3,911	1,190	2,721	
• in € million	149	49	100	
Electricity sales instruments:				
• in Gwh	1,562	1,008	554	
• in € million	73	47	26	

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Hedges of currency exposure in the Consolidated Statement of Financial Position by derivatives not qualifying for hedge accounting

Financial instrument (€ million)	Notional amount as of December 31, 2021 by maturity				Fair value of derivatives	
	Amount	< 1 year	1 to 5 years	> 5 years	Total assets	Total liabilities
Currency receiver swaps and forward purchases	3,952.7	3,944.6	8.1	-	61.0	6.5
Currency payer swaps and forward sales	5,982.6	5,920.4	62.2	-	22.1	121.0
FOREIGN CURRENCY DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING	9,935.3	9,865.0	70.3	-	83.1	127.5

The above portfolio of foreign currency derivatives was mainly contracted by Veolia Environnement to hedge its foreign currency-denominated net financial debt (comprising foreign currency-denominated borrowings and foreign currency-denominated inter-company loans and borrowings).

Financial instrument (€ million)	Notional amounts as of December 31, 2020 re-presented by maturity date				Fair value of derivatives	
	Amount	< 1 year	1 to 5 years	> 5 years	Total assets	Total liabilities
Currency receiver swaps and forward purchases	2,870.0	2,869.4	0.6	-	14.0	34.7
Currency payer swaps and forward sales	6,265.0	6,206.4	58.6	-	73.8	43.2
FOREIGN CURRENCY DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING	9,135.0	9,075.8	59.2	-	87.8	77.9

9.3.1.3 Management of commodity risk

Energy, commodity and consumable purchases represent a major operating expense for the Group's businesses, in particular diesel for waste collection, coal and gas for the supply of energy services, and electricity for water treatment and distribution. The Group is therefore exposed to fluctuations in their price.

The long-term contracts entered into by Veolia generally include price review and/or indexation clauses which enable it to pass on the majority of any increases in commodity or fuel prices to the price of services sold to customers, even if this may be performed with a time delay.

Nonetheless, as part of supply management and cost optimization measures or to hedge future production, certain Group subsidiaries may be required, depending on their activities, to contract forward purchases or sales of commodities and set-up derivatives to fix the cost of commodities supply or the selling price of commodities produced (electricity). The majority of these commitments are reciprocal; the third parties concerned are obliged to deliver the quantities negotiated in these contracts and the Group is obliged to take them.

These transactions form part of the Group's commodity risk management policy, which seeks to establish a progressive hedge over three years (where possible) in order to limit results volatility.

As of December 31, 2021, the fair value of commodity derivatives is recorded €244.2 million in assets and €119.9 million in liabilities.

Foreign currency fair value hedges

Financial instruments designated as fair value hedges break down as follows:

Financial instrument (€ million)	Notional amount as of December 31, 2021 by maturity				Fair value of derivatives	
	Amount	< 1 year	1 to 5 years	> 5 years	Total assets	Total liabilities
Forward purchases	175.0	164.2	10.8	-	6.5	2.2
Forward sales	1,602.6	565.8	1,036.8	-	52.6	32.9
FOREIGN CURRENCY DERIVATIVES: FAIR VALUE HEDGES	1,777.6	730.0	1,047.6	-	59.1	35.1

The fair value hedges presented above mainly consist of foreign currency swaps hedging balance sheet items and mainly hedges of internal financing or hedges of construction contracts or sales of water treatment equipment and solutions. The impact of these hedges is offset by the remeasurement of the underlying items.

Financial instrument (€ million)	Notional amounts as of December 31, 2020 re-presented by maturity date				Fair value of derivatives	
	Amount	< 1 year	1 to 5 years	> 5 years	Total assets	Total liabilities
Forward purchases	194.4	190.8	3.6	-	3.4	8.4
Forward sales	1,444.3	423.5	1,020.8	-	24.0	20.6
FOREIGN CURRENCY DERIVATIVES: FAIR VALUE HEDGES	1,638.7	614.3	1,024.4	-	27.4	29.0

Foreign currency cash flow hedges

Financial instruments designated as cash flow hedges break down as follows:

Financial instrument (€ million)	Notional amount as of December 31, 2021 by maturity				Fair value of derivatives	
	Amount	< 1 year	1 to 5 years	> 5 years	Total assets	Total liabilities
Forward purchases	131.9	122.1	9.8	-	1.0	2.2
Forward sales	452.0	406.3	45.7	-	9.4	4.5
FOREIGN CURRENCY DERIVATIVES HEDGING CASH FLOWS	583.9	528.4	55.5	-	10.4	6.7

The cash flow hedges presented above mainly consist of forward purchases/sales of foreign currencies different from the functional currencies of the entities concerned, in connection with their own activities.

They mainly include currency hedges in respect of commodity purchases and sales in Central Europe.

Financial instrument (€ million)	Notional amounts as of December 31, 2020 re-presented by maturity date				Fair value of derivatives	
	Amount	< 1 year	1 to 5 years	> 5 years	Total assets	Total liabilities
Forward purchases	40.7	38.4	2.3	-	1.7	0.3
Forward sales	205.9	158.6	47.3	-	2.1	1.6
FOREIGN CURRENCY DERIVATIVES HEDGING CASH FLOWS	246.6	197.0	49.6	-	3.8	1.9

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Hedge of a net investment in a foreign operation

Financial instruments designated as net investment hedges break down as follows:

Financial instrument *(€ million)*	Notional amount as of December 31, 2021 by maturity				Fair value of derivatives	
	Amount	< 1 year	1 to 5 years	> 5 years	Total assets	Total liabilities
Currency payer swaps	2.9	2.9	-	-	-	0.1
Currency receiver swaps	10.3	10.3	-	-	-	-
Options	1,628.7	1,628.7	-	-	6.8	23.7
Cross currency swaps	60.0	-	-	60.0	0.7	16.7
Total foreign currency derivatives	1,701.9	1,641.9	-	60.0	7.5	40.5
USD borrowings					N/A	N/A
CNY borrowings					N/A	N/A
Total financing	-	-	-	-	N/A	N/A
TOTAL	1,701.9	1,641.9	-	60.0	7.5	40.5

The above currency swaps are short-term but are generally renewed at maturity, until financing of an appropriate term is secured in the currency of the related country.

Options are mainly hedging strategies using collars.

It is Group policy to hedge the net investment only in the nominal amount of the foreign currency debt financing the securities.

Inter-company loans and receivables forming part of a foreign investment (IAS 21) are nearly systematically hedged by foreign currency external financing or foreign currency derivatives (cross currency swaps, currency forwards, collars) meeting IFRS 9 criteria for hedge accounting. Foreign exchange gains and losses recorded in foreign exchange translation reserves in respect of hedging instruments are systematically offset by foreign exchange gains and losses recognized in foreign exchange translation reserves on loans forming part of the net investment, unless:

- the inter-company loan forming part of the net investment in a foreign operation is not hedged;
- the hedge is partially ineffective due to a difference between the nominal amount of the hedge and the amount of the hedged net asset;
- only the net assets of the foreign subsidiary (excluding the loan forming part of the net investment) are hedged.

A breakdown of foreign exchange gains and losses recorded in Group foreign exchange translation reserves as of December 31, **2021** is presented in Note 10.2.4.

As a reminder, the breakdown as of December 31, 2020 is as follows:

Financial instrument *(€ million)*	Notional amounts as of December 31, 2020 re-presented by maturity date				Fair value of derivatives	
	Amount	< 1 year	1 to 5 years	> 5 years	Total assets	Total liabilities
Currency payer swaps	112.7	112.7	-	-	3.4	0.9
Currency receiver swaps	19.4	19.4	-	-	0.2	-
Options	1,382.6	1,382.6	-	-	29.9	4.8
Embedded derivatives (forward sale)	-	-	-	-	-	-
Cross currency swaps	60.0	-	-	60.0	-	5.8
Total foreign currency derivatives	1,574.7	1,514.7	-	60.0	33.5	11.5
USD borrowings	-	-	-	-	N/A	N/A
CNY borrowings	-	-	-	-	N/A	N/A
Total financing	-	-	-	-	N/A	N/A
TOTAL	1,574.7	1,514.7	-	60.0	33.5	11.5

9.3.1.2 Management of foreign exchange risk

The Group's international activities generate significant foreign currency flows.

The Group's central treasury department manages foreign exchange risk centrally within limits set by the Chief Financial Officer.

Foreign exchange risk, as defined by IFRS 7, mainly results from:

- foreign currency-denominated purchases and sales of goods and services relating to operating activities and the related hedges (e.g. currency forwards). The Group has no significant exposure to foreign exchange transaction risk. Indeed, the activities of the Group are performed by subsidiaries operating in their own country and their own currency. Exposure to foreign exchange risk is therefore naturally limited;
- foreign currency-denominated financial assets and liabilities including foreign currency-denominated loans/borrowings and related hedges (e.g. forex swaps). With many operations worldwide, Veolia organizes financing in local currencies. In the case of inter-company financing, these credit lines can generate foreign exchange risk. In order to limit the impact of this risk, Veolia has developed a policy which seeks to back foreign-currency financing and foreign currency derivatives with inter-company receivables denominated in the same currency. The asset exposure hedging strategy primarily involves hedging certain net foreign investments and ensuring that Group companies do not have a material balance sheet foreign exchange position that could generate significant volatility in foreign exchange gains and losses;
- investments in foreign subsidiaries reflected by the translation of accounts impacting the translation reserves.

The Group determines the economic relationship between the hedging instrument and the hedged item by comparing changes in the value of the hedging instrument attributable to a change in the spot foreign exchange rate with the impact of changes in this same rate on the hedged instrument. It is Group policy to align the key characteristics of hedging instruments (currency, nominal amount, maturity, etc.) with the hedged item.

Foreign exchange risk with regard to the net finance cost

With many operations worldwide, Veolia organizes financing in local currencies.

The foreign currency debt borne by the parent company, Veolia Environnement SA, is generally hedged using either derivative instruments or assets in the same currency.

The Group's net finance cost, *i.e.* a euro-equivalent of -€342.6 million in 2021, is primarily denominated in EUR (49%), GBP (15%), USD (5%), CNY (10%), PLN (2%) and HKD (2%).

A 10% appreciation in the main currencies to which the Group is exposed (GBP, USD, PLN, HKD and CNY) against the euro would generate a €12.5 million increase in the net finance cost, while a 10% depreciation in these currencies would generated a €10.2 million decrease in the net finance cost.

Translation risk

Due to its international presence, the translation of the income statements of the Group's foreign subsidiaries is sensitive to exchange rate fluctuations.

The following table summarizes the sensitivity of certain Group Consolidated Income Statement aggregates to a 10% increase or decrease in foreign exchange rates against the euro, with regard to the translation of financial statements of foreign subsidiaries.

	Contribution to the consolidated financial statements									Sensitivity to a change of:	
(€ million)	Euro	Pound sterling	US dollar	Polish zloty	Czech koruna	Australian dollar	Chinese renminbi	Other currencies	Total	10%	-10%
Revenue	13,772.6	2,486.4	2,048.2	1,350.6	1,347.4	1,069.1	921.0	5,512.8	**28,508.1**	1,621.2	(1,326.4)
Operating income	229.0	258.5	73.2	124.9	135.3	47.2	125.5	323.9	**1,317.5**	120.5	(98.6)

Foreign exchange and translation risk in the Consolidated Statement of Financial Position

Due to its international presence, the Group's Consolidated Statement of Financial Position is exposed to exchange rate fluctuations. A fluctuation in the euro impacts the translation of subsidiary foreign currency denominated assets in the Consolidated Statement of Financial Position.

For its most significant assets, the Group has issued debt in the relevant currencies. The main net assets of the Group are located in the United States, the United Kingdom, China, Poland and the Czech Republic. A 10% appreciation in the currencies of the above countries would increase net assets by €449 million, while a 10% depreciation in these currencies would reduce net assets by €367 million.

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Interest rate cash flow hedges

The Group has entered into interest rate swaps to fix the cost of existing floating-rate debt or the cost of future debt issues.

Contractual flows are paid to match interest flows on the hedged borrowings. The amount recorded in equity is released to net income in the period in which interest flows on the debt impact the Consolidated Income Statement.

Cash flow hedging swaps represent a notional outstanding amount of €274.4 million as of December 31, 2021, compared with €1,027.4 million as of December 31, 2020, with a net fair value of +€6.6 million as of December 31, 2021, compared with -€5.2 million as of December 31, 2020.

The change in the nominal amount of the cash flow hedge portfolio is mainly due to the arrival at maturity or early unwinding of fixed-rate payer swaps totalling €750 million. The +€11.8 million increase in fair value is due to the increase in euro forward rates during the period.

The efficiency of these hedging instruments was measured but did not give rise to any material impacts.

Floating-rate receiver/fixed-rate payer swaps/purchases of caps *(€ million)*	Notional contract amount by maturity				Fair value of derivatives	
	Total	< 1 year	1 to 5 years	> 5 years	Total assets	Total liabilities
As of December 31, 2021	274.4	-	250.0	24.4	6.8	0.2
As of December 31, 2020 re-presented	1,027.4	500.8	-	526.7	-	5.2

An amount of -€15.3 million, net of tax, was recorded directly in equity attributable to owners of the Company in respect of cash flow hedge interest-rate derivatives as of December 31, 2021. -€3.2 million was released from equity to net income as of December 31, 2021.

Contractual flows on interest rate swaps are paid at the same time as contractual flows on floating-rate borrowings and the amount recorded in other comprehensive income is released to net income in the period in which interest flows on the debt impact the Consolidated Income Statement.

Interest-rate derivatives not qualifying for hedge accounting

A certain number of derivatives do not qualify as hedges under IFRS 9. The Group does not, however, consider these transactions to be of a speculative nature and views them as necessary for the effective management of its exposure to interest rate risk.

(€ million)	Notional amount as of December 31, 2021				Fair value of derivatives	
	Total	< 1 year	1 to 5 years	> 5 years	Total assets	Total liabilities
Total firm financial instruments	233.2	226.0	7.2	-	0.1	0.4
TOTAL INTEREST-RATE DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING	233.2	226.0	7.2	-	0.1	0.4

The increase in the portfolio of interest rate derivatives not qualifying for hedge accounting between 2020 and 2021 is mainly due to the set-up of short-term financial instruments hedging cash investments.

As a reminder, the breakdown as of December 31, 2020 is as follows:

(€ million)	Notional amount as of December 31, 2020 re-presented				Fair value of derivatives	
	Total	< 1 year	1 to 5 years	> 5 years	Total assets	Total liabilities
Total firm financial instruments	189.3	150.0	39.3	-	1.2	2.2
TOTAL INTEREST-RATE DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING	189.3	150.0	39.3	-	1.2	2.2

9.3.1.1 Management of interest rate risk

The interest rate risk management policy is centralized. The financing structure of the Group exposes it naturally to the risk of interest rate fluctuations. As such, the cash and cash equivalents position covers floating-rate debt which impacts future financial results according to fluctuations in interest rates.

Short-term debt is primarily indexed to short-term indexes (Eonia for the treasury note program and Euribor/Libor for the main short-term credit lines). Medium and long-term debt comprises both fixed and floating-rate debt.

Veolia 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. The Group determines the existence of an economic relationship between the hedging instrument and the hedged item taking account of reference interest rates, the frequency of coupons, the currency and the nominal amount.

These swaps may be classified as fair value hedges or cash flow hedges.

The following table shows the interest-rate exposure of gross debt (defined as the sum of non-current financial liabilities, current financial liabilities and bank overdrafts and other cash position items) before and after hedging.

	As of December 31, 2020 re-presented		As of December 31, 2021	
(€ million)	Outstandings	% total debt	Outstandings	% total debt
Fixed rate	13,029.7	65.4%	14,153.7	67.3%
Floating rate	6,881.2	34.6%	6,862.2	32.7%
Gross debt before hedging	**19,910.9**	**100.0%**	**21,015.9**	**100.0%**
Fixed rate	13,069.1	65.5%	13,925.3	66.2%
Floating rate	6,881.2	34.5%	7,112.2	33.8%
Gross debt after hedging and fair value remeasurement of fixed-rate debt	**19,950.3**	**100.0%**	**21,037.5**	**100.0%**
Fair value adjustments to (asset)/liability hedging derivatives	**(57.1)**		**(13.0)**	
GROSS DEBT AT AMORTIZED COST	19,893.2		21,024.5	

Total gross debt as of December 31, 2021, after hedging, is 66.2% fixed-rate and 33.8% floating-rate.

As of December 31, 2021, the Group has cash and cash equivalents of €10,518.7 million, the majority of which bears interest at floating rates.

The Group manages its exposure to interest rate fluctuations based on floating-rate gross financial debt net of cash.

The Group's net floating-rate position after hedging (asset position) is €4,318.3 million, maturing €4,961.5 million in less than one year, -€260.6 million in 1 to 5 years and -€312.7 million after 5 years.

Interest rate fair value hedges

The risk of volatility in the value of debt is hedged by fixed-rate receiver/floating-rate payer swaps which change bond issues to floating-rate debt (see Note 9.1.1.1) recorded in non-current and current financial liabilities.

Fair value hedging swaps represent a notional outstanding amount of €500 million as of December 31, 2021, unchanged on December 31, 2020, with a net fair value in the Consolidated Statement of Financial Position of +€22.2 million as of December 31, 2021, compared with +€40.1 million as of December 31, 2020, as follows:

	Notional contract amount by maturity				Fair value of derivatives	
Fixed-rate receiver/ floating-rate payer swaps *(€ million)*	Total	< 1 year	1 to 5 years	> 5 years	Total assets	Total liabilities
As of December 31, 2021	500.0	-	500.0	-	22.2	-
As of December 31, 2020 re-presented	500.0	-	-	500.0	40.1	-

As of December 31, 2021, accumulated fair value hedging adjustments to bond issues included in their net carrying amount totaled -€95.5 million.

The -€17.9 million decrease in fair value is due to the increase in euro forward rates during the period. It is offset by the fair value remeasurement of the debt relating to the hedged risk in the amount of +€17.9 million. A review of the inefficiency of these hedging instruments did not give rise to any material impacts.

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9.3.1 Management of market risk

The Group uses derivatives to manage and reduce its risk exposure: the Veolia Environnement Financing and Treasury Department is directly responsible for implementing and monitoring these hedges, while the Middle and Back Office teams in the Finance Department verify transactions and monitor limits, ensuring the security of transactions processed.

The fair value of derivatives in the Consolidated Statement of Financial Position breaks down as follows:

		As of December 31, 2020 re-presented		As of December 31, 2021	
(€ million)	Notes	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives	9.3.1.1	**41.3**	**7.4**	**29.1**	**0.6**
Fair value hedges		40.1	-	22.2	-
Cash flow hedges		-	5.2	6.8	0.2
Derivatives not qualifying for hedge accounting		1.2	2.2	0.1	0.4
Foreign currency derivatives	9.3.1.2	**152.5**	**120.3**	**160.1**	**209.8**
Net investment hedges		33.5	11.5	7.5	40.5
Fair value hedges		27.4	29.0	59.1	35.1
Cash flow hedges		3.8	1.9	10.4	6.7
Derivatives not qualifying for hedge accounting		87.8	77.9	83.1	127.5
Commodity derivatives	9.3.1.3	**34.4**	**55.7**	**244.2**	**119.9**
TOTAL DERIVATIVES		228.2	183.4	433.4	330.3
o/w non-current derivatives		**53.4**	**65.5**	**88.5**	**68.8**
o/w current derivatives		**174.8**	**117.9**	**344.9**	**261.5**

The fair value of derivatives recognized in the Consolidated Statement of Financial Position and the determination method (as described in Note 9.2.1) breaks down as follows:

	As of December 31, 2021		Level 2 *(in%)*		Level 3 *(in%)*	
(€ million)	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives	29.1	0.6	100.0%	100.0%	0.0%	0.0%
Foreign currency derivatives	160.1	209.8	100.0%	100.0%	0.0%	0.0%
Commodity derivatives	244.2	119.9	86.6%	92.7%	13.4%	7.3%
TOTAL DERIVATIVES	433.4	330.3	92.5%	97.4%	7.5%	2.6%

Derivatives valued using internal models integrating certain non-observable data are primarily electricity derivatives (see Note 9.3.1.3) for which there are no quoted prices in an active market (mainly electricity purchase options with extremely long maturity) or observable market data (forward prices for component materials), in particular for distant maturities. In such cases, data is estimated by Veolia experts.

	As of December 31, 2020 re-presented		Level 2 *(in%)*		Level 3 *(in%)*	
(€ million)	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives	41.3	7.4	100.0%	100.0%	-	-
Foreign currency derivatives	152.5	120.3	100.0%	100.0%	-	-
Commodity derivatives	34.4	55.7	100.0%	15.2%	-	84.8%
TOTAL DERIVATIVES	228.2	183.4	100.0%	74.2%	0.0%	25.8%

Derivative instruments

To manage its exposure to market risks, Veolia uses derivatives, the majority of which are classified as hedging instruments.

Derivative instruments are recognized at fair value in the Consolidated Statement of Financial Position. Other than the exceptions detailed below, changes in the fair value of derivative instruments are recorded through profit or loss. The fair value of derivatives is estimated using standard valuation models which take into account active market data.

Net gains and losses on instruments at fair value through profit or loss consist of swapped flows and changes in the value of the instrument.

Hedge accounting is applicable if:

- the hedging relationship is precisely defined and documented at the inception date;
- the effectiveness of the hedge is demonstrated at inception and by regular verification of the offsetting nature of movements in the market value of the hedging instrument and the hedged item. The ineffective portion of the hedge is systematically recognized in the Consolidated Income Statement.

Hedge accounting relationships currently used by the Group meet the requirements of IFRS 9 and are aligned with the Group's risk management strategy and objectives.

The effectiveness of derivatives in these hedging relationships is assessed using the hypothetical derivative method: the designated derivative in each hedging relationship must enable changes in cash flows of the hedged item to be offset.

The main sources of ineffectiveness are:

- the impact of Group and counterparty credit risk on the fair value of hedging instruments, not reflected by fluctuations in the fair value of the hedged item (foreign exchange, interest rate and commodities). Pursuant to IFRS 13, the impact of credit risk on derivatives is regularly assessed. In the absence of materiality, an adjustment has never been recognized;
- changes to the timing and amount of expected cash flows from hedged transactions, in the case of transaction foreign exchange risk.

The recognition of period-on-period fair value gains and losses depends on the type of hedge accounting applied.

A **fair value hedge** is a hedge of exposure to changes in the fair value of all or a portion of a recognized asset or liability impacting net income for the period. Fair value gains and losses on hedging instruments are recognized in net income for the period. Changes in the value of the hedged item attributable to the hedged risk are also recorded in the Consolidated Income Statement for the period, to match these gains and losses (and adjust the value of the hedged item). These two remeasurements offset each other in the income statement headings, with the exception of any "ineffective portion" of the hedge.

A **cash flow hedge** is a hedge of exposure to variability in cash flows of an asset or liability or a highly probable forecast transaction impacting net income for the period. In the case of cash flow hedges, the portion of the gain or loss on the fair value remeasurement of the hedging instrument that is determined to be an effective hedge is recognized directly in other comprehensive income, while the gain or loss on the fair value remeasurement of the underlying item is not recognized in the Consolidated Statement of Financial Position. The ineffective portion of the gain or loss on the hedging instrument is recognized in profit or loss. Gains or losses recognized in other comprehensive income are reclassified to profit or loss in the same period or periods in which the asset acquired or liability issued affects profit or loss.

A **hedge of a net investment in a foreign operation** hedges the exposure to foreign exchange risk of the net assets of a foreign operation including loans considered part of the investment (IAS 21, The Effects of Changes in Foreign Exchange Rates). For this type of hedge, the effective portion of the gain or loss on the hedging instrument is recognized in translation reserves in other comprehensive income, while the ineffective portion is recognized in the Consolidated Income Statement. Gains and losses recognized in foreign exchange translation reserves are reclassified to profit or loss when the foreign investment is sold.

Certain transactions performed in accordance with the Group interest rate and foreign exchange risk management policy, but that do not satisfy hedge accounting criteria, are recorded as trading/non-qualifying instruments.

In the case of **currency hedges**, the Group only designates the "spot" component of derivatives as hedging its foreign exchange risk. As the "hedging cost" option is not applied, the premium/discount on hedging contracts is excluded from the hedging relationship and recognized separately in the financing cost.

In the case of **commodities**, purchase/sales contracts are generally recognized outside the scope of IFRS 9 ("own use" exemption), except for certain specific transactions in electricity, coal and gas. For these specific transactions, cash flow hedge accounting is systematically preferred.

The "own use" classification is applicable when the following conditions are satisfied:

- the volumes purchased or sold under the contracts reflect the operating requirements of the subsidiary;
- the contracts are not subject to net settlement as defined by IFRS 9 and, in particular, physical delivery is systematic;
- the contracts are not equivalent to sales of options, as defined by IFRS 9.

Commodity hedging instruments falling within the application scope of IFRS 9 are derivative instruments and are measured at fair value, calculated using models mostly based on observable data. Fair value gains and losses and the net impact of unwinding these transactions are recognized in operating income.

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9.2.3 Financial liabilities

The following table presents the net carrying amount and fair value of Group financial liabilities as of December 31, 2021, grouped together in accordance with IFRS 9 categories.

		As of December 31, 2021							
		Net carrying amount	Financial liabilities at fair value			Fair value			Method for determining fair value
(€ million)	Note	Total	Liabilities at amortized cost	Liabilities at fair value through profit or loss	Liabilities at fair value through profit or loss and held for trading	Total	Level 1	Level 2	Level 3
Borrowings and other financial liabilities									
Non-current bond issues	Note 9.1.1	9,705.3	9,705.3	-	-	9,907.1	9,848.9	58.2	-
Current bond issues	Note 9.1.1	1,309.5	1,309.5	-	-	1,309.5	1,309.5	-	-
Non-current financial liabilities	Note 9.1.1	757.2	757.2	-	-	691.3	-	691.3	-
Current financial liabilities	Note 9.1.1	7,314.8	7,314.8	-	-	7,314.8	-	7,314.8	-
Non-current IFRS 16 lease debt	Note 9.1.1	1,298.1	1,298.1	-	-	1,298.1	-	1,298.1	-
Current IFRS 16 lease debt	Note 9.1.1	410.6	410.6	-	-	410.6	-	410.6	-
Bank overdrafts and other cash position items	Note 9.1.3	241.9	241.9	-	-	241.9	-	241.9	-
Trade payables	Note 6.3	5,457.1	5,457.1	-	-	5,457.1	-	5,457.1	-
Non-current and current concession liabilities	Note 6.5	1,757.8	1,757.8	-	-	1,757.8	-	1,757.8	-
Non-current and current derivative instruments	Note 9.3	330.3	330.3	-	-	330.3	-	321.6	8.7
Other operating payables	Note 6.3	6,540.4	6,540.4	-	-	6,540.4	-	6,540.4	-
TOTAL		35,123.0	35,123.0	-	-	35,258.9	11,158.4	24,091.8	8.7

9.2.4 Offsetting of financial assets and financial liabilities

As of December 31, 2021, derivatives managed under ISDA or EFET agreements are the only financial assets and/or liabilities covered by a legally enforceable master netting agreement. These instruments may only be offset in the event of default by one of the parties to the agreement. They are not therefore offset in the accounts.

Such derivatives are recognized in assets in the amount of €433.4 million and in liabilities in the amount of €330.3 million in the Consolidated Statement of Financial Position as of December 31, 2021.

9.3 Market risks and financial instruments

As a result of its operational and financial activities, the Group is exposed to various financial risks, for which it has implemented management rules:

- market risks: interest rate risk, foreign exchange risk and commodity risk;
- liquidity risk;
- credit risk.

Equity risk is presented in Notes 9.1.3.2 and 10.2.2.2.

Fair values determined using models integrating observable market data (level 2)

The majority of derivative instruments (swaps, caps, floors, etc.) are traded over the counter and, as such, there are no quoted prices. Valuations are therefore determined using models commonly used by market participants to value such financial instruments.

Valuations calculated internally in respect of derivative instruments are tested every six months for consistency with valuations issued by our counterparties.

The fair value of unquoted borrowings is calculated by discounting contractual flows at the market rate of interest.

The net carrying amount of receivables and payables falling due within less than one year and certain floating-rate receivables and payables is considered a reasonable estimate of their fair value, due to the short payment and settlement periods applied by the Group.

The fair value of fixed-rate loans and receivables depends on movements in interest rates and the credit risk of the counterparty.

Valuations produced by these models are adjusted to take account of changes in Group credit risk.

Fair values determined using models integrating certain non-observable data (level 3)

Derivative instruments valued using internal models integrating certain non-observable data include certain electricity derivative instruments for which there are no quoted prices in an active market (notably for electricity purchase options with extremely long maturity) or observable market data (forward prices for component materials, interest-rate curves, etc.), in particular for distant maturities.

9.2.2 Financial assets

The following table presents the net carrying amount and fair value of Group financial assets as of December 31, 2021, grouped together in accordance with IFRS 9 categories.

		As of December 31, 2021							
		Net carrying amount	Financial assets at fair value			Fair value	Method for determining fair value		
(€ million)	Note	Total	Assets at fair value through other comprehensive income	Assets at amortized cost	Assets at fair value through profit or loss	Total	Level 1	Level 2	Level 3
Non-consolidated investments[1]		3,770.3	3,770.3	-	-	3,770.3	3,720.5	49.8	-
Non-current and current operating financial assets	Note 6.4	1,320.4	-	1,320.4	-	1,432.7	-	1,432.7	-
Other non-current financial assets	Note 9.1.2	431.2	-	431.2	-	431.2	-	431.2	-
Trade receivables	Note 6.3	7,458.1	-	7,458.1	-	7,458.1	-	7,458.1	-
Other current operating receivables	Note 6.3	1,195.9	-	1,195.9	-	1,195.9	-	1,195.9	-
Other current financial assets	Note 9.1.2	1,521.0	-	1,521.0	-	1,521.0	-	1,521.0	-
Non-current and current derivative instruments	Note 9.3	433.4	-	-	433.4	433.4	-	400.7	32.7
Cash and cash equivalents	Note 9.1.3	10,518.7	-	-	10,518.7	10,518.7	4,248.0	6,270.7	-
TOTAL		26,649.0	3,770.3	11,926.6	10,952.1	26,761.3	7,968.5	18,760.1	32.7

(1) Including Suez shares for €3,721.0 million as of December 31, 2021.

Level 2 cash and cash equivalents mainly consist of negotiable debt instruments and term deposit accounts.

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9.1.3.1 Movements in cash and cash equivalents

Movements in cash and cash equivalents and bank overdrafts and other cash position items during **2021** are as follows:

(€ million)	As of December 31, 2020 re-presented	Changes in business	Changes in consolidation scope	Fair value adjustments	Foreign exchange translation	Transfers to Assets/ Liabilities classified as held for sale	Other movements	As of December 31, 2021
Cash	1,416.7	16.9	9.3	-	30.4	-	2.5	1,475.8
Cash equivalents	4,423.3	4,623.2	(7.4)	-	3.6	-	0.2	9,042.9
CASH AND CASH EQUIVALENTS	**5,840.0**	**4,640.1**	**1.9**	**-**	**34.0**	**-**	**2.7**	**10,518.7**
BANK OVERDRAFTS AND OTHER CASH POSITION ITEMS	**217.6**	**(53.0)**	**53.5**	**-**	**2.8**	**-**	**21.0**	**241.9**
Net cash	**5,622.4**	**4,693.1**	**(51.6)**	**-**	**31.2**	**-**	**(18.3)**	**10,276.8**

Cash and cash equivalents total €10,518.7 million, including €214.0 million "subject to restrictions" as of December 31, 2021.

Restricted cash comprises €120 million subject to contractual legal restrictions (particularly for the Group's reinsurance activities), €53 million backing the servicing of local financial liabilities and €41 million in respect of subsidiaries located in countries with currency restrictions.

Cash and cash equivalents increased €4.7 billion in 2021, mainly due to the proceeds from the share capital increase on October 6, 2021 of €2.5 billion and the hybrid debt issue on November 8, 2021 of €500 million and the subscription of two short-term loans in the fourth quarter of 2021 for €700 million.

As of December 31, 2021, the France segment held cash of €34.9 million, the Europe excluding France segment held cash of €285.7 million, the Rest of the world segment held cash of €470.5 million, the Global Businesses segment held cash of €142.8 million and the Other segment held cash of €542.0 million (including €463.4 million held by Veolia Environnement).

Surplus cash balances of other Group subsidiaries, not pooled at Veolia Environnement level, are invested in accordance with procedures defined by the Group. Note 9.3.2, "Management of liquidity risk", presents a breakdown of investments by nature.

As of December 31, 2021, cash equivalents were primarily held by Veolia Environnement in the amount of €8,712.6 million, including monetary UCITS of €7,475.7 million and term deposit accounts of €1,236.9 million.

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

9.1.3.2 Management of equity risk

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.

9.2 Fair value of financial assets and liabilities

9.2.1 Principles

The recognition and measurement of financial assets and liabilities is governed by IFRS 9. Fair value measurement incorporates, in particular, the risk of nonperformance by the Group or its counterparties, determined based on default probabilities taken from rating agency tables.

The fair value of all financial assets and liabilities is determined at the reporting date, either for recognition in the accounts or disclosure in the Notes to the financial statements.

Fair value is determined:

i. based on quoted prices in an active market (level 1); or

ii. using internal valuation techniques involving standard mathematical calculation methods integrating observable market data (forward rates, interest rate curves, etc.). Valuations produced by these models are adjusted to take account of a reasonable change in the credit risk of the Group or the counterparty (level 2); or

iii. using internal valuation techniques integrating factors estimated by the Group in the absence of observable market data (level 3).

Quoted prices in an active market (level 1)

When quoted prices in an active market are available, they are used in priority to determine the market value. Marketable securities and certain quoted bond issues are valued in this way.

9.1.2.3 Movements in current financial assets

Movements in Other current financial assets during **2021** are as follows:

(€ million)	As of December 31, 2020 re-presented	Changes in business	Changes in consolidation scope	Fair value adjustments	Impairment losses*	Foreign exchange translation	Non-current/ current reclassification	Transfers to Assets classified as held for sale	Other movements**	As of December 31, 2021
Gross	282.7	(28.2)	(6.9)	-	(1.8)	7.9	3.4	-	(16.4)	240.7
Impairment losses	(37.4)	-	7.4	-	(0.7)	(1.3)	-	-	1.8	(30.2)
CURRENT FINANCIAL ASSETS RELATING TO LOANS AND RECEIVABLES, NET	**245.3**	**(28.2)**	**0.5**	**0**	**(2.5)**	**6.6**	**3.4**	**0**	**(14.6)**	**210.5**
Gross	3.5	346.6	-	0.3	-	-	-	-	(0.6)	349.8
Impairment losses	-	-	-	-	-	-	-	-	-	-
OTHER CURRENT FINANCIAL ASSETS	**3.5**	**346.6**	**-**	**0.3**	**-**	**-**	**-**	**-**	**(0.6)**	**349.8**
Gross	824.4	136.1	-	-	-	0.3	-	-	(0.1)	960.7
Impairment losses	-	-	-	-	-	-	-	-	-	-
LIQUID ASSETS AND FINANCING FINANCIAL ASSETS	**824.4**	**136.1**	**-**	**-**	**-**	**0.3**	**-**	**-**	**(0.1)**	**960.7**
TOTAL OTHER CURRENT FINANCIAL ASSETS, NET	**1,073.2**	**454.5**	**0.5**	**0.3**	**(2.5)**	**6.9**	**3.4**	**-**	**(15.3)**	**1,521.0**

* *Impairment losses are recorded in financial income and expenses.*

** *Reinsurers share.*

As of December 31, 2021, liquid assets and financing financial assets primarily comprise investments with an initial maturity of more than three months, easily convertible into cash, and managed with respect to a liquidity objective while maintaining a low capital risk.

Movements in **2021** mainly concern the optimization of the Group's cash management.

The accounting treatment of other current financial assets relating to loans and receivables complies with the required treatment of assets at amortized cost. Other financial assets are classified as "Assets at fair value through profit or loss" in accordance with the principles set out in Note 9.1.2.

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

Cash and cash equivalents include all cash balances, certain term deposit accounts, negotiable debt instruments and monetary UCITS.

Cash equivalents are held to meet short-term cash commitments. In order to be considered a cash equivalent, an investment must be readily convertible to a known amount of cash and subject to a negligible risk of change in value, thereby satisfying the requirements of IAS 7.

Term deposit accounts and negotiable debt instruments present characteristics satisfying the requirements of IAS 7 when their yield is based on short-term money-market rates (such as Eonia) and their maturity is less than 3 months (contractually or due to an early exit option exercisable at least every 3 months and held at a low or nil cost, without loss of capital or remuneration received net of the early exit penalty of less than the yield on short-term investments).

UCITS classified in "cash equivalents" comply with Regulation (EU) 2017/1131 of the European Parliament and of the Council of June 14, 2017 on money market funds and are presumed to satisfy the cash equivalent criteria defined by IAS 7.

These UCITS can be sold daily on demand, conferring on them the characteristics of short-term, highly liquid investments that are readily convertible to known amounts of cash. These instruments are not intended to be held more than three months and offer a yield similar to the Eonia (European Overnight Index Average) interbank rate, thereby limiting sensitivity to interest rates. The regularity of performance trends does not expose them to a material risk of change in value.

Bank overdrafts repayable on demand which form an integral part of the Group's cash management policy represent a component of cash and cash equivalents for the purposes of the Consolidated Cash Flow Statement.

Cash and cash equivalents are valued at fair value through profit or loss. Note 9.2.1 sets out the method of determining fair value. Cash and cash equivalents belong to fair value levels 1 and 2:

- instruments with a quoted price in an active market in level 1;
- other instruments that are not quoted but the fair value of which is determined using valuation techniques involving standard mathematical calculation methods integrating observable market data, in level 2.

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9.1.2.1 Other non-current and current financial assets

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

	Non-current		Current		Total	
(€ million)	As of December 31, 2020 re-presented	As of December 31, 2021	As of December 31, 2020 re-presented	As of December 31, 2021	As of December 31, 2020 re-presented	As of December 31, 2021
Gross	472.4	476.9	282.7	240.7	755.1	717.6
Impairment losses	(68.8)	(70.4)	(37.4)	(30.2)	(106.2)	(100.6)
FINANCIAL ASSETS RELATING TO LOANS AND RECEIVABLES, NET	403.6	406.5	245.3	210.5	648.9	617.0
OTHER FINANCIAL ASSETS	13.0	13.5	3.5	349.8	16.5	363.3
LIQUID ASSETS AND FINANCING FINANCIAL ASSETS[1]	10.7	11.2	824.4	960.7	835.1	971.9
TOTAL OTHER FINANCIAL ASSETS, NET	427.3	431.2	1,073.2	1,521.0	1,500.5	1,952.2

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

9.1.2.2 Changes in other non-current financial assets

Changes in the value of other non-current financial assets during **2021** are as follows:

(€ million)	As of December 31, 2020 re-presented	Changes in business	Changes in consolidation scope	Fair value adjustments	Impairment losses[1]	Foreign exchange translation	Non-current/ current reclassification	Transfers to Assets classified as held for sale	Other movements[2]	As of December 31, 2021
Gross	472.4	(83.8)	1.3	-	5.9	21.2	(3.7)	-	63.6	476.9
Impairment losses	(68.8)	-	-	-	(5.7)	(5.0)	-	-	9.1	(70.4)
NON-CURRENT FINANCIAL ASSETS RELATING TO LOANS AND RECEIVABLES, NET	403.6	(83.8)	1.3	-	0.2	16.2	(3.7)	-	72.7	406.5
OTHER NON-CURRENT FINANCIAL ASSETS	13.0	0.8	-	-	(0.1)	-	-	-	(0.2)	13.5
LIQUID ASSETS AND FINANCING FINANCIAL ASSETS	10.7	(0.5)	-	-	-	0.9	-	-	0.1	11.2
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS, NET	427.3	(83.5)	1.3	-	0.1	17.1	(3.7)	-	72.6	431.2

(1) Impairment losses are recorded in financial income and expenses.
(2) Reinsurers share.

Non-current financial assets relating to loans and receivables

As of December 31, 2021, the main non-current financial assets relating to loans and receivables primarily comprise loans granted to equity-accounted joint ventures totalling €45.4 million, compared with €145.9 million as of December 31, 2020 (see also Note 6.2.4.1).

Loans granted to the Chinese concessions of €105.6 million as of December 31, 2020 were repaid in full during 2021.

Other non-current financial assets

Other non-current financial assets are classified as "Assets at fair value through profit or loss" in accordance with the principles set out in Note 9.1.2.

Other financial assets held by the Group in countries considered high-risk by the IMF are not material in amount.

9.1.1.4 Breakdown of non-current and current financial liabilities by currency

Financial liabilities break down by original currency (before currency swaps) as follows:

- Euro-denominated debt of €16,879.9 million as of December 31, 2021 and €16,630.4 million as of December 31, 2020;
- Pound sterling-denominated debt of €995.5 million as of December 31, 2021 and €926.1 million as of December 31, 2020;
- US dollar-denominated debt of €1,507.5 million as of December 31, 2021 and €807.6 million as of December 31, 2020.

9.1.2 Non-current and current financial assets

Financial assets include assets classified as loans and receivables, liquid assets, financing assets, other financial assets, derivative assets and cash and cash equivalents.

Financial assets are initially recognized at fair value plus transaction costs, where the assets concerned are not subsequently measured at fair value through profit or loss. Where the assets are measured at fair value through profit or loss, transaction costs are expensed directly to net income.

The Group classifies financial assets in one of the categories identified by IFRS 9 on the acquisition date, based on the instrument's characteristics and the business model.

Assets at amortized cost

Financial assets are valued at amortized cost where they are recovered by collecting contractual cash flows (payments of principal and interest on the principal amount outstanding).

These assets comprise loans to non-consolidated investments, operating financial assets, other loans and receivables and trade receivables. After initial recognition at fair value, they are recognized and measured at amortized cost using the effective interest method.

In accordance with IFRS 9, these assets are impaired in the amount of expected credit losses. Impairment losses are recorded in other financial income and expenses.

Assets at fair value through other comprehensive income subsequently released to net income

This category includes financial assets recovered by collecting contractual cash flows (payments of principal and interest on the principal amount outstanding) or selling the assets.

Changes in the fair value of these assets are recognized directly in other comprehensive income, with the exception of interest income and dividends recognized in other financial income and expenses. Fair value gains and losses are released to net income on the sale of the assets.

Assets at fair value through other comprehensive income not subsequently released to net income

This category includes equity instruments not held for trading. It relates primarily to non-consolidated investments.

Changes in the fair value of these assets are recognized directly in other comprehensive income, with the exception of interest income and dividends recognized in other financial income and expenses. Fair value gains and losses are not released to net income on the sale of the assets.

Fair value is equal to market value in the case of quoted securities and to an estimate of the fair value in the case of unquoted securities, determined based on financial criteria most appropriate to the specific situation of each security. Financial investments which are not quoted in an active market and for which the fair value cannot be measured reliably, are recorded by the Group at historical cost less any accumulated impairment losses.

Assets at fair value through profit or loss

This category includes:

- financial assets that are not held either to collect contractual cash flows or to sell the assets and whose contractual conditions do not solely give rise to payments of principal and interest on the principal amount outstanding;
- assets designated at fair value and primarily the cash UCITS portfolio whose performance and management is based on fair value.

Fair value gains and losses are recognized in other financial income and expenses.

Net gains and losses on derivatives entered into for trading purposes consist of swapped flows and the change in the value of the instrument.

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IFRS 16 lease debt by operating segment breaks down as follows:

(€ million)	As of December 31, 2020 re-presented IFRS 16 lease debt	As of December 31, 2021 Non-current IFRS 16 lease debt	As of December 31, 2021 Current IFRS 16 lease debt	As of December 31, 2021 IFRS 16 lease debt
France	336.5	222.8	96.3	319.1
Europe excluding France	510.5	402.9	98.9	501.8
Rest of the world	389.6	299.1	91.6	390.7
Global businesses	339.1	304.7	91.0	395.7
Other	124.0	68.6	32.8	101.4
IFRS 16 LEASE DEBT	**1,699.7**	**1,298.1**	**410.6**	**1,708.7**

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

(€ million)	As of December 31, 2020 re-presented	As of December 31, 2021
Real estate	70.0%	66.2%
Technical installations, plant and equipment	9.9%	21.3%
Rolling stock and other vehicles	19.7%	12.5%

The relative decrease in the weight of real estate lease debt in **2021** is mainly due to a decline in contract renewals during the period.

IFRS 16 lease debt by maturity breaks down as follows:

	Non-current		Current		Total	
(€ million)	As of December 31, 2020 re-presented	As of December 31, 2021	As of December 31, 2020 re-presented	As of December 31, 2021	As of December 31, 2020 re-presented	As of December 31, 2021
IFRS 16 lease debt	**1,296.8**	**1,298.1**	**402.9**	**410.6**	**1,699.7**	**1,708.7**
• 1 year	-	-	402.9	410.6	402.9	410.6
• 2 years	328.5	362.4	-	-	328.5	362.4
• 3 years	249.6	221.8	-	-	249.6	221.8
• 4 years	184.5	161.9	-	-	184.5	161.9
• 5 years	127.6	103.6	-	-	127.6	103.6
• > 5 years	406.6	448.4	-	-	406.6	448.4

(€ million)	As of December 31, 2020 re-presented	As of December 31, 2021
Repayments of IFRS 16 lease debt	619.4	578.5
Interest on IFRS 16 lease debt	32.2	28.2
Variable lease payments on capitalized IFRS 16 leases	25.3	14.4
Exempt leases	-	-
Exemptions and variable lease payments	25.3	14.4
LEASE PAYMENTS OF THE PERIOD	676.9	621.1

Movements in other **financial liabilities** in **2021** are as follows:

(€ million)	As of December 31, 2020 re-presented	Net movement	Changes in consolidation scope	Fair value adjustments	Foreign exchange translation	Non-current/ current reclassification	Transfers to Liabilities classified as held for sale	Other movements	As of December 31, 2021
Other non-current financial liabilities	631.2	166.4	13.0	-	18.1	(72.8)	-	1.3	757.2
Other current financial liabilities	6,548.6	587.5	(7.8)	(0.1)	106.8	72.8	-	7.0	7,314.8
OTHER FINANCIAL LIABILITIES	**7,179.8**	**753.9**	**5.2**	**(0.1)**	**124.9**	**-**	**-**	**8.3**	**8,072.0**

Other **non-current financial liabilities** mainly comprise debt carried by:

- France of €10.8 million;
- the Rest of the world of €370.3 million, including:
  - Redal in Morocco (Water) of €48.7 million, without recourse, as of December 31, 2021 compared with €62.7 million as of December 31, 2020,
  - International Water Services Guayaquil Interagua in Ecuador (Water) of €72.6 million as of December 31, 2021 and €68.2 million as of December 31, 2020;
- Europe excluding France, including Germany, of €344.3 million, and mainly:
  - Braunschweig in Germany of €235.5 million as of December 31, 2021 and €106.0 million as of December 31, 2020,
  - Stadtwerke Gorlitz of €39.8 million as of December 31, 2021 and €34.3 million as of December 31, 2020;
- the Global businesses in the amount of €20.7 million, including €18.6 million in Sarpi;
- certain subsidiaries of the Other operating segment in the amount of €11.2 million.

Other current financial liabilities total €7,314.8 million as of December 31, 2021, compared with €6,548.6 million as of December 31, 2020.

Net movements in other current financial liabilities in **2021** mainly reflect the subscription, in the fourth quarter of 2021, of two bank loans maturing in 3 months, for a total of €700 million.

As of December 31, **2021**, other current financial liabilities mainly concern Veolia Environnement for €6,747.7 million (including treasury notes of €5,879.3 million and accrued interest on debt of €114.3 million).

9.1.1.3 IFRS 16 lease debt

Lease debt recognition and measurement principles are disclosed in note 8.4.

(€ million)	As of December 31, 2020 re-presented	Net movement	Changes in consolidation scope	Fair value adjustments	Foreign exchange translation	Non-current/ current reclassification	Transfers to Liabilities classified as held for sale	Other movements	As of December 31, 2021
Non-current IFRS 16 lease debt	1,296.8	362.9	72.7	-	29.6	(449.7)	(15.0)	0.8	1,298.1
Current IFRS 16 lease debt	402.9	(455.2)	9.8	-	6.0	449.7	(3.5)	0.9	410.6
IFRS 16 LEASE DEBT	**1,699.7**	**(92.3)**	**82.5**	**-**	**35.6**	**-**	**(18.5)**	**1.7**	**1,708.7**

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Breakdown of **non-current bond issues** by main components:

Transaction *(all amounts are in € million)*	Final maturity	Currency	Nominal	Interest rate	Net carrying amount
Series 12	11/25/2033	EUR	700	6.130%	696
Series 24	10/29/2037	GBP	774	6.130%	773
Series 29 (PEO)	03/30/2027	EUR	750	4.625%	708
Series 31 (PEO)	10/01/2028	EUR	500	1.590%	395
Series 33	04/10/2023	EUR	600	0.314%	600
Series 34	04/01/2029	EUR	500	0.927%	499
Series 36	11/30/2026	EUR	650	1.496%	673
Series 38	07/01/2030	EUR	750	1.940%	748
Series 39	01/14/2024	EUR	750	0.892%	749
Series 40	01/15/2031	EUR	500	0.664%	498
Series 41	04/15/2028	EUR	700	1.250%	698
Series 42	01/15/2032	EUR	500	0.800%	498
Series 43	01/14/2027	EUR	700	0.000%	699
Total bond issues (EMTN)	**N/A**	**N/A**	**8,374**	**N/A**	**8,234**
USD Series Tranche 3	06/01/2038	USD	265	6.750%	287
Total publicly offered or traded issuances in USD	**N/A**	**N/A**	**265**	**N/A**	**287**
Panda 4	06/24/2023	CNY	208	3.850%	208
Panda 5	12/16/2023	CNY	208	4.450%	208
Total bond issues in CNY	**N/A**	**N/A**	**416**	**N/A**	**416**
Bonds convertible into and/or exchangeable for new and/or existing shares (OCEANE)	01/01/2025	EUR	700	N/A	710
Total bonds convertible into and/or exchangeable for new and/or existing shares (OCEANE)	**N/A**	**N/A**	**700**	**N/A**	**710**
Stirling Water Seafield Finance bond issue	09/26/2026	GBP	35	5.822%	35
Total principal bond issues	**N/A**	**N/A**	**9,790**	**N/A**	**9,682**
Total other bond issues	**N/A**	**N/A**		**N/A**	**23**
TOTAL NON-CURRENT BOND ISSUES	**N/A**	**N/A**		**N/A**	**9,705**

9.1.1.2 Change in other financial liabilities

	Non-current		Current		Total	
(€ million)	As of December 31, 2020 re-presented	As of December 31, 2021	As of December 31, 2020 re-presented	As of December 31, 2021	As of December 31, 2020 re-presented	As of December 31, 2021
Other financial liabilities	**631.2**	**757.2**	**6,548.5**	**7,314.8**	**7,179.7**	**8,072.0**
• maturing in < 1 year	-	-	6,548.5	7,314.8	6,548.5	7,314.8
• maturing in 2-3 years	171.1	257.1	-	-	171.1	257.1
• maturing in 4-5 years	109.1	157.9	-	-	109.1	157.9
• maturing in > 5 years	351.0	342.2	-	-	351.0	342.2

9.1.1.1 Changes in non-current and current bond issues

Bond issues break down as follows:

(€ million)	Year ended December 31, 2020 re-presented	Subscriptions	Redemptions	Changes in consolidation scope	Fair value adjustments*	Foreign exchange translation	Non-current/ current reclassification	Other movements	As of December 31, 2021
Non-current bond issues	10,205.2	713.8	-	0.8	(17.8)	115.7	(1,312.2)	(0.2)	9,705.3
Current bond issues	648.1	-	(651.2)	-	-	0.7	1,312.2	(0.3)	1,309.5
TOTAL BOND ISSUES	**10,853.3**	**713.8**	**(651.2)**	**0.8**	**(17.8)**	**116.4**	**-**	**(0.5)**	**11,014.8**

(*) Value adjustments are recorded in financial income and expenses.

Additions/subscriptions mainly reflect the issue by Veolia Environnement on January 11, 2021 of a €700 million bond issue maturing in January 2027 (*i.e.* 6 years) and bearing a coupon of 0.00%.

Redemptions concern the redemption at maturity on January 6, 2021 of a euro bond line in the nominal amount of €638 million.

Non-current/current reclassifications total €1,312.2 million and mainly concern the euro bond lines maturing on March 30, 2022 and May 24, 2022 in the nominal amounts of €650 million and €645 million, respectively.

Foreign exchange translation gains total €116.4 million and mainly concern the translation at the year-end exchange rate of the GBP bond line maturing in 2037 with a euro equivalent value of €50.4 million as of December 31, 2021, of the US dollar bond line maturing in 2038 with a euro-equivalent value of €21.4 million as of December 31, 2021 and of the CNY bond line maturing in 2023 with a euro equivalent value of €3.6 million as of December 31, 2021.

	Non-current		Current		Total	
(€ million)	As of December 31, 2020 re-presented	As of December 31, 2021	As of December 31, 2020 re-presented	As of December 31, 2021	As of December 31, 2020 re-presented	As of December 31, 2021
Bond issues	**10,205.2**	**9,705.3**	**648.1**	**1,309.5**	**10,853.3**	**11,014.8**
• maturing in < 1 year	-	-	648.1	1,309.5	648.1	1,309.5
• maturing in 2-3 years	2,304.6	1,786.3	-	-	2,304.6	1,786.3
• maturing in 4-5 years	1,477.8	1,401.1	-	-	1,477.8	1,401.1
• maturing in > 5 years	6,422.8	6,517.9	-	-	6,422.8	6,517.9

Non-current bond issues break down by maturity as follows:

(€ million)	As of December 31, 2020 re-presented	As of December 31, 2021	Maturing in 2 to 3 years	Maturing in 4 to 5 years	Maturing in > 5 years
Publicly offered or traded issuances [a]	9,052.7	8,521.8	1,348.7	673.2	6,499.9
European market [i]	*8,789.0*	*8,235.2*	*1,348.7*	*673.2*	*6,213.3*
American market [ii]	*263.7*	*286.6*	-	-	*286.6*
Bonds convertible into and/or exchangeable for new and/or existing shares (OCEANE)	713.4	710.0	-	710.0	-
Panda	376.3	416.2	416.2	-	-
Stirling Water Seafield Finance bond issue [b]	39.1	34.6	16.7	17.9	-
Other amounts < €50 million in 2020 and 2021	23.7	22.7	4.7	-	18.0
NON-CURRENT BOND ISSUES	**10,205.2**	**9,705.3**	**1,786.3**	**1,401.1**	**6,517.9**

(a) Publicly offered or traded issuances,

(i) European market: as of December 31, 2021, an amount of €9,533.8 million is recorded in the Consolidated Statement of Financial Position in respect of bonds issued under the European Medium Term Notes (EMTN) Program, including €8,235.2 million maturing in more than one year. The impact of the fair value remeasurement of hedged interest rate risk is €21.6 million at the year-end (non-current portion);

(ii) American market: as of December 31, 2021, remaining nominal outstandings on the bond issues performed in the United States on May 27, 2008 total USD 300.0 million, maturing June 1, 2038 and paying fixed-rate interest of 6.75% (Tranche 3).

(b) Stirling Water Seafield Finance bond issue: the outstanding nominal balance as of December 31, 2021 on the amortizable bond issue performed in 1999 by Stirling Water Seafield Finance (Veolia Water UK subsidiary, Water activities), is GBP 34.5 million (non-current and current portion). This bond issue is recognized at amortized cost for a euro equivalent of €34.6 million as of December 31, 2021 (non-current portion). This bond matures on September 26, 2026.

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Additions mainly concern France (€116.8 million), Europe excluding France (€106.6 million) and the Rest of the world (€103.9 million).

Depreciation totals -€432.3 million in **2021** and mainly breaks down as follows:

- land: -€46.9 million;
- buildings: -€160.9 million;
- technical installations, plant and equipment: -€58.2 million;
- vehicles: -€153.0 million.

Depreciation mainly concerns France (-€94.2 million), Europe excluding France (-€108.5 million), the Rest of the world (-€101.7 million) and Global businesses (-€94.0 million).

Changes in consolidation scope mainly concern the acquisition of Osis.

Sub-lease revenue associated with right-of-use assets is not material.

NOTE 9 FINANCING AND FINANCIAL INSTRUMENTS

9.1 Financial assets and liabilities

Financial assets and liabilities mainly consist of:

- financial liabilities, presented in Note 9.1.1;
- other current and non-current financial assets, presented in Note 9.1.2;
- cash and cash equivalents and bank overdrafts and other cash position items, presented in Note 9.1.3;
- derivative instruments, presented in Note 9.3.

9.1.1 Financial liabilities

Financial liabilities include borrowings, other financing and bank overdrafts and derivative liabilities.

With the exception of trading liabilities and derivative liabilities which are measured at fair value, borrowings and other financial liabilities are recognized initially at fair value less transaction costs and subsequently measured at amortized cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the estimated term of the financial instrument or, where applicable, over a shorter period, to the net carrying amount of the financial asset or liability.

		Non-current		Current		Total
(€ million)	Notes	As of December 31, 2020 re-presented	As of December 31, 2021	As of December 31, 2020 re-presented	As of December 31, 2021	As of December 31, 2021
Bond issues	9.1.1.1	10,205.2	9,705.3	648.1	1,309.5	**10,853.3**	11,014.8
Other financial liabilities	9.1.1.2	631.2	757.2	6,548.6	7,314.8	**7,179.8**	8,072.0
IFRS 16 lease debt	9.1.1.3	1,296.8	1,298.1	402.9	410.6	**1,699.7**	1,708.7
TOTAL NON-CURRENT AND CURRENT FINANCIAL LIABILITIES		12,133.2	11,760.6	7,599.6	9,034.9	19,732.8	20,795.5

The heading "Net increase/decrease in current financial liabilities" in the Consolidated Cash Flow Statement includes redemptions of current bonds in the amount of -€651.2 million in 2021 and increases and repayments of other current financial liabilities of €612.6 million.

The heading "New non-current borrowings and other debts" in the Consolidated Cash Flow Statement mainly includes non-current bond issues in the amount of €713.8 million in 2021 and new other non-current financial liabilities of €215.7 million.

Discount rate

When calculating the present value of future lease payments and as authorized by the standard, the Group has elected not to use the rate implicit in the lease as the discount rate, and has developed a calculation method to determine the incremental borrowing rate that would apply to the financing of these leased assets. This methodology is based on a rate schedule calculated by currency and maturity based on the following parameters: reference rate of the relevant currency and the Veolia credit spread, the Group satisfying, through access to the bond market, the majority of the financing requirements of its subsidiaries.

Lease amendments

The net carrying amount of the right of use asset is adjusted in the event of amendments to the lease provisions that require the remeasurement of the lease debt (modification of an index, increase or reduction in the lease term, increase or decrease in future lease payments, etc.) or in the event of changes in assumptions as to whether the exercise of renewal or termination options is reasonably certain.

Right of use assets break down as follows:

(€ million)	Net carrying amount as of December 31, 2020 re-presented	As of December 31, 2021		
		Gross carrying amount	Depreciation and impairment losses	Net carrying amount
Right of use, Land	295.4	531.3	(217.2)	314.2
Right of use, Buildings	667.4	1,486.7	(870.7)	583.0
Right of use assets, Technical installations, plant and equipment	135.9	317.9	(168.1)	149.8
Right of use assets, Rolling stock and other vehicles	381.6	835.2	(397.3)	437.9
Right of use – Other PP&E	49.2	90.3	(45.7)	44.6
RIGHT OF USE	1,529.5	3,261.4	(1,699.0)	1,562.4

Right of use breaks down by operating segment as follows:

(€ million)	Net carrying amount as of December 31, 2020 re-presented	As of December 31, 2021		
		Gross carrying amount	Depreciation and impairment losses	Net carrying amount
France	286.1	604.9	(324.5)	280.4
Europe excluding France	453.1	857.9	(408.0)	449.9
Rest of the world	353.8	722.2	(360.8)	361.5
Global businesses	318.7	794.8	(418.5)	376.3
Other	117.8	281.5	(187.2)	94.3
RIGHT OF USE	1,529.5	3,261.4	(1,699.0)	1,562.4

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

(€ million)	As of December 31, 2020 re-presented	Additions	Contract termination or expiry	Impairment losses	Depreciation	Changes in consolidation scope	Foreign exchange translation	Other movements	As of December 31, 2021
Right of use	3,183.3	486.9	(499.7)	-	-	57.6	60.1	(26.8)	3,261.4
Depreciation and impairment losses	(1,653.8)	-	379.5	(0.6)	(432.3)	23.2	(26.9)	11.9	(1,699.0)
RIGHT OF USE, NET	1,529.5	486.9	(120.2)	(0.6)	(432.3)	80.8	33.2	(14.9)	1,562.4

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8.4 Right of use

In application of the Lease standard (IFRS 16), the Group analyses the contractual provisions of an agreement at the time of signature, to determine whether it presents the characteristics of a lease. In substance, it is necessary to determine whether the agreement conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where these characteristics exist, the Group recognizes, at the time the asset is made available:

- a new asset, the "Right of use", which represents the right to use the leased asset during the term of the lease;
- a liability, the "IFRS 16 lease debt", which represents the lease payment commitment.

The Group applies a single recognition method for all leases, excluding short-term leases (duration of 12 months or less) and leases of assets with a low value. The Group adopted a threshold of US $5,000 for low value assets.

Lease payments on contracts excluded from the scope of IFRS 16, as well as variable payments, continue to be recognized as operating expenses.

(€ million)	As of December 31, 2020 re-presented	As of December 31, 2021
Short-term leases	13.0	16.8
Low value lease contracts	5.1	3.5
Variable leases	7.2	7.7
TOTAL	25.3	28.0

Initial and subsequent measurement of Right of use assets

The right of use asset recognized includes:

- the amount of the related lease debt;
- plus, where applicable:
  - lease payments made before the asset is made available,
  - initial direct costs incurred to obtain the lease, and
  - any dismantling or rehabilitation costs for which Veolia is liable;
- less any incentives received.

The lease debt is equal to the present value of:

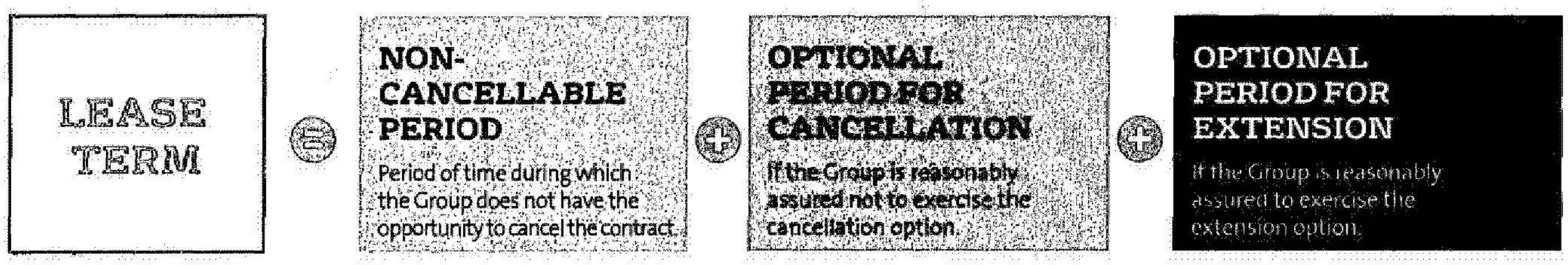
- future lease payments (fixed payments and in-substance fixed payments, as well as variable lease payments that depend on an index or a rate);
- incentives receivable;
- amounts that Veolia expects to pay under residual value guarantees;
- the exercise price of a purchase option if Veolia is reasonably certain to exercise it; as well as
- any penalties for terminating the lease.

The right of use asset is depreciated or amortized on a straight-line over the shorter of the expected useful life of the asset and the lease term.

Impairment tests are performed in accordance with the method described in Note 8.1.2.

Lease term

To determine the lease term, the Group analyzes the lease provisions, as illustrated below:



The enforceable period is also assessed taking into account the duration and characteristics of the customer contract.

Additions mainly concern:

- France (€156.1 million);
- Europe excluding France (€582.7 million). Additions mainly comprise the purchase of rolling stock and other investments in hazardous waste processing in the United Kingdom for €67.1 million; and maintenance investments, environmental standard compliance costs and the development of new connections in Poland and the Czech Republic for €61.3 million and €63.0 million, respectively;
- the Rest of the world (€506.7 million). Additions mainly comprise the construction of new hazardous waste processing plants in Asia for €77.6 million (China).

Disposals, net of impairment losses and depreciation, of -€152.2 million mainly concern:

- France (-€20.7 million);
- Europe excluding France (-€87.7 million);
- and the Rest of the World (-€40.5 million).

Depreciation of -€1,002.1 million mainly concerns France (-€206.4 million), Europe excluding France (-€408.5 million) and the Rest of the world (-€264.1 million).

Changes in consolidation scope of -€8.9 million mainly concern:

- Europe excluding France (-€66.7 million), including notably the Nordic countries for -€68.9 million;
- Global businesses (€71.3 million), including notably €61.3 million in respect of the acquisition by SARP of the entire share capital of OSIS.

Foreign exchange translation gains and losses are primarily due to the appreciation of the Chinese renminbi (+€93.1 million), Czech koruna (+€67.9 million), US dollar (+€43.4 million), and pound sterling (+€33.9 million) against the euro.

Property, plant and equipment break down by operating segment as follows:

(€ million)	Net carrying amount as of December 31, 2020 re-presented	As of December 31, 2021		
		Gross carrying amount	Depreciation and impairment losses	Net carrying amount
France	934.4	3,797.1	(2,900.5)	896.6
Europe excluding France	4,198.7	9,748.5	(5,436.4)	4,312.1
Rest of the world	2,420.3	4,925.8	(2,212.3)	2,713.5
Global businesses	614.3	2,736.8	(2,004.7)	732.1
Other	48.9	194.2	(146.6)	47.6
PROPERTY, PLANT AND EQUIPMENT	**8,216.6**	**21,402.4**	**(12,700.5)**	**8,701.9**

The breakdown of property, plant and equipment by class of assets is as follows:

(€ million)	Net carrying amount as of December 31, 2020 re-presented	As of December 31, 2021		
		Gross carrying amount	Depreciation and impairment losses	Net carrying amount
Land	682.9	1,546.1	(864.8)	681.3
Buildings	1,726.5	3,941.1	(2,001.8)	1,939.3
Technical installations, plant and equipment	3,848.6	10,610.6	(6,593.7)	4,016.9
Rolling stock and other vehicles	643.0	2,424.6	(1,739.9)	684.7
Other property, plant and equipment	357.6	1,768.6	(1,455.8)	312.8
Property, plant and equipment in progress	958.0	1,111.4	(44.5)	1,066.9
PROPERTY, PLANT AND EQUIPMENT	**8,216.6**	**21,402.4**	**(12,700.5)**	**8,701.9**

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Intangible assets with an indefinite useful life are primarily trademarks.

Other intangible assets total €567.1 million as of December 31, 2021 and mainly include patents for €86.1 million and primarily US Elemental Environmental Solutions for €41.6 million.

Other internally-developed intangible assets mainly concern Global businesses for €30.7 million and the Other segment for €31.5 million.

Impairment losses include -€12.0 million in respect of greenhouse gas emission allowances in China.

Other movements total €45.2 million and mainly comprise the commissioning of intangible assets in progress in the Rest of the world in the amount of €32.8 million and in Global businesses in the amount of €9.2 million.

8.3 Property, plant and equipment

Property, plant and equipment are recorded at historical acquisition cost, less accumulated depreciation and any accumulated impairment losses.

Borrowing costs attributable to the acquisition or construction of identified installations, incurred during the construction period, are included in the cost of those assets in accordance with IAS 23, Borrowing Costs.

Property, plant and equipment are recorded by component, with each component depreciated over its useful life.

Useful lives are as follows:

	Range of useful lives in number of years*
Buildings	20 to 50
Technical installations	7 to 35
Vehicles	3 to 25
Other plant and equipment	3 to 12

* *The range of useful lives is due to the diversity of property, plant and equipment concerned.*

Property, plant and equipment are primarily depreciated on a straight-line basis, unless another systematic depreciation basis better reflects the rate of consumption of the asset.

They are tested for impairment where there is indication of loss in value.

In accordance with the option offered by IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, investment grants are deducted from the gross carrying amount of property, plant and equipment to which they relate. When the construction of an asset covers more than one period, the portion of the grant not yet used is recorded in "Other liabilities" in the Consolidated Statement of Financial Position.

8.3.1 Movements in the net carrying amount of property, plant and equipment

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

(€ million)	As of December 31, 2020 re-presented	Additions	Disposals	Impairment losses	Depreciation	Changes in consolidation scope	Foreign exchange translation	Other movements	As of December 31, 2021
Property, plant and equipment, gross	20,386.1	1,421.4	(689.7)	-	-	(188.7)	511.8	(38.5)	21,402.5
Depreciation and impairment losses	(12,169.5)	-	567.0	(29.5)	(1,002.1)	179.8	(250.3)	4.1	(12,700.6)
PROPERTY, PLANT AND EQUIPMENT, NET	8,216.6	1,421.4	(122.7)	(29.5)	(1,002.1)	(8.9)	261.5	(34.4)	8,701.9

8.2.2 Other intangible assets

Other intangible assets mainly consist of entry fees paid to local authorities for public service contracts, the value of contracts acquired through business combinations ("contractual rights"), patents, licenses, software and operating rights.

Other intangible assets are amortized on a straight-line basis over their useful life, unless another systematic amortization basis better reflects the rate of consumption of the asset.

Useful lives are as follows:

	Range of useful lives in number of years*
Entry fees paid to local authorities	3 to 80
Purchased contractual rights	3 to 60
Purchased software	3 to 10
Other intangible assets	1 to 30

* *The range of useful lives is due to the diversity of intangible assets concerned.*

Other intangible assets break down as follows:

(€ million)	As of December 31, 2020 re-presented	As of December 31, 2021
INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE, NET	**46.6**	**49.8**
Intangible assets with a definite useful life, gross	3,824.7	3,887.2
Amortization and impairment losses	(2,500.0)	(2,608.4)
INTANGIBLE ASSETS WITH A DEFINITE USEFUL LIFE, NET	**1,324.7**	**1,278.8**
OTHER INTANGIBLE ASSETS, NET	**1,371.3**	**1,328.6**

Movements in the net carrying amount of other intangible assets during **2021** are as follows:

(€ million)	As of December 31, 2020 re-presented	Additions	Disposals	Impairment losses	Amortization	Changes in consolidation scope	Foreign exchange translation	Other movements	As of December 31, 2021
INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE, NET	**46.6**	**1.5**	**1.0**	**(0.2)**	**-**	**3.8**	**0.9**	**(3.8)**	**49.8**
Entry fees paid to local authorities	35.1	0.8	-	0.1	(7.8)	-	1.5	(1.9)	27.8
Purchased contractual rights	308.5	1.1	(15.6)	(3.9)	(45.1)	28.3	10.5	0.3	284.1
Purchased software	174.8	60.0	(1.2)	(2.3)	(66.0)	1.6	3.1	52.9	222.9
Purchased customer portfolios	116.6	0.8	(9.4)	0.1	(15.9)	(15.8)	1.7	(1.2)	76.9
Other purchased intangible assets	587.5	47.4	(3.7)	(14.6)	(51.2)	(17.0)	26.2	(7.5)	567.1
Other internally-developed intangible assets	102.2	26.5	(3.9)	0.7	(32.9)	0.3	0.7	6.4	100.0
INTANGIBLE ASSETS WITH A DEFINITE USEFUL LIFE, NET	**1,324.7**	**136.6**	**(33.8)**	**(19.9)**	**(218.9)**	**(2.6)**	**43.7**	**49.0**	**1,278.8**
OTHER INTANGIBLE ASSETS	**1,371.3**	**138.1**	**(32.8)**	**(20.1)**	**(218.9)**	**1.2**	**44.6**	**45.2**	**1,328.6**

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8.2.1 Concession intangible assets

Concession intangible assets correspond to the right of the concession holder to bill users of a public service in return for construction services provided by it to the concession grantor under public service contracts in accordance with IFRIC 12, Service Concession arrangements.

This concession holder right is equal to the fair value of the construction of the concession infrastructure plus borrowings costs recognized during the construction period. It is amortized over the contract term in accordance with an appropriate method reflecting the rate of consumption of the concession asset's economic benefits as from the date the infrastructure is brought into service.

Investment grants received in respect of concession arrangements are generally definitively earned and, therefore, are not repayable. In accordance with the option offered by IAS 20, these grants are presented as a deduction from intangible assets and reduce the amortization charge in respect of the concession intangible asset over the residual term of the concession arrangement.

Movements in the net carrying amount of concession intangible assets during **2021** are as follows:

(€ million)	As of December 31, 2020 re-presented	Additions	Disposals	Impairment losses	Amortization/ Reversals	Change in scope of consolidation	Foreign exchange translation	Transfers to Assets classified as held for sale	Other movements	As of December 31, 2021
Concession intangible assets, gross	7,686.0	466.2	(151.4)	-	-	-	250.6	-	63.2	8,314.6
Amortization and impairment losses	(4,141.1)	-	129.2	(20.7)	(445.4)	(0.1)	(117.4)	-	(13.1)	(4,608.6)
CONCESSION INTANGIBLE ASSETS, NET	3,544.9	466.2	(22.2)	(20.7)	(445.4)	(0.1)	133.2	-	50.1	3,706.0

Additions mainly concern France (€191.8 million), Europe excluding France (€127.8 million) and the Rest of the World (€145.4 million).

Charges to **amortization and impairment losses** mainly concern Europe excluding France (-€236.5 million) and France (-€131.6 million) and include an impairment loss of -€21.0 million recognized in China.

Foreign exchange translation gains and losses are primarily due to movements in the Czech koruna (-€45.8 million), the pound sterling (-€38.3 million), the US dollar (-€15.4 million) and the Moroccan dirham (-€12.4 million) against the euro.

Other movements mainly concern Europe excluding France for €52.2 million and primarily relate to contractual changes in Germany and the Czech Republic.

Concession intangible assets break down by operating segment as follows:

(€ million)	Net carrying amount as of December 31, 2020 re-presented	As of December 31, 2021		
		Gross carrying amount	Amortization and impairment losses	Net carrying amount
France	655.4	1,597.7	(891.9)	705.8
Europe excluding France	2,176.7	5,047.5	(2,851.0)	2,196.5
Rest of the world	711.5	1,653.8	(855.5)	798.3
Global businesses	1.3	15.6	(10.2)	5.4
Other	-	-	-	-
CONCESSION INTANGIBLE ASSETS	3,544.9	8,314.6	(4,608.6)	3,706.0

The assumptions underlying the impairment tests on Group cash-generating units with material goodwill balances are as follows:

Geographic area	Recoverable amount determination method	Discount rate	Perpetual growth rate
France	Value in use	5.2%	1.4%
British Isles	Value in use	5.7%	1.9%
Germany	Value in use	5.2%	1.5%
Czech Republic and Slovakia	Value in use	6.2%	1.9%
Poland	Value in use	6.8%	2.2%
North America	Value in use	6.1%	2.1%

8.1.2.1 Impairment test results

Impairment tests were performed on all cash-generating units. No material impairment losses were recognized in 2021.

8.1.2.2 Sensitivity of recoverable amounts

Recoverable amounts determined for impairment testing purposes were tested for their sensitivity to a 1% increase in discount rates, a 1% decrease in perpetual growth rates and a 5% decrease in operating cash flows.

The changes in operating cash flows taken into account for the purpose of these sensitivity tests include EBITDA, less investments net of divestitures, plus changes in working capital. They also include the impact of Efficiency and Convergence plans launched by each cash-generating unit at the date of preparation of the Long-Term Plan.

These assumptions are considered reasonable given the Group's activities and the geographic areas of its operations.

As of December 31, 2021, for the Germany cash-generating unit, these changes lead to identifying recoverable amount less than the net carrying amount. Therefore the cash-generating unit is considered sensitive.

(€ million)			Difference between the recoverable amount and the net carrying amount			
Cash-generating unit	Net carrying amount at 100%	o/w goodwill	As of December 31, 2021	With an increase in the discount rate (1%)	With a decrease in the perpetual growth rate (1%)	With a decrease in operating cash flows (5%)
Germany	1,270	387	204	-123	-78	+131

In addition, some cash-generating units that are not sensitive as of December 31, 2021 continue to be closely monitored: Poland and the Czech Republic-Slovakia.

As of December 31, 2021, the recoverable amount of the Poland CGU remains higher than its net carrying amount. The cash-generating unit nonetheless continues to be monitored with regard to its dependence on the realization of several operating assumptions, such as commercial wins, tariff rises and the implementation of its production asset decarbonization program.

The Czech Republic-Slovakia cash-generating unit is no longer sensitive to changes in macro-economic and operational assumptions. However, it continues to be closely monitored due to the ambitions of the transformation plan and the integration of the Prague Right Bank recent acquisition.

In the context of post sanitary crisis, the Latin America cash-generating unit is no longer closely monitored. Nevertheless, the management continues to pay particular attention to old debts recovery and renewal of major contracts in the geographical area.

8.2 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance. They mainly consist of certain assets recognized in respect of concession arrangements (IFRIC 12).

Intangible assets purchased separately are initially measured at cost in accordance with IAS 38. Intangible assets acquired through business combinations are recognized at fair value separately from goodwill. Subsequently, intangible assets are measured at cost less accumulated amortization and impairment losses. They are tested for impairment where there is indication of loss in value (nonperformance of a significant long-term contract under the terms laid down in the contract, technical operating issues, etc.).

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Fair values attributed to identifiable assets and liabilities of Pražská Teplárenská Group at the acquisition date are as follows:

(€ million)	
Non-current assets	424.2
Current assets	126.8
Non-current liabilities	(93.3)
Current liabilities	(180.7)
NET ASSETS ACQUIRED	**277.0**
Consideration transferred	*667.4*
GOODWILL	**390.4**

The acquired heat distribution network is one of the most important urban networks in Europe considering its size, its extent and opportunities. The goodwill reflects future economic benefits related to financial synergies arising from this transaction and from distribution activities already existing in the area.

8.1.2 Impairment tests

Veolia performs systematic annual impairment tests in respect of goodwill and other intangible assets with an indefinite useful life. More frequent tests are performed where there is indication that the cash-generating unit may have suffered a loss in value.

Changes in the general economic and financial context, worsening of local economic environments, or changes in the Group's economic performance or stock market capitalization represent, in particular, external indicators of impairment that are analyzed by the Group to determine whether it is appropriate to perform more frequent impairment tests.

Impairment testing was performed on all cash-generating units as of December 31, 2021.

Goodwill impairment is recognized in operating income and is definitive.

Key assumptions underlying the determination of recoverable amounts

The need to recognize an impairment is assessed by comparing the net carrying amount of the assets and liabilities of the CGU or group of CGUs with their recoverable amount.

The recoverable amount of a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Fair value less costs to sell is determined based on available information enabling the best estimate of the amount obtainable from the sale of the cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The value in use determined by the Group is generally equal to the present value of the future cash flows expected to be derived from the CGU or group of CGUs, taking account of their residual value and based on the following:

- cash flow projections are taken from the Long-Term Plan prepared each year and reflect changes in volumes, prices, direct costs and investment in the period, determined based on contracts and activities and in line with past data and expected changes over the period covered by the Long-Term Plan;
- this plan covers the year in progress and the next six years. This period is representative of the average duration of the Group's long-term contract portfolio and its short-term activities;
- terminal values are calculated based on discounted forecast flows for the last year of the long-term plan (2027). These flows are determined for each CGU or group of CGUs based on a perpetual growth rate mainly founded on long-term inflation;
- these terminal values are calculated based on discount rates and perpetual growth rates reflecting the country or the geographic area of the cash-generating unit;
- a discount rate (weighted average cost of capital) is determined for each asset, cash-generating unit or group of cash-generating units: it is equal to the risk-free rate plus a risk premium weighted for country-specific risks (see Note 2). A risk premium is included in the calculation of the weighted average cost of capital of entities located in countries outside the euro zone and the following euro zone countries: Spain, Italy, Portugal. The discount rates estimated by management for each cash-generating unit therefore reflect current market assessments of the time value of money and the country specific risks to which the CGU or group of CGUs is exposed, with the other risks reflected in the expected future cash flows from the assets. These rates were updated by an independent expert in the second half of 2021;
- investments included in forecast future cash flows are those investments that enable the level of economic benefits expected to arise from the assets to be maintained in their current condition. Restructuring plans to which the Group is not committed are not included in forecast cash flows used to determine values in use.

Changes in the economic and financial context, as well as changes in the competitive or regulatory environment may impact estimates of recoverable amounts, as may unforeseen changes in the political, economic or legal systems of certain countries.

Goodwill balances of less than €200 million break down by operating segment as follows:

(€ million)	As of December 31, 2020 re-presented	As of December 31, 2021
France	-	-
Europe excluding France	534.0	470.2
Rest of the world	620.1	671.5
Global businesses	19.7	32.3
Other	2.5	5.0
TOTAL	**1,176.3**	**1,179.0**

As of December 31, 2021, accumulated impairment losses total -€949.9 million and mainly concern goodwill of the Germany (-€493.0 million) and Poland (-€92.2 million) cash-generating units.

8.1.1.2 Movements in the net carrying amount of goodwill

Movements in the net carrying amount of goodwill during **2021** are as follows:

(€ million)	As of December 31, 2020 re-presented	Changes in consolidation scope	Foreign exchange translation	Impairment losses	Transfers to Assets classified as held for sale	Other movements	As of December 31, 2021
France	1,236.6	-	-	-	-	-	1,236.6
Europe excluding France	2,954.7	(71.2)	70.4	0.2	-	1.4	2,955.5
Rest of the world	975.4	20.4	51.0	-	-	7.2	1,054.0
Global businesses	719.7	227.6	28.4	(1.2)	(27.6)	3.1	950.0
Other	2.5	2.5	-	-	-	0.1	5.1
TOTAL GOODWILL	5,888.9	179.3	149.8	(1.0)	(27.6)	11.8	6,201.2

The main movements in Group goodwill **during 2021** were primarily due to:

- **Changes in consolidation scope** in the amount of €179.3 million, including:
  - provisional goodwill of €227.6 million in Global businesses, relating notably to the acquisition of OSIS (SARP) for €218.0 million,
  - -€71.2 million in Europe excluding France, including -€80.7 million in respect of the divestiture of activities in Nordic countries;
- **foreign exchange translation gains and losses** of +€149.8 million, mainly due to movements in the pound sterling (€53.4 million), Chinese renminbi (€15.4 million) and Canadian dollar (€8.2 million) against the euro;
- **transfers to assets classified as held for sale** of -€27.6 million relating notably to the transfer of OSIS Collectivités Île de France in accordance with the request of the competition authorities.

8.1.1.3 Finalization of the Prague purchase price allocation

On November 3, 2020, Veolia Environnement completed the acquisition, through its Czech subsidiary Veolia Ceska Republik, of Pražská Teplárenská Group, a heat production and distribution group based in Prague.

The acquisition price of €667.4 million was paid on the date of acquisition of control.

This determining transaction secures Veolia's position in the region, strengthens its presence in energy services and consolidates the Group's links with the City of Prague.

Fair value remeasurement procedures mainly concern the valuation of the main infrastructure assets: primary and secondary distribution network, including buildings, machines and equipment. Definitive goodwill in respect of this transaction is therefore €390.4 million.

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NOTE 8.

GOODWILL, INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

8.1 Goodwill

8.1.1 Movements in goodwill

Goodwill breaks down as follows:

(€ million)	As of December 31, 2020 re-presented	As of December 31, 2021
Gross	6,831.6	7,151.1
Accumulated impairment losses	(942.7)	(949.9)
NET	5,888.9	6,201.2

8.1.1.1 Main goodwill balances by Cash-Generating Unit

A Cash-Generating Unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For the purpose of impairment tests, goodwill is allocated, from the acquisition date, to each of the cash-generating units or each of the groups of cash-generating units that are expected to benefit from the business combination, referred to hereafter as "goodwill CGUs".

Given the Group's activities, the goodwill CGUs are below operating segments in the organizational structure and generally represent a country or group of countries.

The Group has 24 goodwill CGUs as of December 31, 2021, including 10 with allocated goodwill in excess of €200 million, presented below.

(€ million)	As of December 31, 2020 re-presented	As of December 31, 2021
Czech Republic and Slovakia	1,037.9	1,050.7
France Water	902.4	902.4
British Isles	762.8	813.2
Germany	383.4	386.6
North America	355.3	382.5
Hazardous Waste	340.8	363.0
France Waste	334.3	334.3
MIB	88.3	284.5
VWT	270.8	270.3
Poland	236.6	234.7
Goodwill balances > €200 million as of December 31, 2021	**4,712.6**	**5,022.2**
Other goodwill balances < €200 million	1,176.3	1,179.0
TOTAL GOODWILL	5,888.9	6,201.2

7.4 Compensation and related benefits of key management (related parties)

Group Executive Committee members and directors represent the key management personnel of Veolia Environnement.

The following table summarizes amounts paid by the Group in respect of compensation and other benefits granted to members of the Company Executive Committee in exercise at the closing date of each fiscal year presented.

Short-term benefits include fixed and variable compensation, employee benefits and directors' fees. Variable compensation comprises amounts paid in a given fiscal year in respect of previous fiscal years.

(€ million)	Year ended 31, 2020 re-presented	Year ended December 31, 2021
Short-term benefits, excluding employer contributions	9.7	12.2
Employer contributions	3.8	4.2
Post-employment benefits[1]	0.1	-
Other long-term benefits[2]	-	-
Share-based payments	0.5	2.2
Other items	-	-
TOTAL	14.1	18.6

(1) Current service cost.
(2) Other compensation vested but payable in the long-term.

As of December 31, **2021**, total pension and post-employment benefits obligations in respect of members of the Executive Committee amount to €3.7 million, compared with €4.7 million as of December 31, 2020.

The members of the Board of Directors receive compensation for their duties as directors, with the exception of the Chairman and Chief Executive Officer who has waived the receipt of compensation for his duties as a director of the Company and as a corporate officer of companies controlled by the Group. The total gross amount of compensation (before withholding tax) paid by the Company to directors was €915,028 in **2021**.

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7.3.6 Impact on comprehensive income

The net benefit cost breaks down as follows:

	As of December 31							
	United Kingdom		France		Other countries		Total	
(€ million)	2020 re-presented	2021	2020 re-presented	2021	2020 re-presented	2021	2020 re-presented	2021
Service cost	2.8	2.9	25.8	24.9	(6.8)	14.7	21.8	42.5
o/w Current service cost	*2.8*	*3.0*	*24.2*	*26.6*	*18.5*	*18.8*	*45.5*	*48.4*
o/w Past service cost	*-*	*(0.1)*	*1.6*	*(1.7)*	*(25.3)*	*(4.1)*	*(23.7)*	*(5.9)*
Net interest expense	(0.7)	(0.7)	2.8	2.2	4.1	3.5	6.2	5.0
o/w Interest cost	*22.4*	*18.0*	*3.5*	*2.7*	*5.3*	*4.2*	*31.2*	*24.9*
o/w Interest income on plan assets	*(23.1)*	*(18.7)*	*(0.7)*	*(0.5)*	*(1.2)*	*(0.7)*	*(25.0)*	*(19.9)*
Interest income on right to reimbursement	-	-	-	-	-	-	-	-
Administrative expenses paid by the fund	-	0.1	-	-	0.2	0.1	0.2	0.2
Other		-	(0.1)	0.2	(0.6)	(0.1)	(0.7)	0.1
Net benefit cost recognized in the Consolidated Income Statement	**2.1**	**2.3**	**28.5**	**27.3**	**(3.1)**	**18.2**	**27.5**	**47.8**
Return on plan assets excluding amounts included in interest income	(71.9)	(99.7)	(1.0)	(0.5)	0.1	(5.8)	(72.8)	(106.0)
Actuarial (gains) losses arising from experience adjustments	(3.2)	(0.2)	3.7	(1.3)	3.6	2.1	4.1	0.6
Actuarial (gains) losses arising from changes in demographic assumptions	(7.6)	6.9	0.3	(1.7)	(1.2)	(1.9)	(8.5)	3.3
Actuarial (gains) losses arising from changes in financial assumptions	71.6	62.0	8.8	(14.4)	5.6	(13.2)	86.0	34.4
Net benefit cost recognized in other comprehensive income	**(11.1)**	**(31.0)**	**11.8**	**(17.9)**	**8.1**	**(18.8)**	**8.8**	**(67.7)**
NET BENEFIT COST RECOGNIZED IN TOTAL COMPREHENSIVE INCOME	(9.0)	(28.7)	40.3	9.4	5.0	(0.6)	36.3	(19.9)

The costs in the Consolidated Income Statement are recorded in operating income, except for the net interest expense, recorded in net finance costs.

Investment policy

In the United Kingdom, the investment policy is defined by the pension fund. Funding levels and the contribution payment schedule are negotiated by the employer and the Trustee, based on triennial actuarial valuations. Contributions include both the funding of the shortfall in relation to past rights and service costs for future years.

United Kingdom pension funds aim to attain 100% technical coverage of liabilities within 10 years, while maintaining a risk level considered as acceptable by all parties (Trustees and employers). In order to achieve that goal, plan assets are allocated within two portfolios:

- a liability-driven investment portfolio comprising financial instruments (where flows best match liabilities and the value fluctuates in line with the liability value). This portfolio mainly includes inflation-linked bonds issued or guaranteed by the UK government and derivatives with leading banking counterparties, with which collateralization contracts have been signed in order to minimize counterparty risk;
- a portfolio of growth assets invested in a diverse range of asset classes (equities, bonds, diversified funds, etc.) and seeking to outperform the liabilities. Portfolio management was delegated to an external manager in January 2017.

A hedging policy covering some financial risks (particularly foreign exchange, inflation and interest rate) was implemented, in order to reduce the fund's exposure to these risks and therefore reduce the risk of increased contributions. These hedges were implemented using derivatives (currency forwards, total return swaps on gilts, interest rate swaps, etc.).

In France, the Group's assets are placed primarily with insurance companies and invested in the general insurance fund. The French General Insurance Code (*Code général des assurances*) requires insurance companies to provide a minimum rate of return on these funds, calculated primarily based on the rate offered by government bonds.

For the entire Group, the actual rate of return on plan assets reflects market performance based on the asset investment profiles. In **2021**, growth assets were mainly impacted by the good performance of assets in the United Kingdom (+€118.5 million).

The Group plans to make contributions of €14.9 million to defined benefit plans in 2022, compared with €18.5 million in 2021. The decrease in expected contributions is mainly due to agreements signed with the Trustees in the United Kingdom in November 2020, reducing the required contributions for the 2021-2023 three-year period.

Investment and return on assets

On average, Group pension plan assets were invested as follows:

	2020 re-presented	2021
Unquoted assets	**12.0%**	**10.1%**
Liquid unquoted assets – Investment funds (general insurance fund)	8.2%	7.3%
Non-liquid unquoted assets – Investment funds(1)	2.3%	1.1%
Unquoted assets – Other	1.5%	1.7%
Quoted assets (liquid)	**85.5%**	**88.0%**
Government bonds(2)	20.6%	32.1%
Corporate bonds	1.1%	0.7%
Shares	3.2%	1.0%
Diversified Investment funds	60.0%	53.5%
Liquid quoted assets – Other	0.5%	0.6%
Liquid assets	**2.6%**	**2.0%**
TOTAL	100.0%	100.0%

(1) The line "Non-liquid unquoted assets – Investment funds" consists of funds without guaranteed monthly liquidity (e.g. real estate funds, infrastructure funds).
(2) The portion of government bonds from high-risk countries is not material.

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7.3.4 Change in the funding status of post-employment benefit obligations and the provision

	United Kingdom		France		Other countries		Total	
(€ million)	2020 re-presented	2021	2020 re-presented	2021	2020 re-presented	2021	2020 re-presented	2021
(a) Defined Benefit Obligation at end of year	1,153.7	1,286.0	460.9	468.3	356.0	346.0	1,970.6	2,100.3
(b) Fair value of plan assets at end of year	1,195.0	1,369.3	78.3	76.8	91.1	96.0	1,364.4	1,542.1
Funding status = (b) – (a)	**41.3**	**83.3**	**(382.6)**	**(391.5)**	**(264.9)**	**(250.0)**	**(606.2)**	**(558.2)**
Provisions	(12.3)	(4.9)	(382.6)	(391.5)	(264.9)	(252.2)	(660.5)	(648.6)
Prepaid benefits (regimes with a funding surplus)	53.6	88.2	-	-	0.7	2.2	54.3	90.4

Provisions for post-employment benefits total €648.6 million in **2021**, compared with €660.5 million in 2020.

7.3.5 Change in plan assets

The following table presents plan assets funding obligations in respect of defined benefit pension plans and other post-employment benefits.

As of December 31

	United Kingdom		France		Other countries		TOTAL	
Change in plan assets *(€ million)*	2020 re-presented	2021	2020 re-presented	2021	2020 re-presented	2021	2020 re-presented	2021
Fair value of plan assets at beginning of year	**1,189.4**	**1,195.0**	**80.6**	**78.3**	**206.2**	**91.1**	**1,476.2**	**1,364.4**
Actual return on plan assets	95.0	118.4	1.7	1.0	1.1	6.5	97.8	125.9
o/w interest income	*23.1*	*18.7*	*0.7*	*0.5*	*1.2*	*0.7*	*25.0*	*19.9*
o/w return on plan assets excluding amounts included in interest income	*71.9*	*99.7*	*1.0*	*0.5*	*(0.1)*	*5.8*	*72.8*	*106.0*
Employer contributions	19.9	9.4	0.3	2.0	6.0	7.1	26.2	18.5
Plan participants' contributions	0.3	0.2	-	-	0.9	0.9	1.2	1.1
Plan assets assumed on acquisition of subsidiaries	-	-	-	0.1	2.1	-	2.1	0.1
Plan assets transferred on divestiture of subsidiaries	-	-	-	(0.1)	-	(0.7)	-	(0.8)
Settlements	(5.5)	(0.2)	-	-	(120.1)	(4.0)	(125.6)	(4.2)
Benefits paid	(39.3)	(38.9)	(4.0)	(4.5)	(4.8)	(8.6)	(48.1)	(52.0)
Administrative expenses paid by the fund	-	(0.1)	-	-	*(0.2)*	(0.1)	(0.2)	(0.2)
Foreign exchange translation	(64.6)	85.6	-	-	0.6	2.2	(64.0)	87.8
Other	(0.2)	(0.1)	(0.3)	-	(0.7)	1.6	(1.2)	1.5
(b) Fair value of plan assets at end of year	**1,195.0**	**1,369.3**	**78.3**	**76.8**	**91.1**	**96.0**	**1,364.4**	**1,542.1**

7.3.3.2 Change in the defined benefit obligation (DBO)

Change in the DBO (€ million)	United Kingdom		France		Other countries		TOTAL	
	2020 re-presented	2021	2020 re-presented	2021	2020 re-presented	2021	2020 re-presented	2021
Defined Benefit Obligation at beginning of year	**1,176.4**	**1,153.7**	**439.7**	**460.9**	**491.4**	**356.0**	**2,107.5**	**1,970.6**
Current service cost	2.8	3.0	24.2	26.6	18.5	18.8	45.5	48.4
Plan amendments or new plans (contract wins)	-	-	7.0	0.2	(0.7)	0.7	6.3	0.9
Curtailments and settlements	(5.5)	(0.3)	(5.4)	(1.9)	(144.7)	(8.8)	(155.6)	(11.0)
Interest cost	22.4	18.0	3.5	2.7	5.3	4.2	31.2	24.9
Actuarial (gains) losses	60.8	68.7	12.8	(17.4)	8.0	(13.0)	81.6	38.3
o/w actuarial (gains) losses arising from experience adjustments	*(3.2)*	*(0.2)*	*3.7*	*(1.3)*	*3.6*	*2.1*	*4.1*	*0.6*
o/w actuarial (gains) losses arising from changes in demographic assumptions	*(7.6)*	*6.9*	*0.3*	*(1.7)*	*(1.2)*	*(1.9)*	*(8.5)*	*3.3*
o/w actuarial (gains) losses arising from changes in financial assumptions	*71.6*	*62.0*	*8.8*	*(14.4)*	*5.6*	*(13.2)*	*86.0*	*34.4*
Plan participants' contributions	0.3	0.2	-	0.0	0.9	0.9	1.2	1.1
Benefits paid	(39.4)	(39.1)	(17.8)	(22.5)	(19.1)	(19.8)	(76.3)	(81.4)
Benefit obligations assumed on acquisition of subsidiaries	-	-	0.4	22.2	4.3	1.9	4.7	24.1
Benefit obligations transferred on divestiture of subsidiaries	-	-	(4.0)	(1.1)	(0.6)	(4.0)	(4.6)	(5.1)
Foreign exchange translation	(63.9)	81.9	-	0.0	(8.2)	8.3	(72.1)	90.2
Other	(0.2)	(0.1)	0.5	(1.4)	0.9	0.8	1.2	(0.7)
(a) Defined Benefit Obligation at end of year	**1,153.7**	**1,286.0**	**460.9**	**468.3**	**356.0**	**346.0**	**1,970.6**	**2,100.3**

In May 2021, the IFRS Interpretations Committee published a decision on the allocation over time of the cost of post-employment benefit plans, where rights are subject to a condition of presence on retirement and are dependent on seniority and capped. Until now, the provision was calculated from the date of entry of an employee into the company (on a time apportioned basis). Under the IFRIC decision, the provision is calculated from the start of the rights vesting period (seniority criteria, cap and condition of presence). The impact of this new method was calculated retroactively from January 1, 2020 with a reduction in the obligation of €31 million, mainly impacting retirement termination payments in France and the Czech Republic for €24.5 million and €5.2 million, respectively.

7.3.3.3 Sensitivity of the defined benefit obligation and the current service cost

The Group defined benefit obligation is especially sensitive to discount and inflation rates.

A 1% increase in the discount rate would decrease the defined benefit obligation by approximately €260 million and the current service cost of the next year by €5 million. A 1% decrease in the discount rate would increase the defined benefit obligation by €303 million and the current service cost of the next year by €6 million.

Conversely, a 1% increase in the inflation rate would increase the defined benefit obligation by approximately €260 million and the current service cost by €5 million. A 1% decrease in the inflation rate would decrease the defined benefit obligation by €220 million and the current service cost by €4 million.

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France

In France, the defined benefit obligation for all plans totaled €468.3 million as of December 31, 2021 (€460.9 million as of December 31, 2020 re-presented) and is funded by plan assets of €76.8 million at this date (€78.3 million as of December 31, 2020). The increase in the defined benefit obligation is presented in the table below in Note 7.3.3.

Nearly 88% of the obligation relates to retirement indemnities (legally required payments) paid in a lump sum. These indemnities represent a number of months' salary based on seniority and are legally required by the applicable collective-bargaining agreement to be paid on an employee's retirement. A portion of these obligations is covered by insurance contracts, but this funding is at the discretion of the employer. The average duration of these plans is approximately 11 years.

The risk associated with this type of plan is linked to the renegotiation of collective bargaining agreements which could generate adjustments to the indemnities granted.

Multi-employer plans

Under collective agreements, some Group companies participate in multi-employer defined benefit pension plans. However, these plans are unable to provide a consistent and reliable basis for the allocation of the obligation, assets and costs between the different participating entities. They are therefore recorded as defined contribution plans in accordance with IAS 19. The multi-employer plans concern approximately 4,000 employees in 2021 and are mainly located in Germany, where such plans are generally funded by redistribution and in the United States.

The corresponding expense recorded in the Consolidated Income Statement is equal to annual contributions and totals €12.0 million in **2021** compared with €12.9 million in 2020. The Group plans to pay contributions of €10.9 million in 2022 under its multi-employer plans.

7.3.3 Obligations in respect of defined benefit pension plans and other post-employment benefits

7.3.3.1 Actuarial assumptions

Actuarial assumptions used for calculation purposes vary depending on the country in which the plan is implemented.

The benefit obligation in respect of pension plans and post-employment benefits is based on the following average assumptions:

	As of December 31, 2020 re-presented	As of December 31, 2021
Discount rate	**1.22%**	**1.57%**
United Kingdom	*1.45%*	*1.80%*
Euro zone	*0.65%*	*0.90%*
Inflation rate	**2.27%**	**2.63%**
United Kingdom (RPI/CPI)	*2.85%/2.05%*	*3.30%/2.60%*
Euro zone	*1.50%*	*1.50%*

7.3 Pension plans and other post-employment benefits

The following disclosures relate to the pension plans offered by fully consolidated entities.

7.3.1 Accounting policies

Veolia Environnement and its subsidiaries have several pension plans:

Defined contribution plans: plans under which the Group (or a Group entity) pays an agreed contribution to a separate entity, relieving it of any liability for future payments.

These obligations are expensed in the Consolidated Income Statement when due.

Defined benefit plans: all plans which do not meet the definition of a defined contribution plan. The net obligations of each Group entity are calculated for each plan based on an estimate of the amount employees will receive in exchange for services rendered during the current and past periods. The amount of the obligation is discounted to present value and the fair value of plan assets is deducted.

Where the calculation shows a plan surplus, the asset recognized is capped at the total of the discounted present value of profits, in the form of future repayments or reductions in plan contributions. The plan surplus is recognized in non-current financial assets.

Certain obligations of the Group or Group entities may enjoy a right to reimbursement, corresponding to a commitment by a third party to repay in full or in part the expenses relating to these obligations. This right to reimbursement is recognized in non-current financial assets.

The financing of defined benefit pension plans may lead the Group to make voluntary contributions to pension funds. Where applicable, these voluntary contributions are presented in Net cash from operating activities in the Consolidated Cash Flow Statement, in the same way as other employer contributions.

Employee obligations of the Group are calculated using the projected unit credit method. This method is based on the probability of personnel remaining with companies in the Group until retirement, the foreseeable changes in future compensation, and the appropriate discount rate. Specific discount rates are adopted for each monetary area. They are determined based on the yield offered by bonds issued by leading companies (rated AA) or treasury bonds where the market is not liquid, with maturities equivalent to the average term of the plans valued in the relevant region. This results in the recognition of pension-related assets or provisions in the Consolidated Statement of Financial Position and the recognition of the related net expenses.

Pursuant to IAS 19, Employee Benefits, actuarial gains and losses are recognized in other comprehensive income.

7.3.2 Description of plans

In accordance with the regulatory environment and collective agreements, the Group has established defined benefit and defined contribution pension plans (company or multi-employer) in favour of employees and other post-employment benefits.

Defined contribution plans

Supplemental pension defined contribution plans have been set up in certain subsidiaries. Expenses incurred by the Group under these plans totaled €106.7 million in **2021** and €98.1 million in 2020.

Defined benefit plans

The tables in Note 7.3.3 present the obligations in respect of defined benefit pension plans and other post-employment benefits.

The measurement of these obligations is reflected by the DBO (Defined Benefit Obligation). These future outflow commitments may be partially or fully funded ("plan assets").

The most significant obligations are located in the United Kingdom and France.

United Kingdom

The defined benefit obligation in the United Kingdom is €1,286.0 million as of December 31, 2021 (compared with €1,153.7 million as of December 31, 2020 re-presented) and is funded by plan assets of €1,369.3 million at this date (compared with €1,195.0 million as of December 31, 2020). The increase in the defined benefit obligation is presented in the table below in Note 7.3.3.

The average duration of these plans is approximately 17 years.

In the United Kingdom, defined benefit pension plans are mainly final salary plans. Most of these plans are closed to new employees and the majority are also closed to the accrual of new rights. These plans are financed by employer contributions, or even employee contributions, paid to an independent pension fund (managed by a Trustee). Local regulations ensure the independence of the pension funds, which have nine members (including five employer representatives, three representatives of active and retired employees and one independent member).

Plan rules authorize the employer to recover excess funds paid at the end of the plans.

These plans allow retirees to take part of the benefit as a lump-sum and the balance as a pension. In the case of a pension, the related risk is tied to the longevity of beneficiaries.

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7.2.2 Share-based compensation expense

The share-based compensation expense breaks down as follows:

(€ million)	As of December 31, 2020 re-presented	As of December 31, 2021
Employee savings plan	29.0	35.4
2018 Performance share grant plan	4.5	2.4
2019 Performance share grant plan	0.7	12.5
2020 Performance share grant plan	0.9	4.2
2021 Performance share grant plan	-	2.9
TOTAL INCLUDING SOCIAL SECURITY COSTS	35.1	57.4

7.2.2.1 2021 Employee Savings Plans

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 20 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. In certain countries, in order to adapt to local legislation, a Share Appreciation Rights plan is offered.

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

In the United Kingdom, a Share Incentive Plan (SIP) was offered as an alternative to the standard plan, enabling employees to subscribe at the lower of the share price on November 1, 2021 and the share price on April 15, 2022, while benefiting from a contribution from the Group capped at GBP 250. This plan is still ongoing as of December 31, 2021.

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 €35.2 million is recorded in operating income.

7.2.2.2 2021 Performance Share Grant Plans

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.

The performance and presence conditions are taken into account in estimating the compensation expense.

An expense of €2.9 million is recorded in operating income in 2021.

7.2.2.3 Plans implemented before 2021

Veolia implemented the following plans in previous years:

- **2020 employee savings plans**: in 2020, Veolia proposed a new Group employee share ownership transaction, rolled-out across 31 countries. This plan had expired as of December 31, 2020, with the exception of the SIP in the United Kingdom for which an additional expense of €0.2 million was recognized in operating income in 2021;
- **2018, 2019 and 2020 performance share grant plans:** the Group set-up performance share grant plans (PSP) in 2018, 2019 and 2020 subject to the beneficiary's presence in the Group at the vesting date on May 2, 2021, April 30, 2022 and May 5, 2023, respectively, and performance conditions. An expense of €19.1 million is recorded in operating income in 2021 in respect of these three plans. It includes the modification to the 2019 and 2020 plans in the first half of 2021.

NOTE 7 PERSONNEL COSTS AND EMPLOYEE BENEFITS

7.1 Personnel costs and employee numbers

Personnel costs break down as follows:

(€ million)	2020 re-presented	2021
Employee costs	(7,407.3)	(7,545.3)
Profit-sharing and incentive schemes	(116.5)	(146.3)
Share-based compensation, including social security contributions[1]	(35.1)	(57.4)
PERSONNEL COSTS	**(7,558.9)**	**(7,749.0)**

(1) As disclosed in Note 7.2.2, share-based compensation mainly concerns Share Grant Plans and the Employee Savings Plan.

Average consolidated employees[1] break down as follows:

By operating segment	2020 re-presented	2021
France	30,380	29,953
Europe excluding France	60,688	58,960
Rest of the world	61,848	60,545
Global businesses	27,003	28,698
Other	1,595	1,562
CONSOLIDATED EMPLOYEES[1]	**181,514**	**179,718**

(1) Consolidated employees excluding employees of equity-accounted subsidiaries.

By company	2020 re-presented	2021
Fully-consolidated companies	181,414	179,616
Joint operations	100	102
CONSOLIDATED EMPLOYEES[1]	**181,514**	**179,718**

(1) Consolidated employees excluding employees of equity-accounted subsidiaries.

7.2 Share-based compensation

7.2.1 Accounting policies

Pursuant to IFRS 2, Share-based Payment, an expense is recorded in respect of share purchase or subscription plans and other share-based compensation granted by the Group to its employees. When the plans are equity-settled, the fair value of instruments is determined at the grant date and the fair value of the plan is expensed in the Consolidated Income Statement and recognized directly in equity over the period in which the benefit vests and the service is rendered.

For share grant plans, the fair value of instruments is calculated based on the share price at the grant date and the expected dividend yield. Where beneficiaries are required to hold shares beyond the vesting period, the expense includes a discount for non-transferability.

With regard to Group Savings Plans (GSP), the Veolia Group applies CNC recommendations (press release of December 21, 2004 on Company Savings Plans and supplement of February 2, 2007). The GSP compensation expense corresponds to the discount and the Company's contribution to subscribers. It also takes account of the requirement to hold shares for five years.

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Firm commodity purchase commitments, excluding derivatives, mainly concern:

- gas in Energy activities (mainly in Central Europe) and Water activities. Most commitments mature in less than 5 years;
- electricity in Energy activities (purchase commitments mature in less than three years due to poor liquidity in the electricity market for longer maturities);
- biomass and coal in Energy activities.

In parallel, firm electricity sales contracts, excluding derivatives, are entered into to secure selling prices over a period of less than 3 years. These commitments concern production activities exposed to the electricity wholesale market and primarily Waste activities in the UK (electricity produced by waste incineration) and Energy activities in Central Europe.

Off-balance sheet commitments given break down as follows:

(€ million)	As of December 31, 2020 re-presented	As of December 31, 2021	Maturing in: Less than 1 year	1 to 5 years	More than 5 years
Operational guarantees including performance bonds	7,826.6	8,019.5	3,960.9	1,905.7	2,152.9
Purchase commitments	189.6	182.0	147.5	21.6	12.9
TOTAL COMMITMENTS RELATING TO OPERATING ACTIVITIES	**8,016.2**	**8,201.5**	**4,108.4**	**1,927.3**	**2,165.8**

Commitments given break down by operating segment as follows:

(€ million)	As of December 31, 2020 re-presented	As of December 31, 2021
France	278.0	333.8
Europe excluding France	1,702.8	1,920.9
Rest of the world	1,213.6	1,374.4
Global businesses	2,220.9	2,331.8
Other	2,600.9	2,240.6
TOTAL COMMITMENTS RELATING TO OPERATING ACTIVITIES	**8,016.2**	**8,201.5**

The increase in commitments given between December 31, 2020 and December 31, 2021 (+ €185.3 million) is mainly due to fluctuations in the US dollar exchange rate and currencies indexed to the US dollar.

Excluding foreign exchange movements, commitments given relating to operating activities fell -€141.1 million. This decrease is mainly due to the lifting of the guarantee given for the construction of the Al Wathba sewage treatment plant in the United Arab Emirates (-€336.8 million).

Total commitments given in respect of Veolia Water Technologies' activities amount to €1,953.3 million as of December 31, 2021, compared with €1,808.0 million as of December 31, 2020.

In addition to the commitments given quantified above, Veolia has also granted commitments of an unlimited amount in respect of completion or performance bonds and a waste construction and processing contract in Hong Kong, in the Waste and Water businesses. This commitment, of an unlimited amount, is tied to the contract duration (37 months of construction and 15 years of operation) and has a residual duration of 7 years as of December 31, 2021.

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

Commitments given in respect of joint ventures total €270.1 million (at 100%) as of December 31, 2021 compared with €578.8 million as of December 31, 2020 and mainly consist of performance bonds given to Kilpilahti Power Plant Ltd for the renovation of the combined heat and power plant in Porvoo, Finland in the amount of €100 million and to Glen Water Holding in the amount of €78.5 million for a water treatment facility.

6.8.2 Commitments received

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

They total €554.7 million as of December 31, 2021, compared with €723.4 million as of December 31, 2020.

The decrease in commitments received is mainly due to the reversal of the counter-guarantee received from Besix SA, the partner in the construction of the Al Wathba sewage treatment plant in the United Arab Emirates for -€223.8 million.

Total commitments received in respect of Veolia Water Technologies activities amount to €161.2 million as of December 31, 2021, compared with €111.3 million as of December 31, 2020.

6.7 Management of supply risks

As part of supply management and cost optimization measures or to hedge future production, certain Group subsidiaries may be required, depending on their activities, to contract forward purchases or sales of commodities and set-up derivatives to fix the cost of commodities supply or the selling price of commodities produced (electricity).

Commodity risks are described in Note 9.3.1.3.

6.8 Commitments relating to operating activities

6.8.1 Commitments given

Commitments given relating to operating activities comprise operating guarantees and purchase commitments.

Operational or operating guarantees encompass all commitments not relating to the financing of operations, required in respect of contracts or markets and generally given in respect of the operations and activities of Group companies. Such guarantees include bid bonds accompanying tender offers, advance payment bonds and completion or performance bonds given on the signature of contracts or concession arrangements.

The main categories of commitments include:

- Commitments related to site rehabilitation.

  Pursuant to environmental texts and legislation concerning the operation of landfill sites, the Group is obliged to provide financial guarantees to local authorities/government agencies. These guarantees notably encompass the rehabilitation and supervision of the site during 30 years or more, depending on national legislation (currently 60 years in the United Kingdom), following its operation.

  In this context, performance bonds and letters of credit are issued to local authorities and other public bodies.

  Depending on the contract, these guarantees cover the costs necessary for the supervision and rehabilitation of all or part of the site.

  These guarantees are quantified in accordance with legal or contractually-defined procedures. These guarantees, which are given in their total amount from the start of operations, expire at the end of the commitment (termination of rehabilitation work and site supervision).

  Therefore, the amount of our commitment for the rehabilitation and supervision of landfill sites is in general different from the amount of the provision recorded in the Group accounts (see Note 11). Provisions calculated by the Group are based on different valuations (based on internal policies regarding site security and designed for optimal environmental protection), which take into account the progressive nature of the obligation: operation of the landfill sites results in progressive damage to the site and, as such, a related liability is recognized as the facility is operated (see Note 11).

  If the amount of the commitment is less than the provision at the balance sheet date, an off-balance sheet commitment is not disclosed. Conversely, if the amount of the commitment is greater than the provision, an off-balance sheet commitment is disclosed in the amount not provided.

- Commitments related to engineering and construction activities.

  In the context of its business activities the Group gives (and receives) commitments which can take several forms (deposits on construction works and performance guarantees, etc.). Issued in favour of customers or banking institutions, they are subject to individual follow-up by site and their maturity depends on their contractual characteristics.

- Commitments relating to concession arrangements.

  Pursuant to public service contracts with a public entity, the Group may be called on/obliged to invest in infrastructures that will then be operated and remunerated in accordance with contractual terms and conditions.

  The contractual commitment may concern both the financing of installations and infrastructures to be used in operations and also the maintenance and replacement of infrastructures necessary to operations.

  Expenditure relating to the replacement or rehabilitation of installations is monitored and recognized through any timing differences between the total contractual commitment over the contract term and its realization, in accordance with IAS 37 on Provisions.

  Expenditure relating to the construction, maintenance and restoration of concession assets is reviewed with respect to IFRIC 12 and detailed in Note 6.4.

- Firm commodity purchase and sale commitments.

  As part of supply management and cost optimization, certain Group subsidiaries may be required, depending on their activities, to set-up derivatives to fix the cost of commodity supplies where the contracts do not offer appropriate protection or contract forward purchases or sales of commodities.

  Commodity risks are described in Note 9.3.1.3.

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6.5 Concession liabilities

Concession liabilities result from the application of IFRIC 12 on the accounting treatment of concessions (see Note 6).

Non-current and current concession liabilities in **2021** break down by operating segment as follows:

	Non-current		Current		Total	
(€ million)	As of December 31, 2020 re-presented	As of December 31, 2021	As of December 31, 2020 re-presented	As of December 31, 2021	As of December 31, 2020 re-presented	As of December 31, 2021
France	133.6	192.5	25.5	29.6	159.1	222.1
Europe hors France	1,313.6	1,309.7	117.5	132.8	1,431.1	1,442.5
Reste du monde	12.7	86.2	2.5	7.0	15.2	93.2
Activités mondiales	-	-	0.1	-	0.1	-
Autres	-	-	-	-	-	-
PASSIFS DU DOMAINE CONCÉDÉ	1,459.9	1,588.4	145.6	169.4	1,605.5	1,757.8

6.6 Contracts assets and liabilities

Non-current and current contract assets represent services rendered by the Group but not yet billed, where the right to remuneration is conditional. These assets are mainly receivables recognized on a percentage completion basis in respect of construction activities.

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

Contract assets and liabilities break down as follows:

	Contract assets		Contract liabilities	
(€ million)	As of December 31, 2020 re-presented	As of December 31, 2021	As of December 31, 2020 re-presented	As of December 31, 2021
France	27.9	52.0	149.3	154.2
Europe excluding France	88.9	88.5	375.2	430.1
Rest of the world	121.4	134.2	294.4	294.3
Global businesses	307.4	299.2	234.4	322.9
Other	-	-	-	-
TOTAL	545.6	573.9	1,053.3	1,201.5

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

(€ million)	As of December 31, 2020 re-presented	New operating financial assets	Repay-ments/ Disposals	Impair-ment losses	Changes in consolidation scope	Foreign exchange translation	Non-cur-rent/ current reclassi-fication	Other move-ments	As of December 31, 2021
Gross value	380.8	75.4	(12.0)	-	(0.7)	16.8	(39.3)	36.3	457.3
Impairment losses	(54.5)	-	-	(0.5)	-	(0.1)	2.8	(5.6)	(57.9)
NON-CURRENT IFRS 16 OPERATING FINANCIAL ASSETS	**326.3**	**75.4**	**(12.0)**	**(0.5)**	**(0.7)**	**16.7**	**(36.5)**	**30.6**	**399.4**
Gross value	35.4	-	(48.5)	-	(0.1)	0.8	39.3	7.6	34.5
Impairment losses	-	-	-	(3.9)	-	(0.1)	(2.8)	2.8	(4.0)
CURRENT OPERATING IFRS 16 OPERATING FINANCIAL ASSETS	**35.4**	**-**	**(48.5)**	**(3.9)**	**(0.1)**	**0.7**	**36.5**	**10.4**	**30.5**
NON-CURRENT AND CURRENT IFRS 16 OPERATING FINANCIAL ASSETS	**361.7**	**75.4**	**(60.5)**	**(4.4)**	**(0.8)**	**17.4**	**-**	**41.1**	**429.9**

IFRIC 12 operating financial assets maturity schedule:

(€ million)	1 year	2 years	3 years	4 years	5 years	More than 5 years	Total
France	34.0	27.9	7.7	5.2	3.1	-	77.9
Europe excluding France	42.1	134.3	52.0	54.5	43.5	322.4	648.8
Rest of the world	22.4	28.5	31.2	33.0	13.5	35.2	163.8
Global businesses	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
TOTAL	**98.5**	**190.7**	**90.9**	**92.7**	**60.1**	**357.6**	**890.5**

IFRS 16 operating financial assets maturity schedule:

(€ million)	1 year	2 years	3 years	4 years	5 years	More than 5 years	Total
France	-	-	-	-	-	-	-
Europe excluding France	18.6	98.3	8.9	6.3	5.5	47.2	184.8
Rest of the world	10.6	17.9	17.1	20.0	23.7	148.5	237.8
Global businesses	1.4	4.8	0.2	0.2	0.3	0.4	7.3
Other	-	-	-	-	-	-	-
TOTAL	**30.6**	**121.0**	**26.2**	**26.5**	**29.5**	**196.1**	**429.9**

Operating financial assets held by the Group in countries considered high-risk by the International Monetary Fund are not material in amount.

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

(€ million)	As of December 31, 2020 re-presented	New operating financial assets*	Repayments/ Disposals	Impairment losses**	Changes in consolidation scope	Foreign exchange translation	Non-current/ current reclassification	Other movements	As of December 31, 2021
Non-current and current IFRIC 12 operating financial assets	1,009.2	92.2	(190.9)	(2.5)	-	27.5	-	(45.0)	890.5
Non-current and current IFRS 16 operating financial assets	361.7	75.4	(60.5)	(4.4)	(0.8)	17.4	-	41.1	429.9
NON-CURRENT AND CURRENT OPERATING FINANCIAL ASSETS	**1,370.9**	**167.6**	**(251.4)**	**(6.9)**	**(0.8)**	**44.9**	**-**	**(3.9)**	**1,320.4**

(*) New operating financial assets presented in the Consolidated Cash Flow Statement correspond to new operating financial assets in the above table (€167.6 million) net of the related acquisition debt (€1.0 million) as of December 31, 2021.
(**) Impairment losses are recorded in operating income.

The principal **new** operating financial assets in **2021** mainly concern the increase in financial receivables for pre-existing contracts, in particular in the following operating segments:

- France, in the amount of €43.8 million, primarily following investments in the Troyes incineration plant of €12.9 million and Porte les Valence of €12.1 million;
- Europe excluding France, in the amount of €84.3 million, primarily following investments in Germany under the Braunschweig contract of €14.6 million;
- the Rest of the world, in the amount of €38.5 million, primarily following investments by Ecospace-Kum Shing in the construction of a hazardous waste processing plant of €17.6 million.

The principal **repayments and disposals** of operating financial assets in 2021 concern the following operating segments:

- France, in the amount of -€131.7 million;
- Europe excluding France, in the amount of -€75.7 million;
- the Rest of the world, in the amount of -€42.6 million.

Foreign exchange translation gains and losses on non-current and current operating financial assets mainly concern movements in the Chinese renminbi (+ €19.3 million), the Hong Kong dollar (+ €18.8 million) and the South Africa rand (+ €4.8 million) against the euro.

Other movements in non-current and current operating financial assets mainly concern contractual changes in Germany and Finland.

(€ million)	As of December 31, 2020 re-presented	New operating financial assets	Repayments/ Disposals	Impairment losses	Changes in consolidation scope	Foreign exchange translation	Non-current/ current reclassification	Other movements	As of December 31, 2021
Gross value	884.5	79.8	(37.6)	-	-	25.7	(95.7)	(49.5)	807.4
Impairment losses	(12.7)	-	-	(2.5)	-	(0.1)	-	-	(15.3)
NON-CURRENT IFRIC 12 OPERATING FINANCIAL ASSETS	**871.8**	**79.8**	**(37.6)**	**(2.5)**	**-**	**25.7**	**(95.7)**	**(49.5)**	**792.0**
Gross value	137.4	12.4	(153.3)	-	-	1.8	95.7	4.5	98.5
Impairment losses	-	-	-	-	-	-	-	-	-
CURRENT IFRIC 12 OPERATING FINANCIAL ASSETS	**137.4**	**12.4**	**(153.3)**	**-**	**-**	**1.8**	**95.7**	**4.5**	**98.5**
NON-CURRENT AND CURRENT IFRIC 12 OPERATING FINANCIAL ASSETS	**1,009.2**	**92.2**	**(190.9)**	**(2.5)**	**-**	**27.5**	**-**	**(45.0)**	**890.5**

During the construction phase, a financial receivable is recognized in the Consolidated Statement of Financial Position and revenue is recognized in the Consolidated Income Statement, in accordance with the percentage of completion method laid down in IFRS 15 on construction contracts.

Financial receivables are initially measured at the lower of fair value and the sum of discounted future cash flows and subsequently recognized at amortized cost using the effective interest method, as, in accordance with IFRS 9, they represent the right to receive contractual cash flows and have the characteristics of a loan.

After a review of the contract and its financing, the implied interest rate on the financial receivable is notably based on either the Group financing rate and/or the borrowing rate associated with the contract.

Leases

IFRS 16 requires the identification of contractual terms and conditions of agreements which, without taking the legal form of a lease, convey a right to use a group of assets in return for payments included in the overall contract (right of use analyzed as a transfer of control of a group of assets during the contract term). A lease component is thereby identified in these agreements, which is then analyzed and recognized in accordance with the criteria laid out in this standard.

The contract operator (Veolia) therefore becomes the lessor with respect to its customers. On contract signature, Veolia now determines whether the terms of the contract constitute a finance lease or an operating lease.

To this end, Veolia performs a comprehensive analysis to determine whether the lease transfers substantially all the risks and rewards inherent to ownership of the underlying asset to the customer (the lessee).

The following indicators in particular are considered when performing this analysis: (i) the lease transfers ownership of the asset to the customer by the end of the lease term, (ii) the lease term is for the major part of the economic life of the underlying asset, (iii) the present value of the lease payments amounts to at least substantially all of the fair value of the asset, or (iv) the asset is of such a specialized nature that only the customer can use it without major modifications.

If this analysis leads to the conclusion that the lease is a finance lease, Veolia does not recognize a tangible asset but an operating financial asset to reflect the corresponding financing.

Breakdown of operating financial assets by operating segment:

As of December 31

	Non-current		Current		Total	
(€ million)	2020 re-presented	2021	2020 re-presented	2021	2020 re-presented	2021
France	83.6	43.9	82.0	34.0	165.6	78.0
Europe excluding France	754.1	772.9	60.3	60.7	814.4	833.6
Rest of the world	353.5	368.6	28.9	33.0	382.4	401.6
Global businesses	6.9	6.0	1.6	1.4	8.5	7.3
Other	-	-	-	-	-	-
OPERATING FINANCIAL ASSETS	1,198.1	1,191.4	172.8	129.0	1,370.9	1,320.4
OF WHICH IFRIC 12 OPERATING FINANCIAL ASSETS	871.8	792.0	137.4	98.5	1,009.2	890.5
OF WHICH IFRS 16 OPERATING FINANCIAL ASSETS	326.3	399.4	35.4	30.5	361.7	429.9

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Movements in operating payables during **2021** are as follows:

Operating payables *(€ million)*	As of December 31, 2020 re-presented	Changes in business	Changes in consolidation scope	Foreign exchange translation	Transfers to Liabilities classified as held for sale	Other movements	As of December 31, 2021
Trade payables	4,504.5	806.0	76.7	76.8	-	(6.9)	5,457.1
Other current operating liabilities	4,790.2	551.8	(69.5)	71.5	-	(5.1)	5,338.9
Contracts liabilities[1]	1,053.3	99.4	(2.8)	52.9	-	(1.3)	1,201.5
Other liabilities	261.6	4.3	9.5	5.5	-	(24.2)	256.7
Tax and employee-related liabilities	1,240.8	19.1	17.1	20.4	-	(2.7)	1,294.7
OPERATING PAYABLES	11,850.4	1,480.6	31.0	227.1	-	(40.2)	13,548.9

(1) Contract assets and liabilities are described in Note 6.6.

6.3.2 Working capital management transactions

Veolia had several programs for the assignment of receivables through factoring, discounting and assignment by way of security still in progress in **2021**.

Factoring

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

Accordingly, receivables totaling €4,058.3 million were assigned under these programs in **2021**, compared with €3,807.5 million in 2020. Receivables derecognized as of December 31, 2021 total €812.3 million, compared with €686.5 million as of December 31, 2020.

Discounting and assignment by way of security

Under Public-Private partnerships, Veolia subsidiaries can assign the fraction of future payments guaranteed by public authorities/private customers (recognized in financial receivables pursuant to IFRIC 12 or IFRS 16) to the bodies funding the project, through discounting or assignment by way of security programs (such as Dailly programs in France). For the majority of partnerships concerned by these financial receivable assignments, the assignment agreements negotiated and the contractual clauses agreed between the stakeholders are sufficient to satisfy the derecognition criteria set out in IFRS 9. The residual risk retained by the companies (considered immaterial) is generally tied solely to late customer payment due to late/deferred invoicing of services by Group subsidiaries. Group subsidiaries are mandated by the financial institutions to manage the invoicing and recovery of the receivables covered by these programs. Veolia analyzed the management and recovery procedures falling to Group subsidiaries and concluded that these services did not constitute continuing involvement.

Two assignments by way of security performed in 2005 and 2006 in connection with the specific terms and conditions of finance lease agreements entered into by the Waste activities operate differently and do not permit the derecognition of the receivables assigned. The assignment terms provide for the provision of a joint surety by the subsidiaries and their partners to the assignee financial institutions.

Receivables of €30.4 million and corresponding finance lease obligations maturing in 2025 and 2026 of €30.9 million are recognized in Veolia's balance sheet as of December 31, 2021 in respect of these contracts (€38.2 million and €38.9 million, respectively, as of December 31, 2020).

6.4 Non-current and current operating financial assets

Operating financial assets comprise financial assets resulting from the application of IFRIC 12 on accounting for concession arrangements *and from the application of IFRS 16 on accounting for leases.*

Concession arrangements

Pursuant to IFRIC 12, when the operator has an unconditional right to receive cash or another financial asset from the grantor in remuneration for concession services, the financial asset model applies. In this context, the infrastructures managed under these contracts cannot be recorded in assets of the operator as property, *plant and equipment, but are recorded as financial assets.*

Investment grants received in respect of concession arrangements are generally definitively earned and, therefore, are not repayable. In accordance with the option offered by IAS 20, these grants are presented as a deduction from intangible assets or financial assets *depending on the applicable model following an analysis of each* concession arrangement (IFRIC 12). Under the financial asset model, investment grants are equated to a means of repaying the operating financial asset.

Movements in inventories during **2021** are as follows:

Inventories *(€ million)*	As of December 31, 2020 re-presented	Changes in business	Impairment losses	Reversal of impairment losses	Changes in consolidation scope	Foreign exchange translation	Transfers to Assets classified as held for sale	Other movements	As of December 31, 2021
Raw materials and supplies	630.4	0.5	-	-	(9.3)	16.3	-	(0.4)	637.5
Work-in-progress	118.0	12.1	-	-	(0.2)	1.5	-	(0.2)	131.2
Other inventories[1]	94.4	(1.0)	-	-	0.1	3.9	-	0.4	97.8
INVENTORIES AND WORK-IN-PROGRESS, GROSS	**842.8**	**11.6**	**-**	**-**	**(9.4)**	**21.7**	**-**	**(0.2)**	**866.5**
IMPAIRMENT LOSSES ON INVENTORIES AND WORK-IN-PROGRESS	**(45.1)**	**-**	**(14.7)**	**11.8**	**0.4**	**(3.0)**	**-**	**0.4**	**(50.2)**
INVENTORIES AND WORK-IN-PROGRESS, NET	**797.7**	**11.6**	**(14.7)**	**11.8**	**(9.0)**	**18.7**	**-**	**0.2**	**816.3**

(1) Including CO_2 inventories.

Inventories mainly concern the Europe excluding France operating segment in the amount of €340.5 million, the Global Businesses operating segment in the amount of €173.0 million and the Rest of the world operating segment in the amount of €186.5 million.

Movements in operating receivables during **2021** are as follows:

Operating receivables (€ million)	As of December 31, 2020 re-presented	Changes in business	Impairment losses[1]	Reversal of impairment losses[1]	Changes in consolidation scope	Foreign exchange translation	Transfers to Assets classified as held for sale	Other movements	As of December 31, 2021
Trade receivables	7,731.1	544.0	-	-	81.7	146.7	-	(13.9)	8,489.6
Impairment losses on trade receivables	(948.2)	-	(233.7)	178.1	6.0	(20.6)	-	(13.1)	(1,031.5)
TRADE RECEIVABLE, NET[1]	**6,782.9**	**544.0**	**(233.7)**	**178.1**	**87.7**	**126.1**	**-**	**(27.0)**	**7,458.1**
Contract assets	545.6	14.0	-	-	(4.8)	16.6	-	2.5	573.9
Impairment losses on contracts assets	(2.0)	-	(6.3)	0.8	-	(0.3)	-	(0.4)	(8.2)
NET CONTRACTS ASSETS[2]	**543.6**	**14.0**	**(6.3)**	**0.8**	**(4.8)**	**16.3**	**-**	**2.1**	**565.7**
Other current operating receivables	598.4	55.9	-	-	6.1	26.6	-	(6.8)	680.2
Impairment losses on other current operating receivables	(52.6)	-	(4.2)	7.8	-	(1.0)	-	-	(50.0)
OTHER OPERATING RECEIVABLES, NET	**545.8**	**55.9**	**(4.2)**	**7.8**	**6.1**	**25.6**	**-**	**(6.8)**	**630.2**
Other receivables	280.0	(6.7)	-	-	2.4	8.1	-	1.5	285.3
Tax receivables	953.9	108.6	-	-	7.7	8.9	-	(3.1)	1,076.0
OPERATING RECEIVABLES, NET	**9,106.2**	**715.8**	**(244.2)**	**186.7**	**99.1**	**185.0**	**-**	**(33.3)**	**10,015.3**

(1) Impairment losses are recorded in operating income and included in the line "Changes in working capital" in the Consolidated Cash Flow Statement.
(2) Contract assets and liabilities are described in Note 6.6.

Operating receivables held by the Group in countries considered high-risk by the IMF are not material in amount.

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Movements in net working capital during **2021** are as follows:

(€ million)	As of December 31, 2020 re-presented	Changes in business	Impairment losses	Changes in consolidation scope	Foreign exchange translation	Other movements	As of December 31, 2021
Inventories and work-in-progress, net	797.7	11.6	(2.9)	(9.0)	18.7	0.2	816.3
Operating receivables, net	9,106.2	715.8	(57.5)	99.1	185.0	(33.3)	10,015.3
Operating payables	(11,850.4)	(1,481.1)	0.5	(31.0)	(227.1)	40.2	(13,548.9)
NET WORKING CAPITAL	(1,946.5)	(753.7)	(59.9)	59.1	(23.4)	7.1	(2,717.3)

Movements in each of these working capital categories in **2021** are as follows:

(€ million)	As of December 31, 2020 re-presented	Changes in business[2]	Impairment losses[2]	Changes in consolidation scope	Foreign exchange translation	Transfers to Assets/ Liabilities classified as held for sale	Other movements	As of December 31, 2021
Inventories and work-in progress, net	797.7	11.6	(2.9)	(9.0)	18.7	-	0.2	816.3
Operating receivables (including tax receivables other than current tax)[1]	8,967.2	685.8	(57.5)	98.1	185.3	-	(37.3)	9,841.6
Operating liabilities (including operating liabilities other than current tax)[1]	(11,276.2)	(999.8)	-	(47.8)	(204.4)	-	16.8	(12,511.4)
OPERATING WORKING CAPITAL[2]	(1,511.3)	(302.4)	(60.4)	41.3	(0.4)	-	-20.3	(1,853.5)
Tax receivables (current tax)	106.2	29.5	-	0.9	(1.1)	-	2.9	138.4
Tax payables (current tax)	(177.0)	(55.2)	-	(0.4)	(3.6)	-	-	(236.2)
TAX WORKING CAPITAL	(70.8)	(25.7)	-	0.5	(4.7)	-	2.9	(97.8)
Receivables on non-current asset disposals	32.8	0.6	-	0.1	0.8	-	1.0	35.3
Industrial investment payables[3]	(397.2)	(426.2)	0.5	17.2	(19.1)	-	23.5	(801.3)
INVESTMENT WORKING CAPITAL	(364.4)	(425.6)	0.5	17.3	(18.3)	-	24.5	(766.0)
NET WORKING CAPITAL	(1,946.5)	(753.7)	(59.9)	59.1	(23.4)	-	7.1	(2,717.3)

(1) Including contract assets and liabilities presented in Note 6.6.
(2) The change in working capital presented in the Consolidated Cash Flow Statement is equal to the sum of operating working capital changes in business activity and net impairment losses on operating working capital presented above.
(3) As of December 31, 2021, industrial investment payables include Engie's right to a top-up payment of €347.4 million (see also Note 3).

6.2.4.2 Investments in associates

Movements in investments in associates in **2021** break down as follows:

(€ million)	As of December 31, 2020 re-presented	Net income	Dividend distribution	Changes in consolidation scope	Foreign exchange translation	Other movements	As of December 31, 2021
Investments in associates	353.9	27.7	(22.9)	(15.1)	6.1	4.4	354.2

Investments in associates break down as follows:

	Share of equity		Share of net income(loss)	
(€ million)	As of December 31, 2020 re-presented	As of December 31, 2021	2020, re-presented	2021
Fovarosi Csatomazasi Muvek	70.0	67.6	0.3	(1.4)
Siciliacque	61.7	65.9	2.4	4.0
Wasserversorg, in Mitteldeutschland GmbH	38.5	39.0	0.4	0.3
Ajman Sewerage Co. Ltd	28.9	32.7	8.3	8.4
Other non-material associates[1]	154.8	149.0	11.7	16.4
TOTAL	353.9	354.2	23.1	27.7
Impacts on the Consolidated Income Statement				
Share of net income (loss) of equity-accounted entities in continuing operations			23.1	30.8
Impairment losses recognized in other operating revenue and expenses[2]			-	(3.1)
Share of net income (loss) of other equity-accounted entities			-	-

(1) Associates with a unit value below €15 million as of December 31, 2021.
(2) Impairment of goodwill related to associates.

6.3 Working capital

6.3.1 Working capital

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

In accordance with IAS 2 "Inventories", inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Commercial receivables and payables are recognized at nominal value, unless discounting at the market rate has a material impact. The Group applies the simplified approach to the impairment of commercial receivables, in accordance with the option available in IFRS 9. The Group uses a provision matrix that takes account of the business, geographic region and customer category in question. When preparing this matrix, the Group considered late payment and default rates observed in the past, as well as the macro-economic environment. The matrix is updated to reflect changes in economic factors.

Trade payables are recognized as liabilities at amortized cost in accordance with IFRS 9 for accounting purposes. Short-term commercial payables without a declared interest rate are recognized at nominal value, unless discounting at the market rate has a material impact.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the contractual rights to the cash flows from the financial asset in a transaction under which substantially all the risks and rewards inherent to ownership of the financial asset are transferred. Any interest created or retained by the Group in a financial asset is recognized separately as an asset or liability.

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As the Chinese concessions represent approximately fifteen individual concessions, the percentage interest indicated in the above reconciliation is a weighted-average rate of the contribution of each concession within the combination.

The average rate used for the reconciliation of the different elements takes into account the Group's holdings in these different concessions, weighted by the relative importance of each of the entities to the whole. This rate is therefore adjusted each year and is sensitive to variations in the weight of the contributions to the results of each of the joint ventures within the presented set.

The decrease in the weighted average rate between 2020 and 2021 is due to a combination of two impacts:

- changes in consolidation scope;
- a change in the weightings of the contributions.

Accordingly, the "Other adjustments" line in the reconciliation of the summarized financial information on the Chinese concessions as a whole, to their carrying amount in the Consolidated Statement of Financial Position, represents the adjustment between the share in net assets obtained by applying the weighted average percentage interest for all Chinese concessions and the share in net assets recognized in the financial statements, calculated using the effective interest held in each of the Chinese concessions individually.

Movements in Chinese concessions between December 31, 2020 and December 31, 2021 are due to the divestiture of Shenzhen and Baoji in the first half of 2021.

(€ million)	2020 re-presented	2021
Net income (loss) for the year of the Chinese concession joint ventures	182.8	127.5
Group's ownership interest in the Chinese concession joint ventures – weighted average rate	36.07%	44.55%
Other[1]	(0.8)	12.1
Group share of net income (loss) of the Chinese concession joint ventures	**65.1**	**69.0**

(1) Including the reversal of impairment of Lanzhou goodwill in 2021.

The recoverable amount of each Chinese concession joint venture is tested for impairment in accordance with the provisions set out in the standard. The long-term plans of the Chinese Water concessions were extended to 2026, in order to identify standard flows for the calculation of the terminal value, as Water activities in China follow a specific business model, with extremely long contract terms (between thirty and fifty years) and high investment flows during the initial contract years.

Given the models used and the time frame adopted, the recoverable amounts are closely monitored. They are based on a certain number of structuring operating assumptions such as price increases, volume trends, construction activity levels and margins and efficiency and productivity measures integrated in future cash flows, as well as on the macro-economic assumptions (discount and inflation rates) underlying the business plans.

Other joint ventures

The Group also holds interests in other joint ventures that are not individually material, with a total net carrying amount of €147.7 million as of December 31, **2021**, and mainly:

- €87.2 million in Water and primarily in Italy;
- €46.3 million in Waste and primarily in China.

Unrecognized share of losses of joint ventures

As all the Group joint ventures are partnerships in which the Group exercises joint control, the share of any losses is recognized in full at the year end.

Transactions with joint ventures (related parties)

The Group grants loans to joint ventures. These loans are recorded in assets in the Group Consolidated Statement of Financial Position (see Note 9.1.2, "Other non-current and current financial assets").

As of December 31, 2021, non-current and current loans granted to all these entities totaled €53.5 million, including €45.4 million in non-current (see Note 9.1.2.2) and €8.2 million in current. The decrease compared to December 31, 2020 follows the repayment of the loans granted to the Chinese Water concessions.

As of December 31, 2020, non-current and current loans granted to all these entities totaled €156.8 million, including €145.9 million in non-current (see Note 9.1.2.2) and €10.9 million in current. The loans were mainly granted to the Chinese Water concessions in the amount of €105.9 million.

In addition, given the Group's activities, operating flows between companies are generally limited to companies operating in the same country. As such, the level of operating transactions between the Group and equity-accounted companies is not material.

However, certain contractual agreements in the Group's businesses, impose the existence of a holding company (generally equity-accounted) and companies carrying the operating agreement (generally fully consolidated).

Summarized financial information (at 100%) - Chinese Concession joint ventures	As of December 31, 2020 re-presented	As of December 31, 2021
Current assets	1,725.1	810.9
Non-current assets	6,150.4	3,018.0
TOTAL ASSETS	**7,875.5**	**3,828.9**
Equity attributable to owners of the Company	3,138.4	2,004.5
Equity attributable to non-controlling interests	415.1	-
Current liabilities	2,547.7	1,266.0
Non-current liabilities	1,774.3	558.4
TOTAL EQUITY AND LIABILITIES	**7,875.5**	**3,828.9**
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	894.1	487.7
Current financial liabilities (excluding trade and other payables and provisions)	738.3	243.0
Non-current financial liabilities (excluding trade and other payables and provisions)	1,121.6	245.7
Income statement		
Revenue	2,440.0	974.8
Operating income	301.1	110.9
Net income (loss) from continuing operations	209.7	127.5
Post-tax net income (loss) from discontinued operations	-	-
Net (income) loss attributable to non-controlling interests	(27.0)	-
Net income (loss) attributable to owners of the Company at Chinese concession level	182.8	127.5
Net income (loss) for the year	209.7	127.5
Other comprehensive income for the year	(74.4)	120.5
Total comprehensive income for the year	135.3	248.0
The above net income (loss) for the year includes the following:		
Depreciation and amortization	(190.1)	(74.1)
Interest income	18.8	15.4
Interest expense	(73.0)	(17.2)
Income tax (expense) income	(50.1)	(81.2)
Dividends		
Dividends received	26.5	60.2

Reconciliation of the above summarized financial information on the Chinese concessions to the carrying amount of the interest in these joint ventures recognized in the consolidated financial statements:

(€ million)	As of December 31, 2020 re-presented	As of December 31, 2021
Net assets of the Chinese concession joint ventures	3,138.4	2,004.5
Group's ownership interest in the Chinese concession joint ventures – weighted average rate	36.07%	44.55%
Goodwill	164.0*	194.6
Other adjustments	(438.6)*	3.2
Carrying amount of the Group's interest in the Chinese concession joint ventures	**857.4**	**1,090.8**

* *Including the impact of the transfer of Shenzhen and Baoji to assets classified as held for sale for €441.9 million as of December 31, 2020.*

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Restructuring costs recognized in operating income in **2021** mainly concern Waste In France in the amount of -€21.9 million and VWT in the amount of -€5.0 million.

Restructuring costs recognized in operating income in **2020** mainly concern Waste in France in the amount of -€10.1 million and VWT in the amount of -€18.6 million.

6.2.3 Research and development costs

Research and development costs total €65.8 million in **2021** and €56.5 million in 2020.

6.2.4 Joint-ventures and associates

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

(€ million)	2020 re-presented	2021
Share of net income (loss) of joint ventures	87.4	74.0
Share of net income (loss) of associates	23.1	30.8
Share of net income (loss) of equity-accounted entities	**110.5**	**104.8**

6.2.4.1 Joint ventures

Movements in investments in joint ventures in **2021** break down as follows:

(€ million)	As of December 31, 2020 re-presented	Net income	Dividend distribution	Changes in consolidation scope	Foreign exchange translation	Other movements	As of December 31, 2021
Investments in joint ventures	1,020.8	85.0	(76.0)	199.6	37.0	(27.9)	1,238.5

Changes in consolidation scope mainly reflect the liquidation of CGE-BC Water Investment Co Ltd in China, the parent company of the divested Shenzhen and Baoji concessions.

Other movements mainly concern the transfer to assets classified as held for sale of the Puxi concession in China for -€37.0 million (see Note 4.3.2).

	Share of equity		Share of net income(loss)	
(€ million)	2020 re-presented	2021	2020 re-presented	2021
Chinese concessions	857.4*	1,090.8	65.1	69.0
Other joint ventures	163.4	147.7	22.3	16.0
TOTAL	1,020.8	1,238.5	87.4	85.0
Impact in the Consolidated Income Statement on Net income from continuing operations (a) + (b)				
Share of net income (loss) of joint ventures (a)			**87.4**	**74.0**
Reversals/(Impairment losses) recognized in other operating revenue and expenses (b)			-	11.0

* *Including the impact of the transfer to assets classified as held for sale of Shenzhen and Baoji for €441.9 million as of December 31, 2020.*

Chinese concessions

As of December 31, 2021, the Chinese concessions comprise a combination of approximately fifteen separate legal entities in which the Group holds interests of between 21% and 50%; the most significant concessions in terms of revenue are Shibei (49% interest), Lanzhou (35.8% interest) and Shanghai Pudong (50% interest).

Summarized financial information (at 100%) in respect of the Chinese concessions is set out below. This information reflects amounts presented in the joint ventures' financial statements prepared in accordance with IFRS, adjusted to reflect fair value adjustments performed on acquisition and adjustments recorded to comply with Group accounting principles when applying the equity method.

Where the resulting recoverable amount is less than the net carrying amount of the asset or group of assets, an impairment is recorded.

Impairment losses on non-current assets can be reversed, with the exception of those relating to goodwill.

Other expenses, impairment losses and charges to non-current provisions in **2021** break down as follows:

- impairment losses on intangible assets, property, plant and equipment and operating financial assets of -€77.7 million, recognized mainly in the Rest of the world in the amount of -€52.7 million and particularly in Canada for -€16.0 million and China for -€41.0 million;
- other expenses and non-current provisions of -€122.2 million, recognized particularly in the Other segment for -€61.8 million and the Rest of the world for -€29.2 million.

Other expenses, impairment losses and charges to non-current provisions in **2020** break down as follows:

- impairment losses on intangible assets, property, plant and equipment and operating financial assets of -€59.6 million, recognized particularly in the Rest of the world for -€58.5 million;
- other expenses and non-current provisions of -€99.9 million, recognized particularly in the Rest of the world for -€44.5 million.

More generally, operating depreciation, amortization, provisions and impairment losses included in operating income in **2021** break down as follows:

	2020 re-presented	2021		
(€ million)	Net	Net	Charge	Reversal
OPERATING DEPRECIATION, AMORTIZATION AND PROVISIONS, NET				
Depreciation and amortization	**(1,992.4)**	**(2,098.7)**	**(0.5)**	**(2,099.2)**
Property, plant and equipment*	(916.6)	(1,002.1)	(0.5)	(1,002.6)
Intangible assets	(636.5)	(664.4)	-	(664.4)
Right of use	(439.3)	(432.3)	-	(432.3)
Impairment losses	**(59.7)**	**(157.0)**	**79.2**	**(77.7)**
Property, plant and equipment	(34.3)	(88.8)	59.3	(29.5)
Intangible assets and Operating financial assets	(25.7)	(67.3)	19.6	(47.6)
Right of use	0.3	(0.9)	0.3	(0.6)
Impairment losses and impact of disposals on goodwill and negative goodwill recognized in the Consolidated Income Statement	**(44.2)**	**(3.1)**	**13.9**	**10.8**
Non-current and current operating provisions	**38.1**	**(553.5)**	**602.4**	**48.9**
Non-current operating provisions	(178.1)	(307.6)	125.8	(181.8)
Current operating provisions	216.2	(245.9)	476.6	230.7
OPERATING DEPRECIATION, AMORTIZATION, PROVISIONS AND IMPAIRMENT LOSSES	**(2,058.2)**	**(2,812.3)**	**695.0**	**(2,117.2)**

* *Including investment grants.*

6.2.2 Restructuring costs

A restructuring is a program planned and controlled by Group management that significantly changes the scope of activity of the Group or the way in which this activity is managed. Accordingly, the following events can meet the definition of a restructuring: the sale or discontinuation of an activity branch, the closure of activity sites in a country or a region or the relocation of activities from one country to another or from one region to another; changes to the management structure such as the suppression of a management level; and fundamental reorganizations with a significant impact on the nature and focus of an activity.

	2020 re-presented	2021
Restructuring costs	(116.4)	(77.0)
Net charges to restructuring provisions	9.8	8.8
NET RESTRUCTURING COSTS/CHARGES	**(106.6)**	**(68.2)**

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Backlog

The backlog, as required by IFRS 15, is equal to firm revenue as contracted with customers, where the services have not yet been performed, or are only partially performed, at the reporting date.

As of December 31, 2021, expected revenue is as follows:

After taking account of the exceptions provided in the standard (*contracts with a term of less than one year, concession arrangements* and service agreements), the backlog therefore primarily consists of revenue from VWT Engineering & Procurement projects, with an average contractual period of 2 to 3 years.

(€ million)	Total	2022	2023 and beyond
Backlog	1,268.3	822.9	445.4

6.2 Operating income

Operating income breaks down as follows:

(€ million)	2020 re-presented	2021
Revenue	**26,009.9**	**28,508.1**
Cost of sales	**(22,121.8)**	**(23,905.9)**
o/w:	-	-
• Renewal expenses	(260.5)	(291.9)
Selling costs	**(562.1)**	**(584.0)**
General and administrative expenses	**(2,144.0)**	**(2,308.6)**
Other operating revenue and expenses	**(373.0)**	**(496.9)**
o/w:	-	-
• Restructuring costs	(106.6)	(68.2)
• (Impairment)/Reversal of impairment of goodwill	(44.1)	10.8*
• Employee costs – share-based payments, excluding social security contributions	(33.3)	(51.2)
• Other non-current charges, impairment losses and net provisions	(159.5)	(232.4)
• Share acquisition costs	(29.4)	(155.9)
Operating income before share of net income (loss) of equity-accounted entities	**809.0**	**1,212.7**
Share of net income (loss) of equity-accounted entities	**110.5**	**104.8**
Operating income after share of net income (loss) of equity-accounted entities	**919.5**	**1,317.5**

* *See also Note 6.2.4.1.*

Share acquisition costs in 2021 were mainly incurred in the context of the Suez combination.

6.2.1 Breakdown of provisions and impairment losses on non-current assets

The carrying amount of non-financial assets, other than inventory and deferred tax assets is reviewed at each period end in order to assess the existence of any indication of loss in value (non-performance of a significant long-term contract under the terms laid down in the contract, technical operating issues, and counterparty default for operating financial assets, etc.). Where such indication exists, the recoverable amount of the asset or group of assets is estimated.

The need to recognize impairment is assessed by comparing the net carrying amount of these assets with their recoverable amount.

Unless there are future prospects for the sale of these assets, the recoverable amount corresponds to their value in use, generally equal to the present value of the future cash flows expected to be derived from the asset or group of assets, taking account of any residual value. The value in use of these assets is determined based on assumptions consistent with those adopted for impairment testing of goodwill and other intangible assets with an indefinite useful life (see Note 8.1.2).

Goodwill and other assets with an indefinite useful life are subject to systematic annual impairment tests following the update of the long-term plan and more frequent tests where there is an indication of loss in value.

6.1 Revenue

Group revenue is recognized for the amount the Group expects to receive in consideration for the transfer of control of goods and services.

The following table presents the revenue recognition method, rate and unit for the main environmental services provided by the Group:

	Contract					Revenue		
Environmental service	Concession	Regulated activity	Construction	Services including an asset lease	Operation & maintenance	Revenue recognition method	Revenue recognition rate	Revenue measurement unit
Waste processing, water distribution, network operation, thermal services	✔	✔		✔	✔	Progressively	When the customer receives the benefit of the service	m^3 of water, metric ton of waste processed, Gwh etc.
Sale of equipment, sale of recycled products	✔	✔		✔	✔	At a point in time	On physical delivery of the goods	Quantity sold
Design and build of infrastructures	✔		✔	✔		Progressively	As the customer obtains control of the asset being built	Completion basis

Infrastructure maintenance and renewal services

Installation maintenance and renewal services rarely represent a separate performance obligation. Nonetheless, a separate performance obligation may be identified in respect of maintenance services in concession arrangements recognized using the financial asset model or operating contracts, depending on the obligations contained in the contracts and the related remuneration terms.

Services on behalf of third parties

Few of the Group's activities are concerned by this provision and primarily combined energy purchase and distribution services.

For this type of contract, the Group identifies whether it is acting on its own behalf (principal: recognition of gross revenue) or on behalf of a third party (agent: recognition of the margin), by analyzing in particular whether the Group has primary responsibility for performance of the service and whether it can freely set the price paid by the end customer.

Variable compensation

Variable consideration provided in contracts with customers can take several forms: rebates, discounts, penalties, incentives, performance bonuses. They are assessed on contract inception to determine the revenue amount to be recognized, applying either the expected value method or the most probable amount method.

Revenue by business

As for other Income Statement headings, revenue does not include amounts relating to discontinued operations in accordance with IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations. The results of these activities are presented in a separate line, "Net income (loss) from discontinued operations", for fiscal year 2021 and fiscal year 2020 presented for comparison purposes (see Note 4.3).

Revenue breaks down by business as follows:

(€ million)	2020 re-presented	2021
Water	10,900.0	10,788.3
Waste	9,672.9	11,227.7
Energy	5,437.0	6,492.1
GROUP	26,009.9	28,508.1

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

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Regulated activities

Veolia provides drinking water and heating production and distribution services in certain legal jurisdictions where the public authorities have performed privatizations. Accordingly, Veolia owns the production and/or distribution assets but remains subject to pricing regulations imposed by public authorities.

This is particularly the case in Eastern Europe where Veolia exercises this activity under mixed partial privatizations or public service management agreements between local subsidiaries and the public authorities in charge of the production and distribution of thermal energy.

Revenue from these activities is recognized in accordance with IFRS 15.

Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets (complex sections of installations, equipment) that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose.

This type of contract is often used for design and build contracts for infrastructure necessary for water treatment/distribution and wastewater treatment activities. These contracts are entered into with local authorities or private partners for the construction of infrastructures. They are generally fixed-price contracts.

The Group's construction revenues are mainly recognized on a completion basis.

The percentage of completion is determined by comparing costs incurred at the period end with total estimated costs under the contract. Costs incurred comprise costs directly attributable to the contract and borrowing costs incurred up to completion of the work. However, prospection costs, costs incurred prior to contract signature, and administrative and selling costs are expensed in the period incurred and do not therefore contribute to contract completion.

Where total contract costs exceed total contract revenue, the Group recognizes a loss to completion as an expense of the period, irrespective of the stage of completion and based on a best estimate of forecast results including, where appropriate, rights to additional income or compensation, where they are highly probable and can be determined reliably. Provisions for losses to completion are recorded as liabilities in the Consolidated Statement of Financial Position.

The amount of revenue recognized on a completion basis less intermediary billings is determined on an individual contract basis. Where positive, this amount is recognized in assets in "Amounts due from customers for construction contract work" (in "Other operating receivables" as a contract asset). Where negative, it is recognized in liabilities in "Amounts due to customers for construction contract work" (in "Other operating payables" as a contract liability). Any loss to completion is recognized immediately through a provision.

Partial payments received under construction contracts before the corresponding work has been performed, are recognized as liabilities in the Consolidated Statement of Financial Position under "Other operating payables".

Service contracts including an asset lease

These contracts generally concern outsourcing services performed for industrial/private customers either under BOT (Build, Operate and Transfer) contracts, or incineration or cogeneration contracts under which, notably, demand or volume risk is, in substance, transferred to the prime contractor.

Services include the design, construction and financing of the construction of a specific asset/installation on behalf of the customer and the operation of the asset concerned.

These contracts are recognized in accordance with the principles set out in IFRS 16 (see Note 6.4).

Accordingly, construction revenue is recognized in accordance with the percentage of completion method and, more generally, the principles set out in IFRS 15.

The service invoiced to the customer includes a component representing the operation of the specific asset/installation concerned and a second component representing the financing of the construction.

- Revenue relating to the operation of the asset is recognized on delivery of the goods or performance of the service, in accordance with IFRS 15;
- the financing of construction work involves finance costs that are invoiced to the customer and recognized in revenue. This interest is recognized in revenue from the start of construction work and represents remuneration received by the builder/lender.

Operation and maintenance contracts

The services rendered by Veolia do not systematically require the construction or acquisition of new infrastructure and can be provided through a variety of contractual forms tailored to the objectives and choices of customers. These services may particularly take the form of contracts for the operation and/or maintenance of installations already owned by the customer or service contracts aimed at improving the performance of these installations.

Accordingly, Veolia operates waste-to-energy plants, water production and/or distribution installations and heating networks under this type of contract recognized in accordance with IFRS 15.

Financial asset model

The Group applies the financial asset model for the accounting recognition of these concession arrangements, independently of service or infrastructure use by customers, when the concession grantor contractually guarantees the payment of amounts specified or determined in the contract or the shortfall, if any, between amounts received from users of the public service and amounts specified or determined in the contract.

Financial assets resulting from the application of IFRIC 12 are recorded in the Consolidated Statement of Financial Position under the heading "Operating financial assets" and recognized at amortized cost.

Unless otherwise indicated in the contract, the effective interest rate (EIR) is equal to the weighted average cost of capital of the entities carrying the assets concerned.

Cash flows relating to these operating financial assets are included in Net cash from (used in) investing activities in the Consolidated Cash Flow Statement.

Pursuant to IFRS 9, an impairment loss is recognized if the carrying amount of these assets exceeds the present value of future cash flows discounted at the initial EIR.

Revenue associated with this financial model includes:

- revenue recorded on a completion basis, in the case of construction operating financial assets (in accordance with IFRS 15);
- the remuneration of the operating financial asset recorded in revenue from operating financial assets (excluding principal payments);
- service remuneration.

Intangible asset model

The intangible asset model applies when the Group is paid by users or when the concession grantor has not provided a contractual guarantee in respect of the recoverable amount, regardless of service or infrastructure use by customers. The intangible asset corresponds to the right granted by the concession grantor to the operator to charge users of the public service in remuneration of concession services provided by the operator under the concession arrangement.

Intangible assets resulting from the application of IFRIC 12 are recorded in the Consolidated Statement of Financial Position under the heading "Concession intangible assets", as described in Note 8.2.1, and generally amortized on a straight-line basis over the term of the agreement.

Cash outflows, that is disbursements, relating to the construction of infrastructures under concession arrangements accounted using the "intangible asset model" are presented in Net cash from (used in) investing activities in the Consolidated Cash Flow Statement, while cash inflows are presented in Net cash from operating activities.

Under the intangible asset model, revenue includes:

- revenue recorded on a completion basis for assets and infrastructure under construction (in accordance with IFRS 15);
- service remuneration.

Mixed or bifurcation model

The choice of the financial asset or intangible asset model depends on the existence, or not, of payment guarantees granted by the concession grantor, independently of service or infrastructure use by customers.

However, certain contracts may include a payment commitment on the part of the concession grantor covering only part of the investment, with the remaining balance covered by the remuneration from services charged to users.

Where this is the case, the investment amount guaranteed by the concession grantor is recognized under the financial asset model and the residual balance is recognized under the intangible asset model.

Recognition of concession arrangements where existing infrastructures are made available to the Group by the concession authority in return for payment of fees

On the signature of certain concession arrangements, the infrastructures necessary to the operation of the concession already exist and are owned by the delegating authority. In such cases, the infrastructures are generally made available to the concession holder for the term of the concession arrangement in return for payments to the delegating authority for the right to use these infrastructures under the concession.

In July 2016, the IFRS Interpretations Committee clarified the appropriate accounting treatment when the concession holder is required to make fixed payments to the delegating authority for the provision of pre-existing infrastructure.

These fixed payments give rise to:

- the recognition of a liability equal to the present value of payments over the term of the concession arrangement;
- offset by the recognition of an intangible asset, where the concession arrangement is recognized using the intangible asset model, representing the right to charge users of the public service.

Payments satisfying this definition within the Group mainly concern concession arrangements recognized using the intangible asset model in Central Europe.

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NOTE 6 OPERATING ACTIVITIES

The main environmental services carried out by Veolia in its business lines are:

- water: drinking water treatment and distribution, wastewater treatment and the sale of water treatment equipment, technologies and facilities;
- waste: waste collection, product recovery and waste-to-energy processing (including the sale of recycled products), dismantling and hazardous waste processing;
- energy: heating and cooling networks, thermal and multi-technical services, industrial utilities, installation and maintenance of production equipment, and integrated services for the comprehensive management of buildings.

Environmental services also include the design, construction and, where applicable, funding of necessary facilities to supply such services which are provided to industrial and service sector companies, public authorities and private individuals.

The range of business models used by the Group results in a variety of contractual forms specific to each business and adapted to local jurisdiction constraints and the nature and needs of customers (public or private).

The Group primarily conducts its activities under concession, construction (non-concession), lease and operation and maintenance contracts.

Concession arrangements (IFRIC 12)

In the conduct of its activities, Veolia provides collective general interest services (distribution of drinking water and heating, household waste collection and/or processing, etc.). These services are generally managed by Veolia under contracts entered into at the request of public sector bodies, which retain control over these collective services.

Concession arrangements involve the transfer of operating rights for a limited period, under the control of the local authority, using dedicated facilities built by Veolia, or made available to it for or without consideration:

- these contracts define "public service obligations" in return for remuneration. The remuneration is based on operating conditions, continuity of service, price rules and obligations with respect to the maintenance/replacement of installations. The contract determines the conditions for the transfer of installations to the local authority or a successor at its term;
- Veolia can, in certain cases, be responsible for a given service as it holds the service support network (water/heat distribution network, wastewater treatment network). Such situations are the result of full or partial privatizations. Provisions impose public service obligations and the means by which the local authority may recover control of the concession holder.

These contracts generally include price review clauses. These clauses are mainly based on cost trends, inflation, changes in tax and/or other legislation and occasionally on changes in volumes and/or the occurrence of specific events changing the profitability of the contract.

In addition, the Group generally assumes a contractual obligation to maintain and repair facilities managed under public service contracts.

The nature and extent of the Group's rights and obligations under these different contracts differ according to the public services rendered by the different Group businesses: Water, Waste, Energy.

Water

In France, these services are primarily rendered under public service delegation "affermage" contracts with a term of 8 to 20 years. They can use specific assets, such as distribution or wastewater treatment networks and drinking water or wastewater treatment plants, which are generally provided by the concession grantor and returned to it at the end of the contract.

Abroad, Veolia renders its services under contracts which reflect local legislation, the economic situation of the country and the investment needs of each partner. These contracts generally have a term of between 7 and 40 years. Contracts can also be entered into with public entities in which Veolia purchased an interest on their partial privatization. The profitability of these contracts is not fundamentally different from other contracts, but operations are based on a partnership agreement with the local authority.

Waste

Both in France and abroad, the main concession arrangements entered into by Veolia concern the processing and recovery of waste in sorting units, landfills and incineration plants. These contracts have an average term of 10 to 30 years.

Energy

The main contracts concern the management of heating and air-conditioning networks under urban concessions or on behalf of local authorities.

In Eastern Europe, Veolia provides services under mixed partial privatizations or through public-private partnerships with public authorities responsible for the production and distribution of thermal energy.

The characteristics of these contracts vary significantly depending on the country and activities concerned.

As of December 31, 2020 re-presented Liabilities by operating segment (€ million)	France	Europe excluding France	Rest of the world	Global businesses	Other	Total consolidated financial statements	Joint ventures Data in Group share: Chinese concessions*
Concession liabilities	159.1	1,431.1	15.2	0.1	-	1,605.5	27.8
Provisions for contingencies and losses	661.1	561.6	388.0	409.1	337.7	2,357.5	-
IFRS 16 lease debt	336.5	510.5	389.6	339.1	124.0	1,699.7	31.8
Working capital liabilities, including DTL	4,010.6	3,385.0	2,817.9	2,390.8	340.5	12,944.8	435.0
TOTAL SEGMENT LIABILITIES	**5,167.3**	**5,888.2**	**3,610.7**	**3,139.1**	802.2	**18,607.5**	494.6
Other unallocated liabilities					26,756.4	26,756.4	1,310.3
TOTAL LIABILITIES						**45,363.9**	1,804.9

* *Excluding Shenzhen and Baoji reclassified in assets classified as held for sale as of December 31, 2020.*

In application of IFRS 8.33, revenue by destination geography is as follows:

(€ million)	2020 re-presented	% of 2020 revenue re-presented	2021	% of 2021 revenue
Revenue	**26,009.9**	**100.0%**	**28,508.1**	**100.0%**
France	7,847.3	30.2%	8,514.2	29.9%
United Kingdom	2,117.0	8.1%	2,374.4	8.3%
United States	1,647.8	6.3%	1,659.2	5.8%
Germany	1,900.5	7.3%	2,053.2	7.2%
Czech Republic	1,102.5	4.2%	1,354.3	4.8%
Poland	1,135.7	4.4%	1,356.8	4.8%
Australia	1,018.8	3.9%	1,079.2	3.8%
China	923.2	3.5%	930.7	3.3%
Italy	788.3	3.0%	911.6	3.2%
Morocco	694.2	2.7%	754.6	2.6%
Hungary	344.3	1.3%	645.7	2.3%
Spain	456.8	1.8%	566.5	2.0%
Japan	596.9	2.3%	565.9	2.0%
Other < €500 million	5,436.6	20.9%	5,741.8	20.0%

Revenue realized by destination in France may not be compared with revenue presented for the operating segment "France".

The EBITDA indicator reconciles with operating cash flow for fiscal years 2021 and 2020, as follows:

(€ million)		2020 re-presented	2021
Operating cash flow before changes in working capital	(A)	**2,892.8**	**3,213.2**
o/w Operating cash flow from financing activities	(B)	(20.8)	(70.1)
o/w Adjusted operating cash flow	**(C) = (A)-(B)**	**2,913.6**	**3,283.3**
Less:	(D)	-	-
Renewal expenses		260.5	291.9
Restructuring costs(1)		116.4	77.0
Share acquisition and disposal costs		37.6	170.7
Other items		113.5	159.5
Plus:	(E)		
Principal payments on operating financial assets		199.2	251.4
EBITDA	**(C) + (D) + (E)**	3,640.8	4,233.8

(1) 2021 restructuring costs mainly concern the VWT transformation plan in the amount of -€10.7 million in 2021, compared with -€20.7 million in 2020 and Waste in France for -€17.3 million in 2021, compared with -€11.1 million in 2020.

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Assets and liabilities break down by operating segment as follows:

As of December 31, 2021 Assets by operating segment (€ million)	France	Europe excluding France	Rest of the world	Global businesses	Other	Total consolidated financial statements	Joint ventures Data in Group share Chinese concessions
Goodwill, net	1,236.7	2,955.5	1,054.0	950.0	5.0	6,201.2	283.8
Intangible assets and Property, plant and equipment, net	2,013.5	7,302.7	4,583.1	1,228.1	171.5	15,298.9	1,196.5
Operating financial assets	78.0	833.6	401.6	7.3	(0.1)	1,320.4	3.6
Working capital assets, including DTA	3,101.1	3,535.8	2,997.7	2,400.5	(144.3)	11,890.8	170.7
Investments in joint ventures	5.9	56.7	1,160.9	15.0	-	1,238.5	-
Investments in associates	0.6	245.0	98.4	10.4	(0.2)	354.2	-
TOTAL SEGMENT ASSETS	6,435.8	14,929.3	10,295.7	4,627.3	15.9	36,304.0	1,654.6
Other unallocated assets					16,773.3	16,773.3	(592.3)
TOTAL ASSETS						53,077.3	1,062.3

As of December 31, 2020 re-presented Assets by operating segment (€ million)	France	Europe excluding France	Rest of the world	Global businesses	Other	Total consolidated financial statements	Joint ventures Data in Group share Chinese concessions*
Goodwill, net	1,236.7	2,954.7	975.4	719.7	2.4	5,888.9	244.7
Intangible assets and Property, plant and equipment, net	1,999.7	7,166.3	4,253.4	1,038.7	204.2	14,662.3	1,081.0
Operating financial assets	165.6	814.4	382.4	8.5	-	1,370.9	4.0
Working capital assets, including DTA	3,012.6	2,981.1	2,770.8	2,247.6	(71.7)	10,940.4	144.2
Investments in joint ventures	4.0	52.7	952.6	10.8	0.7	1,020.8	-
Investments in associates	0.5	249.1	93.2	7.8	3.3	353.9	-
TOTAL SEGMENT ASSETS	6,419.1	14,218.3	9,427.8	4,033.1	138.9	34,237.2	1,473.9
Other unallocated assets					11,126.7	11,126.7	331.0
TOTAL ASSETS						45,363.9	1,804.9

* *Excluding Shenzhen and Baoji reclassified in assets classified as held for sale as of December 31, 2020.*

As of December 31, 2021 Liabilities by operating segment (€ million)	France	Europe excluding France	Rest of the world	Global businesses	Other	Total consolidated financial statements	Joint ventures Data in Group share Chinese concessions
Concession liabilities	222.2	1,442.5	93.2	-	(0.1)	1,757.8	32.7
Provisions for contingencies and losses	656.6	572.3	387.2	438.4	360.6	2,415.1	-
IFRS 16 lease debt	319.2	501.8	390.7	395.7	101.3	1,708.7	33.2
Working capital liabilities, including DTL	4,243.0	4,173.7	2,951.5	2,670.3	706.8	14,745.3	510.2
TOTAL SEGMENT LIABILITIES	5,426.1	6,690.3	3,822.6	3,492.3	1,195.6	20,626.9	576.1
Other unallocated liabilities					32,450.4	32,450.4	486.2
TOTAL LIABILITIES						53,077.3	1,062.3

NOTE 5 REPORTING BY OPERATING SEGMENT

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

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

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

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

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

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

The main financial indicators by operating segment are as follows:

2021 *(€ million)*	France	Europe excluding France	Rest of the world	Global businesses	Other	Total consolidated financial statements	Joint ventures Data in Group share Chinese concessions
Revenue	5,868.2	10,941.9	7,067.3	4,629.0	1.7	28,508.1	437.1
EBITDA	1,074.8	1,729.9	1,001.5	426.3	1.3	4,233.8	86.1
Operating income after share of net income (loss) of equity-accounted entities	214.3	853.2	407.1	191.5	(348.6)	1,317.5	62.8
Industrial investments net of subsidies	(316.5)	(660.3)	(552.6)	(182.5)	(16.9)	(1,728.8)	(38.6)

2020 re-presented *(€ million)*	France	Europe excluding France	Rest of the world	Global businesses	Other	Total consolidated financial statements	Joint ventures Data in Group share Chinese concessions
Revenue	5,389.9	9,411.4	6,759.7	4,443.9	5.0	26,009.9	797.3
EBITDA	847.7	1,403.7	941.6	324.4	123.4	3,640.8	166.3
Operating income after share of net income (loss) of equity-accounted entities	18.9	580.9	318.0	79.0	(77.3)	919.5	99.4
Industrial investments net of subsidies	(261.9)	(595.0)	(574.7)	(160.8)	(16.2)	(1,608.6)	(100.2)

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

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

It is recalled that assets classified as held for sale concern Waste activities in Eastern Europe in the Europe excluding France segment. In the Rest of the world, they concern the full investment in two Chinese concessions, Shenzhen and Baoji, following the signature of sales agreements on December 31, 2020.

4.4 Off-balance sheet commitments relating to the consolidation scope

4.4.1 Commitments given

Off-balance sheet commitments given break down as follows:

(€ million)	As of December 31, 2020 re-presented	As of December 31, 2021	Maturing in: Less than 1 year	1 to 5 years	More than 5 years
Vendor warranties	143.1	228.0	35.9	155.3	36.8
Securities purchase commitments	216.7	8,983.6	8,973.4	10.2	-
Sale commitments	-	-	-	-	-
Other commitments relating to the consolidated scope	3.2	0.5	-	-	0.5
TOTAL COMMITMENTS GIVEN RELATING TO THE CONSOLIDATED SCOPE	363.0	9,212.1	9,009.3	165.5	37.3

The increase in **vendor warranties** between December 31, 2020 and December 31, 2021 is mainly due to the divestiture of Veolia Nordic and Veolia Sweden assets and securities (+ €58.1 million).

Securities purchase commitments concern current acquisition processes. As of December 31, 2021, they mainly concern the Public Tender Offer filed by Veolia for €8,970.1 million (see Note 3). As of December 31, 2020, they mainly concerned the acquisition from Suez subject to conditions precedent of shares in Osis, a specialist in wastewater services, for €182.5 million.

4.4.2 Commitments received

Commitments received relating to the consolidated scope total €505.6 million as of December 31, 2021, compared with €591.6 million as of December 31, 2020. This decrease is mainly due to the lifting of vendor warranties received for €86.7 million in respect of the acquisition of Prague Rive Gauche in 2016.

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

4.3.1 Discontinued operations

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

In **2021** and 2020, discontinued operations concern VWT's EPC (Engineering, Procurement, Construction) business, discontinued in all regions.

4.3.2 Assets and liabilities classified as held for sale

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

(€ million)	As of December 31, 2020 re-presented	As of December 31, 2021
Assets classified as held for sale	455.7	98.7
Liabilities directly associated with assets classified as held for sale	7.8	21.4

As of December 31, 2021, Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale break down by operating segment as follows:

(€ million)	France	Europe excluding France	Rest of the world	Global businesses	Other	Total
Assets						
Non-current assets	-		54.8	43.9	-	98.7
Current assets	-				-	-
Cash and cash equivalents	-				-	-
ASSETS CLASSIFIED AS HELD FOR SALE	-	-	54.8	43.9	-	98.7
Liabilities						
Non-current liabilities	-		4.3	12.0	-	16.3
Current liabilities	-		1.8	3.3	-	5.1
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	-	-	6.1	15.3	-	21.4

These assets and liabilities mainly comprise:

- in the Rest of the world, Integrated Waste Services in Australia, the divestiture of which was completed in January 2022 and the PUXI concession in China, the sales agreement for which was signed on December 31, 2021;
- in Global businesses, the eight Île de France branches that the SARP Group has committed to divesting in the context of the acquisition of OSIS, the sales agreement for which was signed in January 2022.

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The Group may elect, on an individual transaction basis, at the acquisition date, to measure non-controlling interests either at fair value (full goodwill) or at the share in the fair value of the identifiable net assets of the company acquired (partial goodwill).

Pursuant to IFRS, goodwill is not amortized but is subject to impairment tests performed at least annually or, where appropriate, more frequently where there is evidence calling into question the net carrying amount recorded in assets in the Statement of Financial Position.

Where the terms and conditions of a business combination are advantageous, negative goodwill arises. The corresponding profit is recognized in net income at the acquisition date.

Acquisition-related costs are expensed in the period in which the costs are incurred and the services received.

Pursuant to the provisions of IFRS 3 revised, the Group may finalize the recognition of the business combination during the measurement period. This period ends when all the necessary information has been obtained and no later than one year after the acquisition date.

Assets/liabilities classified as held for sale, discontinued operations

IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations, sets out the accounting treatment applicable to assets held for sale and presentation and disclosure requirements for discontinued operations.

The standard notably requires the separate presentation of assets held for sale in the Consolidated Statement of Financial Position at the lower of net carrying amount and fair value less costs to sell, where the criteria set-out in the standard are satisfied.

When the Group is committed to a sales process leading to the loss of control of a subsidiary, all assets and liabilities of that subsidiary are reclassified as held for sale where the standard classification criteria are met, irrespective of whether the Group retains a residual interest in the entity after sale.

In addition, the standard requires the separate presentation in the Consolidated Income Statement of the results of discontinued operations for all comparative periods on a retrospective basis.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale and:

- represents a separate major line of business or geographical area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or major geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

4.2 Main changes in Group structure

In 2021, the Group continued with discipline its asset rotation policy in line with the objectives set in the Impact 2023 strategic plan. Following the sale of heating assets in the United States in 2019 and reinvestment in municipal energy businesses in Central Europe, completed in 2020, the main transactions in 2021 focused on Global Businesses, the Nordic countries and Asia.

Acquisitions

OSIS (Global businesses)

On May 18, 2021, through its subsidiary SARP, the Group acquired SUEZ RV OSIS, a specialist in the maintenance of sanitation networks and structures and industrial maintenance and cleaning services, for an amount of €348 million (including IFRS 16 debt). With the merger of SARP and OSIS, the Veolia Group can position itself as a major player in this area, and propose – due to their complementary nature – new, high added value services to their public, tertiary and industrial customers, covering the whole of France. The provisional goodwill recognized in respect of this acquisition is presented in Note 8.1.

In accordance with the initial plan and in line with competition authority requests, the divestiture process for the Île de France branches was ongoing at the year end. A purchase commitment was signed at the end of July 2021 and the transaction closed in early January 2022 for a divestiture price of €32.3 million. These activities are recorded in assets and liabilities classified as held for sale as of December 31, 2021.

In 2021, newly consolidated companies together contributed €258.9 million to revenue and €2.0 million to net income and represented cash outflows of -€72.9 million.

Divestitures

Shenzhen Water Concession (China)

On May 18, 2021, the Group sold its investment in the Shenzhen water concession in China. The transaction was completed for €403 million and the divestiture price was settled in full in 2021.

Divestiture of activities in Northern Europe

The Group sold its industrial services, recycling solutions, infrastructure management and maintenance activities in Norway and Sweden through three transactions: (i) on June 30, the Group sold industrial service assets in Norway and Sweden for €70 million; (ii) on September 30, the Group sold its infrastructure and equipment optimization activities including maintenance in Sweden for €20 million; (iii) on November 30, the Group sold its "Recycling Solutions" and "Industrial Services" activities in Norway and Sweden for €145 million.

Change in ownership interests in consolidated subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in a change in control over the subsidiaries are accounted for as equity transactions, as they are transactions performed by shareholders acting in this capacity.

The effects of these transactions are recognized in equity at their net-of-tax amount and do not therefore impact the Consolidated Income Statement of the Group.

These transactions are presented in financing activities in the Consolidated Cash Flow Statement.

Investments in joint ventures and associates

Definition

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the entity have rights to its net assets.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Accounting for joint ventures and associates

The results and assets and liabilities of associates or joint ventures are incorporated in the Group consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with the provisions of IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

Under the equity method, the investment in the associate or joint venture is initially recognized at acquisition cost and subsequently adjusted, notably to recognize the Group's share of the net income and other comprehensive income of the associate or joint venture.

When a Group entity transacts with an associate or joint venture of the Group, profits and losses resulting from the transaction with the associate or joint venture are recognized in the Group consolidated financial statements only to the extent of interests in the associate or joint venture.

The share of net income (loss) of equity-accounted entities is included in the Group Consolidated Income Statement. Pursuant to recommendation no. 2013-01 issued by the French Accounting Standards Authority (*Autorité des Normes Comptables*, ANC) on April 4, 2013, the share of net income (loss) of equity-accounted entities must be included in "Operating income after share of net income (loss) of equity-accounted entities" or presented in a separate line "Share of net income (loss) of other equity-accounted entities" depending on whether the activities of such entities represent an extension of the Group's businesses.

Impairment tests

When necessary, the carrying amount of the investment in associates or joint-ventures (including goodwill) is tested for impairment in accordance with IAS 36, Impairment of Assets.

Loss of significant influence or joint control

The equity method is discontinued from the date the investment ceases to be an associate or a joint venture. Where the Group retains a residual interest in the entity and that interest is a financial asset, the financial asset is measured at fair value at the date the investment ceases to be an associate or a joint venture.

Where an investment in an associate becomes an investment in a joint venture, or *vice versa*, the equity method continues to be applied and the change in ownership interest does not trigger remeasurement to fair value.

Investments in joint operations

Definition

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have direct rights to the assets, and obligations for the liabilities, relating to the arrangement.

Accounting for joint operations

As a joint operator in a joint operation, the Group recognizes in relation to its interest in the joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its expenses, including its share of any expenses incurred jointly.

4.1.2 Transactions impacting the consolidation scope

Business combinations and goodwill

Business combinations are recorded in accordance with the acquisition method as defined in IFRS 3, revised.

Under this method, identifiable assets acquired and liabilities assumed of the acquiree are recorded at fair value at the acquisition date.

The goodwill arising from the business combination is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest and, where applicable, the fair value of any previously held interest, over the net of the acquisition-date amounts of the identifiable assets acquired and liabilities and contingent liabilities assumed.

This goodwill is measured in the functional currency of the company acquired and recognized in assets in the Consolidated Statement of Financial Position.

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

Accordingly, the Suez shares are valued at €3,721.0 million as of December 31, 2021. €295.8 million has been recognized in other comprehensive income since October 6, 2020.

Top-up right in favour of Engie

Under the terms of the share purchase agreement signed in October 2020 between Veolia and Engie for the acquisition of a 29.9% stake in Suez, 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 reviewed the mechanisms for activating this clause. It entered into effect (payment of the top-up) if, and only if, the Tender Offer was effectively launched and successful, that is if Veolia obtained control of Suez.

The clause meets the criteria of a debt that is part of the "Business Combination" within the meaning of IFRS 3R, as this right represents consideration for the takeover, a component of the exchange for the acquisition and – accordingly – is an integral component of the consideration paid on the allocation of assets acquired and liabilities assumed.

As of December 31, 2021, the financial commitment relating to this clause was assessed to constitute a liability (of €347.4 million). IAS 32, paragraph 19 states that a liability must be recognized where there is no "*unconditional right to avoid delivering cash to settle the obligation*". The AMF's approval of the combination in July 2021 followed by the European Commission's approval created the conditions necessary for the recognition of this right in the accounts at the end of December 2021.

Financial information on the takeover of Suez

On January 18, 2022, following the Public Tender Offer, Veolia acquired control of Suez. The Group now holds the entire share capital of Suez, following completion of the squeeze-out procedure on February 18, 2022. This acquisition aims to enable Veolia to acquire the strategic assets necessary to its plan to create a global champion of ecological transformation, benefiting from increased scale and improved profitability.

Due to the proximity of the date of acquisition of control with the accounting year end of December 31, 2021, work on the initial recognition of the business combination was not complete at the date of publication of the Group consolidated financial statements. Accordingly, certain financial information required by IFRS 3 on business combinations performed between the reporting date and the date of approval of the financial statements (such as the fair value of assets acquired and liabilities assumed at the acquisition date and the expected amount of goodwill resulting from the transaction) is not communicated in these financial statements; it will be included in subsequent financial publications.

The estimated amount of the counterparty transferred by Veolia (including the impact of the acquisition of Suez shares from Engie) is €9,318 million. Transaction costs incurred by the Groupe total €152.1 million, including €149.6 million expensed in the 2021 Consolidated Income Statement (see Note 6.2.)

The acquired scope (after the sale of "New Suez" to the Consortium) generated revenue of €9,902 million and net income of €287 million in 2021.

The remedies demanded by the Competition Authorities that have approved the combination do not have a significant impact on the Group financial statements.

NOTE 4 CONSOLIDATION SCOPE

4.1 Accounting principles relating to the consolidation scope

4.1.1 Consolidation principles

Controlled entities

Veolia Environnement fully consolidates all entities over which it exercises control.

Definition of control

Control exists when the Group (i) holds power over an entity, (ii) is exposed or has rights to variable returns from its involvement with the entity and (iii) has the ability to use its power over the entity to effect the amount of its returns.

The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the elements of control.

Full consolidation

The Group consolidates a subsidiary in its consolidated financial statements from the date it obtains control of the entity to the date it ceases to control the entity.

Interests that are not directly or indirectly attributable to the Group are recorded in non-controlling interests.

Total comprehensive income of subsidiaries is attributed to owners of the Company and to non-controlling interests, even if this results in non-controlling interests having a deficit balance.

viii. Suez's Municipal Water activities in Australia,

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

- 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 Suez General Shareholders' Meeting of June 30, 2021;
- **December 14, 2021:** approval by the European Commission of the proposed acquisition of Suez by Veolia, accompanied by certain remedies in addition to the sale of municipal water and non-hazardous waste activities in France to New Suez already planned and covering industrial water, mobile water solutions and special industrial waste.

3.1.2 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 12-17, 2022:** reopening of the offer enabling shareholders who had 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 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.

3.2 Merger control authorizations

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

The operation is the subject of an investigation by the United Kingdom's Competition and Markets Authority (CMA), which decided on December 21, 2021 to open an in-depth investigation in order to examine in more detail the effects of the operation on the United Kingdom, but had however beforehand authorized the closing of the Public Tender Offer which took place on January 18, 2022.

3.3 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). This transaction reinforced the Group's financial structure while strengthening its credit ratios.

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 9.5.2). 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 (see Note 10.2.1.1). The financing plan aimed to maintain an investment grade credit rating for the enlarged group and to keep the net financial debt/EBITDA ratio below 3.0x in the medium term, in line with the Group's objectives.

3.4 Impact in the consolidated 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)

The United Kingdom competition authorities issued a temporary injunction under the terms of which, as of December 31, 2021, the rights attached to the Suez shares acquired on October 6, 2020 do not allow Veolia:

- to have a representative on the Suez Board of Directors;
- to freely use its voting rights to influence Suez policies (excluding specific situations and derogations).

Accordingly, as of December 31, 2021, Veolia management considers it cannot participate in Suez's financial and operating policy decisions within the meaning of IAS 28.

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

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This is notably the case for impairment testing of assets with an indefinite useful life (goodwill). Note 8 presents the methodology and main assumptions used in preparing the financial statements for the year ended December 31, 2021 and particularly future flow and discount rate assumptions underlying the recoverable amount of these assets. Sensitivity analyses were also performed on the Goodwill CGUs and certain of them are presented in the aforementioned note.

The items that generally require Management to make estimates or exercise judgment are as follows:

- determination of the recoverable amount of intangible assets and property, plant and equipment (Notes 8.2 and 8.3);
- measurement of provisions and employee commitments, as well as contingent assets and liabilities (Notes 7, 11 and 13);
- fair value measurement of financial instruments (Note 9.3) including derivatives;
- the amount of deferred tax assets and liabilities and the tax expense recognized (Note 12);
- methods used for determining the value of identifiable assets acquired and liabilities assumed in business combinations.

When preparing the financial statements for the year ended December 31, 2021, management considered the impacts of climate change, particularly in the context of its ecological transition and decarbonizing strategy. In particular, Group management took into account the impact of climate change in its impairment testing procedures on non-current assets and assets with an indefinite useful life through cash flow estimates incorporating, where appropriate, decarbonizing plans validated by the governance bodies.

In addition, given its activities in installations covered by the EU Emissions Trading Scheme (EU ETS), the Group paid close attention to its exposure to greenhouse gas emission allowances. The related management policy, accounting treatment and issues are presented in Note 9.3.1.3.

Pursuant to the provisions of IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations, the Group must exercise judgment in determining whether the criteria for recognizing an asset or group of assets as held for sale are met. Furthermore, discontinued operations are identified with respect to criteria also defined in IFRS 5. These assessments are reviewed at each period end taking account of any changes in facts or circumstances.

Finally, Veolia must make assumptions and judgments when assessing the level of control exercised over certain investments and particularly when defining relevant activities and identifying substantive rights. These judgments are reassessed when the facts and circumstances change.

The Group uses several discount rate calculation methodologies for the purposes of these estimates. They are detailed in Notes 7, 8 and 11.

NOTE 3 SUEZ COMBINATION

3.1 Summary of the main stages of the combination

3.1.1 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 principal between Suez and Veolia** notably setting the price of the Public Tender Office at €20.50 per Suez share (coupon attached) and the 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 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 for the New Suez scope**
  - Scope concerned:
    i. Suez's Water and Waste operations (excluding hazardous waste) in France,
    ii. Suez's Smart & Environmental Solutions global Business Unit (excluding "SES Spain", "SES Aguas Andinas" and part of "SES Colombia"),
    iii. Suez's Municipal Water operations in Italy, as well as its stake in ACEA,
    iv. Suez's Municipal Water operations in the Czech Republic,
    v. Suez's Municipal Water and Waste (except hazardous waste) activities in Africa, as well as its stake in Lydec,
    vi. Suez's Municipal Water activities in India, Bangladesh and Sri Lanka,
    vii. Suez's Municipal Water, Industrial Water and Infrastructure Design and Construction activities in China as well as all of the activities of the Suyu group and two industrial incinerators in Shanghai and Suzhou,

Average exchange rate *(one foreign currency unit = €xx)*	2020	2021
US dollar	0.8762	0.8452
Pound sterling	1.1247	1.1630
Chinese renminbi	0.1270	0.1310
Australian dollar	0.6041	0.6350
Polish zloty	0.2250	0.2190
Hungarian forint	0.0028	0.0028
Argentinian peso	0.0097	0.0086
Mexican peso	0.0408	0.0417
Brazilian real	0.1699	0.1568
Czech koruna	0.0378	0.0390

1.3.2 Hyperinflation

The market consensus is that Argentina is a hyperinflationary economy for all the periods presented. The provisions of IAS 29 are, however, applicable from the beginning of the period in which the existence of hyperinflation is identified (IAS 29.4). The Group has therefore applied the provisions of IAS 29 from January 1, 2018 for its businesses in Argentina.

1.4 Foreign currency transactions

Foreign currency transactions are translated into euro at the exchange rate prevailing at the transaction date. At the year end, foreign currency-denominated monetary assets and liabilities are remeasured at year-end exchange rates. The resulting foreign exchange gains and losses are recorded in net income for the period.

Loans to a foreign subsidiary, the settlement of which is neither planned nor probable in the foreseeable future represent, in substance, a portion of the Group's net investment in this foreign operation. Foreign exchange gains and losses on monetary items forming part of a net investment are recognized directly in other comprehensive income in foreign exchange translation adjustments and are released to net income on the disposal of the net investment.

Exchange gains and losses on foreign currency-denominated borrowings or on currency derivatives that qualify as hedges of a net investment in a foreign operation, are recognized directly in other comprehensive income as foreign exchange translation adjustments. Amounts recognized in other comprehensive income are released to income on the date of disposal of the relevant investment.

Foreign currency-denominated non-monetary assets and liabilities recognized at historical cost are translated using the exchange rate prevailing as of the transaction date. Foreign currency-denominated non-monetary assets and liabilities recognized at fair value are translated using the exchange rate prevailing as of the date the fair value is determined.

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

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

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

All these estimates are based on organized procedures for the collection of forecast information on future flows, validated by operating management, and on expected market data based on external indicators and used in accordance with consistent and documented methodologies.

Underlying estimates and assumptions are reviewed at each reporting date. The impact of changes in accounting estimates is recognized in the period the change is made if it affects this period only and in the period the change is made and prior periods if they are also affected by the change.

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Texts applicable after 2021

- **IFRS 17 Insurance contracts;**
- ***IFRS annual improvement process (2018-2020 cycle);***
- **Other amendments to the following standards:**
  - **IAS 1:** *classification of liabilities as current or non-current,*
  - **IAS 1:** disclosure of accounting policies,
  - **IAS 8:** definition of accounting policies,
  - **IAS 12:** deferred tax related to assets and liabilities arising from a single transaction,
  - **IAS 16:** property, plant and equipment - proceeds before intended use,
  - **IFRS 3:** update of the reference to the Conceptual Framework,
  - **IAS 37:** costs to be considered when determining if a contract is onerous.

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

During the first half of 2021, the IFRS Interpretations Committee published several decisions, including the following two decisions:

- IAS 19: attributing employee benefits to periods of service:

  This decision, published in May 2021, clarifies how the defined benefit expense should be attributed to accounting periods when:

  - The vesting of benefits is conditional on the presence of the employee in the company at the time of retirement, and
  - The amount of benefits depends on seniority and is capped at a maximum number of consecutive years of service.

  The Group applied this decision in its financial statements for the year ended December 31, 2021 with retroactive effect from January 1, 2020. The impacts are presented in Note 7.

- IAS 38 – recognition of configuring or customizing costs for software made available in the Cloud in a Software as a Service (SaaS) arrangement.

  This text concerns the recognition of implementation costs incurred under a *cloud computing* agreement that is a service contract. The Group examined this text published in April 2021, identifying:

  - numerous technical issues on the analysis of possible components of a SaaS project requiring the support of the IT Department,
  - operational difficulties in gathering data with the necessary granularity in the BUs concerned, necessary to the understanding of the expenditure incurred.

  Accordingly, the Group is still in the course of analyzing the impacts of this text as of December 31, 2021. A special purpose working group comprising financial specialists, the IT Department and BU operating staff is continuing to collect data in order to obtain comprehensive and reliable quantitative data in 2022 and is closely monitoring changes in the accounting positions adopted by the profession. The Group will provide an update in its future publications on progress with this work and the related impacts.

1.3 Translation of foreign subsidiaries' financial statements

1.3.1 Exchange rates

Statements of financial position, income statements and cash flow statements of subsidiaries whose functional currency is different from the presentation currency of the Group are translated into the presentation currency at the applicable rate of exchange (*i.e.* the year-end rate for statement of financial position items and the average annual rate for income statement and cash flow items). Foreign exchange translation gains and losses are recorded in other comprehensive income in equity. The exchange rates of the major currencies of non-euro countries used in the preparation of the consolidated financial statements were as follows:

Period-end exchange rate *(one foreign currency unit = €xx)*	As of December 31, 2020	As of December 31, 2021
US dollar	0.8149	0.8829
Pound sterling	1.1123	1.1901
Chinese renminbi	0.1259	0.1390
Australian dollar	0.6291	0.6404
Polish zloty	0.2193	0.2175
Hungarian forint	0.0027	0.0027
Argentinian peso	0.0097	0.0086
Mexican peso	0.0410	0.0432
Brazilian real	0.1569	0.1585
Czech koruna	0.0381	0.0402

NOTE 1 ACCOUNTING POLICIES AND METHODS

1.1 General principles underlying the preparation of the financial statements

The accounting methods presented in these notes to the consolidated financial statements have been applied consistently for all periods presented in the consolidated financial statements.

The consolidated financial statements are presented on a historical cost basis, with the exception of assets and liabilities held for sale measured in accordance with IFRS 5 and assets and liabilities recognized at fair value: derivatives, financial instruments held for trading, financial instruments at fair value (in accordance with IFRS 9).

The Veolia Environnement consolidated financial statements for the year ended December 31, 2021 were adopted by the Board of Directors on March 16, 2022 and will be presented for approval at the General Shareholders' Meeting on June 15, 2022.

1.2 Accounting standards framework

Pursuant to Regulation no. 1606/2002 of July 19, 2002, as amended by European Regulation no. 297/2008 of March 11, 2008, the consolidated financial statements are presented in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union.

In the absence of IFRS standards or interpretations and in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Veolia refers to other IFRS dealing with similar or related issues and the conceptual framework.

The consolidated financial statements are presented in millions of euros, unless stated otherwise.

The consolidated financial statements comprise the financial statements of Veolia Environnement, the entities it controls (its subsidiaries) and the entities equity accounted. The financial statements of subsidiaries are drawn up for the same reference period as those of the parent company, from January 1, to December 31, 2021, in accordance with uniform accounting policies and methods.

The accounting principles and valuation rules applied by the Group in preparing the consolidated financial statements for the year ended December 31, 2021 comprise those applied by the Group as of December 31, 2020 and the standards, standard amendments and interpretations adopted or in the course of adoption by the European Union as of December 31, 2021:

- applicable from fiscal year 2021; or
- that the Group has elected to apply early as permitted by these texts.

Texts applicable from 2021

- **Amendment to IFRS 16,** regarding Covid-19 related rent concessions beyond June 30,2021;
- **Amendments to IFRS 9 and IFRS 7 (phase 2),** relating to the interest rate benchmark reform:
  - the interest rate benchmark reform led to the disappearance, and therefore the replacement, of interbank rates as of January 1, 2022, including Eonia and certain LIBOR rates. The majority of debt contracts and derivative instrument framework agreements were amended in 2021 to take account of the interest rate benchmark reform, or are in the course of finalization,
  - the IFRS 9 amendments that enable hedging relationships to be maintained after these rate changes were applied early by the Veolia Group in the 2020 consolidated financial statements,
  - as of December 31, 2021, the Group's exposure to financial instruments indexed to floating rates concerns interest rate swaps and cross currency swaps with a nominal amount of €1,260 million,
  - the application of the IFRS 9 amendments did not have a material impact on Euribor-based derivatives in the Group consolidated financial statements.

The impact of the first-time application of these texts is not material for the Group.

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6.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(€ million)	Number of shares outstanding	Share capital	Additional paid-in capital	Deeply subordinated securities and OCEANE	Treasury shares	Consolidated reserves and retained earnings	Foreign exchange translation reserves	Fair value reserves	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Amount as of December 31, 2020, re-presented	**578,611,362**	**2,893.1**	**7,291.8**	**1,987.1**	**(450.7)**	**(3,658.3)**	**(405.6)**	**(418.0)**	**7,239.4**	**1,099.3**	**8,338.7**
Issues of share capital of the parent company	121,113,904	605.5	2,017.7	-	-	49.1	-	-	2,672.3	-	2,672.3
Proceeds on issue of deeply subordinated securities		-	-	497.5	-	-	-	-	497.5	-	497.5
Coupons on deeply subordinated securities		-	-	(23.9)	-	-	-	-	(23.9)	-	(23.9)
Parent company dividend distribution		-	-	-	-	(397.0)	-	-	(397.0)	-	(397.0)
Movements in treasury shares		-	-	-	20.6	(0.6)	-	-	20.0	-	20.0
Share-based payments		-	-	-	-	49.7	-	-	49.7	-	49.7
Third-party share in share capital increases of subsidiaries		-	-	-	-	-	-	-	-	34.6	34.6
Third-party share in dividend distributions of subsidiaries		-	-	-	-	-	-	-	-	(137.3)	(137.3)
Transactions with non-controlling interests		-	-	-	-	(3.5)	-	-	(3.5)	2.5	(1.0)
Total transactions with non-controlling interests	**121,113,904**	**605.5**	**2,017.7**	**473.6**	**20.6**	**(302.3)**	**-**	**-**	**2,815.1**	**(100.2)**	**2,714.9**
Other comprehensive income*		-	-	-	-	62.2	144.9	771.6	978.7	84.3	1,063.0
Net income for the year		-	-	-	-	404.3	-	-	404.3	150.6	554.9
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**466.5**	**144.9**	**771.6**	**1,383.0**	**234.9**	**1,617.9**
Other movements		-	-	-	-	80.5	-	-	80.5	18.0	98.5
Amount as of December 31, 2021	**699,725,266**	**3,498.6**	**9,309.5**	**2,460.7**	**(430.1)**	**(3,413.6)**	**(260.7)**	**353.6**	**11,518.0**	**1,252.0**	**12,770.0**

* *Including €671.8 million relating to the acquisition of Suez during the period.*

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

A dividend distribution of €1 per share will be proposed to the General Shareholders' Meeting of June 15, 2022.

The total dividend paid recorded in the Consolidated Cash Flow Statement for the years ended December 31, 2021, and 2020, respectively, breaks down as follows:

(€ million)	Year ended December 31, 2020 re-presented	Year ended December 31, 2021
Parent company dividend distribution	(277.1)	(397.0)
Third-party share in dividend distributions of subsidiaries	(148.9)	(137.3)
Scrip dividend	-	-
TOTAL DIVIDEND PAID	**(426.0)**	**(534.3)**

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6.1.5 STATEMENT OF CHANGES IN EQUITY

(€ million)	Number of shares outstanding	Share capital	Additional paid-in capital	Deeply subordinated securities	Treasury shares	Consolidated reserves and retained earnings	Foreign exchange translation reserves	Fair value reserves	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Amount as of December 31, 2019 published	**567,266,539**	**2,836.3**	**7,197.9**	**-**	**(442.4)**	**(3,508.4)**	**(92.6)**	**(57.1)**	**5,933.7**	**1,144.7**	**7,078.4**
IAS 19 impacts	0	-	-	-	-	23.2	-	-	23.2	0.8	24.0
As of December 31, 2019, re-presented	**567,266,539**	**2,836.3**	**7,197.9**	**-**	**(442.4)**	**(3,485.2)**	**(92.6)**	**(57.1)**	**5,956.9**	**1,145.5**	**7,102.4**
Issues of share capital of the parent company	11,344,823	56.8	93.9	-	-	(3.5)	-	-	147.2	-	147.2
Proceeds on issue of deeply subordinated securities	-	-	-	1,987.1	-	-	-	-	1,987.1	-	1,987.1
Reclassification of coupons paid on hybrid debt/ deeply subordinated securities	-	-	-	-	-	-	-	-	-	-	-
Coupon on deeply subordinated securities				-	-	-	-	-	-		-
Parent company dividend distribution	-	-	-	-	-	(277.1)	-	-	(277.1)	-	(277.1)
Movements in treasury shares	-	-	-	-	(8.3)	-	-	-	(8.3)	-	(8.3)
Share-based payments	-	-	-	-	-	33.3	-	-	33.3	-	33.3
Third-party share in share capital increases of subsidiaries	-	-	-	-	-	-	-	-	-	20.9	20.9
Third-party share in dividend distributions of subsidiaries	-	-	-	-	-	-	-	-	-	(148.9)	(148.9)
Transactions with non-controlling interests	-	-	-	-	-	(3.5)	-	-	(3.5)	4.3	0.8
Total transactions with non-controlling interests	**11,344,823**	**56.8**	**93.9**	**1,987.1**	**(8.3)**	**(250.8)**	**0**	**0**	**1,878.7**	**(123.7)**	**1,755.0**
Other comprehensive income for the year[1]	-	-	-	-	-	(1.8)	(313.0)	(360.9)	(675.7)	(43.0)	(718.7)
Net income for the year	-	-	-	-		88.8	-	-	88.8	119.7	208.5
Total comprehensive income for the period	-	-	-	-	-	**87.0**	**(313.0)**	**(360.9)**	**(586.9)**	**76.7**	**(510.2)**
Other movements	-	-	-	-	-	(9.3)	-	-	(9.3)	0.8	(8.5)
Amount as of December 31, 2020, re-presented	**578,611,362**	**2,893.1**	**7,291.8**	**1,987.1**	**(450.7)**	**(3,658.3)**	**(405.6)**	**(418.0)**	**7,239.4**	**1,099.3**	**8,338.7**

(1) Including -€376.0 million relating to the acquisition of Suez (see Note 4 to the consolidated financial statements for the year ended December 31, 2020).

(€ million)	Notes	Year ended December 31, 2020 re-presented	Year ended December 31, 2021
Net increase (decrease) in current financial liabilities	Note 9.1.1	1,083.5	(38.6)
Repayment of current IFRS 16 lease debt	Note 9.1.1	(478.9)	(455.2)
Other changes in non-current IFRS 16 lease debt	Note 9.1.1	(140.5)	(123.3)
New non-current borrowings and other debt	Note 9.1.1	2,314.7	931.4
Principal payments on non-current borrowings and other debt	Note 9.1.1	(70.6)	(51.2)
Change in liquid assets and financing financial assets	Note 9.1.2	(368.7)	(135.5)
Proceeds on issue of shares	Note 10.2.1	147.2	2,672.3
Share capital reduction		-	-
Transactions with non-controlling interests: partial purchases		(4.8)	(2.7)
Transactions with non-controlling interests: partial sales		2.4	0.5
Proceeds on issue of deeply subordinated securities	Note 10.4	1,987.1	497.5
Coupons on deeply subordinated securities	Note 10.4	-	(23.9)
Purchases of/proceeds from treasury shares		(8.3)	20.0
Dividends paid		(426.0)	(534.3)
Interest paid	Note 9.4.1	(404.8)	(357.4)
Interest on IFRIC 12 operating assets		(79.8)	(76.5)
Interest on IFRS 16 lease debt	Note 9.4.2	(32.2)	(28.2)
Net cash from (used in) financing activities of continuing operations		***3,520.3***	***2,294.9***
Net cash from (used in) financing activities of discontinued operations		***(0.1)***	***(0.3)***
Net cash from (used in) financing activities		**3,520.2**	**2,294.6**
Effect of foreign exchange rate changes and other		(25.7)	63.2
Increase (decrease) in external net cash of discontinued operations		**1.8**	-
NET CASH AT THE BEGINNING OF THE YEAR		5,541.1	5,622.4
NET CASH AT THE END OF THE YEAR		5,622.4	10,276.8
Cash and cash equivalents	Note 9.1.3	5,840.0	10,518.7
Bank overdrafts and other cash position items	Note 9.1.3	217.6	241.9
NET CASH AT THE END OF THE YEAR		5,622.4	10,276.8

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

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6.1.4 CONSOLIDATED CASH FLOW STATEMENT

(€ million)	Notes	Year ended December 31, 2020 re-presented	Year ended December 31, 2021
Net income (loss) for the year		208.5	554.9
Net income (loss) from continuing operations		*228.4*	*554.9*
Net income (loss) from discontinued operations		*(19.9)*	*-*
Operating depreciation, amortization, provisions and impairment losses		2,058.2	2,117.2
Financial amortization and impairment losses		15.6	3.8
Gains (losses) on disposal of operating assets		19.2	(39.2)
Gains (losses) on disposal of financial assets		(46.6)	1.2
Share of net income (loss) of joint ventures	Note 6.2.4	(87.4)	(74.1)
Share of net income (loss) of associates	Note 6.2.4	(23.1)	(30.8)
Dividends received	Note 9.4.2	(2.8)	(124.2)
Cost of net financial debt	Note 9.4.1	414.4	342.6
Income tax expense	Note 12	137.0	345.8
Other items		179.9	116.0
Operating cash flow before changes in working capital		**2,892.8**	**3,213.2**
Change in operating working capital requirements		233.2	382.5
Change in concession working capital requirements		(130.0)	(146.3)
Income taxes paid		(258.3)	(285.6)
Net cash from operating activities of continuing operations		***2,737.7***	***3,163.8***
Net cash from operating activities of discontinued operations		***(12.7)***	***(16.6)***
Net cash from operating activities		**2,725.0**	**3,147.2**
Industrial investments, net of grants		(1,608.6)	(1,728.8)
Proceeds on disposal of industrial assets		235.9	316.4
Purchases of investments	Note 4.2	(5,026.2)	(327.2)
Proceeds on disposal of financial assets	Note 4.2	188.0	470.1
Operating financial assets			
New operating financial assets	Note 6.4	(160.0)	(166.6)
Principal payments on operating financial assets	Note 6.4	199.2	251.4
Dividends received (including dividends received from joint ventures and associates)		75.3	223.1
New non-current loans granted		(526.0)	(141.8)
Principal payments on non-current loans		480.5	224.6
Net decrease/increase in current loans		6.6	28.2
Net cash used in investing activities of continuing operations		***(6,135.3)***	***(850.6)***
Net cash used in investing activities of discontinued operations		***(4.7)***	***-***
Net cash used in investing activities		**(6,140.0)**	**(850.6)**

6.1.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ million)	Year ended December 31, 2020 re-presented	Year ended December 31, 2021
Net income (loss) for the year	**208.5**	**554.9**
Actuarial gains or losses on pension obligations	(4.3)	68.2
Income tax expense	2.6	(5.5)
Amount net of tax	*(1.7)*	*62.6*
Fair value adjustments on financial instruments at fair value through equity not subsequently released to net income[1]	(375.2)	662.1
Income tax expense	(0.2)	2.7
Amount net of tax	*(375.4)*	*664.8*
Other items of comprehensive income not subsequently released to net income	**(377.1)**	**727.4**
o/w attributable to joint ventures	-	*(9.7)*
o/w attributable to associates	-	*0.1*
Fair value adjustments on hedging costs	(3.4)	50.3
Income tax expense	-	-
Amount net of tax	*(3.4)*	*50.3*
Fair value adjustments on financial instruments at fair value through equity subsequently released to net income	-	-
Income tax expense	-	-
Amount net of tax	-	-
Fair value adjustments on cash flow hedge derivatives	31.5	140.6
Income tax expense	(4.7)	(37.4)
Amount net of tax	*26.8*	*103.2*
Foreign exchange gains and losses:		
• on the translation of the financial statements of subsidiaries drawn up in a foreign currency	(373.2)	235.4
Amount net of tax	*(373.2)*	*235.4*
• on the net financing of foreign operations	8.2	(53.1)
• income tax expense	-	(0.2)
Amount net of tax	*8.2*	*(53.3)*
Other items of comprehensive income subsequently released to net income	**(341.6)**	**335.6**
o/w attributable to joint ventures	***(41.0)***	***64.3***
o/w attributable to associates	***(18.0)***	***8.7***
Total Other comprehensive income	**(718.7)**	**1,063.0**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**(510.2)**	**1,617.9**
Attributable to owners of the Company	(586.9)	1,383.0
Attributable to non-controlling interests	76.7	234.9

(1) Including €671.8 million relating to the acquisition of Suez in the year ended December 31, 2021, compared with -€376.0 million in the year ended December 31, 2020.

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

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6.1.2 CONSOLIDATED INCOME STATEMENT

(€ million)		Year ended December 31, 2020 re-presented	Year ended December 31, 2021
Revenue	Note 6.1	**26,009.9**	**28,508.1**
Cost of sales	Note 6.2	(22,121.8)	(23,905.9)
Selling costs	Note 6.2	(562.1)	(584.0)
General and administrative expenses	Note 6.2	(2,144.0)	(2,308.6)
Other operating revenue and expenses	Note 6.2	(373.0)	(496.9)
Operating income before share of net income (loss) of equity-accounted entities	Note 6.2	**809.0**	**1,212.7**
Share of net income (loss) of equity-accounted entities		**110.5**	**104.8**
o/w share of net income (loss) of joint ventures	Note 6.2.4	87.4	74.0
o/w share of net income (loss) of associates	Note 6.2.4	23.1	30.8
Operating income after share of net income (loss) of equity-accounted entities		**919.5**	**1,317.5**
Cost of net financial debt	Note 9.4.1	(414.4)	(342.6)
Other financial income and expenses	Note 9.4.2	(139.7)	(74.2)
Pre-tax net income (loss)		**365.4**	**900.7**
Income tax expense	Note 12.1	(137.0)	(345.8)
Net income (loss) from continuing operations		**228.4**	**554.9**
Net income (loss) from discontinued operations	Note 4.3.1	(19.9)	-
Net income (loss) for the year		**208.5**	**554.9**
Attributable to owners of the Company		**88.8**	**404.3**
Attributable to non-controlling interests	Note 10.3	119.7	150.6
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE *(in euros)*	Note 10.5		
Basic		0.16	0.68
Diluted		0.15	0.65
NET INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE *(in euros)*	Note 10.5		
Basic		0.20	0.68
Diluted		0.19	0.65
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE *(in euros)*	Note 10.5		
Basic		(0.04)	-
Diluted		(0.04)	-

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

Consolidated Statement of Financial Position – Equity and Liabilities

(€ million)		As of December 31, 2020 re-presented*	As of December 31, 2021
Share capital	Note 10.2.1	2,893.1	3,498.6
Additional paid-in capital		7,291.8	9,309.5
Deeply-subordinated perpetual securities	Note 10.4	1,987.1	2,460.7
Reserves and retained earnings attributable to owners of the Company	Note 10.2	(4,932.6)	(3,750.8)
Total equity attributable to owners of the Company	Note 10.2	**7,239.4**	**11,518.0**
Total equity attributable to non-controlling interests	Note 10.3	1,099.3	1,252.0
Equity		**8,338.7**	**12,770.0**
Non-current provisions	Note 11	1,815.8	1,876.6
Non-current financial liabilities	Note 9.1.1	10,836.4	10,462.5
Non-current IFRS 16 lease debt	Note 9.1.1	1,296.8	1,298.1
Non-current derivative instruments – Liabilities	Note 9.3	65.5	68.8
Concession liabilities – non-current	Note 6.5	1,459.9	1,588.4
Deferred tax liabilities	Note 12.2	1,101.4	1,196.4
Non-current liabilities		**16,575.6**	**16,490.8**
Operating payables	Note 6.3	11,850.4	13,548.9
Concession liabilities – current	Note 6.5	145.6	169.4
Current provisions	Note 11	510.7	538.5
Current financial liabilities	Note 9.1.1	7,196.7	8,624.3
Current IFRS 16 lease debt	Note 9.1.1	402.9	410.6
Current derivative instruments – Liabilities	Note 9.3	117.9	261.5
Bank overdrafts and other cash position items	Note 9.1.3	217.6	241.9
Liabilities directly associated with assets classified as held for sale	Note 4.3	7.8	21.4
Current liabilities		**20,449.6**	**23,816.5**
TOTAL EQUITY AND LIABILITIES		45,363.9	53,077.3

* *Restatements concern the application of the IFRS Interpretation Committee's decision regarding IAS 19, retroactively from January 1, 2020 (see Note 1.2).*

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

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6.1 Consolidated financial statements

6.1.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated Statement of Financial Position-Assets

(€ million)	Notes	As of December 31, 2020 re-presented*	As of December 31, 2021
Goodwill	Note 8.1	5,888.9	6,201.2
Concession intangible assets	Note 8.2.1	3,544.9	3,706.0
Other intangible assets	Note 8.2.2	1,371.3	1,328.6
Property, plant and equipment	Note 8.3	8,216.6	8,701.9
Right of use (net)	Note 8.4	1,529.5	1,562.4
Investments in joint ventures	Note 6.2.4	1,020.8	1,238.5
Investments in associates	Note 6.2.4	353.9	354.2
Non-consolidated investments(1)		3,102.2	3,770.3
Non-current operating financial assets	Note 6.4	1,198.1	1,191.4
Non-current derivative instruments – Assets	Note 9.3	53.4	88.5
Other non-current financial assets	Note 9.1.2	427.3	431.2
Deferred tax assets	Note 12.2	1,036.5	1,059.2
Non-current assets		**27,743.6**	**29,633.4**
Inventories and work-in-progress	Note 6.3	797.7	816.3
Operating receivables	Note 6.3	9,106.2	10,015.3
Current operating financial assets	Note 6.4	172.8	129.0
Other current financial assets	Note 9.1.2	1,073.2	1,521.0
Current derivative instruments – Assets	Note 9.3	174.8	344.9
Cash and cash equivalents	Note 9.1.3	5,840.0	10,518.7
Assets classified as held for sale	Note 4.3	455.7	98.7
Current assets		**17,620.3**	**23,443.9**
TOTAL ASSETS		**45,363.9**	**53,077.3**

* *Restatements concern the application of the IFRS Interpretations Committee's decision regarding IAS 19, retroactively from January 1, 2020 (see Note 1.2).*
(1) Non-consolidated investments consist of Suez shares for €3,721.0 million as of December 31, 2021, compared with €3,046.0 million as of December 31, 2020 (see Note 3) and other securities for €49.3 million as of December 31, 2021 compared with €56.2 million as of December 31, 2020.

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

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FINANCIAL STATEMENTS

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- growth investments which include investments in new equipment and installations embedded in existing contracts or in line with contractual requirements;
- discretionary growth investments which reflect investments in new equipment and installations linked to new projects, contract wins or significant new developments and extensions to existing projects or contracts.

The last two categories are defined as growth investments.

Net financial investments as presented in the statement of changes in net financial debt include financial investments, net of financial divestitures.

Financial investments include purchases of financial assets, including the net financial debt of companies entering the scope of consolidation, and partial purchases resulting from transactions with shareholders where there is no change in control.

Financial divestitures include disposals of financial assets including the net financial debt of companies leaving the scope of consolidation, and partial divestitures resulting from transactions with shareholders where there is no change in control, as well as share capital issues subscribed by non-controlling interests.

Net free cash flow corresponds to free cash flow from continuing operations, and is equal to the sum of EBITDA, dividends received, changes in operating working capital and operating cash flow from financing activities, less net interest expenses, net industrial investments, taxes paid, renewal expenses, restructuring charges and other non-current expenses.

Net financial debt (NFD) represents gross financial debt (non-current borrowings, current borrowings, bank overdrafts and other cash position items) which includes IFRS 16 lease debt, net of cash and cash equivalents, liquid assets and financing-related assets, including fair value adjustments to derivatives hedging debt. Liquid assets are financial assets composed of funds or securities with an initial maturity of more than three months, easily convertible into cash, and managed with respect to a liquidity objective while maintaining a low capital risk.

The leverage ratio is the ratio of closing net financial debt including IFRS 16 to EBITDA including IFRS 16.

The financing rate is defined as the ratio of the cost of net financial debt (excluding IFRS 16 lease debt and fair value adjustments to instruments not qualifying for hedge accounting) to average monthly net financial debt excluding IFRS 16 lease debt for the period, including the cost of net financial debt of discontinued operations.

The post-tax return on capital employed (ROCE) is defined as the ratio of:

- current EBIT, including the share of net income or loss of equity-accounted entities, after tax. It is calculated by subtracting the current tax expense from current EBIT, including the share of net income or loss of equity-accounted entities. The current tax expense is the tax expense in the income statement re-presented for tax effects on non-current items;
- average capital employed in the year, including operating financial assets and investments in joint ventures and associates. Capital employed used in the post-tax ROCE calculation is therefore equal to the sum of net intangible assets and property, plant and equipment, goodwill net of impairment, investments in joint-ventures and associates, operating financial assets, net operating and non-operating working capital requirements and net derivative instruments less provisions. It also includes the capital employed of activities classified within assets and liabilities held for sale, excluding discontinued operations.

5.6.2.3 Industrial investments

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

(€ million)	Year ended December 31, 2020	Year ended December 31, 2021
Industrial investments, net of grants	**(1,608.6)**	**(1,728.8)**
New finance lease debt	(488.7)	(483.8)
Change in concession working capital requirements	(130.0)	(146.3)
New operating financial assets	(160.0)	(169.0)
Gross industrial investments	**(2,387.3)**	**(2,528.2)**

5.6.3 DEFINITIONS

5.6.3.1 Strictly accounting indicators (GAAP: IFRS)

Cost of net financial debt is equal to the cost of gross debt excluding IFRS 16 financial interest presented as other financial expenses and including related gains and losses on interest rate and currency hedges, less income on cash and cash equivalents.

Operating cash flow before changes in working capital, as presented in the Consolidated Cash Flow Statement, is comprised of three components: operating cash flow from operating activities (referred to as "adjusted operating cash flow" and known in French as "*capacité d'autofinancement opérationnelle*") consisting of operating income and expenses received and paid ("cash"), operating cash flow from financing activities including cash financial items relating to other financial income and expenses and operating cash flow from discontinued operations composed of cash operating and financial income and expense items classified in net income from discontinued operations pursuant to IFRS 5. Adjusted operating cash flow does not include the share of net income attributable to equity-accounted entities.

Net income (loss) from discontinued operations is the total of income and expenses, net of tax, related to businesses divested or in the course of divestiture, in accordance with IFRS 5.

5.6.3.2 Non-strictly accounting indicators (non GAAP)

The term **"change at constant exchange rates"** represents the change resulting from the application of exchange rates of the prior period to the current period, all other things being equal.

The municipal sector encompasses services in the Water, Waste and Energy business lines aimed at users, performed under contracts with municipal governments, groups of municipal governments, or regional or national governments.

The industrial sector covers Water, Waste and Energy management services, offered to industrial or service sector customers.

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

The EBITDA margin is defined as the ratio of EBITDA to revenue.

To calculate **Current EBIT** (which includes the share of current net income of joint ventures and associates), the following items are deducted from operating income:

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

Current net income attributable to owners of the Company is defined as the sum of the following items:

- current EBIT;
- current net finance expenses, including the current cost of net financial debt and other current financial income and expenses, including capital gains or losses on financial divestitures (including gains or losses included in the share of net income of equity-accounted entities);
- current tax items;
- minority interests (excluding the portion of minority interests relative to non-current items in the income statement).

Current net income attributable to owners of the Company per share is defined as the ratio of current net income (not restated for the cost of the coupon attributable to hybrid debt holders) by the weighted average number of outstanding shares during the year.

Net industrial investments, as presented in the statement of changes in net financial debt, include industrial investments (purchases of intangible assets and property, plant and equipment, and operating financial assets), net of industrial asset divestitures.

The Group identifies three categories of investment:

- maintenance investments which reflect the replacement of equipment and installations used by the Group;

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5 6.2 RECONCILIATION OF GAAP INDICATORS AND THE INDICATORS USED BY THE GROUP

5.6.2.1 EBITDA

The reconciliation of Operating cash flow before change in working capital with EBITDA is as follows:

(€ million)	Year ended December 31, 2020	Year ended December 31, 2021
Operating cash flow before changes in working capital	**2,892.8**	**3,213.2**
o/w Operating cash flow from financing activities	(20.8)	(70.1)
o/w Adjusted operating cash flow	2,913.5	3,283.3
Less:		
Renewal expenses	260.5	291.9
Cash restructuring charges	116.4	77.0
Share acquisition and disposal costs	37.6	170.7
Other non-current expenses	113.6	159.5
Plus:		
Principal payments on operating financial assets	199.2	251.4
EBITDA	**3,640.8**	**4,233.8**

5.6.2.2 Net free cash flow

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

(€ million)	Notes	Year ended December 31, 2020	Year ended December 31, 2021
Net cash from operating activities of continuing operations		**2,737.7**	**3,163.8**
Plus:			
Industrial investments, net of grants		(1,608.6)	(1,728.8)
Proceeds on disposal of industrial assets		235.9	316.4
New operating financial assets		(160.0)	(166.6)
Principal payments on operating financial assets		199.2	251.4
New finance lease debt		(488.7)	(483.8)
Dividends received		75.3	223.1
Net financial interest		(516.8)	(462.1)
Less:			
Share acquisition and disposal costs		33.5	227.1
Net free cash flow		**507.5**	**1,340.5**

5.6 Appendices

5.6.1 RECONCILIATION OF DATA PUBLISHED IN 2020 AND 2019 WITH DATA RE-PRESENTED IN 2021

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

In accordance with ESMA guidance on changes in the definition of non-GAAP indicators, the 2019 and 2020 indicators were restated.

Reconciliation of aggregate indicators for the years ended December 31, 2020 and 2019

Impact of reclassification as current of share based payments (IFRS2) - december 31 closing

(in million euros)	31 december 2019 published	IFRS 2 reclassification	30 december 2019 re-presented	31 december 2020 published	IFRS 2 reclassification	31 december 2020 re-presented
Revenue	**27 189**		**27 189**	**26 010**		**26 010**
EBITDA	**4 022**		**4 022**	**3 641**		**3 641**
EBITDA margin	14,8%		14,8%	14,0%		14,0%
Share based payments		-21	-21	0	-33	-33
Current EBIT	**1 730**	**-21**	**1 709**	**1 275**	**-33**	**1 242**
Net current income - Group share	**760**	**-21**	**738**	**415**	**-33**	**382**
Net current income - Group share excluding capital gain (loss) on financial disposals	**734**	**-21**	**713**	**396**	**-33**	**363**
Share based payments	**-21**	**21**	**0**	**-33**	**33**	**0**
EBIT	**1 465**	**0**	**1 465**	**920**	**0**	**920**
Net income - Group share	**625**	**0**	**625**	**89**	**0**	**89**
Net industrial investments	-2 201		-2 201	-2 151		-2 151
Net Free cash flow	868		868	508		508
Net financial debt (opening)	**-11 564**		**-11 564**	**-10 680**		**-10 680**
Net financial debt (closing)	**-10 680**		**-10 680**	**-13 217**		**-13 217**

This adjustment does not impact Net income attributable to owners of the Company in so far as it involves a reclassification between current and non-current items in Net income attributable to owners of the Company.

The reconciliation of Current EBIT with operating income, as shown in the income statement, is presented in Section 5.3.4.5. Likewise, the reconciliation of current net income with net income attributable to owners of the Company, as shown in the income statement, is presented in Section 5.3.4.5.

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5.5.3 RELATED-PARTY TRANSACTIONS

The Group identifies related parties in accordance with the provisions of paragraph 9 of IAS 24 revised, Related Party Disclosures (see Note 14 to the consolidated financial statements).

5.5.4 SUBSEQUENT EVENTS

Regarding the combination with Suez, the closing of the tender offer and the sale of the New Suez to the consortium took place in January 2022, see Chapter 1.1 Suez Combination for more details.

Following the emergence of the conflict in Eastern Europe, the Group is closely monitoring the development of the situation.

The Group provides essential services for local populations in Ukraine and Russia, with the health and safety of its employees and the reduction of their risks as a priority. These activities represent, in 2021, 0.3% of the Group's revenue and 0.8% of the capital employed.

Veolia remains attentive on a daily basis to the evolution of the conflict in Eastern Europe as well as its impact on the economic environment and on energy supplies.

5.5.5 RISK FACTORS

The main risk factors the Group could face are set out in Chapter 2 of the 2021 Universal Registration Document.

5.5.6 OUTLOOK

2022 Prospects (1)

The year 2022 starts in an inflationary environment in which Veolia's business are well protected thanks to the contractual model of price indexation which applies to around 70% of the Group's revenue, and thanks to its energy purchases hedging policy.

Besides, the Group's exposure to Russia and Ukraine is very limited with a total revenue of c. €120 million (0.3% of the Group's revenue) and €130 million of capital employed (less than 0.5% of the combined Veolia-Suez)

In view of the continued favourable underlying trends of our businesses, without extension of the conflict beyond the Ukrainian territory and without significant change in the energy supply conditions in Europe, the Group's 2022 prospects, which include for the 1st time the Suez acquired activities (since January 18th), are the following:

- solid organic revenue growth;
- efficiency gains above €350M complemented by €100M of synergies coming from the 1st year of integration of Suez;
- organic growth of EBITDA between +4% and +6%;
- current net income group share around €1.1bn, a growth of more than 20%, confirming the earning per share accretion of around 10%(2);
- confirmed 2024 EPS accretion of around 40%(2);
- leverage ratio around 3x;
- dividend growth in line with current EPS growth.

(1) At constant exchange rate.

(2) Current net income per share after hybrid costs and before PPA.

5.5.2 STATUTORY AUDITORS' FEES

	KPMG SA				Ernst & Young			
	Amount		Percentage		Amount		Percentage	
(€ million)	2021	2020	2021	2020	2021	2020	2021	2020
Certification of individual and consolidated accounts and limited annual review								
Veolia Environnement	1.5	1.5	11.1%	11.5%	1.7	1.7	11.7%	11.2%
Controlled entities	9.6	9.7	70.6%	75.0%	11.2	10.4	77.2%	68.6%
Sub-total (a)	**11.1**	**11.2**	**81.7%**	**86.5%**	**12.9**	**12.1**	**89.0%**	**79.7%**
Non-audit services required by legal and regulatory texts								
Veolia Environnement	0.3	0.2	2.5%	1.4%	0.3	0.0	0.0%	0.0%
Controlled entities	0.0	0.3	0.1%	2.6%	0.0	0.5	0.0%	3.5%
Sub-total (b)	**0.3**	**0.5**	**2.6%**	**4.0%**	**0.3**	**0.5**	**0.0%**	**3.3%**
Non-audit services provided at the request of the entity								
Veolia Environnement	0.4	0.2	3.1%	1.5%	0.2	0.3	3.4%	1.9%
Controlled entities	1.7	1.0	12.6%	8.1%	1.1	2.3	7.6%	14.8%
Sub-total (c)	**2.1**	**1.2**	**15.7%**	**9.5%**	**1.3**	**2.6**	**11.0%**	**16.6%**
Non-audit services[1]								
Sub-total (d) = (b) + (c)	2.5	1.7	18.3%	13.5%	1.6	3.1	11.0%	20.3%
TOTAL (E) = (A) + (D)	13.6	12.8	100.0%	100.0%	14.5	15.3	100.0%	100.0%

(1) Non-audit services include services provided at the request of the consolidating entity or controlled entities (contractual audits, attestations, agreed procedures, accounting consultations, review of current or planned information systems, acquisition and disposal due diligence procedures, report on social, environmental and societal information and tax services that do not affect the independence of the Statutory Auditors).

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5.5 Other items

5.5.1 RETURN ON CAPITAL EMPLOYED (ROCE)

Current EBIT after tax is calculated as follows:

(€ million)	Year ended December 31, 2020 re-presented*	Year ended December 31, 2021
Current EBIT[1]	**1,242**	**1,766**
• Current income tax expense	(160)	(330)
Current EBIT after tax	**1,082**	**1,436**

* *See Section 5.6.1 for more information on this restatement..*
(1) Including the share of net income (loss) of joint ventures and associates.

The table below presents the calculation of Capital Employed:

(€ million)	As of December 31, 2020 re-presented*	As of December 31, 2021
Intangible assets and Property, plant and equipment, net	13,086	13,687
Right of use	1,530	1,562
Goodwill, net of impairment	5,935	6,251
Investments in joint ventures and associates	1,375	1,594
Operating financial assets	1,371	1,320
Operating and non-operating working capital requirements, net	(3,555)	(4,557)
Net derivative and other instruments	(40)	69
Provisions	(2,260)	(2,345)
Capital employed	**17,442**	**17,581**
Impact of discontinued operations and other restatements[1]	(284)	362
Capital employed	**17,158**	**17,943**

* See Section 5. *6.1 for more information on this restatement.*
(1) 2021 restatements mainly concern the add-back of the capital employed of activities sold in Norway and Sweden and the prorating of the capital employed of OSIS acquired in 2021. 2020 restatements concern the prorating of the value of securities acquired in the last quarter of 2020 (Prague Right Bank and Bert Hungary), and the add-back of the capital employed of the Shenzhen water concession which gave rise to a restatement in assets and liabilities held for sale as of December 31, 2020.

The Group's post-tax return on capital employed (ROCE) is as follows:

(€ million)	Current EBIT after tax	Average capital employed	Post-tax ROCE
2020 (incl. IFRS 16) re-presented[1]	1,082	17,535	6.2%
2021 (incl. IFRS 16)	**1,436**	**17,550**	**8.2%**

(1) See Section 5.6.1 for more information on this restatement.

The Group's net liquidity as of December 31, 2021 was €6.2 billion, including current debt and bank overdrafts and other cash position items reducing gross liquidity by €9.3 billion. Current debt and bank overdrafts and other cash position items notably include €5.9 billion of commercial paper with an average maturity of 2.5 months, currently being refinanced.

Liquid assets of the Group as of December 31, 2021 break down as follows:

(€ million)	As of December 31, 2020	As of December 31, 2021
Veolia Environnement		
Undrawn syndicated loan facility	3,000.0	3,000.0
Undrawn MT bilateral credit lines	1,000.0	1,000.0
Undrawn ST bilateral credit lines	-	-
Letters of credit facility	21.6	22.9
Cash and cash equivalents[1]	5,542.2	10,333.7
Subsidiaries:		
Cash and cash equivalents[1]	1,132.9	1,156.7
Total liquid assets	**10,696.7**	**15,513.3**
Current debt and bank overdrafts and other cash position items		
Current debt	7,599.6	9,034.9
Bank overdrafts and other cash position items	217.6	241.9
Total current debt and bank overdrafts and other cash position items	**7,817.2**	**9,276.8**
TOTAL LIQUID ASSETS NET OF CURRENT DEBT AND BANK OVERDRAFTS AND OTHER CASH POSITION ITEMS[2]	**2,879.5**	**6,236.5**

(1) Including liquid assets and financing financial assets included in Net financial debt.
(2) Including cash equivalents from GIE Placements.

The increase in net liquid assets compared to December 31, 2020 mainly reflects the proceeds from the €2.5 billion share capital increase on October 8, 2021 and the €0.5 billion hybrid debt issue on November 8, 2021, as well as the subscription of two short-term loans totalling €0.7 billion.

The multi-currency syndicated loan facility is undrawn as of December 31, 2021. Initially secured on November 2, 2015 for an amount of €3 billion and with a maturity of 2022, it was extended to 2024. In addition, Veolia Environnement has bilateral credit lines for a total undrawn amount of €1 billion as of December 31, 2021. Veolia Environnement may draw on the multi-currency syndicated loan facility and all credit lines at any time.

As of December 31, 2021, the US dollar bilateral letters of credit facility drawable in cash totaled US$25.9 million (€22.9 million euro-equivalent) and is not used to date. It is included in the above liquidity table.

5.4.4.3 Bank covenants

See Notes 3 and 9.3.2 to the consolidated financial statements for the year ended December 31, 2021.

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Financial divestitures totaled €540 million in 2021 (including disposal costs) and mainly included the divestiture of the stake in the Shenzhen water concession in China (€249 million)(1), as well as the divestiture of industrial services and recycling services activities in Sweden and Norway (€111 million)(2).

In 2020, financial divestitures totaled €174 million (including disposal costs) and mainly comprised the sale of SADE's Telecom branch (€52 million), the sale of assets in Germany (€31 million), the sale of the investment in the Liuzhou water concession in China (€47 million) and the sale of Campus X in Italy (€20 million), as well as the share capital increase by Southa in Hong Kong subscribed by minority shareholders for €14 million.

5.4.3 OPERATING WORKING CAPITAL

The change in operating working capital requirements (excluding discontinued operations) was €382 million for the year ended December 31, 2021, compared with €233 million for the year ended December 31, 2020.

This change reflects the regular monitoring and improvement of the collection and billing processes in a context of increased vigilance and denotes the resilience of the Group's municipal and industrial customers.

The net WCR position on the balance sheet as of December 31, 2021 is a resource of €1,854 million compared to €1,511 million as of December 31, 2020, a change of €342 million including -€41 million relating to changes in consolidation scope and €0.4 million relating to foreign exchange impacts.

See Note 6.3.1 to the consolidated financial statements for the year ended December 31, 2021.

5.4.4 EXTERNAL FINANCING

5.4.4.1 Structure of net financial debt

(€ million)	Note to the Consolidated Financial Statements	As of December 31, 2020	As of December 31, 2021
Non-current financial liabilities	9.1.1	12,133	11,761
Current financial liabilities	9.1.1	7,599	9,033
Bank overdrafts and other cash position items	9.1.3	218	242
Sub-total financial debt		**19,949**	**21,036**
Cash and cash equivalents	9.1.3	(5,840)	(10,519)
Allocation of the fair value of hedging instruments	9.3.1	(57)	(13)
Liquid assets and financing financial assets	9.1.2	(835)	(972)
NET FINANCIAL DEBT		**13,217**	**9,532**

As of December 31, 2021, net financial debt after hedging is entirely at fixed rates.

The average maturity of net financial debt was 7.8 years as of December 31, 2021 (6 years excluding the impact of the share capital increase and the hybrid bond issue) compared with 6.2 years as of December 31, 2020.

5.4.4.2 Group liquidity position

Following the appearance of the health crisis in 2020, Veolia made liquidity monitoring a priority. This led to the monitoring of weekly cash flow forecasts over a five-week horizon, through the regular review of the functioning of the Finance back office (invoicing, collections, payments, suppliers) and a daily update on the situation of the financial markets at Group level.

The Group has therefore pursued a prudent and resilient financing policy, with pooled cash invested in liquid monetary assets (monetary UCITS or liquid bank deposits).

The Group's gross liquidity position at December 31, 2021 stood at €15.5 billion and mainly consists of:

- €11.5 billion in cash or cash equivalents (centralized cash mainly invested in liquid monetary assets for €10.3 billion and cash available in subsidiaries for €1.2 billion);
- €4 billion of undrawn and available credit lines and bilateral credit lines.

(1) Total transaction amount of €394 million including the repayment of the shareholder loan (€105 million) and the payment of dividends (€40 million).

(2) Total transaction amount of €235 million, including the divestiture of industrial assets.

5.4.2 INDUSTRIAL AND FINANCIAL INVESTMENTS

5.4.2.1 Industrial investments

Total Group gross industrial investments, including new operating financial assets, amounted to €2,528 million for the year ended December 31, 2021, compared with €2,387 million for the year ended December 31, 2020.

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

Year ended December 31, 2021 *(€ million)*	Maintenance and contractual requirements*	Discretionary growth	Total gross industrial investments**	Industrial divestitures	Total net industrial investments
France	471	37	508	(88)	420
Europe excluding France	795	172	967	(132)	835
Rest of the world	500	196	696	(35)	661
Global businesses	233	51	284	(47)	237
Other	73	0	73	(14)	59
GROUP	2,072	456	2,528	(316)	2,212

* *Including maintenance investments of €1,273 million, and contractual requirements of €799 million in 2021.*
** *Including new operational financial assets of €169 million in 2021.*

Year ended December 31, 2020 *(€ million)*	Maintenance and contractual requirements*	Discretionary growth	Total gross industrial investments**	Industrial divestitures	Total net industrial investments
France	447	34	481	(63)	418
Europe excluding France	742	167	910	(102)	808
Rest of the world	514	198	711	(27)	684
Global businesses	225	36	261	(43)	217
Other	24	0	24	0	24
GROUP	1,952	435	2,387	(236)	2,151

* *Including maintenance investments of €1,261 million, and contractual requirements of €691 million in 2020.*
** *Including new operational financial assets of €160 million in 2020.*

At constant exchange rates, net industrial investments are up slightly (+2.8%) year-on-year. Impacted by the health crisis, an increased budget was allocated to maintenance investments. In line with the strategic choices of the Impact 2023 program, investments mainly include:

- in the Rest of the world, investments of €73 million including hazardous waste processing development projects (construction of incinerators in Saudi Arabia, China and Singapore) and €34 million in the plastics circular economy (recycling plants in Japan and Singapore);
- in Europe excluding France, €115 million in the energy loop sector, mainly comprising decarbonization investment at our heat production sites (Germany, Czech Republic and Poland).

5.4.2.2 Financial investments and divestitures

Net financial investments totaled +€64 million in 2021, compared with -€4,898 million in 2020.

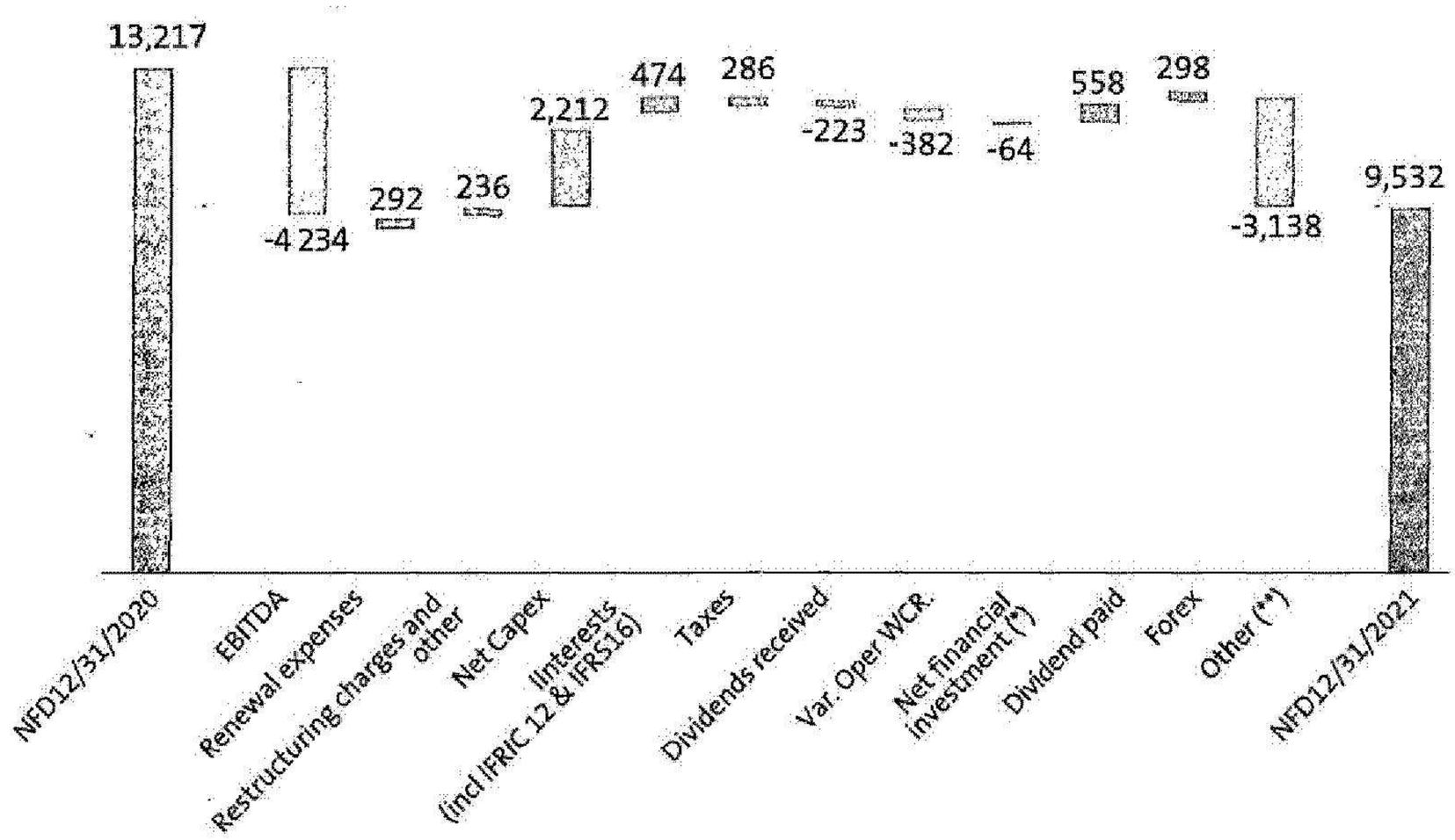
Financial investments totaled -€476 million in the year ended December 31, 2021 (including acquisition costs and net financial debt of new entities) and mainly included the impacts of the acquisition of OSIS in France (€348 million including IFRS 16 debt) and an organic fertilizer facility in France (€20 million).

In 2020, excluding the acquisition of Suez Environnement shares (€3,422 million including acquisition costs), financial investments totaled -€1,649 million (including acquisition costs and net financial debt of new entities) and mainly comprised the acquisition of the Prague Right Bank urban heating network in the Czech Republic (€710 million), heat production assets in Budapest, Hungary (€294 million), the Alcoa hazardous waste processing site in the United States (€231 million) and the MAG waste processing group in Russia (€125 million) and the buyout of the minority partner in the Nagpur water contract in India (€113 million).

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

- net free cash flow generation of +€1,341 million for the year;
- the payment of the dividends voted by the Combined Shareholders' Meeting of April 22, 2021 (-€397 million);
- net financial investments of €64 million (including acquisition costs and net financial debt of new entities) and mainly comprising the impact of the acquisition of OSIS and an organic fertilizer facility in France and the divestiture of industrial services and recycling solution activities in Sweden and Norway and of the Shenzhen water concession in China;
- the share capital increase performed as part of the Suez acquisition financing for €2.5 billion (excluding issue costs);
- the subordinated debt issue for €497 million (excluding issue costs);
- the share capital increase performed under the Sequoia 2021 employee share ownership plan for €204 million net.



(*) Financial acquisitions of -€476 million net of financial divestitures of +€540 million.
(**) Primarily the share capital increase for +€2.5 billion (net of issue costs), the Sequoia employee share ownership plan for +€204 million net, the hybrid debt issue for +€497 million (net of issue costs) and the repayment of loans to joint-ventures.

Net financial debt was also impacted by negative exchange rate fluctuations of -€298 million as of December 31, 2021[1] compared with a positive fluctuations of +€273 million as of December 31, 2020.

(1) Mainly driven by negative impacts on the US dollar (-€86 million), Chinese renminbi yuan (-€65 million), pound sterling (-€60 million), Czech koruna (-€39 million), Hong Kong dollar (-€14 million) and Russian ruble (-€14 million).

5.4 Financing

5.4.1 CHANGE IN FREE CASH FLOW AND NET FINANCIAL DEBT

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

(€ million)	Year ended December 31, 2020	Year ended December 31, 2021
EBITDA	**3,640.8**	**4,233.8**
Net industrial investments	(2,151.5)	(2,211.5)
Change in operating WCR	233.4	382.5
Dividends received	75.3	223.1
Renewal expenses	(260.5)	(291.9)
Other non-current expenses and restructuring charges	(230.0)	(236.5)
Interest on concession liabilities (IFRIC 12)	(79.8)	(76.5)
Interest on IFRS 16 lease liabilities	(32.2)	(28.2)
Financial items (current interest paid and operating cash flow from financing activities)	(429.7)	(368.7)
Taxes paid	(258.3)	(285.6)
Net free cash flow before dividend payment, financial investments and financial divestitures	**507.5**	**1,340.5**
Dividends paid	(425.6)	(558.2)
Net financial investments	(4,898.0)	64.1
Change in receivables and other financial assets	(31.8)	111.0
Issue/repayment of deeply subordinated securities	1,987.1	497.5
Proceeds on issue of shares	139.0	2,692.3
Free cash flow	**(2,721.9)**	**4,147.2**
Effect of foreign exchange rate movements and other	185.3	(462.4)
Change	**(2,536.6)**	**3,684.8**
Opening net financial debt	(10,680.4)	(13,217.0)
CLOSING NET FINANCIAL DEBT	**(13,217.0)**	**(9,532.2)**

Net free cash flow reflects excellent performance during the year and is €1,340.5 million for the year ended December 31, 2021, compared with €507.5 million for the year ended December 31, 2020.

The change in net free cash flow compared with the year ended December 31, 2020 reflects:

- the increase in EBITDA driven by activity growth and the intensification of commercial and operating efficiency efforts;
- net industrial investments of €2,211.5 million, up 2.8% at current exchange rates (+2.9% at constant exchange rates):
  - maintenance investments of €1,273 million (4% of revenue),
  - growth investments in the current portfolio of €799 million (€691 million in the year ended December 31, 2020),
  - discretionary investments of €456 million, up +€20 million compared with 2020,
  - industrial divestitures of €317 million as part of the Group's ongoing asset rotation strategy in accordance with the objectives set in the Impact 2023 strategic plan;
- a marked improvement in the change in operating working capital requirements to €383 million, compared with €233 million for the year ended December 31, 2020 thanks to ongoing debt recovery efforts;
- the receipt of Suez dividends of €122 million on July 8, 2021 on the shares acquired in October 2020 (29.9% non-consolidated investment).

Overall, **net financial debt** amounted to €9,532 million, compared with €13,217 million as of December 31, 2020.

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Net income (loss) attributable to owners of the Company for the year ended **December 31, 2020 re-presented**[1] breaks down as follows:

(€ million)	Current	Non-Current	Total
EBIT	**1,242.0**	**(322.5)**	**919.5**
Cost of net financial debt	(414.4)	-	(414.4)
Other financial income and expenses	(139.7)	-	(139.7)
Pre-tax net income (loss)	**687.9**	**(322.5)**	**365.4**
Income tax expense	(159.6)	22.6	(137.0)
Net income (loss) of other equity-accounted entities	-	-	-
Net income (loss) from discontinued operations	-	(19.9)	(19.9)
Net (income) loss attributable to non-controlling interests	(146.5)	26.8	(119.7)
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY	**381.8**	**(293.0)**	**88.8**

Net income (loss) from discontinued operations to the end of December 2020 corresponds to the impact of costs incurred on the discontinuation of Veolia Water Technologies' EPC international activities of -€19.9 million.

Current EBIT reconciles with operating income, detailing the non-current items of net income, as follows:

(€ million)	Year ended December 31, 2020 re-presented*	Year ended December 31, 2021
Current EBIT	**1,242.0**	**1,765.7**
Impairment losses on goodwill and negative goodwill	(44.1)	10.8
Net charges to non-current provisions	13.5	(0.9)
Restructuring costs	(106.6)	(68.2)
Non-current provisions and impairment of property, plant and equipment, intangible assets, operating financial assets and other	(155.9)	(234.0)
Share acquisition costs, with or without acquisition of control	(29.4)	(155.9)
Total non-current items	**(322.5)**	**(448.2)**
OPERATING INCOME AFTER SHARE OF NET INCOME (LOSS) OF EQUITY-ACCOUNTED ENTITIES	**919.5**	**1,317.5**

* *See Section 5.6.1 for more information on this restatement.*

Restructuring costs for the year ended December 31, 2021 mainly concern the waste activity in France for -€22 million.

Non-current provisions and impairment of property, plant and equipment, intangible assets, operating financial assets and other non-current expenses for the year ended December 31, 2021 primarily concern:

- specific costs dedicated to the health crisis beyond the usual costs of employee equipment and individual protection (-€59 million);
- non-current asset impairment, notably in Central and Eastern Europe for -€47 million in respect of the industrial asset decarbonization program (Czech Republic, Poland) and in Romania, as well as in Asia for -€41 million;
- share acquisition costs mainly comprise costs incurred in the context of the Suez combination.

(1) See Section 5.6.1 for more information on this restatement.

5.3.4.3 Current income tax expense

The current income tax expense for the year ended December 31, 2021 amounted to -€329.7 million, compared with -€159.6 million for the year ended December 31, 2020 re-presented[1].

The current income tax rate for the year ended December 31, 2021 is 25.8%, *versus* 27.6% for the year ended December 31, 2020 re-presented[2].

(€ million)	Year ended December 31, 2020 re-presented[1]	Year ended December 31, 2021
Current income before tax (a)	**687.9**	**1,383.9**
of which share of net income of joint ventures & associates (b)	110.5	104.8
Re-presented current income before tax: (c) = (a)-(b)	**577.4**	**1,279.1**
Re-presented tax expense (d)	**(159.6)**	**(329.7)**
RE-PRESENTED TAX RATE ON CURRENT INCOME (D)/(C)	27.6%	25.8%

(1) See Section 5.6.1 for more information on this restatement.

5.3.4.4 Current net income

Current net income attributable to owners of the Company was €896 million for the year ended December 31, 2021, compared with €382 million for the year ended December 31, 2020 re-presented. Excluding capital gains and losses on financial divestitures net of tax and minority interests, current net income attributable to owners of the Company increased 150.5% at constant exchange rates to €915 million from €363 million for the year ended December 31, 2020 re-presented[1].

5.3.4.5 Other income statement items

Selling, general and administrative expenses

Selling, general and administrative expenses impacting Current EBIT increased from €2,739 million for the year ended December 31, 2020 re-presented[1] to €2,944 million for the year ended December 31, 2021, representing an increase of 7.5% at current scope and exchange rates (+7.7% at constant exchange rates and +6.8% at constant scope and exchange rates). The ratio of selling, general and administrative expenses to revenue is 10.3% for 2021, down on the previous year re-presented[1] (10.5%).

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

The share of net income attributable to non-controlling interests totaled €150.6 million for the year ended December 31, 2021, compared with €119.7 million for the year ended December 31, 2020.

Net income attributable to owners of the Company was €404.3 million for the year ended December 31, 2021, compared with €88.8 million for the year ended December 31, 2020.

Current net income attributable to owners of the Company was €895.8 million for the year ended December 31, 2021, compared with €381.8 million for the year ended December 31, 2020 re-presented[1].

Based on a weighted average number of outstanding shares of 592.9 million (basic), and 617.9 million (diluted) for the year ended December 31, 2021, compared with 554.9 million (basic) and 579.9 million (diluted) for the year ended December 31, 2020, the net income attributable to owners of the Company per share for the year ended December 31, 2021 was €0.68 (basic) and €0.65 (diluted), compared with €0.16 (basic) and €0.15 (diluted) for the year ended December 31, 2020. Current net income attributable to owners of the Company per share was €1.51 (basic) and €1.45 (diluted) for the year ended December 31, 2021, compared with €0.75 (basic) and €0.72 (diluted) for the year ended December 31, 2020.

The dilutive effect taken into account in the above earnings per share calculations concerns the OCEANE bonds convertible into and/or exchangeable for new and/or existing shares issued in September 2019 and maturing on January 1, 2025 and the Performance Share Grant Plans set-up on April 30, 2019 and maturing in April 2022, on May 5, 2020 and maturing in May 2023 and on May 4, 2021 and maturing in May 2024.

Net income (loss) attributable to owners of the Company for the year ended **December 31, 2021** breaks down as follows:

(€ million)	Current	Non-Current	Total
EBIT	**1,765.7**	**(448.2)**	**1,317.5**
Cost of net financial debt	(342.6)	-	(342.6)
Other financial income and expenses	(39.2)	(35.0)	(74.2)
Pre-tax net income (loss)	**1,383.9**	**(483.2)**	**900.7**
income tax expense	(329.7)	(16.1)	(345.8)
Net income (loss) of other equity-accounted entities	-	-	-
Net income (loss) from discontinued operations	-	-	-
Net (income) loss attributable to non-controlling interests	(158.4)	7.8	(150.6)
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY	895.8	(491.5)	404.3

(1) See Section 5.6.1 for more information on this restatement.

(2) 26.1% for the year ended December 31, 2020 published.

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5.3.4.2 Net financial expense

(€ million)	Year ended December 31, 2020	Year ended December 31, 2021
Cost of net financial debt (1)	**(414.4)**	**(342.6)**
Net gains/losses on loans and receivables	12.6	8.0
Dividends received	2.8	124.3
Assets and liabilities at fair value through profit or loss	0.1	0.4
Foreign exchange gains and losses	(12.9)	7.9
Unwinding of the discount on provisions	(23.5)	(20.9)
Interest on concession liabilities	(79.8)	(76.5)
Interest on IFRS 16 lease debt	(32.2)	(28.2)
Other	(32.9)	(38.4)
Other current financial income and expenses (2)	**(165.8)**	**(23.4)**
Gains (losses) on financial divestitures (3)	**26.1**	**(15.8)**
Current net financial expense (1)+(2)+(3)	(554.1)	(381.8)
Other non-current financial income and expenses	-	(35.0)
Net financial expense	(554.1)	(416.8)

The net financial expense for the year ended December 31, 2021 is -€382 million, compared with -€554 million for the year ended December 31, 2020. This improvement is mainly due to dividends received on the Group's investment in Suez in respect of 2020 of +€122 million and a marked decrease in the net finance cost.

The non-current net financial expense for the year ended December 31, 2021 of -€35 million includes costs relating to the Suez acquisition financing.

Cost of net financial debt

The cost of net financial debt totaled -€343 million for the year ended December 31, 2021, compared with -€414 million for the year ended December 31, 2020. This €71 million decrease in the Group's cost of net financial debt is due to favourable bond issue refinancing costs, lower foreign currency interest rates and the positive impact of the cancellation of the interest rate hedging portfolio (pre-hedge swaps) set-up in 2020 for €20 million.

The Group's financing rate (excluding IFRS 16 impacts) was therefore 2.98% at December 31, 2021, compared with 4.02% at December 31, 2020 (2.85% *vs.* 3.74% including IFRS 16 impacts).

Other financial income and expenses

Other current financial income and expenses totaled -€23.4 million for the year ended December 31, 2021, compared with -€165.8 million for the year ended December 31, 2020.

They include dividends received on the Group's investment in Suez (€122 million) for the shares purchased in October 2020 (29.9%) as well as interest on concession liabilities (IFRIC 12) of -€76.5 million and the unwinding of discounts on provisions for -€20.9 million.

In 2021, capital losses on disposals of financial assets total -€15.8 million and mainly comprise the capital loss on the divestiture of activities in Namibia (VWT) of -€7.1 million and the capital loss on the liquidation of a non-consolidated company, VIGIE 2, of -€7.5 million, offset by a provision reversal of €7.5 million.

Gains on financial divestitures totaled +€26.1 million in 2020.

5.3.4 OTHER INCOME STATEMENT ITEMS

5.3.4.1 Current EBIT

Group consolidated **current EBIT** for the year ended December 31, 2021 was €1,766 million, up significantly by 41.7% at constant exchange rates compared with the year ended December 31, 2020 represented [1].

EBITDA reconciles with Current EBIT compared with the year ended December 31, 2020 re-presented[1] as follows:

(€ million)	Year ended December 31, 2020 re-presented*	Year ended December 31, 2021
EBITDA	3,640.8	4,233.8
Renewal expenses	(275.4)	(291.9)
Depreciation and amortization[1]	(2,189.7)	(2,348.9)
Provisions, fair value adjustments & other	(44.2)	67.9
Share of current net income of joint ventures and associates	110.5	104.8
CURRENT EBIT	1,242.0	1,765.7

* *See Section 5.6.1 for more information on this restatement.*
(1) Including principal payments on operating financial assets.

The significant +€518 million increase in Current EBIT at constant exchange rates compared with December 31, 2020 re-presented[1] is mainly due to:

- a marked improvement in EBITDA (+€584 million at constant exchange rates);
- a slight increase in depreciation and amortization, net of the impact of principal payments on operating financial assets, following 2020 scope entries;
- a favourable difference in provisions and other, including higher capital gains on industrial divestitures (+€58 million at constant exchange rates) mainly relating to asset rotation transactions in Sweden, Norway and France.

The foreign exchange impact on Current EBIT of +€5 million mainly reflects fluctuations in the UK (+€7 million) and Asian (+€4 million) currencies, partially offset by a downturn in Latin American (-€4 million) and North American (-€3 million) currencies.

The change in current EBIT by operating segment is as follows:

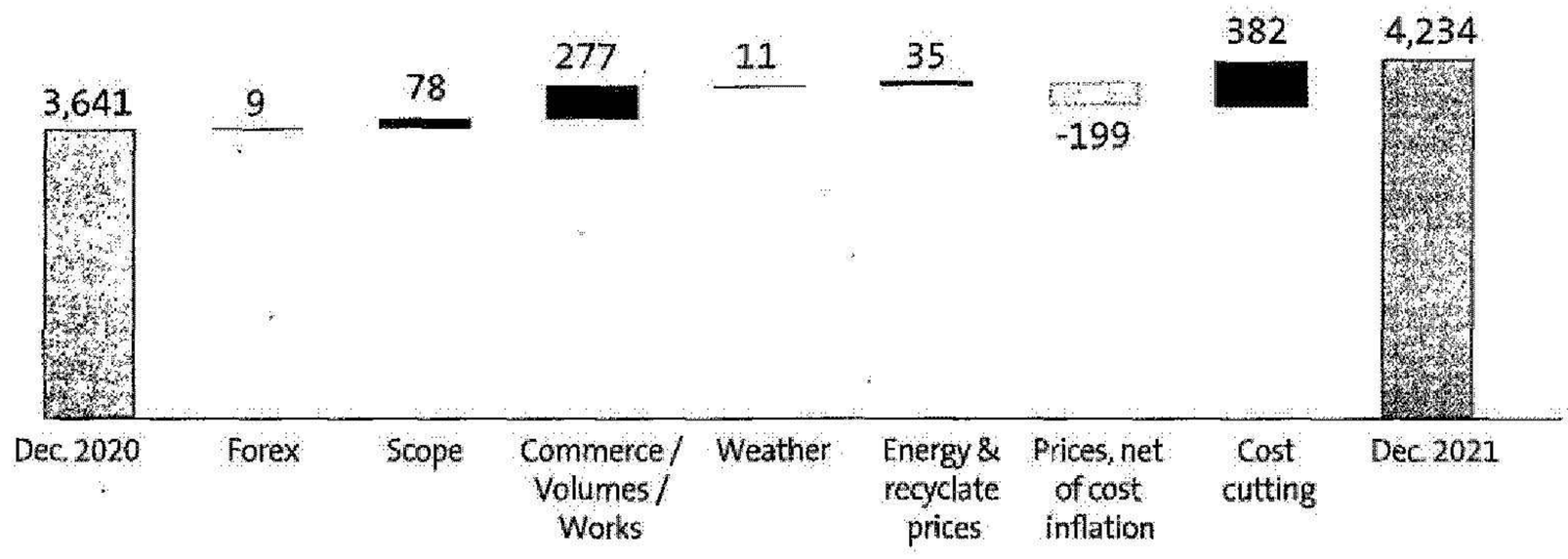
(€ million)	Year ended December 31, 2020 re-presented*	Year ended December 31, 2021	Change 2020/2021 Δ	Change 2020/2021 Δ at constant exchange rates
France	28.2	233.5	728.2%	728.2%
Europe excluding France	602.6	918.9	52.5%	51.4%
Rest of the world	492.7	506.4	2.8%	3.3%
Global businesses	111.9	222.9	99.2%	98.3%
Other	6.6	(116.0)	N/A	N/A
GROUP	1,242.0	1,765.7	42.2%	41.7%

* *See Section 5.6.1 for more information on this restatement.*

(1) See Section 5.6.1 for more information on this restatement.

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



The **foreign exchange** impact on EBITDA was +€9 million and mainly reflects the improvement in the Australian and UK currencies, partially offset by unfavourable movements in American currencies (-€14 million) (1).

The **consolidation scope impact** of +€78 million mainly reflects the impact of the acquisition of the Prague Right Bank urban heating network and the Budapest cogeneration installations in 2020.

Commerce and volume impacts are +€277 million. This increase was driven by higher waste volumes, mainly in France and Europe, and strong construction activities in Water in France and in Global businesses (VWT).

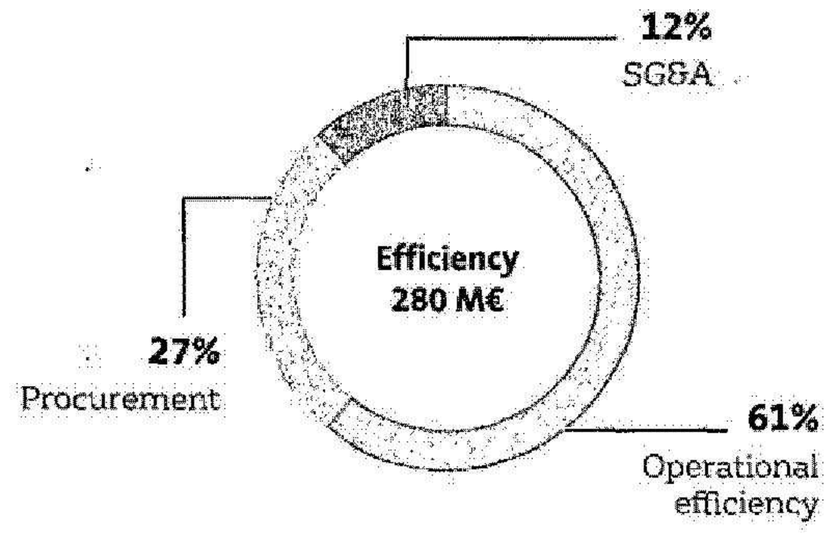
The favourable **weather impact** in Energy (+€11 million), mainly in Central Europe, offset by the impact of severe weather in the United States and a wet summer in France (-€23 million).

Energy and recyclate prices had a favourable impact on EBITDA of +€35 million (*vs.* +€28 million at December 31, 2020), including +€113 million in recyclates and -€78 million in energy costs including CO_2 certificates.

The impact of **prices net of cost inflation** is -€199 million.

Cost-savings plans contributed +€382 million at the end of December, above the €350 million annual objective and include:

- the efficiency plan for €280 million, mainly concerning operating efficiency (61%) and purchasing (27%) across all geographic zones: France (24%), Europe excluding France (36%), Rest of the world (26%) and Global businesses (13%);
- post-health crisis additional savings efforts under the Recover & Adapt plan for €102 million.



Cost-savings plan *(including Recover & Adapt)*

EBITDA impact *(€ million)*	2021 Objective	2021 Actual
Gross cost savings	350	382

(1) *Foreign exchange impacts by currency: US dollar (-€8 million), Argentine peso (-€3 million), Colombian peso (-€2 million), Polish zloty (-€6 million), United Arab Emirates dirham (-€1 million), Hungarian forint (-€2 million), Brazilian real (-€1 million), Australian dollar (+€7 million), Czech koruna (+€9 million), pound sterling (+€14 million).*

The **foreign exchange impact** of -€4 million mainly reflects fluctuations in American (-€94 million) and Asian (-€22 million) currencies, partially offset by an improvement in the Australian (+€51 million) and UK (+€75 million) currencies (1).

The **consolidation scope impact** of €234 million mainly concerns in Central Europe the impact of integrating the Budapest cogeneration installations (€235 million) and the Prague Right Bank urban heating network (€163 million) in 2020. In the Global businesses segment, the sale of SADE's Telecom network activities in 2020 (-€302 million) was partially offset by the integration of OSIS in May 2021 (€198 million).

The **Commerce/Volumes/Works** impact is +€886 million, driven for more than half by higher waste volumes and excellent commercial momentum.

The **Weather impact** is +€73 million and mainly concerns Central Europe where the Energy business benefited from a severe winter in the first and fourth quarters, offset in the third quarter by the impact of a wet summer on the Water activity in France.

Energy and recyclate prices had an impact of +€904 million, driven by a strong increase in recyclate prices (+€499 million, including €319 million for paper, €63 million for plastic and €60 million for metal) and the positive impact of energy prices in Europe and notably in Central Europe, which benefited from higher heating tariffs in Poland, and in Germany with favourable impacts on electricity sales.

Favourable price effects (+€405 million) are mainly tied to tariff reviews estimated at +2.7% in waste and +1% in water.

5.3.3 GROUP EBITDA

Group consolidated EBITDA for the year ended December 31, 2021 was €4,234 million, up +16% at constant exchange rates year-on-year. The margin rate is 14.9% at December 31, 2021, compared with 14% at December 31, 2020. The increase in current EBITDA by operating segment is as follows:

	Change 2020/2021					EBITDA margin	
(€ million)	Year ended December 31, 2020	Year ended December 31, 2021	Δ	Δ at constant exchange rates	Δ at constant scope and exchange rates	Year ended December 31, 2020	Year ended December 31, 2021
France	847.7	1,074.8	26.8%	26.8%	26.8%	15.7%	18.3%
Europe excluding France	1,403.7	1,729.9	23.2%	22.3%	16.9%	14.9%	15.8%
Rest of the world	941.6	1,001.5	6.4%	6.9%	7.3%	13.9%	14.2%
Global businesses	324.4	426.3	31.4%	31.4%	29.3%	7.3%	9.2%
Other	123.4	1.3					
GROUP	**3,640.8**	**4,233.8**	**16.3%**	**16.0%**	**13.9%**	**14.0%**	**14.9%**

In France, EBITDA increased by +26.8% year-on-year. In the Water business, the increase in EBITDA was mainly due to the restart of construction work as we exit the health crisis and efficiency gains which offset the negative impact of the wet summer on volume. In Waste, the higher EBITDA was driven by increased recyclate prices, particularly for paper, the post-health crisis activity recovery and the contribution of efficiency plans. EBITDA also benefited from an OFA disposal relating to a waste incinerator in France in the third quarter of 2021 for €86 million.

In Europe excluding France, EBITDA increased +22.3% at constant exchange rates year-on-year, benefiting from higher recyclate prices (paper, plastic and metal), particularly in Germany and the United Kingdom, a positive weather effect, higher electricity and heat prices in Central Europe and hedges set-up with respect to the increased cost of CO_2 certificates and favourable prices for water distribution contracts.

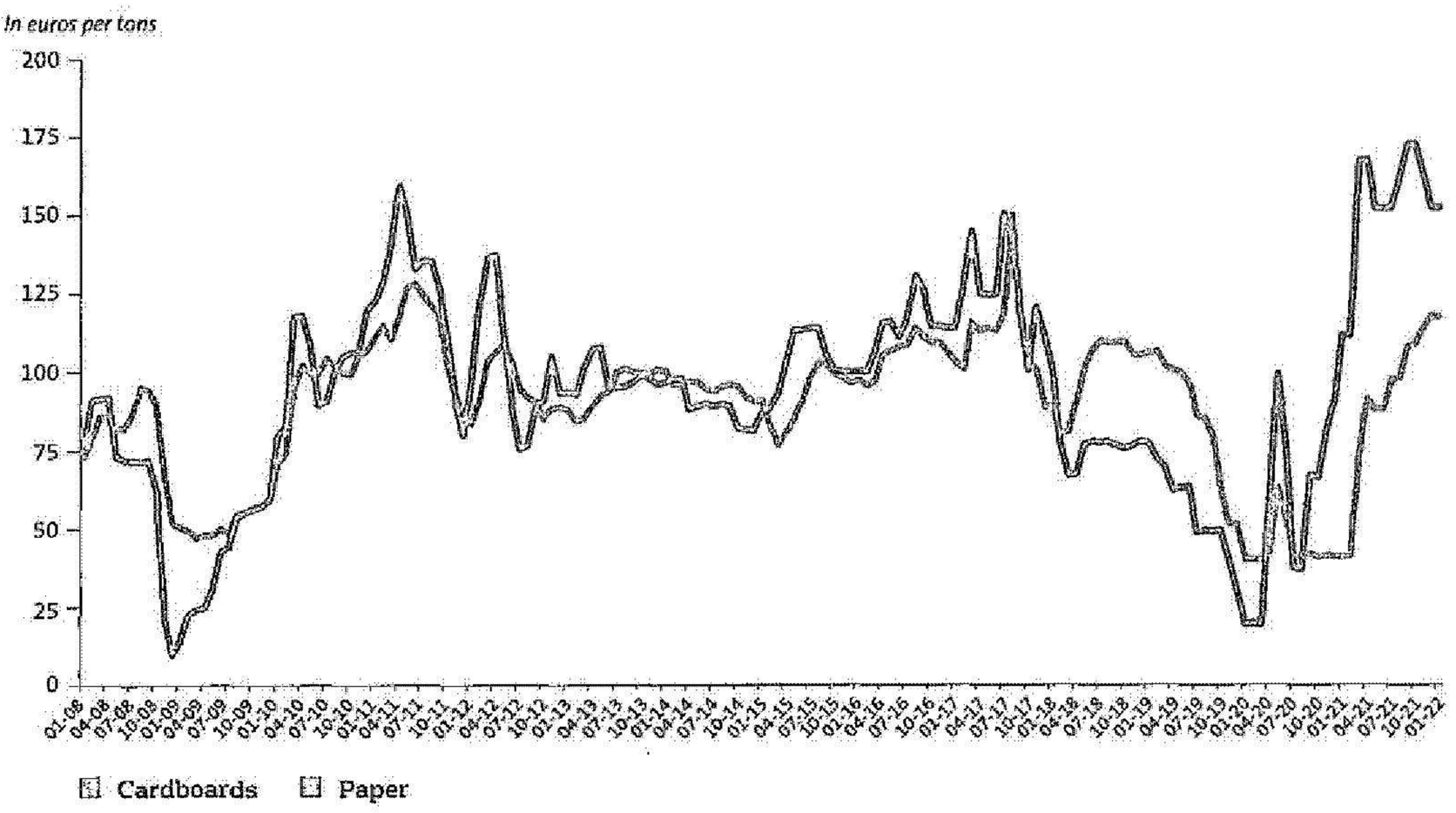
In the Rest of world, EBITDA rose +6.9% at constant exchange rates, with the increase particularly marked in Latin America, North America and the Middle East.

In the **Global businesses** segment, EBITDA surged +29.3% at constant scope and exchange rates, underpinned particularly by the performance of hazardous waste activities, the upturn in construction activities and the improved operating performance of industrial maintenance businesses.

(1) Main foreign exchange impacts by currency: US dollar (-€75 million), Argentine peso (-€20 million), Japanese yen (-€36 million), Polish zloty (-€37 million), Brazilian real (-€9 million), Hong Kong dollar (-€9 million), pound sterling (+€82 million), Australian dollar (+€52 million), Czech koruna (+€34 million).

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Paper-cardboard recyclate price trends In France(1)



Overall, volumes have returned to pre-health crisis levels, except for commercial and industrial waste which remain down on 2019 in certain geographies.

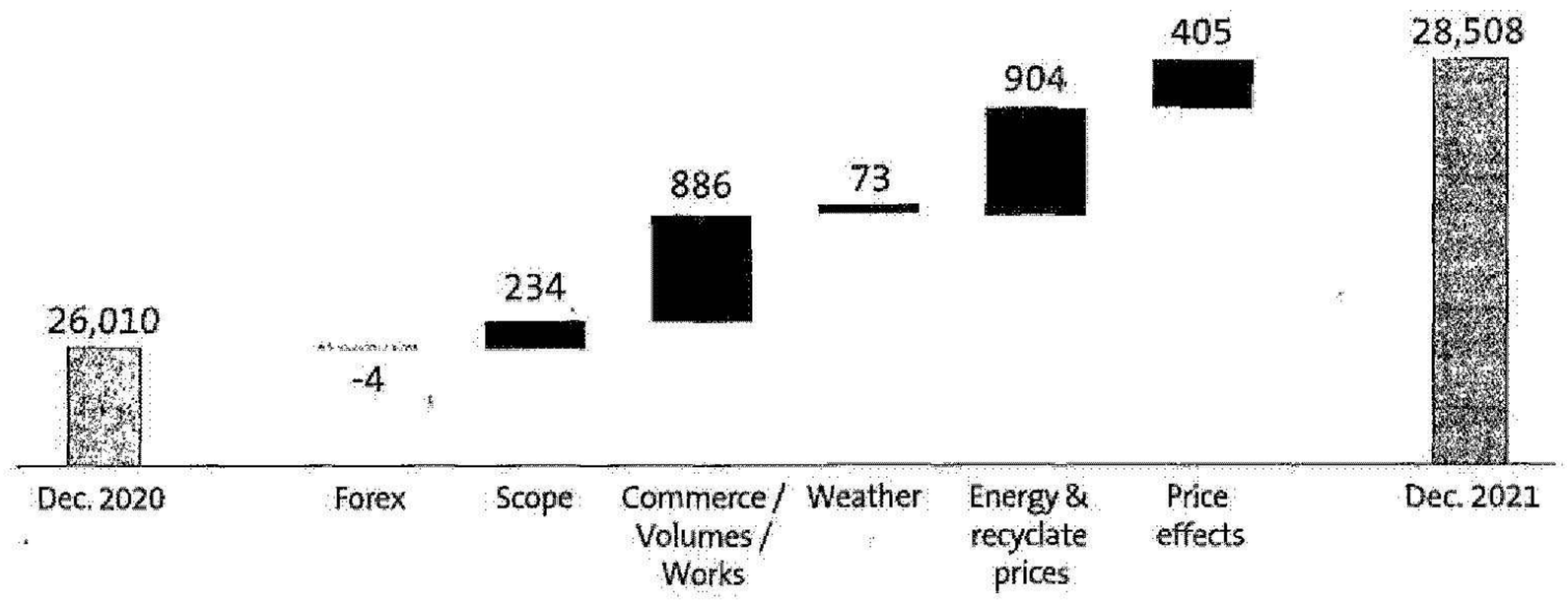
Energy revenue

Energy revenue grew +19.9% at constant exchange rates compared with the year ended December 31, 2020 and +12.3% organically, restated for the scope effects of integrating Prague Right Bank heating network activities and cogeneration installations in Budapest (+€398 million in revenue).

The strong activity growth is supported by a favourable weather impact at the beginning of the year and in the fourth quarter (+1.6%), notably in Central and Eastern Europe, an increased price effect (+6.8%) driven by tariff rises in Poland and Hungary and strong commercial development (+1.9%) in Europe and particularly Italy.

5.3.2.3 Analysis of the change in Group revenue

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



(1) Source : Copacel.

- revenue increased +1.0% at constant exchange rates in the **Pacific** zone, thanks to an upturn in waste volumes in a context of reduced health restrictions since the fall and good water activities. Energy activities were impacted by the divestiture of an industrial asset (revenue impact of -€36 million).

Global businesses revenue increased +4.4% at constant exchange rates compared with the year ended December 31, 2020, despite the sale of the Sade Telecom business at the end of 2020. At constant scope and exchange rates, segment revenue increased +6.5%:

- **hazardous waste activities in Europe** increased significantly by +29.5% at constant exchange rates, with good volume and price levels and commercial development in sanitation and industrial maintenance activities which returned to pre-health crisis levels. Activity also benefited from the positive scope impact tied to the acquisition of the Suez RV OSIS in May 2021 (revenue of €198 million);
- **Veolia Water Technologies** revenue increased +0.6% at constant scope and exchange rates with increased technological distribution activities in Europe, the ramp-up of Mobile Unit solutions and the development of municipal projects in France. VWT bookings totaled €1,268 million as of December 31, 2021, compared with €1,409 million one year earlier;
- **SADE,** which sold its Telecom activity at the end of 2020 (scope impact of -€302 million), reported a fall of -19% at constant exchange rates and an increase of +5.5% at constant scope and exchange rates, driven by dynamic commercial activity in France, particularly in the public market.

5.3.2.2 Revenue by Business

The Group's activity by business in 2021 is marked by:

- resilient **Water** activities, with growth to end-December 2021 of +2.1% at constant scope and exchange rates year-on-year;
- a recovery in **Waste** activities, with growth of +15.5% at constant exchange rates due to increased volumes processed, higher recyclate prices and favourable tariff reviews;
- **Energy** growth of +19.9% at constant exchange rates, underpinned by higher energy prices (electricity and heat), the favourable impact of tariff reviews and a positive weather effect.

			Change 2020/2021		
(€ million)	Year ended December 31, 2020	Year ended December 31, 2021	Δ	Δ at constant exchange rates	Δ at constant scope and exchange rates
Water	10,900.0	10,788.3	-1.0%	-0.7%	2.1%
of which Water Operations	*8,151.8*	*8,284.4*	*1.6%*	*1.9%*	*1.9%*
of which Technology and Construction	*2,748.2*	*2,503.9*	*-8.9%*	*-8.6%*	*2.8%*
Waste	9,672.9	11,227.7	16.1%	15.5%	14.2%
Energy	5,437.0	6,492.1	19.4%	19.9%	12.3%
GROUP	26,009.9	28,508.1	9.6%	9.6%	8.7%

Water revenue

Water Operations revenue increased +1.9% at constant scope and exchange rates year-on-year confirming the activity's resilience driven by an upturn in construction activity and achieved despite lower water volumes in France due to reduced consumption linked to a wet summer in 2021.

Technology and Construction revenue is up +2.8% at constant scope and exchange rates compared with December 31, 2020. This increase is mainly driven by VWT, with growth reported by Westgarth (a subsidiary specializing in the Oil & Gas sector) and increased construction activity for municipalities in France and the United States.

Waste revenue

Revenue increased +14.2% in the **Waste** business at constant scope and exchange rates compared with the year ended December 31, 2020, benefiting from ongoing high recyclate prices (+5.2%), volume growth (+5.3%) and positive tariff increases (+2.7%).

The increase in recyclate prices and particularly paper prices continued throughout 2021 and was particularly strong in the first half of the year.

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5.3.2 GROUP REVENUE

5.3.2.1 Revenue by operating segment

With the post-health crisis upturn in revenue, felt from the second half of 2020, all segments reported growth in 2021.

			Change 2020/2021		
(€ million)	Year ended December 31, 2020	Year ended December 31, 2021	Δ	Δ at constant exchange rates	Δ at constant scope and exchange rates
France	5,389.9	5,868.2	8.9%	8.9%	8.9%
Europe excluding France	9,411.4	10,941.9	16.3%	15.6%	12.4%
Rest of the world	6,759.7	7,067.3	4.5%	5.4%	5.0%
Global businesses	4,443.9	4,629.0	4.2%	4.4%	6.5%
Other	5.0	1.7	-	-	-
GROUP	26,009.9	28,508.1	9.6%	9.6%	8.7%

Revenue increased 8.9% in **France** compared with the year ended December 31, 2020:

- Water revenue is up +1.2% year-on-year boosted by increased construction activities which returned to 2019 levels and the positive impact of tariff reviews (+0.9%) which offset lower water volumes (-1.3%) mainly due to a wet summer;
- Waste revenue rose +18.1% year-on-year continuing the first-half recovery, with higher volumes, favourable recyclate price trends, notably paper and the positive impact of tariff reviews.

Europe excluding France revenue grew 15.6% at constant exchange rates compared with the year ended December 31, 2020, benefiting from higher recyclate and energy prices and a positive weather effect in energy in the first quarter. These items combined with the ramp-up of new activities integrated in Central and Eastern Europe and a strong recovery in activity in the United Kingdom and Germany.

- In **Central and Eastern Europe**, including Germany, revenue increased +19.6% at constant exchange rates year-on-year to €6,260 million. This growth was mainly driven by:
  - organic growth in all activities (+13.1% at constant scope and exchange rates) chiefly underpinned by higher tariff indexation in energy (in Poland and Hungary) and water (in the Czech Republic, Bulgaria and Romania) and a positive weather effect of €79 million (Czech Republic and Poland),
  - a scope impact of €339 million, with primarily the integration of new activities acquired at the end of 2020 in cogeneration in Hungary (BERT), heat distribution in the Czech Republic (Prague Right Bank) and waste in Russia (MAG),
  - Germany, thanks to the surge in recyclate prices (€168 million, including €126 million for paper), higher energy prices and the good recovery in commercial waste volumes;
- in **Northern Europe**, revenue grew +7.6% at constant exchange rates year-on-year to €3,276 million. This increase is mainly driven by the **United Kingdom and Ireland**, which recorded a 8.5% increase in revenue at constant exchange rates to €2,423 million due to higher recyclate prices (paper and metal), a recovery in industrial waste and landfill volumes to almost pre-health crisis levels and excellent incinerator performance (facility availability rate of 94.9% in 2021 compared with 94.1% in 2020).

Revenue increased +5.4% in the **Rest of the world** at constant exchange rates year-on-year, with growth in all geographies:

- revenue in **Latin America** increased +14.1% at constant exchange rates, driven notably by favourable tariff indexation in Argentina (local inflation), Colombia and Mexico, growth in hazardous waste activities in Chile and Argentina, good water activity levels in Ecuador and commercial wins, notably in waste in Colombia;
- in **Africa/Middle East,** revenue grew +12.3% at constant exchange rates following new contract wins, chiefly in energy services in the Middle East, increased water volumes in Morocco and business growth in Western Africa (Ivory Coast);
- in **North America**, revenue increased +5.2% at constant exchange rates year-on-year to €1,784 million. Hazardous waste contributed to this growth with higher volumes and a favourable price effect partially offset by the impacts of the bitterly cold weather in Texas in the first quarter and hurricane Ida in September which led to the temporary shut-down of certain sites;
- revenue in **Asia** increased +1.1% at constant exchange rates, with the unfavourable effect of lower waste activities tied to the end of a contract in China (Laogang in 2020) partially offset by strong growth in India, Japan and Taiwan. The Group also continued hazardous waste development projects in China;

5.3 Accounting and financial information

5.3.1 KEY FIGURES

Group key figures for the year ended December 31, 2021 are presented below. Comparative figures for the year ended December 31, 2020 re-presented [1] include IFRS 2 share-based payment impacts in current net income. A reconciliation of published and re-presented indicators is presented in the Appendices (Section 5.6.1).

			Change 2020/2021		
(€ million)	Year ended December 31, 2020 re-presented*	Year ended December 31, 2021	Δ	Δ at constant exchange rates	Δ at constant scope and exchange rates
Revenue	**26,009.9**	**28,506.1**	**9.6%**	**9.6%**	**8.7%**
EBITDA[1]	**3,640.8**	**4,233.8**	**16.3%**	**16.0%**	**13.9%**
EBITDA margin	14.0%	14.9%			
Current EBIT[2]	**1,242.0**	**1,765.7**	**42.2%**	**41.7%**	**40.5%**
Current net income - Group Share[2]	381.8	895.8	134.6%	132.9%	135.9%
Net income - Group share	88.8	404.3	355.8%	350.8%	
Current net income - Group share, per share[2] (Basic)	0.75	1.51			
Current net income - Group share, per share (Diluted)	0.72	1.45			
Dividend per share paid during the fiscal year[3]	0.70	1.00			
Net industrial investments	(2,151.5)	(2,211.5)			
Net free cash flow[2]	507.5	1,340.5			
Net financial debt	**(13,217.0)**	**(9,532.2)**			

* *See Section 5.6.1 for more information on this restatement.*
(1) The indicators are defined in Section 6.3.2 below.
(2) Including the share of current net income of joint ventures and associates viewed as core Company activities.
(3) Subject to approval at the General Shareholders' Meeting of June 15, 2022.

The main foreign exchange impacts on revenue were as follows:

FX impacts for the year ended December 31, 2021 *(vs December 31, 2020 re-presented*)*	%	*(€ million)*
Revenue	0.0%	(4)
EBITDA	0.2%	9
Current EBIT	0.4%	5
Current net income	1.7%	6
Net financial debt	2.2%	298

* *See Section 5.6.1 for more information on this restatement.*

(1) See Section 5.6.1 for more information on this restatement.

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5.2.5 CHANGES IN GOVERNANCE

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

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

As of December 31, 2021, the Veolia Environnement Board of Directors had twelve directors, including eight independent directors and two directors representing employees [1] comprising five women:

- Mr. Antoine Frérot, Chairman and Chief Executive Officer;
- Mr. Louis Schweitzer, Vice-Chairman;
- Mrs. Maryse Aulagnon, Senior Independent Director;
- Caisse des dépôts et consignations, represented by Mr. Olivier Mareuse;
- Mr. Pierre-André de Chalendar;
- Mrs. Isabelle Courville;
- Mrs. Clara Gaymard;
- Mrs. Marion Guillou;
- Mr. Franck Le Roux, Director representing employees[1];
- Mr. Pavel Páša, Director representing employees[1];
- Mrs. Nathalie Rachou;
- Mr. Guillaume Texier.

The four Board Committees are comprised as follows:

- **accounts and Audit Committee:** Mrs. Nathalie Rachou (Chairman), Mrs. Isabelle Courville, Mr. Franck Le Roux (Director representing employees), Mr. Olivier Mareuse (representing Caisse des dépôts et consignations) and Mr. Guillaume Texier;
- **nominations Committee**: Mr. Louis Schweitzer (Chairman), Mrs. Maryse Aulagnon, Mr. Pierre-André de Chalendar and Mrs. Isabelle Courville;
- **compensation Committee**: Mrs. Maryse Aulagnon (Chairman), Mrs. Marion Guillou, Mr. Franck Le Roux (Director representing employees) and Mr. Louis Schweitzer;
- **research, Innovation and Sustainable Development Committee**: Mrs. Isabelle Courville (Chairman), Mrs. Clara Gaymard, Mrs. Marion Guillou, Mr. Pavel Páša (Director representing employees) and Mr. Guillaume Texier.

At its meeting of January 10, 2022, the Veolia Environnement Board of Directors decided to separate the duties of Chairman of the Board of Directors and Chief Executive Officer from July 1, 2022. The directors will ask shareholders to renew the term of office as director of Mr. Antoine Frérot during the General Meeting of June 15, 2022, in order to continue as Chairman of the Board of Directors. At the recommendation of the Nominations Committee, the Board of Directors also decided that Mrs. Estelle Brachlianoff, Chief Operating Officer, will succeed Mr. Antoine Frérot as the Chief Executive Officer of Veolia from July 1, 2022. Shareholders will be asked to appoint her to the Board of Directors.

In addition, the Veolia Environnement Board of Directors' meeting of March 16, 2022 took due note of the resignation of Caisse des dépôts et consignations, represented by Mr. Olivier Mareuse, as a director and member of the Accounts and Audit Committee from January 31, 2022.

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

5.2.3.4 Confirmation of the credit outlook

On February 1, 2022, Standard and Poor's confirmed Veolia Environnement's credit rating at A-2/BBB with a stable outlook. Moody's confirmed its rating at P-2/Baa1 with a stable outlook on January 11, 2022.

5.2.3.5 Liquidity contract

As of December 31, 2021, under the liquidity contract signed by Veolia Environnement with Kepler Cheuvreux, 1,041 purchase transactions and 1,001 sales transactions were conducted during the second half of the year. It is recalled that on the last balance sheet date at June 30, 2021, 791 purchase transactions and 1,464 sales transactions had been performed.

The liquidity contract is implemented in accordance with AMF Decision no. 2018-01 of July 2, 2018, establishing equity security liquidity contracts as accepted market practice.

5.2.3.6 Dividend payment

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

5.2.4 PERFORMANCE SHARE PLAN AND GROUP SAVINGS

5.2.4.1 Performance shares

Amendments to the Performance Share Plan

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

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

Accordingly, the Board of Directors decided to propose the neutralization of fiscal year 2020 in calculating the attainment of this sole Company financial performance indicator and a reduction in the same proportion for this criteria, *i.e.* one-third, of the number of rights to shares currently vesting under the 2018, 2019 and 2020 performance share plans. This adjustment seeks to align the interests of shareholders with those of plan beneficiaries who are strongly committed to performance recovery after the health crisis. The Board of Directors considered its decision to adjust these plans to be balanced in consideration for the attainment in 2021 of ambitious financial objectives and results aimed at returning to or exceeding the Company's 2019 pre-crisis performance level.

These plans were adjusted following the approval of the Combined General Meeting of April 22, 2021.

Implementation of the 2021 Performance Share Plan

In accordance with the Group's compensation policy and the authorization granted by the Combined General Meeting, the Board of Directors decided on May 4, 2021, at the recommendation of the Compensation Committee, to grant 937,182 performance shares (representing 0.2% of the share capital at that date and therefore complying with the General Shareholders' Meeting authorization of 0.5%), to approximately 450 beneficiaries, including top executives, high potential employees and key contributors of the Group. The detailed features and performance conditions of this performance share plan are presented in Section 3.4.3 of this Universal Registration Document.

Impact of the share capital increase with preferential subscription rights on Performance Share plans

Following the €2.5 billion share capital increase with preferential subscription rights and its settlement-delivery on October 8, 2021, the Chairman and Chief Executive Officer, pursuant to the delegation of authority granted by the Board of Directors, adjusted notably the rights of beneficiaries under the Performance Share Grant Plans in order to preserve their rights in accordance with applicable legal and contractual provisions, with effect from October 8, 2021.

5.2.4.2 Group Savings Plan

In addition, during the Veolia Environnement Combined General Meeting of April 22, 2021, the Company reaffirmed its wish to associate employees with the Group's development and performance by launching a new employee share ownership program. The main characteristics were decided by the Board of Directors on May 4, 2021.

On September 7, 2021, the Group announced the launch of a new share ownership plan for Group employees, through two separate offers: a secure leveraged offer (total investment guaranteed including the employer's contribution, with a multiple of the potential increase in the share price) and a conventional offer. This transaction, open to around 147,000 Group employees, sought to give them a vested interest in the development and performance of Veolia. The overall subscription rate was 40%, resulting in a €216 million share capital increase bringing the Veolia Environnement share capital to €3,498,626,330 million. Settlement-delivery of the new shares issued was performed on December 8, 2021.

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5.2.2.2 Changes in Group structure

In 2021, the Group continued with discipline its asset rotation policy in line with the objectives set in the Impact 2023 strategic plan. Following the sale of heating assets in the United States (2019) and reinvestment in municipal energy businesses in Central Europe in 2020, the main transactions in 2021 focused on Global Businesses, Northern Europe and Asia.

Significant acquisitions

OSIS (Global businesses)

On May 18, 2021, through its subsidiary SARP, the Group acquired SUEZ RV OSIS, a specialist in the maintenance of sanitation networks and structures, and in industrial maintenance and cleaning services, for an amount of €348 million (including IFRS 16 debt). The merger of SARP and OSIS will enable the Veolia Group to position itself as a major player in this area, and to propose - due to their complementary nature - new, high added value services to their public, tertiary and industrial customers, covering the whole of France.

In accordance with the initial plan and in line with competition authority requests, the divestiture process for the Île de France branches was ongoing at the year end. A purchase commitment was signed at the end of July 2021 and the transaction closed in early January 2022 for a divestiture price of €32.3 million. These activities are recorded in assets and liabilities classified as held for sale as of December 31, 2021.

Significant Divestitures

Shenzhen Water Concession (China)

On May 18, 2021, the Group sold its investment in the Shenzhen water concession in China. The transaction was completed for €403 million and the divestiture price was settled in full in 2021.

Divestiture of activities in Northern Europe

The Group sold its industrial services, infrastructure management and maintenance activities and recycling solutions in Norway and Sweden through three transactions. On June 30, the Group sold its industrial services assets in Norway and Sweden for €70 million. On September 30, the Group completed a divestiture of infrastructure and equipment management activities including maintenance in Sweden for €20 million. On November 30, the Group sold its Recycling Solutions and Industrial Services activities in Norway and Sweden for €145 million.

5.2.3 GROUP FINANCING

5.2.3.1 Bond issues

On January 11, 2021, Veolia successfully issued at par a €700 million bond maturing in January 2027 (*i.e.* 6 years) and bearing a coupon of 0.00%. The proceeds of this issuance are intended to be used for corporate financing purposes. The high subscription rate, the quality of the investor base, their diversification and the good conditions which were achieved are signals that Veolia's signature is viewed very favourably and of its financial strength.

Following the €2.5 billion share capital increase with preferential subscription rights, and its settlement-delivery on October 8, 2021 (see Chapter 2.3.2, Share capital increase), the Chairman and Chief Executive Officer, pursuant to the delegation of authority granted by the Board of Directors, adjusted notably the rights of holders of OCEANE bonds to preserve their rights in accordance with applicable legal and contractual provisions, with effect from October 8, 2021. The number of Veolia shares (Conversion/Exchange Ratio) that may be obtained by the conversion and/or exchange of each OCEANE bond was increased from 1 Veolia share to 1.031 Veolia shares.

On December 10, 2021, the Group performed the annual update to its €16 billion EMTN debt instrument program.

5.2.3.2 Share capital increase

On September 16, 2021, in the context of the Veolia and Suez combination, the Group announced the launch of a share capital increase for cash, with shareholders' preferential subscription rights, of €2.5 billion (including issue premiums). On October 6, 2021, the Group announced the issue's success. Following the subscription period, which ended on October 1, 2021, total demand amounted to more than 193 million shares, for an amount close to € 4.4 billion, leading to a well oversubscribed transaction with a take-up rate of approximately 175.4%. The final gross proceeds of the share capital increase with shareholders' preferential subscription rights totaled €2,506,007,269.20 corresponding to the issuance of 110,396,796 new shares at a subscription price of €22.70. The success of this share capital increase and the support from our existing shareholders, as evidenced by the strong take-up rate, confirm the powerful rationale that underpins the combination with Suez.

5.2.3.3 Hybrid bond issue

On November 8, 2021, Veolia Environnement issued deeply subordinated perpetual hybrid notes in euros for €500 million, bearing a coupon of 2% until the first reset date in February 2028. The high subscription rate (the order book reached €3.4 billion), enabled Veolia to materially improve the pricing of the issuance and thereby reach a negative new issue premium.

The proceeds of the issuance will be used for corporate financing purposes.

5.2.2 CHANGES IN GROUP STRUCTURE - STRATEGIC PROGRAM

5.2.2.1 Innovations and commercial developments

In line with the Impact 2023 program, the Group's commercial innovations and developments continued during 2021, confirming the Group's ability to renew its offers and services.

Developments in hazardous waste and soil remediation and decontamination

On November 30, 2022, the Group announced the creation of Waste2Glass, a 50/50 joint venture with EDF, to develop innovative solutions for the processing of complex radioactive waste, through their respective subsidiaries, Cyclife and Asteralis. This joint venture will be dedicated to developing solutions for the decommissioning of graphite-gas reactors using the Group's GeoMelt® vitrification technology. This technology has already been used to process 26,000 metric tons of radioactive and hazardous waste, particularly in the USA. The creation of the joint venture is planned for early 2022.

In Saudi Arabia, Veolia became the exclusive partner of Saudi Aramco for the processing of its industrial and non-hazardous waste. Estimated at 200,000 metric tons per year, this volume will be in addition to the 120,000 metric tons of hazardous waste that will soon be processed in Jubail, where Veolia is finalizing the construction of an incinerator for Sadara Chemical Company and other nearby industrial companies.

Development of circular economy activities to reduce the carbon footprint

In Brazil, Veolia has brought on stream three new thermoelectric power plants in three of its landfills operated in the provinces of Sao Paulo and Santa Catarina. These units will produce 12,400 kW of renewable electricity from biogas produced by the decomposition of organic waste, meeting the electricity and heating needs of a city of around 42,000 inhabitants in Brazil. In this way, by the end of 2021, biogas capture at Veolia's landfills in Brazil enables 45,000 metric tons of methane emissions into the atmosphere to be avoided, representing approximately 1.26 million metric tons of CO_2 equivalent.

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

On December 8, 2021, Veolia and L'Oréal joined forces to reduce the carbon footprint of cosmetic packaging in a circular economy approach. Veolia will supply high-quality recycled plastic for L'Oréal's packaging worldwide, enabling between 50% to 70% of CO_2 emissions to be avoided compared to standard packaging. In order to meet international certifications, Veolia has adopted an innovative pelletisation technology based on a system for the elimination of organic compounds to obtain plastic equivalent to that of virgin plastic.

Development of energy services with municipal and industrial customers

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

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

On September 29, 2021, the City of Tachkent (Uzbekistan) awarded Veolia a 30-year concession contract for the operation, maintenance and management of its district heating system, worth cumulative revenue of €13.4 billion. It is the first contract awarded to the Group in the country. It is in line with Veolia's strategy, which intends, both in France and abroad, to offer local communities its vast array of expertise and solutions to support them in their sustainable development and ecological transformation.

Water management solutions

On December 4, 2021, the Saudi Arabia National Water Company awarded Veolia the management contract for water and wastewater services in the capital Riyadh and 22 outlying municipalities, covering a population of nearly 9 million people. The 7-year contract represents revenues of €82.6 million and covers the management of a 30,000 km drinking water network and a 10,000 km wastewater network. In addition, Veolia signed a strategic partnership agreement with the Ministry of Investment and Water Transmission and Technologies Company to support the Kingdom in improving the operational, energy and commercial performance of the water sector throughout the country. This cooperation will focus on the deployment of innovative solutions, including digital solutions, and on building skills in the operation and maintenance of facilities.

In Japan, a consortium led by the Group and including METAWATER Co LTD and eight other local partners signed a framework agreement for the management, operation and modernization of drinking water installations in the Miyagi Prefecture. This 20-year concession agreement comprises the maintenance and modernization of eight treatment plants in Miyagi, aimed at reaching a total treatment capacity of over 900,000 m^3 per day. The agreement represents total revenue for the Group of close to €800 million.

In France, in water distribution and treatment activities, the Group will start operating from this year public sector concessions for the Choletais agglomeration (11-year contract worth an estimated €77 million), and for the Colmar agglomeration (4.5-year contract worth an estimated €14 million). Furthermore, the Group renewed its contracts for the Lens Liévin agglomeration (7-year contract worth an estimated €83 million) and the Grand Montauban agglomeration (15-year contract worth an estimated €135 million).

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5.2 Major events of the period

5.2.1 BUSINESS AND INCOME TRENDS

Strong growth in 2021 results

***2021 results** are up significantly on 2020 as well as 2019, prior to the health crisis. They reflect both activity growth, robust operating performance and a solid financial position.*

(in € millions)	Year ended December 31, 2019	Year ended December 31, 2020	Year ended December 31, 2021	Variation vs year ended December 31, 2020	Variation vs year ended December 31, 2019
Revenue	27,189	26,010	28,508	+9.6%	+6.5%
EBITDA	4,022	3,641	4,234	+16.0%	+6.9%
EBITDA Margin	14.8%	14.0%	14.9%	-	-

2021 performance was marked by a strong recovery in activity following the health crisis, a favourable environment for recyclate and energy prices and the accelerated growth of strategic activities such as hazardous waste processing.

Annual revenue growth was driven by an upturn in **Waste** *volumes* (revenue up +15.5% compared with 2020 at constant exchange *rates) and robust* **Energy** activities *(revenue up +19.9% compared* with 2020 at constant exchange rates) both in heat production and distribution and energy services for buildings, as well as resilient **Water** businesses.

All activities benefited from a positive price effect due to contractual indexation mechanisms and reflecting cost inflation in production factors. In **Waste**, significantly higher recyclate prices in 2021 (paper, plastic, ferrous and nonferrous metals) positively impacted revenue and EBITDA. The increase in energy prices also favourably impacted **Energy** revenues. Practically all energy purchases benefit from hedging mechanisms limiting the increase in the price of electricity, gas and CO_2 compared with the market.

All Group geographies contributed to this growth and restrictions related to the pandemic, which continued in certain countries in 2021, had a limited impact on operations. In **Europe excluding France**, growth of +15.6% at constant exchange rates on 2020 benefited from a surge in waste activities in the United Kingdom and Germany and energy activities in **Central and Eastern Europe**. In France, revenue rose +8.9% on 2020 mainly due to favourable volume and price effects in waste. In the **Rest of the world**, revenue growth (+5.4% compared with 2020 at constant exchange rates) was underpinned by good activity volume in **Latin America** and **Africa and the Middle East** and the development of our strategic hazardous waste activities in China.

Growth was accompanied by higher Group profitability, with EBITDA of €4,234 million for the year ended December 31, 2021, up +16.0% compared with 2020 and +6.9% compared with 2019 at constant exchange rates. At 14.9% of revenue, the EBITDA margin is 0.9 points higher than last year and 0.1 points higher than 2019, which was untouched by the health crisis. Profitability benefited from the strengthening of efficiency programs, which generated gains of €382 million in 2021.

Other financial items also increased significantly compared with 2020:

- **current EBIT** totaled €1,766 million, up +41.7% at constant exchange rates compared with end-December 2020, re-presented(1);
- **current net income - Group Share** of **€896 million** is up +132.9% at constant exchange rates on end-December 2020 re-presented(1) favourably impacted by higher profitability and a decrease in the Group's cost of net financial debt in 2021;
- **net income - Group share** is €404 million, up +350.8% at constant exchange rates(1);
- **net free cash flow** before financial investments and dividends is **€1,341 million** (compared with €508 million at end-December 2020), including Suez dividends of €122 million. The Group substantially improved its operating working capital requirements and exercised tight discipline over net industrial investments which totaled €2,212 million.

Net financial debt fell significantly in 2021 to **€9.5 billion** (from €13.2 billion at end-December 2020), favourably impacted by net free cash flow generation during the period, the €2.5 billion share capital increase performed in October 2021 as part of the financing of the Suez acquisition and the hybrid debt issue in November for €497 million (net of issue costs).

(1) Current EBIT and Current net income - Group share include the IFRS 2 "share-based payment" impact in current items (see Section 5.6.1 below).

(€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). This transaction reinforced the Group's financial structure while strengthening its credit ratios.

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. 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 (see Chapter 2.3.2, Share capital increase). The financing plan aimed to maintain an investment grade credit rating for the enlarged group and to keep the net financial debt/EBITDA ratio below 3.0x in the medium term, in line with the Group's objectives.

Impact in the consolidated 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)

Due to the merger control procedure still ongoing in the United Kingdom as of December 31, 2021, rights attached to the Suez shares acquired on October 6, 2020 do not allow Veolia:

- to have a representative on the Suez Board of Directors;
- to freely use its voting rights to influence Suez policies (excluding specific situations and derogations).

Accordingly, as of December 31, 2021, Veolia management considers it cannot participate in Suez's financial and operating policy decisions within the meaning of IAS 28.

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

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

Accordingly, the Suez shares are valued at €3,721 million as of December 31, 2021. +€295.8 million has been recognized in other comprehensive income since October 6, 2020.

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

The top-up right clause meets the criteria of a debt that is part of the "Business Combination" within the meaning of IFRS 3R, as this right represents consideration for the takeover, a component of the exchange for the acquisition and, accordingly, is an integral component of the consideration paid on the allocation of assets acquired and liabilities assumed.

As of December 31, 2021, the financial commitment relating to this clause was assessed to constitute a liability (of €347.4 million). IAS 32, paragraph 19 states that a liability must be recognized where there is no "unconditional right to avoid delivering cash to settle the obligation". The AMF's approval of the combination in July 2021 followed by the European Commission's approval created the conditions necessary for the recognition of this right in the accounts at the end of December 2021.

Financial information on the takeover of Suez

On January 18, 2022, following the Public Tender Offer, Veolia acquired control of Suez. The Group now holds the entire share capital of Suez, following completion of the squeeze-out procedure on February 18, 2022. The acquisition aims to enable Veolia to acquire the strategic assets necessary to its plan to create a global champion of ecological transformation, benefiting from increased scale and improved profitability.

Due to the proximity of the date of acquisition of control with the accounting year end of December 31, 2021, work on the initial recognition of the business combination was not completed at the date of publication of the Group consolidated financial statements. Accordingly, certain financial information required by IFRS 3 on business combinations performed between the reporting date and the date of approval of the financial statements (such as the fair value of assets acquired and liabilities assumed at the acquisition date and the expected amount of goodwill resulting from the transaction) is not communicated in these financial statements; it will be included in subsequent financial publications.

The estimated amount of the counterparty transferred by Veolia (including the impact of the acquisition of Suez shares from Engie) is € 9,318 million. Transaction costs incurred by the Group total €152.1 million, including €149.6 million expensed in the 2021 Consolidated Income Statement (see Note 6.2 to the consolidated financial statements).

The acquired scope (after the sale of "New Suez" to the Consortium) generated revenue of €9,902 million and net income of €287 million in 2021.

The remedies demanded to date by the Competition Authorities that have approved the combination, in addition to those already provided in the context of New Suez, are not material.

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5.1 Suez combination

5.1.1 SUEZ COMBINATION

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 principal between Suez and Veolia notably setting the price of the Public Tender Office 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 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 for* the New Suez scope:
  - Scope concerned:

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

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

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

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

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

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

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

viii. Suez's Municipal Water activities in Australia,

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

  - 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 Commission of the proposed acquisition of Suez by Veolia, accompanied by certain remedies in addition to the sale of municipal water and non-hazardous waste activities in France to New Suez already planned and covering industrial water, mobile water solutions and special industrial waste.

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 12-17, 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 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.

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 closure of the Public Tender Offer which took place on January 18, 2022.

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

5

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Information from the Annual Financial Report is clearly identified in the table of contents by the pictogram AFR

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Commercial key performance indicators	Level of assurance
Customer satisfaction rate calculated using the Net Promoter Score methodology	
Number of innovations included in at least ten contracts signed by the Group	
Consolidated revenue of the "Liquid and hazardous waste treatment and recovery" segment	Limited

Societal key performance indicators	Level of assurance
Annual publication of the socio-economic footprint of Veolia's activities in the countries where the group operates, *with regard to direct or indirect jobs supported and wealth created*	
Percentage of positive answers to the commitment survey question "Are Veolia's values and ethics applied in my entity"	
Percentage of strategic suppliers evaluated over the last three years on their CSR performance	
Percentage of contracts incorporating sustainable development requirements	Limited
Purchasing expenditure France carried out with the protected and adapted labour sector	
Number of inhabitants benefiting from inclusive measures to access water or sanitation services under Veolia contracts	
Share of expenditures reinvested in the territories	
Population who had access to essential services in access-deficient countries	

Economic and financial key performance indicators	Level of assurance
Annual growth in revenues	
Net income before non-recurring items, Group share	Limited
ROCE after tax (with IFRS 16)	
Free cash flow (before discretionary investments)	

Key performance indicators and other quantitative results considered most important

Social key performance indicators	Level of assurance
Total headcount at period end and breakdown by work category, contract, age, gender and geographical area	
Average number of training hours per employee	
Lost time injury frequency rate	Reasonable
Injury severity rate	
Absenteeism rate	
Proportion of women appointed among the top 500 Group executives during the period 2020-2023	
Number of process-related employee deaths	
Turnover rate of staff on permanent contracts	
Percentage of employees having received at least one training course during the year	Limited
Rate of coverage by a social dialogue body	
Employee engagement rate	
Number of promotions during the year	

Environmental key performance indicators	Level of assurance
Non-hazardous waste production	
Direct greenhouse gas emissions (scope 1)	
Indirect greenhouse gas emissions from energy purchases (scope 2)	Reasonable
Water distribution network efficiency	
Energy consumption	
Volume of recycled plastic in Veolia transformation plants	
Recovery rate for residual bottom ash (from waste incineration)	
Recovery rate for combustion waste	
Hazardous waste production	
Emissions due to heat, electricity and natural gas distribution only (Scope 3)	
Progress of the investment plan to phase out coal in Europe by 2030	
Annual contribution to avoided greenhouse gas emissions (assessed with regard to a reference scenario)	
Percentage reduction in greenhouse gas emissions from scopes 1 and 2 compared to the reference scope 2018	Limited
Methane capture rate	
Total energy production (electrical and thermal)	
SO_x emissions (Energy & Waste)	
NO_x emissions (Energy & Waste)	
Dust emissions of thermal installations selling over 100 GWh/year and of waste incinerators	
Progress rate of action plans improving the footprint of environments and biodiversity on sensitive sites	
Energy efficiency of drinking water production (excluding seawater desalination)	
Recovery rate for wastewater treatment sludge	

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Appendix

Qualitative information (actions and results) considered most important

Social Information
Certifications and other preventive measures for the health and safety of Group's employees
Group commitments to social dialogue
Actions to support the development of the skills of Group's employees
Policies in favor of gender diversity and social cohesion
Self-assessment of recruitment practices with regard to non-discrimination

Environmental information
Resources devoted to the prevention of environmental risks, including the risks of pollution
Actions to raise awareness of major environmental issues
Actions to promote circular economy
Measures taken to reduce the impact of activities on climate change and biodiversity
Group commitments to accelerate ecological transformation
Methodology for measuring the footprint of the Group's activities on the environment and biodiversity
Actions to preserve water resources

Societal, commercial, economic and financial information
Tax policy
CSR governance
Support for social projects financed by the Veolia Foundation
Actions that create employment and wealth in regions
Action to raise awareness of sustainable development
Sustainable procurement and supplier evaluation systems and results
Solutions developed for access to inclusive services
Consumer health and safety measures

- for the key performance indicators and other quantitative outcomes that we considered to be the most important, as presented in Appendix, we implemented:
  - analytical procedures to verify the proper consolidation of the data collected and the consistency of any changes in those data,
  - tests of details, using sampling techniques, in order to verify the proper application of the definitions and procedures and reconcile the data with the supporting documents. This work was carried out on a selection of entities[1] and covers between 15% and 100% of the consolidated data selected for these tests;
- we assessed the overall consistency of the Statement based on our knowledge of all the consolidated entities.

The procedures performed in a limited assurance engagement are less in extent than for a reasonable assurance engagement performed in accordance with the professional guidance issued by the French Institute of Statutory Auditors; a higher level of assurance would have required us to carry out more extensive procedures.

NATURE AND EXTENT OF ADDITIONAL WORK ON THE INFORMATION SELECTED BY THE ENTITY AND IDENTIFIED BY THE SIGN √

With regard to the information selected by the entity, presented in the appendix and identified by the symbol √ in the Statement, we conducted the same work as described in the paragraph "Nature and scope of our work" above for the information considered to be the most important, but in a more in-depth manner, in particular with regard to the number of tests.

The selected sample accounts for between 48% and 56% of the information identified by the symbol √.

We believe that our work is sufficient to provide a basis for our reasonable assurance opinion on the information selected by the entity and identified by the symbol √.

Paris-La Défense, on April 13th, 2022

KPMG S.A.

Fanny Houlliot

Partner

Sustainability Services

Baudouin Griton

Partner

(1) Veolia Water Armenia; Veolia Water Australia; Veolia Water China; Veolia Water Spain; Veolia Water France, including Veolia Water France - Normandy, UES Eau France; Veolia Water India; Veolia Energy Germany; Veolia Energy China; Veolia Energy South Korea; Veolia Energy Spain; Veolia Energy Poland; Veolia Energy Czech Republic; Veolia Energy Romania; Recyclage et Valorisation des Déchets (RVD), including RDV Centre Ouest, RVD Ile-de-France, RVD Biodiversité; SARPI Italy; Veolia Environmental Services Germany; Veolia Environmental Services Australia; Veolia Environmental Services United Kingdom; Veolia Environmental Services Taiwan; Veolia Australia; Veolia Colombia; Veolia Enova United Arab Emirates; Veolia Japan; Veolia Morocco; Veolia Czech Republic; Veolia United Kingdom; SADE CGTH France; and Veolia Environnement headquarters (France).

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OUR INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by the provisions of Article L.822-11-3 of the French Commercial Code and the French Code of Ethics (Code de déontologie) for statutory auditors. Our firm maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with applicable legal, regulatory and ethical requirements and the professional guidance issued by the French Institute of Statutory Auditors relating to this engagement.

MEANS AND RESOURCES

Our work was carried out by a team of twelve people between October 2021 and April 2022 and took a total of twenty weeks.

We were assisted in our work by our specialists in sustainable development and corporate social responsibility. We conducted about fifteen interviews with people responsible for preparing the Statement.

NATURE AND SCOPE OF OUR WORK

We planned and performed our work to address the areas where we identified that a material misstatement of the Information was likely to arise.

We believe that the work carried out, based on our professional judgement, is sufficient to provide a basis for our limited assurance conclusion:

- we obtained an understanding of all the consolidated entities' activities, and the description of the principal risks associated;
- we assessed the suitability of the criteria of the Guidelines with respect to their relevance, completeness, reliability, neutrality and understandability, with due consideration of industry best practices, where appropriate;
- we verified that the Statement includes each category of social and environmental information set out in Article L.225-102-1 III as well as information regarding compliance with human rights and anti-corruption and tax avoidance legislation;
- we verified that the Statement provides the information required under Article R.225-105 II of the French Commercial Code, where relevant with respect to the principal risks, and includes, where applicable, an explanation for the absence of the information required under Article L.225-102-1 III, paragraph 2 of the French Commercial Code;
- we verified that the Statement presents the business model and a description of principal risks associated with all the consolidated entities' activities, including where relevant and proportionate, the risks associated with their business relationships, their products or services, as well as their policies, measures and the outcomes thereof, including key performance indicators associated to the principal risks;
- we referred to documentary sources and conducted interviews to:
  - assess the process used to identify and confirm the principal risks as well as the consistency of the outcomes, including the key performance indicators used, with respect to the principal risks and the policies presented,
  - corroborate the qualitative information (measures and outcomes) that we considered to be the most important presented in Appendix. Concerning certain risks, our work was carried out on the consolidating entity, for the other risks(1), our work was carried out on the consolidating entity and on a selection of entities(2);
- we verified that the Statement covers the scope of consolidation, *i.e.* all the consolidated entities in accordance with Article L.233-16, within the limitations set out in the Statement;
- we obtained an understanding of internal control and risk management procedures the entity has put in place and assessed the data collection process to ensure the completeness and fairness of the Information;

(1) Corruption and business integrity risks; Risks related to changes in tax regulations; Transformation risks related to Multifaceted Performance.

(2) Veolia Water Armenia; Veolia Water Australia; Veolia Water China; Veolia Water Spain; Veolia Water France, including Veolia Water France - Normandy, UES Eau France; Veolia Water India; Veolia Energy Germany; Veolia Energy China; Veolia Energy South Korea; Veolia Energy Spain; Veolia Energy Poland; Veolia Energy Czech Republic; Veolia Energy Romania; Recyclage et Valorisation des Déchets (RVD), including RDV Centre Ouest, RVD Ile-de-France, RVD Biodiversité; SARPI Italy; Veolia Environmental Services Germany; Veolia Environmental Services Australia; Veolia Environmental Services United Kingdom; Veolia Environmental Services Taiwan; Veolia Australia; Veolia Colombia; Veolia Enova United Arab Emirates; Veolia Japan; Veolia Morocco; Veolia Czech Republic; Veolia United Kingdom; SADE CGTH France; and Veolia Environnement headquarters (France).

INHERENT LIMITATIONS IN PREPARING THE INFORMATION

As discussed in the Statement, the Information may be subject to inherent uncertainty because of incomplete scientific and economic knowledge and the quality of external data used. Some information is sensitive to methodological choices, assumptions and/or estimates used for their preparation and presentation in the Statement.

RESPONSIBILITY OF THE ENTITY

The Board of Directors is responsible for:

- selecting or establishing suitable criteria for preparing the Information;
- preparing a Statement in accordance with legal and regulatory requirements, including a presentation of the business model, a description of the main extra-financial risks, a presentation of policies applied to mitigate these risks and the outcomes of those policies, including key performance indicators, and the information provided for in Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation);
- implementing internal control over information relevant to the preparation of the Information that is free from material misstatement, whether due to fraud or error.

The Statement was prepared by applying the entity's Guidelines as mentioned previously.

RESPONSIBILITY OF THE STATUTORY AUDITOR, APPOINTED AS INDEPENDENT THIRD PARTY

On the basis of our work, our responsibility is to provide a report expressing a limited assurance conclusion on:

- the compliance of the Statement with the requirements of Article R.225-105 of the French Commercial Code;
- the fairness of the historical financial information (actual or extrapolated) provided in accordance with Article R.225-105-I and II of the French Commercial Code concerning action plans and policy outcomes, including the key performance indicators on the main risks.

As it is our responsibility to provide an independent conclusion on the Information as prepared by Management, we are not authorised to help prepare said Information, as that could compromise our independence.

At the request of the entity and outside of the scope of certification, we may express reasonable assurance that the information selected by the entity, presented in the appendices, and identified by the symbol √ has been prepared, in all material respects, in accordance with the Guidelines.

However, it is not our responsibility to comment on:

- the entity's compliance with other applicable legal and regulatory requirements (in particular, the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation), the French duty of care law and anti-corruption and tax avoidance legislation);
- the fairness of the disclosures provided for in Article 8 of Regulation (EU) 2020/852 (the Taxonomy Regulation);
- the compliance of products and services with the applicable regulations.

REGULATORY PROVISIONS AND APPLICABLE PROFESSIONAL GUIDANCE

We performed our work described below in accordance with the provisions of Articles A. 225 1 and following of the French Commercial Code, the professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement and International Standard on Assurance Engagements 3000 (Revised) (1).

(1) ISAE 3000 (Revised) – Assurance Engagements Other Than Audits or Reviews of Historical Financial Information

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4.10 Report by one of the Statutory Auditors, appointed as independent third party on the consolidated non-financial statement

For the year ended 31 December 2021

To the Annual General Meeting,

In our capacity as Statutory Auditors of your company (hereinafter the "entity") appointed as independent third party, and accredited by the COFRAC under number 3-1049 (1), we have undertaken a limited assurance engagement on the historical financial information (actual or extrapolated) of the consolidated non-financial statement, prepared in accordance with the entity's procedures (hereinafter the "Guidelines"), for the year ended 31 December 2021 (hereinafter, respectively, the "Information" and the "Statement"), included in the Group's management report pursuant to the requirements of Articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code (Code de commerce).

At the request of the entity, we conducted works designed to express a reasonable assurance conclusion on the information selected by the entity and identified by the sign √.

LIMITED ASSURANCE CONCLUSION

Based on the procedures performed, as set out in the "Nature and scope of our work" section of this report, and the information collected, nothing has come to our attention that causes us to believe that the Statement is not presented in accordance with the applicable regulatory requirements and that the Information, taken as a whole, is not presented fairly in accordance with the Guidelines, in all material respects.

REASONABLE ASSURANCE CONCLUSION ON A SELECTION OF NON-FINANCIAL INFORMATION

Based on the procedures performed, as set out in the "Nature and scope of our work" and "Nature and scope of additional work on the information selected by the entity and identified by the sign √" sections of this report, and the evidences collected, the information selected by the entity and identified with the symbol √ in the Statement has been prepared, in all material respects, in accordance with the Guidelines

PREPARATION OF THE STATEMENT

The absence of a commonly used generally accepted reporting framework or as established practices on which to draw to evaluate and measure the Information allows for different, but acceptable, measurement techniques that can affect comparability between entities and over time.

Consequently, the Information needs to be read and understood together with the Guidelines, the main elements of which are presented in the Statement and available on request from the entity's registered office.

(1) Accreditation Cofrac Inspection, number 3-1049, scope available at www.cofrac.fr

GUIDELINES

Where there is no recognized and relevant external reporting reference framework, the Group has defined its own reporting procedures, drawn from best practices and draft international standards, that describe the methodology used for compiling, measuring, calculating, checking, analyzing and consolidating data. The environmental and societal reporting guidelines are available in French and English for the entities and on the Veolia website (www.veolia.com). The social reporting reference framework is available for the entities in French, English, German, Spanish and Portuguese.

CONSOLIDATIONS AND CONTROL

The Group uses a software package to conduct automated checks on entities. The data is consolidated and checked by the Group's Corporate Human Resources Department and Business Support and Performance Department for the social and environmental indicators respectively. The societal indicators that are not taken from the social or environmental reporting are consolidated and checked by the department/entity concerned (Finance, Purchasing, Foundation) and subsequently by the Sustainable Development Department.

All the information published by the Group in Chapter 4 has been subject to a specific external review. For fiscal year 2021, the indicators noted by the symbol (V) were checked with a reasonable level of assurance.

METHODOLOGICAL LIMITS

It is important to note that there may be methodological limits to the indicators due to the following:

- lack of harmonization between national and international legislation;
- heterogeneous nature of the data managed and the variety of tools in the Group's many subsidiaries;
- changes in definition that may affect the comparison of indicators;
- specific characteristics of labour laws in certain countries;
- practicalities of data collection;
- availability of source data on the reporting date.

The indicators should be interpreted with caution, in particular averages, since the figures comprise worldwide data that requires a more detailed analysis at the level of the geographic zone, country or business line in question.

As methane production at landfill sites cannot be measured on site, it is modelled using the IPCC TIER 2 methodology. The model is recalculated annually based on the following parameters for each site: historic tonnage (since the site's opening if available), climate data (rainfall, temperature, etc.) and the standard composition of incoming waste (Modecom, Gas Sim, IPCC, etc.).

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4.9 Methodology

The social and environmental information in this document has been taken from the international database that Veolia has developed for its social and environmental reporting. The societal information is taken from this same database and other Group reporting (finance and sustainable purchasing) or obtained from limited geographic or business areas or from departments centralized at Group level.

- The indicators were chosen to monitor the following as a priority: performance relating to the Group's principal CSR challenges;
- effects of the Group's CSR policy;
- regulatory obligations (Article R.225-105-1 of the French Commercial Code; Article 173-IV of the energy transition law).

SCOPE

Social reporting covers all companies that are fully consolidated in the Group's financial statements and the companies included in the financial statements which the Group manages operationally, and which are located in all the countries where the Group has employees.

As from 2018, all acquisitions of entities (outside of the Veolia Group) made during year Y, are taken into account in the social scope starting from January 1 of year Y+1. This rule allows for a better integration of the Veolia human resources processes, safety standards and Group commitments.

Since 2016, to ensure consistency with the financial reporting scope, the Chinese concessions are no longer included in the social reporting, except for the indicators defined for sustainable development commitments. Hence, injury frequency and severity rates, the rate of employees who participated in at least one training course and the rate of coverage by a social dialogue organization were calculated including the Chinese concessions which represented 5,998 employees as of December 31, 2021.

Since 2017, employees absent during the entire year for reasons other than occupational disease or following a workplace accident are deducted in calculating the number of calendar days of absence. They are also excluded from the calculation of the full-time equivalent (FTE) workforce.

In 2020, to better respond to the time requirements of the Group's multifaceted performance, the reference period for training hours was changed to December 1, Y-1 to November 30, Y.

The diversity multifaceted performance indicator refers to Group's Top 500 Executives. In Veolia Group this encompasses executive employees with a job position graded 16 and above in the Willis Tower Watson Global Grading System.

In the face of the health crisis and to assess the potential impact of Covid-19 on employee data, an indicator was used to record absences in calendar days relating to this period (self-isolation, furlough, childcare).

Environmental reporting covers activities linked to the operation of public water and wastewater treatment services, waste collection, transfer and processing activities, as well as industrial cleaning and maintenance and energy services (heating and cooling systems, industrial utilities and energy services for buildings). Within this scope, the reporting covers all activities over which the Group exercises operating control. Excluded activities in 2021 are estimated at approximately 4% of total revenue and are split between a few operational activities that still need to be integrated into the reporting and low environmental impact activities (support functions, design offices and in-house training centres).

Within this scope, environmental and social information taken from the Group's dedicated information system is fully consolidated regardless of the consolidation rate in the financial statements.

Societal reporting covers the same scope as that of the social and environmental reporting for the data included in one of these reports, as stated in the societal reporting guidelines. Societal reporting also covers specific scopes due to the nature of the indicators and sources from which the data originates. In this case, the specific nature of the information is stated with the presentation of the indicator.

In calculating the indicator monitoring commitment six (number of people connected), people connected to water or wastewater treatment networks by Veolia continue to be included in this indicator after the termination of the related contracts.

The data collected covers the period from January 1 to December 31, 2021.

Other issues referred to in Article L.225-102-1

Information about:	Sections	Pages
• the consequences on climate change of the Company's business activity and the use of goods and services that it produces	4.2.3	216
• corporate social commitments in favour of:		
– sustainable development,	4.1	198
– the circular economy,	4.2.2	211
– combating food waste,	4.2.2.3.2.1 (box "Combating food waste")	213
– combating food shortages,	Veolia does not believe that it bears major risks or opportunities in relation to the topics of combating food shortages and respect for animal welfare	
– respect for animal welfare,		
– responsible, fair and sustainable food;	4.2.2.3.2.1 (example partnership with Entofood)	213
• collective agreements in the Company and their impacts on the Company's economic performance, as well as employee work conditions;	4.4.5.2	282
• actions aiming to combat discrimination and promote diversity, and measures taken to support people with disabilities.	4.4.5.3	286

Other issues

Information about:	Sections	Pages
• Taxonomy	4.5	291

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Risks and opportunities		Description of risks, policies and results – Section	Page	Link with the Purpose and the multifaceted performance objectives
Workforce consequences of Veolia's activity				
Health and safety	**Risks** • Risk of employee or subcontractors accidents or death **Opportunities** • Physical and mental health of employees • Employee satisfaction and well-being • Productivity and performance improvements	2.2.2.2 4.4.3	89 267	**Safety at work**
Professional development and commitment	**Risks** • Reduced employability of our employees • Lack of employee commitment **Opportunities** • Development of employee skills • Employee satisfaction, well-being and commitment	2.2.2.2 4.4.4	96 274	Employee training and employability Employee commitment
Respect for diversity, cohesion and social dialogue	**Risks** • Noncompliance with collective bargaining and diversity rights **Opportunities** • Workforce cohesion and stability • Employee motivation and commitment	2.2.2.4 4.4.5	103 282	**Diversity**
Preventing corruption				
	Risks • Corruption **Opportunities** • Trust of stakeholders • Competitiveness and unique commercial offer	2.2.2.4 4.6.3	102 300	**Ethics and compliance**
Respect for Human Rights				
	Risks • Noncompliance with human rights ***Opportunities*** • Trust of stakeholders • Competitiveness and unique commercial offer	2.2.2.4 4.6.4	103 304	
Combating tax evasion				
	The Group applies a fiscal policy, available on the website, which consists in: • complying with all laws and prevailing international tax agreements; • paying the right amount of tax around the world; • ensuring that the tax risk is managed; • applying tax choices which correspond to the economic substance of its activities; • adopting a responsible approach with the tax authorities. For fiscal year 2020, no consequences due to Group activities were identified in this area when implementing appropriate internal control measures.	- 6.1 Note 12.3 2.1.1 and 2.1.5 2.2.2.3	- 451 70 and 75 98	

Risks and opportunities		Description of risks, policies and results – Section	Page	Link with the Purpose and the multifaceted performance objectives
Environmental consequences of Veolia's activity				
Natural resources	**Risks** • No major risks **Opportunities** • Circular economy solutions	4.2.2 4.2.1	211 207	**Circular economy**
Climate change	**Risks** • GHG emissions at sites • Service interruption in the case of extreme climate events **Opportunities** • Energy efficiency, renewable energy use and methane capture solutions proposed to our customers • Climate change adaptation solutions proposed to our customers	4.2.3	216	**Combating climate change**
Biodiversity and environments	**Risks** • Pollution emitted by Veolia's activities • Damage to biodiversity at sites with significant issues **Opportunities** • Solutions for the treatment of difficult pollution proposed to our customers • Biodiversity protection and restoration solutions proposed to our customers	4.2.4	231	**Protect environments and biodiversity**
Water resources	**Risks** • Operating sites located in areas of water stress **Opportunities** • Solutions for protecting water resources	4.2.5	240	**Sustainable management of water resources**
Consequences on society of Veolia's activity				
Stakeholder dialogue	**Risks** • Discontent or protests by civil society or users of our services **Opportunities** • Development of partnerships and new dialogue mechanisms • Anticipation of expectations of external stakeholders • Legitimacy to operate	2.2.2.1 4.1.4	79 202	**Multifaceted performance commitments with and for stakeholders**
Local development	**Risks** • Environmental, social or ethical violations by our suppliers or subcontractors • Discontent or protests by civil society or users of our services **Opportunities** • Local socioeconomic development • Co-development of new services and new dialogue mechanisms tailored to local issues	2.2.2.1, 2.2.2.2 and 2.2.2.4 4.3.2	92, 101, 102 and 103 92 and 245	**Job and wealth creation in the territories**
Access to services	**Risks** • Discontent or protests by civil society or users of our services • Distribution of water of unsatisfactory quality **Opportunities** • Tailored solutions to maintain and develop universal access to services • Solutions to develop reliable access to quality water	2.2.2.1 2.2.2.1 4.3.3	79 257	**Access to essential services (water and sanitation)**

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4.8 Non-Financial Performance Statement Information Summary

Pursuant to Articles R.225-102-1, L.22-10-36 and R.225-105 of the French Commercial Code, Veolia Environnement presents information on how the Company takes into account the social and environmental consequences of its business activity, as well as the effects of this business activity regarding respect for human rights and combating corruption and tax evasion.

Based on its business model (see Chapter 1, Section 1.2.2 above), Veolia has identified the main risks linked to its business activities for each of the required information categories.

In 2017, Veolia mapped its CSR issues. These issues were ranked with respect to their impact for the Group and its stakeholders. In 2019, Veolia clarified this mapping, explaining the risks and opportunities associated with each issue. An update was made in 2020.

Veolia then analyzed the consistency of:

- its mapping of CSR issues (risks and opportunities); and
- its mapping of the Group's risk factors (see Chapter 2, Section 2.2 above).

These two mappings adopt a different analysis approach: the analysis of CSR issues takes account of the impact on Group stakeholders, in addition to the impact on the Group's activities. Adopting a prudent approach, the Group also chose to apply a lower level of criticality for non-financial risks. These differences in method therefore result in two separate mappings. Veolia nonetheless confirmed the continuity of these mappings.

Principles	Section	Page
Methodological notes	4.9	314
Opinion on compliance and fair presentation of information	4.10	316
Business model and value creation		
Business model	1.2.2	20
Our Purpose	1.1.2	5
Environmental, social and human resources performance commitment	Intro of 4 and 4.1.	196 and 198

4.7 Vigilance plan

This section summarizes measures implemented by Veolia Environnement to meet the requirements of the French duty of care law. Law no. 2017-399 on the duty of care of parent and subcontracting companies requires the implementation by these companies of a vigilance plan (the Plan). This plan is notably founded on "reasonable due diligence to identify risks and prevent severe impacts on human rights and fundamental freedoms, on people's health and safety, and on the environment".

Veolia Environnement has developed a vigilance plan in accordance with prevailing legislation, covering the entire Group.

A detailed version of the Plan was also prepared. It can be consulted on the Group's website *via* the following link: https://www.veolia.com/en/veolia-group/who-are-we/compliance-and-vigilance.

4.7.1 COMPLIANCE OF THE PLAN WITH THE LAW

The Plan includes the five pillars required by the duty of care law:

- a risk mapping;
- regular assessment procedures covering the situation of subsidiaries, subcontractors and suppliers;
- actions to prevent and mitigate risks and serious harm;
- a whistleblowing system that collects reporting of existing or proven risks;
- a monitoring scheme to follow up on the plan's implementation and the efficiency of measures.

The law provides for an implementation report which is presented below.

4.7.2 2021 IMPLEMENTATION REPORT

In keeping with the strategy adopted in 2020, Veolia's duty of care system continued to develop in 2021. The following initiatives were undertaken:

- **roll-out of "duty of care guidelines":** this document specifies the Group's expectations on the implementation of the duty of care. It is also used to help Business Units better assimilate the issues at stake. Prior to being deployed, these guidelines were formally approved by the Human Rights and Duty of Care Committee;
- **use of the updated human rights risk mapping:** following the 2020 review of this mapping, work began to provide the Group with a human rights risk universe and design a remote training module tailored to its risks;
- **optimization of the performance of the Group's Environmental and Industrial Management System (EIMS):** based on the environmental risk typology updated in 2020, the 2021 EIMS annual campaign deployed a greater number of environmental factors and of more tailored action plans;
- **stricter monitoring of measures:** the monitoring of the Group's "duty of care" system roll-out was strengthened through an evaluation campaign. This provided a more precise assessment of Veolia's overall management of the duty of care issue.

The improvements made to the Group's duty of care system, as described above, are all part of a process of continuous improvement in keeping with the spirit of the law.

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Similarly, lobbying employees (or employees likely to lobby) have been made aware of the two objectives of respecting ethics rules and the duty to declare, in coordination with the Group Compliance Department.

In June 2019, Veolia issued an internal standard on the appropriate conduct of employees who are members of professional associations or participate therein. This procedure aims to ensure that lobbying is performed to the highest prevailing standards.

Through these rules and initiatives, the Group is formally committed to adhering and ensuring adherence to the rules adopted by the various countries and institutions to guarantee transparency and compliance for lobbying actions.

4.6.5.4 Preventing insider trading

To help prevent insider trading, the Company has adopted a Code of conduct for Securities Trading. The Chairman and Chief Executive Officer and members of the Executive Committee are deemed to be "permanent insiders" and trading by any of them in the Company's securities is prohibited, except during strictly defined periods and provided that they do not hold material inside information during such periods. These measures also cover so-called "occasional" insiders. The Company's Code of conduct for Securities Trading takes into account changes in regulatory requirements applicable to issuers and their executives and particularly those concerning the compilation and update of a list of named "insiders" and obligations to report transactions in the Company's securities by senior Company executives and closely-related persons.

4.6.5.5 Sensitive countries

Due to its global footprint, Veolia conducts business in certain countries in respect of which some national authorities and international bodies have issued restrictions. The Group may also have contact with individuals against whom restrictive measures have been issued.

To prevent risks arising from activities in sensitive countries, Veolia has set up a procedure to ensure the compliance of the Group's activities with prevailing regulations on sanction frameworks. This procedure requires a prior risk assessment by the Compliance Department of any activity, new or existing, in countries or in connection with persons likely to be affected by sanction frameworks, and subsequent monitoring of validated projects.

4.6.5 OTHER COMPLIANCE PROGRAMS

4.6.5.1 Protecting personal data

The Group has organized itself to ensure that national provisions and the European Regulation on the protection of individuals with regard to the processing of personal data (GDPR) are applied, giving priority to entities falling within the scope of the GDPR. This approach also satisfies the need to reinforce data protection measures and manage the risk relating to information systems and data loss. It is based on the deployment of the Group's personal data protection policy. The guidelines are enacted to boost data protection for employees, applicants, customers and their employees as well as the physical persons representing the Group's stakeholders. All the Group's standards were then deployed by the Business Units to adapt to local legal specificities.

The Group has also strengthened its global network organization, which ensures the roll-out of common personal data protection standards as defined by the Compliance Department.

The network organization remains relevant with:

- a Data Protection Officer (DPO) appointed for Veolia Environnement and its support functions, who reports to the Compliance Director and works with the Group's Information Systems (IS&T), Legal and Security Departments ("DPO Team");
- a network of data protection correspondents (DPC), data protection officers (DPOs) and data protection managers covering all Group BUs.

In addition, Veolia Environnement has furthered the roll-out of its Design and Legal Authority process, common to the IS & T, Security, Compliance and Legal Departments, to guarantee proper consistency and the best possible personal data protection. In 2021, this process assessed several hundred IT tools to ensure that each IT tool is evaluated (evaluation of the technical architecture, security standards, user experience and legal documents, particularly with regard to the protection of personal data, limits on liability and licensing policies).

The Group was also involved in integrating the new measures enacted by the European Commission in June 2021 on the standard contractual clauses between controllers and processors and the standard contractual clauses for the transfer of personal data to third countries. These decisions required the legal department to review the work undertaken in 2018 to ensure GDPR compliance of its supplier agreements and will also require substantial involvement in 2022.

This assessment process continues to be implemented throughout the Group to ensure consistency and the best possible level of protection for individuals' data.

As part of its compliance internal control, Veolia annually assesses the compliance program rolled out by its entities to strengthen data protection. This assessment process seeks to measure improvement in the level of maturity of each entity and their ability to prevent risks of damage to personal data protection. This assessment includes the deployment of Group standard and procedures.

Internal audits on personal data were carried out in 2016 and 2019. As the Group continues to make progress in implementing applicable regulations and mandatory internal standards, a new audit on data confidentiality was conducted in 2021.

To the best of our knowledge, all requests from individuals exercising any of their rights have been addressed by the Group entity concerned without this giving rise to sanctions from the supervisory authorities.

4.6.5.2 Environmental compliance

In 2020, the format of the Group's annual Environmental and Industrial Management System (EIMS) campaign changed. It is now based on a new, more detailed typology of environmental risks, which resulted from a review conducted by a working group comprising representatives from Veolia Environnement's risk, technical, sustainable development and compliance departments. The results of the EIMS campaigns ensure that the Business Units follow up on environmental compliance issues. The 2021 campaign therefore validated the relevance of this new typology which enabled a more detailed risk identification and the drafting of more tailored action plans.

4.6.5.3 Lobbying

Veolia actively contributes to discussions, consultations and projects on changes in environmental services management initiated by international, European and French authorities, professional associations, think tanks and NGOs. Pursuant to applicable regulations, these actions are implemented in the context of its adherence to the Global Compact and within the general framework of the Group's Ethics Guide and in accordance with its Anticorruption Code of conduct.

Veolia Environnement is listed on several transparency registers, including:

- the transparency register, the European Commission and European Parliament register of lobbyists (since 2009);
- the lobbying disclosure register in the United States;
- the public digital directory managed by the High Authority for public transparency (HATVP) in France. The Group is also registered in the Senate register in France, which records lobbyists on its own list.

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Third party evaluation

Veolia has a third-party evaluation system, comprising several components.

The Group notably calls on an external service provider to evaluate the performance of its strategic and/or "at risk" suppliers since 2012, including in the fields of fundamental, social and environmental rights (see Section 4.3.2.3.4 above). It includes 21 criteria including topics such as water, local contamination, social dialogue, child labour and forced labor.

In 2020, a project helped strengthen the Group's capacity to assess third parties in conjunction with its risk map. The Purchasing Department implemented a "Compliance & CSR" questionnaire, the purpose of which is to strengthen the scope of assessment of those suppliers considered to be most at risk in the context of calls for tenders conducted by the Group.

As described in Section 4.6.3.3.2 above, an additional third party assessment tool was also acquired in 2020. One of its major functions is to bring to light any human rights violations and other issues related to the duty of care. In 2021, a pilot phase was initiated to prepare for the roll-out of this solution at Group level.

4.6.4.3.3 Identify and manage whistleblowing reports

Whistleblowing system

The Group's whistleblowing system is used to handle incidents linked to violations of human rights and fundamental freedoms, issues carefully monitored by Veolia. This system was supplemented in early 2019 with a secure external platform. This platform can also be accessed by third parties since 2020.

The whistleblowing system is explained in Section 4.6.3.3.3 above.

4.6.4.3.4 Train and raise awareness of our employees and stakeholders

Deployment of the updated Ethics Guide

The Ethics Guide presents the values and principles the Group abides by. The most recent version underlines Veolia's commitment to comply with major international initiatives, such as the UN Global Compact, international human rights law and the OECD guidelines for multinational enterprises.

A copy of this document is given to each new Group employee.

Raising supplier awareness

Veolia's Supplier Charter, "Our General Principles for Supplier Relationships", was updated in 2019. It aims to engage and make Veolia suppliers accountable, particularly in terms of labour law and environmental protection.

Furthermore, as part of evaluations, we ask suppliers to consider our recommendations, to implement corrective action plans if needed and to involve their own suppliers and subcontractors in this approach.

The purchasing compliance policy is detailed in Section 4.3.2.3.4 above.

Raising awareness of purchasing compliance

Purchasing is an essential topic as part of commitments made by Veolia to sustainable development. In order to reach its targets, the Group has implemented a progressive approach targeting purchasing teams as a priority. Accordingly, these teams had to complete a purchasing compliance training course in 2019. The members of the compliance network were also involved (see section 4.3.2.3.4 above).

In 2020, the updating of the sustainable purchasing process and the introduction of the "Compliance & CSR" questionnaire resulted in 14 awareness-raising sessions being held in the Purchasing Department.

In 2021, the purchasing compliance training module was updated.

4.6.4.3.5 Control and improve processes

Control and evaluation

In 2020, the Human Rights and Duty of Care Committee examined progress with operating and functional actions plans.

The Committee's activities benefited from the Group's participation in the human rights association, Entreprises pour les droits de l'homme, a forum for peer exchange aimed at consolidating and distributing human rights best practices. The Committee takes account of feedback from members of this organization, particularly with regard to steering the Group's vigilance plan (see Section 4.7 below).

Implementation of the sustainable development clause

Mandatory since 2018, the sustainable development clause is included in new contracts, renewed contracts and amended contracts with suppliers and subcontractors. It aims to prevent risks related to ethics and labour law rules (human rights, child labour, corruption, etc.) The deployment of this clause increased from 76% in 2020 to 88% in 2021 (see Section 4.3.2.3.4 above).

Right to a healthy environment and protection of resources

These concerns are particularly important for Veolia, as they are at the heart of its businesses. Section 4.2 above presents detailed information regarding these two themes.

Right to water and sanitation

These two topics are essential issues for Veolia due to its history and business activities. They are detailed in Sections 4.1.1, 4.1.2 and 4.3.3 above.

Rights and lifestyles of local communities

Veolia is committed to recognizing the rights and lifestyles of communities where it operates. The Group implements various initiatives to maintain a constant dialogue with local people (see Section 4.3.2.3.2 above).

Elimination of forced or compulsory labour

Veolia prohibits any form of forced or compulsory labour. These commitments are recalled in the Ethics Guide, in particular, the requirement to comply with fundamental international labour standards and the prohibition on the use of forced labour in all its operations. This prohibition also applies to any form of modern slavery and human trafficking.

Abolition of child labour

Veolia strictly prohibits child labour. Minors can work in certain special cases, particularly work-study apprenticeships, but only in compliance with all regulatory provisions. These commitments are listed in the Ethics Guide, particularly in regard to compliance with the fundamental international labour standards and the prohibition of child labour.

Fight against discrimination

Veolia's commitments are described in Section 4.4.5.3 above.

Freedom of association and recognition of the right to collective bargaining

Veolia's commitments are described in Section 4.4.5.2 above.

Right to a safe and healthy work environment

Veolia's commitments are described in Section 4.4.3 above.

Veolia has therefore clearly adopted a continual improvement approach to the challenges it faces.

To this end, the Group requests the opinion of various stakeholders especially concerned with this issue such as international organizations, specialist associations and businesses.

4.6.4.3 Actions and results

4.6.4.3.1 Define, steer and coordinate the Human Rights program

Program governance

The Human Rights and Duty of Care Committee is at the center of Veolia's approach to managing issues concerning human rights and fundamental freedoms. This body is chaired by the Group's General Counsel and led by the Compliance Department. It is responsible for the proper roll-out of Veolia's Human Rights policy and its appropriation by employees and monitors the implementation of action plans. The Committee met three times in 2021 to guarantee the effectiveness of this policy.

Contribution of the international network

The Compliance Department performs its human rights role through a network of compliance officers covering the entire Group (see Section 4.6.3.3.1 above). This network is coordinated and facilitated by a human rights and duty of care manager reporting to the Compliance Department. Under this system, compliance directors regularly participated in Veolia's Human Rights and Duty of Care Committee in 2021.

4.6.4.3.2 Identify and evaluate risks

Veolia identifies risks linked to human rights and the duty of care through different tools and methods.

Human rights risk mapping

Building on the analyses conducted in 2014 and 2016, and as approved in 2019 by the Human Rights and Duty of Care Committee, a survey was conducted in 2020 to update the Human Rights risk map. It was based on a methodology developed by the Risk Department, combining the results of studies carried out at Group level with contributions from the operating entities. Unlike previous years, the 2020 survey covered the entire scope of the Group. It was also redesigned to focus on the following issues: human rights within the Business Units; external stakeholders; and the Group's human rights management system.

The findings of this work served as a basis for steering Veolia's human rights system in 2021.

Purchasing risk mapping

The purchasing category mapping which includes a human rights component since 2018 was updated in 2020. The analysis methodology has been adapted and now takes into account the type of supplier, the objective being to better identify high-risk suppliers in terms of CSR and compliance criteria. If the level of risk for a given purchasing category is not acceptable, a specific assessment is triggered. Corrective actions are launched if necessary.

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Control over the implementation of the Sponsorship and Patronage system

The Group procedure was updated in 2019 to improve control over sponsorship and patronage actions. These actions are subject to strengthened specific control ensuring their transparency, legality and compliance with internal procedures. This also ensures actions are in the interests of the Group, its employees and the beneficiaries of the actions themselves. Strict compliance with an inquiry and authorization process is necessary before a firm commitment is given to a partner/beneficiary.

In conjunction with this update, a first annual report was drawn up in 2020 to list all operations by Group BU and zone. This reporting was subject to an additional instruction in 2021 to better identify and prevent any risks for the Group relating to these operations.

ISO 37001 certification initiatives

In 2020, some zones, notably Latin America - Iberian Peninsula and Central and Eastern Europe, began the process of ISO 37001 certification. This is the international reference standard for anticorruption management systems. All Latin America - Iberian peninsula BUs are now certified. In 2021, the certification continued to be deployed in Central and Eastern Europe. These initiatives reflect the Group's efforts and commitment to prevent and fight against corruption.

Strengthening of the control process for commercial intermediaries

In 2020, the procedure designed to control commercial intermediary positions was updated by clarifying the scope of the text, raising the level of authority required to sign commercial intermediation contracts, tightening the framework governing the terms under which intermediaries are remunerated and improving commercial intermediation contract reporting. In 2021, this process was supplemented with the creation of a purchase category and a specific account heading for commercial intermediaries.

Implementation of the "Management of Conflicts of Interest" procedure

The procedure for identifying, preventing and managing conflicts of interest within the Group underwent a complete overhaul in 2020. It concerns all Veolia personnel but places a particular obligation of high standards and exemplary behaviour on managers and supervisors. This new system represents a minimum standard for the Group's various BUs, but it may be reinforced by country-specific measures based on existing legal obligations and/or best practices.

4.6.4 HUMAN RIGHTS

4.6.4.1 Risks and opportunities

Due to the geographic scope of its activities, the Group is exposed to non-compliance by stakeholders with the principles set out in the Group's human rights policy and notably external stakeholders (subcontractors, suppliers) (see Chapter 2, Section 2.2.2.4 above on regulatory, legal and ethical risks in particular). Veolia therefore implements appropriate due diligence to ensure compliance.

The Veolia Human Rights program seeks to retain the trust of internal and external stakeholders, reinforce appeal and commercial differentiation and protect the Group's reputation. This program naturally forms part of the Group's Purpose.

4.6.4.2 Policy and commitments

Since it joined the United Nations Global Compact in 2003, Veolia has backed and promoted the principles in its sphere of influence, particularly the protection of international law on human rights, the recognition of collective bargaining rights, and the elimination of employment discriminations. Compliance with these fundamental rights and these commitments for sustainable development is naturally part of the human rights policy defined by the Group. Its formal documentation in 2016 led to the creation of the Human Rights and Duty of Care Committee, which is responsible for steering the human rights framework within Veolia (see Section 4.6.2.2 above).

The Group has been working hard for years to uphold the human rights not only of its employees, subcontractors and suppliers, but also of the communities living in the areas where it operates. Veolia's dedication to human rights is reflected in its sustainable development commitments (see Section 4.1.1 above) and its fundamental values and principles set out in its Ethics Guide (see Section 4.6.1.1 above).

The Veolia human rights policy focuses on eight priority issues:

- three issues relating to the rights of the people impacted by its activities:
  - right to a healthy environment and protection of resources,
  - right to water and sanitation,
  - rights and lifestyles of local communities;
- five issues relating to fundamental labour rights:
  - elimination of forced labour,
  - abolition of child labour,
  - elimination of discrimination,
  - promotion of freedom of association and collective bargaining,
  - right to a safe and healthy work environment.

The Human Resources Department and the Compliance Department have pledged to ensure these rights are respected in cooperation with the Group's other functional departments and all entities.

In 2018 the Group began tightening up its compliance procedures and as a result has decided to step up its training efforts by ensuring that employees receive appropriate training on the main compliance risks affecting them.

Specific training sessions on the Anticorruption Code of conduct and anticompetitive practices, the content of which was defined by the Compliance Department, were organized in 2018. These training sessions are mandatory. They are deployed as e-learning courses by the Veolia Campus networks and primarily target the Group's main executives, then an extended group of the "TOP #5000", including people whom it would seem appropriate to train considering their responsibilities and their exposure to these issues. These trainings courses were started in November 2018 and completed during 2019. This training was extended in 2020 to cover an additional level of management. A total of over 32,000 Group employees were therefore trained in 2019 and 2020. In 2021, a new e-learning was launched containing modules on corruption, anticompetitive practices and the duty of care. 25,000 Veolia employees were concerned by this training.

In a broader sense, the Zone Compliance Officers are responsible for defining a compliance training plan specific to each zone at BU level, in close collaboration with the Human Resources Department and based on a risk approach. These training plans seek to train all relevant employees, notably managers and individuals with sensitive roles.

Development and deployment of the Anticorruption Code of conduct

An Anticorruption Code of conduct was adopted by the Executive Committee in 2018. It improves other texts in force within the Company regarding this topic, notably the Ethics Guide and the internal procedure "Preventing criminal risk and corruption".

The Anticorruption Code of conduct describes the principles and actions intended to respect the Group's commitment to ban any form of corruption and similar or equivalent behaviour, and to comply with best practices and regulations in this field.

It applies within all companies controlled directly or indirectly by Veolia, in France and all countries where they operate or are located, regardless of legal status.

All zones and Business Units must deploy the Code in their respective areas. In France and certain countries, the implementation requires the integration of the Code in the internal regulations of the legal entities in question. Within Veolia Environnement, the modified internal regulations entered into force on July 15, 2018. For France, the Anticorruption Code of conduct was presented to the Works Council. Outside France, the Code disclosure and implementation processes depend on local legal requirements.

In 2020, the Anticorruption Code of conduct was presented in sketches illustrating the corruption scenarios presented in the document, in order to help the Group's employees better assimilate the issues at hand. Each situation is supplemented with insights, references to the wording of the Anticorruption Code of conduct and practical advice.

This illustrated guide is an easy-to-share awareness and training tool that complements other initiatives deployed by the Group, such as e-learning modules or resources made available to employees primarily through the Compliance Department's intranet site.

Ongoing "Ethics and compliance" communication initiatives

On December 9, 2020, on International Anticorruption Day, Veolia launched a communication campaign entitled "Ethics & Compliance" to raise awareness of these issues among all the Group's employees over a period of several months. It was disseminated in a variety of ways (videos, messages from management bodies, posters, presentations at team meetings, etc.) in order to reach and involve as many people as possible. This campaign gives concrete expression to the "non-negotiable" ethics and compliance commitments made by the Group within the context of its Purpose and more broadly.

4.6.3.3.5 Control and improve processes

Development project selection procedure

The internal procedure which provides for the referral of "major projects" to the Investment Committee at country/BU, zone or Group level was updated in 2020 to strengthen the role of the compliance department in this process, which involves all levels of the organization, BUs, zones and Group. A new update in 2021 included an appendix in this procedure focusing on methods of performing "compliance" assessments for major projects and the main related third parties.

In order to evaluate all risks associated with a specific geographic area, the Risk Department uses a project evaluation system based on its country risk and opportunity program (see Chapter 2, Section 2.2.2.1 above). This provides a diagnosis on the risks and opportunities of projects by theme, including those linked to compliance (corruption, human rights, etc.).

Furthermore, projects involving countries subject to international sanctions are systematically reviewed by the Compliance Department to ensure not only that the project is compatible with the sanction framework applicable to these countries, but more generally the project's overall compliance in the country in question (see Section 4.6.5.5. below).

Updating of certain accounting procedures

Certain accounting procedures, in particular those relating to the customer-sales process and expense claims, were updated by the Group's Internal Control department in 2020. The new procedure for the reimbursement of expenses now makes direct reference to the main Compliance Department policies and procedures. Meanwhile, the categories of authorized expenses have been brought into line with the requirements of the procedure for gifts and festive invitations.

In 2021, the Group's financial and compliance departments strengthened the control over sensitive transactions by jointly reiterating the need to comply with accounting entries, particularly with respect to commercial intermediaries and sponsorship-patronage.

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This methodology is consistent and integrated with the Group's overall risk mapping process. It is also in line with the best professional practices and recommendations issued by professional associations.

Third party evaluation (suppliers, partners, intermediaries, customers)

Considering the analysis of third party risks, Veolia has chosen to initially prioritize evaluation of top-level suppliers, strategic suppliers and certain, particularly sensitive third parties, such as commercial intermediaries and partners in development projects.

Regarding purchasing, buyers (at all Group levels) are responsible for identifying the strategic suppliers to be evaluated. The prior analysis performed through the risk mapping can be used to identify suppliers to evaluate during the call for tender process and/or through annual campaigns.

The evaluation systems also allow Veolia to measure the CSR performance of its strategic suppliers. This involves a documentary audit performed by an external service provider covering twenty-one criteria across environmental, social (human rights), ethical (corruption) and supplier relation issues. During the last three years, nearly 75% of the Group's strategic suppliers were assessed.

The supplier tender process was reviewed in 2020. For at-risk suppliers, a "compliance/CSR" questionnaire has been introduced and is now mandatory. Where there is a high level of risk, the Compliance Department must step in and decide whether or not to continue the tendering process.

Commercial intermediaries are subject to a specific process, governed by an internal procedure. The Compliance Department is in charge of the process with the support of the Security Department. The contracts regarding these intermediaries are subject to a systematic review. In 2018, an investigation office was created in the Security Department. It is responsible for part of the third-party evaluation process designed to deal with legal, commercial, financial and reputation risks.

Regarding customers, the evaluation system is deployed within the Business Units through the Group Customer-Sales procedure, updated in early 2020. Implementation is delegated to the BUs. When the Group considers contracting with third parties for project development purposes, an assessment of these third parties is performed based on the internal procedure related to "major projects" (see Section 4.6.3.3.5 below).

In 2021, Veolia initiated the roll-out of the software solution it acquired to enhance the Group's ability to assess its many third parties (customers, suppliers, etc.). A pilot phase involving a limited number of BUs was initiated during the year.

4.6.3.3.3 Identify and manage whistleblowing reports

Whistleblowing system

Veolia has had a whistleblowing system since 2004. This general whistleblowing system is noted in the Ethics Guide. Any breach of one of the rules of conduct indicated in this document can be reported to the Ethics Committee *via* a dedicated number, the Committee's email address or any other means.

Furthermore, certain Group entities (notably the US, Canada, the United Kingdom and Germany) have previously implemented a specific financial whistleblowing system, operated by an external supplier.

Compliance with the "Sapin II" law led the Group to adopt a new internal whistleblowing system in 2018, which replaced the specific systems in early 2019, improving guarantees given to whistleblowers and the people targeted by the alerts.

This whistleblowing system is intended to allow the collection of alerts regarding conduct or situations which are contrary to applicable laws and Group policies and rules, notably the Ethics Guide and the Anticorruption Code of conduct. It is important to underline that this whistleblowing system supplements the existing hierarchical alert systems within the Business Units (BU), which continue and are encouraged.

The new system, like its predecessor, is managed by the Ethics Committee. This centralized and secure tool allows whistleblowers to remain anonymous, if they wish. Access to the tool was initially restricted to Group employees but was extended to third parties in early 2020. However, all internal and external parties can still bring their concerns directly before the Ethics Committee, again with the utmost confidentiality.

Any alerts received *via* these various systems that appear to fall within the remit of the Compliance Department are immediately forwarded to it by the Ethics Committee to be dealt with.

In 2021, several internal Group communications were issued on the handling of whistleblowing reports, hierarchical whistleblowing reports and the promotion of whistleblowing among new employees at Veolia.

Fraud reporting

The facilitation and coordination of the fraud prevention system is founded on several components. The "Warning and fraud reporting" mechanism seeks to facilitate the escalation and understanding of fraud patterns, thereby enabling the implementation of necessary protection measures. Cases of fraud identified within the group must be reported. They are broken down into three major categories: "misappropriation of assets", "communication of fraudulent information" and "corruption and unethical behaviour". Since 2020, a Fraud Prevention Committee has been set up within the Group. It brings together all stakeholder departments to continuously improve the fraud prevention process. In 2021, a new online training program on preventing wire transfer fraud was launched for all Group employees.

4.6.4.3.4 Train and raise awareness of our employees and stakeholders

History of anticorruption and fraud prevention training, and competition law compliance training

Veolia has been organizing training in ethics and compliance since 2004. These programs, which are regularly updated and improved, focus on the prevention of anticompetitive practices, criminal risk and fraud. They are delivered both through e-learning tools and face-to-face activities.

As part of the roll-out of its activities, the fight against fraud was entrusted to the Compliance Department in 2019, in conjunction with the Finance Department.

The fight against fraud and fraud prevention mainly concerns: attempted wire transfer fraud, investigations into fraud alerts escalated to the Ethics Committee and organizing reporting on identified frauds, monitoring action plans and communicating an annual summary to the Accounts and Audit Committee.

4.6.3.3 Actions and results

4.6.3.3.1 Define, steer and coordinate compliance programs

Governance and definition of compliance programs

A Compliance Department, reporting directly to the Chairman and Chief Executive Officer, was created in January 2018. It is responsible for the governance of compliance programs regarding notably the topics of corruption, anticompetitive practices, fraud and lobbying (see Section 4.6.2. above).

Governance, steering and coordination of zones and Business Units

The compliance policy reinforcement initiative was accompanied in 2018 by the implementation of a new mission statement for Zone Directors, underlining their compliance responsibilities. Each zone was attributed a Zone Chief Compliance Officer (zCCO), reporting hierarchically to the Zone Director and functionally to the Group Compliance Director. Each zCCO deploys the Group compliance policy and performs her/his duties in accordance with the zone or subsidiary's requirements. The Group compliance network covers all BUs and was consolidated in 2020.

Veolia Ethics and Compliance Committee

To materialize the complementarity between ethics and compliance a new steering committee was created in 2018: the Veolia Ethics and Compliance Committee. Chaired by the Ethics Committee chairman, it brings together the functional departments the most interested in ethics and compliance matters and, especially, the Compliance, Finance, Legal, Human Resources, Internal Audit and Internal Control and Communication departments. The Committee fosters exchanges, the better understanding of ethics topics as well as the coordination of action plans rolled out to materialize the Group's ethics policy.

4.6.3.3.2 Identify and evaluate non-compliance risks

Corruption risk mapping

Since 2017, the Group has been continuously strengthening its compliance systems, based on the results of its specific mapping of corruption risks carried out at Group, zone and Business Unit levels using a common Veolia methodology, which combines internal and external data. The mapping of corruption risks is based on an analysis at Group level ("top-down" approach) and supplemented by risk analyses at zone and Business Unit levels ("bottom-up" approach).

Corruption risk mapping: main stages of implementation and updating

2017	**Audit of existing situation**	• Mapping of systems and best practices in place in the form of an online questionnaire sent to the main internal stakeholders (legal directors, corporate secretaries, risk managers, etc.).
2018	**Corruption risk mapping** at Group level	• Identifying and evaluating the main risk areas, depending on business segments, contracts and internal processes; • inventorying existing systems and determining their level of deployment; • reinforcing the level of control through specific action plans deployed for the Group.
2018 and 2019	**Corruption risk mapping** at Business Unit and zone level	• Developing corruption risk scenarios based on risk areas identified at Group level. These risk analyses are organized with local teams (executives and management) representing the zone or Business Unit, in the form of interviews and workshops; • identifying priority actions to be implemented and monitored in action plans.
2020	**Update of the Group Corruption Risk Map** through consolidation of the Business Unit and zone analyses	• Consolidating corruption risk areas based on the risk scenarios from the Business Unit and zone workshops; • determining the risk profile of each geographic zone and assessing the level of maturity of their control environment.
	Third Party Corruption Risk Mapping	• Updating the map of supplier corruption risks based on the Group's purchasing categories; • structuring a methodological approach in order to map customer corruption risks.
2021	**Ongoing roll-out and updating of corruption risk maps**	• For newly acquired entities; • updating of Business Unit maps.
	Analysis of customer categorization	• Review of at-risk customer typology resulting in the deployment of a matrix used to identify customers that should be assessed by the evaluation system.

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The compliance approach is based around managing or participating in the following Committees:

Veolia Ethics and Compliance Committee	Created in 2018, this Committee brings together the main functional departments involved in the ethics and compliance policy and promotes the necessary coordination in this area. The Committee is chaired by the chairman of the Ethics Committee (see Section 4.6.3.3.1 below).
Sponsorship and Patronage Committee	Chaired by the Group's General Counsel, this Committee examines and approves sponsorship and patronage projects by Veolia Environnement or projects co-funded by several Group entities in France.
Human Rights and Duty of Care Committee	Created in 2016 by the Executive Committee, and chaired by the Group's General Counsel, this Committee steers Veolia's human rights and duty of care policy.
Inside Information Committee	Created following a meeting of the Disclosure Committee in 2016, this Committee rules in particular on the classification of any event or information likely to be classified as inside information pursuant to the Market Abuse Regulation (MAR). It is chaired by the Chief Financial Officer.
Fraud Prevention Committee	Set up in 2020 and chaired by the Chief Compliance Officer, this Committee brings together the departments involved in fraud detection, investigation, implementation of action plans and prevention. It meets twice a year and *ad hoc* meetings are organized when necessary.

4.6.3 PREVENTING CORRUPTION, ANTICOMPETITIVE PRACTICES AND FRAUD

4.6.3.1 Risks and opportunities

Preventing corruption and other unethical business practices is a major issue for the Group and all its employees. The Group must be particularly vigilant regarding these risks (see Chapter 2, Section 2.2.2.4 above on regulatory, legal and ethical risks in particular), mainly due to the nature of its contracts, the investments made and the difficulties unique to certain countries where it operates. Actions by employees, corporate officers or external stakeholders which contravene the principles set out by the Group could expose it to criminal and/or civil penalties as well as harm to its reputation.

Prevention of corruption, anticompetitive practice and fraud programs fosters a culture of transparency and integrity within the Group, thereby working to protect its reputation and retain the trust of internal and external stakeholders. They not only help reduce risk in these areas, but also strengthen the Group's appeal and the uniqueness of its commercial offerings.

4.6.3.2 Policy and commitments

Veolia values, which are set forth in the Ethics Guide, and notably *legal compliance, the Group's internal rules and respect for others*, must guide the individual behaviour of all employees and managers.

The Company's Executive Management is highly committed to preventing and uncovering corruption, as well as preventing anticompetitive practices. Various internal standards have been implemented in this area since 2002 (notably the Ethics Guide, the Competition Law Compliance Guide, the Criminal Risk Prevention Guide, the Anticorruption Code of conduct, the internal whistleblowing *system, the "key" procedures, etc.), specifically aiming to prevent the* risks of corruption and anticompetitive practices. These procedures cover a certain number of the Group's "at risk" activities, such as commercial intermediation, sponsorships and patronages, activities in sensitive countries, etc.

This Group commitment is also reflected by various statements by the Company's Chairman and Chief Executive Officer, underlining the importance of the compliance policy (management seminar, New Year's speech, etc.).

The Group has implemented measures that seek to satisfy the highest international standards, as well as principles and recommendations issued by international bodies, such as the OECD, the World Bank, the United Nations and Transparency International. These measures and procedures cover Veolia Environnement and all of its subsidiaries.

Veolia has also reinforced its approach with ongoing employee training and awareness actions since 2004 (see Section 4.6.3.3.4 below).

In terms of sustainable purchasing, Veolia has reinforced its compliance program: a specific clause on the prevention of corruption is included in new contracts with suppliers and sub-contracts and on contract renewal. Suppliers are required to take recommendations made during evaluations into account, implement corrective action plans if needed, and where applicable, involve their own suppliers and subcontractors (see Section 4.3.2.3.4 above).

This policy is part of the application of Law no. 2016-1691 of December 9, 2016 on transparency and anticorruption and modern business practices (also known as the "Sapin II law").

In this context, the Ethics Committee is responsible for managing the new Group Ethics Whistleblowing tool in force since January 15, 2019 and based on a secure platform enabling whistleblowers to report in over twenty languages. An information campaign informed employees of the launch of this tool and was rolled out in all zones by the Internal Communications Departments. This whistleblowing system was opened to third parties in early 2020.

As in the past, a whistleblower may also refer any matters within his or her remit to the Ethics Committee and in particular any actions considered to represent corruption or influence peddling, using all means available.

While the Ethics Committee does not recommend that whistleblowers remain anonymous, employees and third parties may do so if they wish by using the secure digital platform.

The Ethics Committee will safeguard the rights and interests, not only of the whistleblowers, who it will protect throughout the investigation, but also of the accused parties. The Committee communicates reports that appear within its remit to the Compliance Department and particularly issues covered by the Sapin II law and the corporate duty of care. It can also be assisted by country alert delegates in its investigation.

The Ethics Committee reports annually on its activities to the Veolia Environnement Board of Directors.

4.6.2 COMPLIANCE

4.6.2.1 Strategy and organization

The Group's Legal Department, which was historically responsible for compliance within the Group, transferred a large portion of its duties in this area to the compliance function at the end of 2017. In early 2018, Veolia created a Compliance Department, which reports directly to the Chairman and Chief Executive Officer. It is responsible for identifying and preventing compliance risks as well as compliance with procedures in the following areas:

- combating corruption and influence peddling;
- money laundering and terrorist financing;
- corporate duty of care;
- violations of human rights and fundamental freedoms;
- environmental breaches;
- anticompetitive practices;
- personal data protection;
- conflicts of interest;
- lobbying;
- insider trading;
- fraud.

The Compliance Department is responsible for strengthening the compliance culture within the Group and its relations with third parties to protect it against the risks of Noncompliance. To this end, it uses all the tools at its disposal: standards, procedures, compliance programs, training and awareness campaigns, etc.

Specifically, the Compliance Department supervises the creation, updating and distribution of all standards: the required charters, guides, codes, policies and procedures linked to its compliance programs. It is supported by a network of compliance officers in the zones and countries to provide Business Units (BUs) with support (see Section 4.6.3.3.1 below).

Along with other departments, the Compliance Department is also responsible for detecting cases of noncompliance, handling them appropriately and proposing potential corrective measures so that these events do not occur again.

Its scope covers the entire Group as well as its relations with customers, partners, intermediaries, suppliers and subcontractors.

The governing bodies (Executive Committee, Management Committee) and the Board of Directors of Veolia Environnement are fully involved in the definition and application of the Group's compliance policy. The Compliance Director, who is a member of the Management Committee, regularly attends Executive Committee meetings, and at least once a year attends a meeting of the Accounts and Audit Committee. When needed, he is also consulted by the Board of Directors.

Compliance Department policies must be deployed by each functional department in relation to their respective activities and by all Business Units and zones, with the necessary adaptations at local level, where needed. Zone Compliance Officers are responsible for deploying the Group's policy at zone level.

4.6.2.2 Management

The Group's Compliance Department interacts with the following Group functional departments: Risk & Insurance Department, the Security Department, the Legal Department, the Finance Department and the Internal Audit and Internal Control Department.

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4.6 Ethics and Compliance

Veolia considers ethics and compliance to be inextricably linked; they both contribute to "ethical security".

The Group is therefore attentive to the knowledge, understanding, sharing and compliance by all employees with these values and the resulting rules of conduct and especially those relating to human and social rights and business ethics set forth in international laws and treaties in the 52 countries (1) where it is present. This approach fits naturally with the Group's Purpose, in the same way as consideration of cultural diversity and preserving the environment. The Company makes every effort to promote these issues among all of its stakeholders.

The Groups rolls out ethics and compliance policies aimed at preventing ethical, legal and reputation risks through compliance with applicable standards to ensure the implementation of its values.

4.6.1 ETHICS

4.6.1.1 Ethics Guide

In February 2003, the Company implemented the "Ethics, Commitment and Responsibility" program, which was updated in 2004, 2008, 2011 and 2013, when it was renamed the "Ethics Guide". The most recent version of this Guide, issued in December 2018, includes the presentation of the new Group Ethics Whistleblowing system, implemented in response to the recommendations set out in the Sapin II law of December 9, 2016, the Law of March 27, 2017 on the corporate duty of care, and the GDPR general data protection regulation. This system supplements the whistleblowing mechanism levels implemented in the Business Units.

It is designed as a reference document for the conduct of all Group employees at all management levels and in all countries where the Group operates. The anticorruption Code of conduct is appended.

The Ethics Guide sets out the Group's core values and the resulting rules of conduct that form the foundation of the Group's economic, social and environmental performance:

- **responsibility:** the Group is committed to promoting the harmonious development of territories and improving the living conditions of populations affected by its activities from a public interest perspective, as well as internally, by developing employee skills and improving occupational health and safety;
- **community spirit:** as the Group serves collective and shared interests through its business activities, this value applies to relationships entered into with all stakeholders. Concretely, it involves developing solutions enabling the supply of essential services for everyone and compliance with a Code of conduct for managers to ensure the Group's core values are shared and complied with throughout the world;
- **respect:** guides the individual conduct of all Group employees through compliance with the law and the Group's internal rules and the respect shown to others;
- **innovation:** imagine, create and be audacious in order to develop the environmental services of the future. Veolia has placed research and innovation at the center of its strategy in order to develop sustainable solutions of service to its customers, the environment and society;
- **customer focus:** seek ever greater efficiency and quality in our services, listen to customers and strive to fulfil their technical, economic, environmental and societal expectations through our capacity to provide appropriate and innovative solutions.

4.6.1.2 Ethics Committee

The Ethics Committee has five members appointed by the Executive Committee, who may be employees, former employees or individuals from outside the Company offering the necessary guarantees of independence and expertise. Independent in the conduct of their duties, Committee members cannot receive instructions from Executive Management or be removed during their renewable four-year term of office.

The Committee is responsible for ensuring the proper application of the values set out in Veolia's Ethics Guide, which have been embraced by the Group and all its employees.

In the course of its duties, the Ethics Committee interprets the Ethics Guide taking account of the diversity of companies comprising the Group, the specific nature of their activities and the regulatory, social and legal frameworks in the countries in which they operate.

It is vested with the authority necessary to perform its duties with regard to Veolia Group companies, both in France and abroad. On that basis, it can access any useful documents and hear any Group employee, the auditors and third parties.

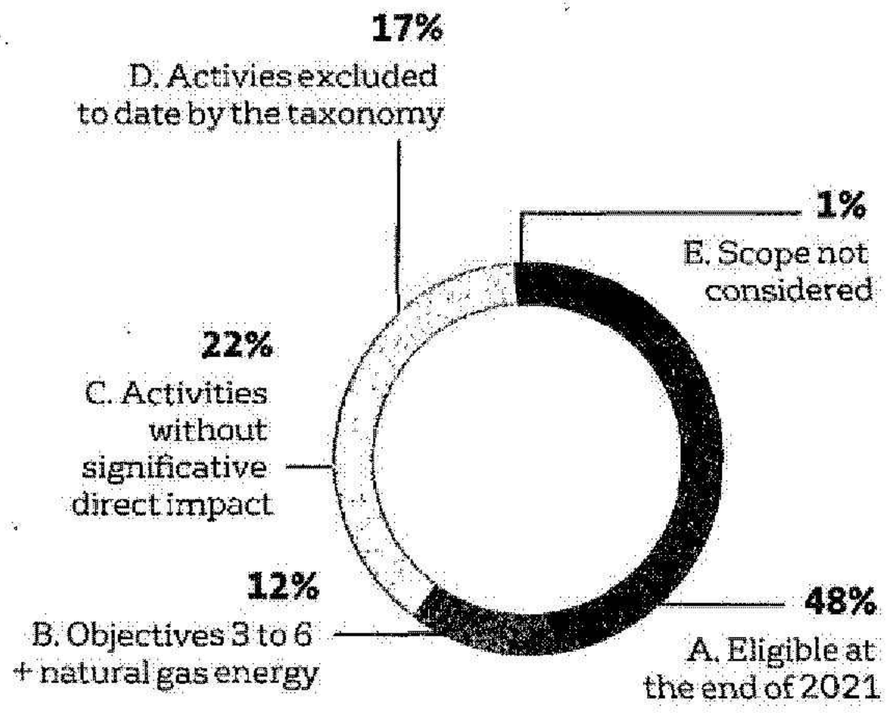
In the conduct of its duties, it can be supported by the Internal Audit Department and all other Group departments which it can ask to intervene on any issues within its remit. It can also call on the services of external experts or visit any Group sites or companies.

Since 2004, any employee who believes there has been a failure to comply with the values and rules of conduct set forth in the Ethics Guide and who believes that informing his or her line manager may cause difficulties or is not satisfied by the latter's response can refer the matter directly to the Ethics Committee.

(1) Countries where Veolia has a permanent establishment, employees and capital employed in excess of €5 million.

4.5.3.3 Breakdown of non-eligible revenue

With the breakdown of revenue presented in Section 4.5.2.2 above:



Scope A.	48.1% of eligible activities detailed in 4.5.3.2 above
Scope B. Work ongoing for objectives 3, 4, 5 and 6 and natural gas according to the text published in February 2022	The additional 12% breaks down roughly into: • 7% for activities clearly considered by the Commission, mostly for the collection and treatment of hazardous waste; • 3.6% for additional activities proposed by Veolia*; • 1.4% of energy produced from natural gas.
Scope C. Other activities with no major direct impact	The 22.4% of this category covers various activities such as work on third party water networks, water and waste operations included in on-site industrial processes, pure commodity or energy purchase/sale transactions, etc.
Scope D. Activities excluded to date by the European Commission	• 7% for nonselective waste collection; • 3% for non-hazardous waste incineration**; • 3% for energy services without performance optimization; • 2% for non-hazardous waste storage; • 2% for coal-based energy production.
Scope E. Non-considered activities	Non-considered activities account for 1.4%, demonstrating Veolia's efforts to conduct a very detailed analysis right from the opening fiscal year.

* *Additional activities proposed by Veolia to the Commission*
- specialized Water and Waste services incorporated by third parties within eligible activities;
- services in the nuclear sector;
- agronomic utilization of wastewater treatment plant sludge;
- treatment of industrial wastewater before discharge into the environment;
- hazardous waste storage;
- conversion of biowaste into food;
- capture and utilization of CO_2 (CCU);
- indoor air quality.

** *Nevertheless, numerous waste treatment participants in Europe consider that the portion of energy recovered from nonrecyclable residual waste should be eligible in line with the development of the circular economy. Veolia supports this position and plans to participate in this debate with the European Commission with regard to objectives 3 to 6.*

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4.5.3.2 Breakdown of eligible revenue, CapEx and OpEx

Veolia's activities contribute to 24 taxonomy-eligible activities

The table below lists these activities whose denomination and numbering are defined in Annex 1 to Commission Delegated Regulation of EU/2021/2139 of June 4, 2021:

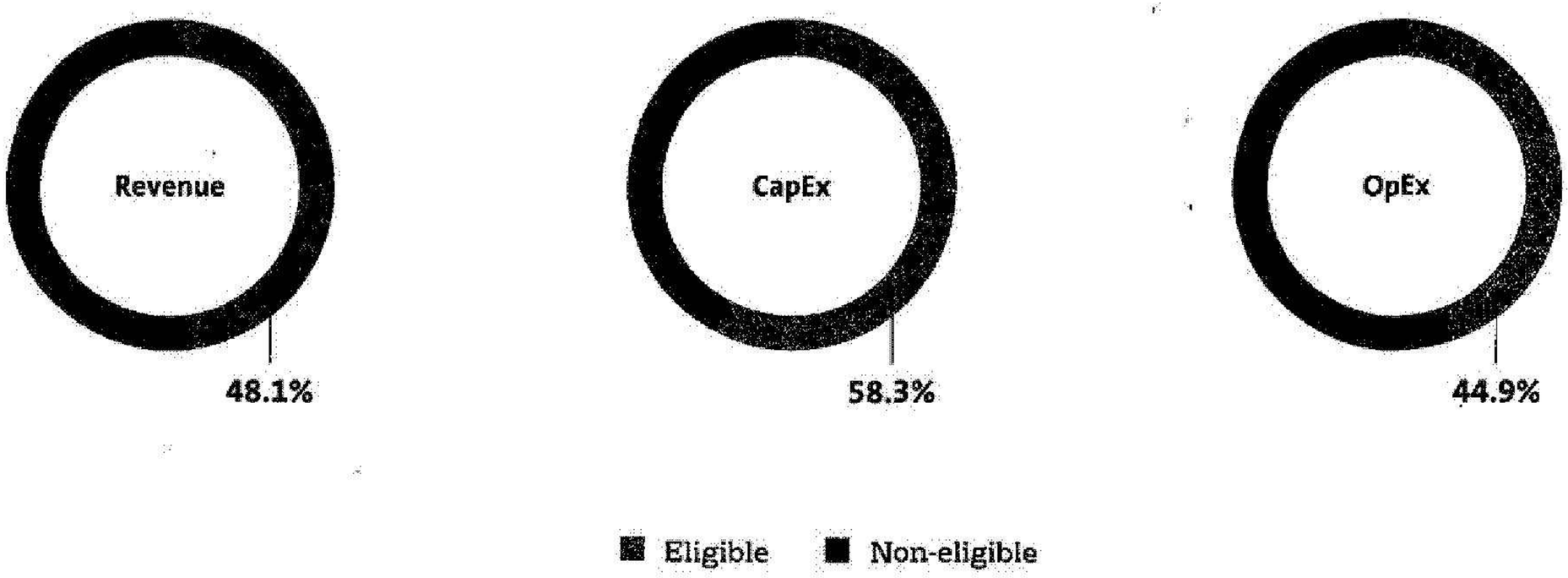
(€ million)		CA	CapEx	OpEx
	WATER ACTIVITIES	**6,074**	**313**	**4,836**
5.1	Construction, extension and operation of water collection, treatment and supply systems	3,213	152	2,728
5.2	Renewal of water collection, treatment and supply systems	15	1	6
5.3	Construction, extension and operation of wastewater collection and treatment	2,842	156	2,103
5.4	Renewal of wastewater collection and treatment	4	3	0
	WASTE ACTIVITIES	**2,976**	**241**	**2,377**
5.5	Collection and transport of non-hazardous waste in source segregated fractions	1,324	71	925
5.6	Anaerobic digestion of sewage sludge	2	0	0
5.7	Anaerobic digestion of separately collected bio-waste	8	0	6
5.8	Composting of separately collected bio-waste	123	12	90
5.9	Material recovery from separately collected non-hazardous waste	1,446	156	1,261
5.10	Landfill gas capture and utilization	72	2	94
	ENERGY ACTIVITIES	**4,671**	**514**	**3,529**
4.8	Electricity generation from bioenergy	70	6	63
4.9	Transmission and distribution of electricity	912	17	804
4.15	District heating/cooling distribution	1,634	323	1,107
4.20	Cogeneration of heat/cool and power from bioenergy	184	92	182
4.24	Production of heat/cool from bioenergy	3	0	3
7.2	Renovation of existing buildings	364	7	299
7.3	Installation, maintenance & repair of energy efficiency equipment			
7.4	Installation, maintenance & repair of charging stations for electric vehicles in buildings	NS	NS	NS
7.5	Installation, maintenance & repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	17	0	13
7.6	Installation, mainten. & repair of renewable energy technologies	35	3	22
8.2	Data driven solutions for GHG emissions reductions	10	1	6
9.3	Professional services related to energy performance of buildings	1,443	64	1,028
	INDIVIDUAL CAPEX		411	
6.5	Transport by motorbikes, passenger cars and light commercial vehicles		206	
7.7	Acquisition and ownership of buildings		205	
TOTAL ELIGIBLE ACTIVITIES		**13,721**	**1,478**	**10,742**
Total Veolia consolidated scope		28,508	2,528	23,906
% ELIGIBLE ACTIVITIES		**48.1%**	**58.3%**	**44.9%**

4.5.2.4.4 Key performance indicator for OpEx

Denominator	• At the start of this closing, the precise OpEx definition to be taken into account was not clarified and the Commission only provided explanations in February 2022. It is also difficult to mark out a clear boundary between the corresponding OpEx due to the strong interconnection between the maintenance and operating processes with regard to Veolia activities. • In light of these factors, Veolia elected to adopt cost of sales for all consolidated entities as total OpEx. • The definition will be adjusted between now and the next closing.
Numerator	• The calculation was limited to the cost of sales of eligible activities. • Individual OpEx, excluding operating activities, relating to the set-up of taxonomy-aligned schemes was not assessed during the initial closing as it was immaterial. • As for revenue, the most relevant allocation keys were used to allocate OpEx, for which the current internal monitoring is not as detailed as the taxonomy breakdown into basic activities.

4.5.3 2021 TAXONOMY RESULTS

4.5.3.1 2021 key performance Indicators



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4.5.2.4 Methods applied to calculate the Key Performance Indicators

4.5.2.4.1 General aspects

Scope considered	• The scope involved is that of Veolia's consolidated entities in its December 31, 2021 financial statements. • The Group's equity-accounted entities are excluded.
Accounting standard	• The analysis was carried out according to IFRS, in accordance with the financial reporting.
Currency	• Figures are expressed in millions of euros, by applying to local currencies the same conversion rate as in the financial closing.

4.5.2.4.2 Key performance indicator for revenue

Denominator	• The total revenue recognized for the denominator is equivalent to the consolidated revenue in the financial report. • Revenue collected on behalf of third parties is not taken into account
Numerator	3 successive steps were taken for the *BUs* to calculate the numerator:
1. Break down contracts into basic lines of taxonomy-eligible or taxonomy-non-eligible activities	• The reasoning for this first-time publication was applied at basic level, *i.e.* contracts and contract sub-sections for multi-activity contracts. Although not strictly required for eligibility calculations, the process needed to calculate alignment KPI within one year could therefore be set up. • This identified basic lines of activity, corresponding for the same contract to the various activities performed, some of which *are taxonomy-eligible and others not (NB: for certain BUs, whose activities all fall outside the eligible scope, this resulted* in a zero contribution, e.g. SARPI which processes hazardous waste and whose eligibility is being analyzed with respect to environmental objectives 3 to 6) • For this first fiscal year, the eligibility analysis focused on objective 1 "climate change mitigation", for two reasons: • to avoid double counting, • to take into account the objective with the most direct impact.
2. Allocate revenue to the basic lines of activity	• The Group consolidated revenue was allocated at basic level to the various aforementioned activities. • In certain cases, the allocation of total revenue to basic activities required the use of a physical or financial allocation key selected for its availability and relevance. For example, in the case of collection, tonnages were used to separate taxonomy-eligible selective collection and mixed collection. For water concessions that do not distinguish between drinking water and wastewater in their revenue, OpEx was used to allocate revenue to basic taxonomy-related activities. • *Accordingly, all Group consolidated revenue was allocated with no double counts to eligible or noneligible basic activities.*
3. Calculate the KPI for revenue	• The percentage of eligible revenue is calculated using the ratio of total taxonomy-eligible revenue to Group total consolidated revenue.

4.5.2.4.3 Key performance indicator for CapEx

Denominator	• The denominator comprises new tangible and intangible assets and property, for the year in question before depreciation and amortization and including right-of-use assets pursuant to IFRS 16. It also includes new tangible and intangible assets and property, from business mergers.
Numerator	• According to the taxonomy, Capex shall take into account: (a) CapEx relating to eligible activities, (b) transformation CapEx relating to: the transformation of non-eligible or eligible non-aligned activities into aligned activities or the creation of new aligned activities, (c) individual CapEx, excluding eligible operating activity, for the set-up of taxonomy-aligned schemes, such as the roll-out *of energy efficiency schemes for tertiary buildings.* • Type (b) CapEx will be analyzed for the next 2022 closing, which will take into account alignment criteria. • For this first-time publication, the type (c) CapEx taken into account relates to vehicles and real estate, with no application of alignment technical criteria. • As for revenue, the most relevant allocation keys were used to allocate CapEx, for which the current internal monitoring is not as detailed as the taxonomy breakdown into basic activities.

4.5.2 ORGANIZATION AND PRINCIPLES APPLIED

4.5.2.1 An organization to deploy the taxonomy

Under the impetus of its Executive Committee, Veolia took measures at the end of 2020 to be able to provide the required information as reliably as possible:

- **by anticipating as much as possible**, based on the draft regulations and then on the final texts;
- **defining an internal organization and a specific process** to cross analyze available financial and technical information, according to the lines of action newly defined by the taxonomy regulation;
- for the Group's global scope of consolidated entities.

This approach mobilized Veolia's financial and technical teams both at headquarters and in each BU to precisely define how to apply the Delegated Regulations to Veolia's activities.

4.5.2.2 More detailed information beyond the mandatory scope

The mandatory taxonomy-related information required for the year ended December 31, 2021 only covers eligible activities compared to the two climate objectives and excludes the additional texts on natural gas. This information only reflects a portion of the Group's environmental contributions as the latter actively contributes to all six environmental objectives defined by the EU.

Veolia has elected to provide a voluntary insight into noneligible revenue to complete the information covering the sole eligible scope.

With reference to the regulatory framework (see Section 4.5.1.2 above), the entire activity was classified for this first taxonomy year according to four additional scopes while avoiding double counts:

Definition of scopes

A. Eligible activities to date	A. Eligible activities under objectives #1 and #2 excluding natural gas: mandatory scope for the first taxonomy-related publication
B. Expected → natural gas additional texts and → Environmental objectives 3, 4, 5 and 6	B.1 New* activities under review with respect to objectives 3 to 6, according to the document from the public consultation conducted by the Commission in Q3 2021 B.2 Activities completing list B.1 above, according to the proposed additional texts submitted to the Commission by Veolia, as part of its response to the public consultation B.3 Energy production activities from natural gas according to the Delegated Regulation of February 2, 2022
C. With no major direct impact	C. Other activities with little direct impact for the environment and considered to date as falling outside the green taxonomy
D. Activities excluded to date by the European Commission	D. Veolia identified within its business portfolio: coal-based energy production, non-selective waste collection, non-hazardous waste storage, non-hazardous waste incineration, energy services for buildings without search for energy performance.
E. Not considered	E. Activities that are too minor to have been considered in detail during this first year

* *Several activities from list A feature in the activities studied in relation to objectives 3 to 6. Only supplementary activities are included in list B to avoid double counts.*

4.5.2.3 An initial taxonomy-related reporting focused on eligibility

The mandatory reporting for fiscal 2021 covers the scope of eligible activities, excluding the measurement of their alignment which is forecast for the next 2022 closing.

Veolia has elected to only focus on eligibility and not to publish in advance information on the alignment of its activities:

- there are numerous criteria and their deployment within the very short allotted timeframe would not result in reliable alignment information;
- a process initiated in 2021 is under way so as to disclose this information at the end of 2022.

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4.5.1.2 Regulatory framework

The main texts that have been published or are being drafted are as follows:

Transversal aspects of the taxonomy	**The general framework is set by Regulation EU/2020/852 of June 18, 2020;** in application, Commission Delegated Regulations are needed to provide the necessary clarifications: see below.		
	Mandatory publications are defined in Commission Delegated Regulation EU/2021/2178 of July 6, 2021, supplementing Regulation EU/2020/852 by specifying the content and build-up of annual mandatory taxonomy publications.		
	Commission Delegated Regulations define for each different environmental objective **eligible activities** and **alignment technical criteria.**		
Taxonomy mechanism specific to each environmental objective: eligible activities and alignment technical criteria	**Objectives 1 and 2 excluding natural gas and nuclear energy:** Commission Delegated Regulation EU/2021/2139 of June 4, 2021, published in an incomplete format by the Commission pending an additional text on natural gas and nuclear energy.	**Objectives 1 and 2 for natural gas and nuclear energy:** Commission Delegated Regulation of February 2, 2022 applicable in principle at the end of 2022.	**Objectives 3, 4, 5, 6:** Delegated regulation under preparation*
	Texts applicable to the 2021 taxonomy closing.		

* *This preparation gave rise to an initial public consultation by the Commission in Q3 2021, which enabled Veolia to:*
- *contribute to the debate on activities considered as eligible under these four other environmental objectives, and the definition of the corresponding technical criteria;*
- *and submit to the Commission an additional list of relevant eligible activities.*

4.5.1.3 Mandatory publications

Commission Delegated Regulation EU/2021/2178 of July 6, 2021 supplements Regulation EU/2020/852 by specifying the mandatory publications of taxonomy-related information in the non-financial performance statement:

- taxonomy-related **Key Performance Indicators (KPI),** their calculation methods and related contextual information to be disclosed;
- build-up of mandatory publications for the initial years.

The KPIs cover three areas:

- Revenue;
- Capital Expenditure (CapEx);
- Operating Expenditure (OpEx).

For each of these areas, the KPIs distinguish between the various statuses and are presented as a percentage in relation to the Veolia Group total for the period in question:

1/ sustainable status, *i.e.* eligible and aligned;

2/ eligible but non-aligned status;

3/ non-eligible status.

The build-up of mandatory taxonomy-related publications for the Company breaks down into stages:

1	**For this initial publication for the year ended December 31, 2021**, the requirement is limited to the publication of eligibility KPIs relating to the Climate objectives and excluding the nuclear energy and natural gas additional texts, according to Commission Delegated Regulation EU/2021/2139 of June 4, 2021.
2	*The alignment criteria will be applied for the first time to activities according to climate objectives* **at the next closing for the year ended December 31**, 2022, with a full calculation of KPIs including percentages of sustainable activities.
3	**As of 2024 for the year ended December 31, 2023 and provided the Delegated Regulation on objectives 3, 4, 5 and 6 referred to in Section 4.5.1.2** above **has been published and is applicable,** the annual taxonomy publication will cover the calculation of eligibility and alignment KPIs taking into account all six environmental objectives.

4.5 Taxonomy

As a company which must disclose non-financial information pursuant to Article 29b of directive 2013/34/EU, in this section Veolia meets the new reporting requirement as of fiscal 2021 according to the principles of the European Green Taxonomy.

4.5.1 EUROPEAN TAXONOMY GENERAL FRAMEWORK

4.5.1.1 Taxonomy general principles

The European "Taxonomy" Regulation EU/2020/852 of June 18, 2020 forms part of the sustainable finance policy rolled out by the European Union (EU). It defines a framework to facilitate sustainable investment through improved disclosure by financial market participants.

The sustainability of company activities is assessed in relation to six environmental objectives, which are considered in two phases:

Phase 1 objectives (climate)	Phase 2 objectives (other than climate)
1. Climate change mitigation 2. Climate change adaptation	3. Sustainable use and protection of water and marine resources 4. Transition to a circular economy 5. Pollution prevention and control 6. Protection and restoration of biodiversity and ecosystems

For each of these objectives, the taxonomy bases the notion of sustainability on best practices that contribute to ecological transformation. To be considered as sustainable, an activity must be eligible and aligned:

Eligible	**A. Feature in the list of activities that are likely to be sustainable by contributing substantially to at least one of the six environmental objectives: these are the "eligible" activities**
Aligned	**B. Comply with the alignment criteria related to the activity:** • **B1. Contribute substantially to the environmental objective in question;** • **B2. Do no significant harm to the other 5;** • **B3. Respect minimum social conditions: to be exercised in compliance with human rights and labour rights, pursuant to the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights, including the principles and rights set out in the eight fundamental conventions identified in the Declaration of the International Labour Organization on Fundamental Principles and Rights at Work and the International Bill of Human Rights.**

Concerning point B3. above, Veolia complies with the minimal conditions due to its pre-existing compliance, risk and human resources management systems (see Sections 4.4.3.2, 4.4.4.4 and 4.6.4), bearing in mind that according to current information the taxonomy requirement covers Veolia's internal scope and does not include the upstream (suppliers) and downstream (customers) scopes.

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The fight against prejudice and unconscious bias

In the United Kingdom, all members of Veolia's Executive Committee received prejudice and unconscious bias training in 2020. The training course covered the types of prejudices that executives may face at work and how to reduce them.

This training course was also given to 80 executives who report to the members of this Executive Committee.

In 2021, a customized online prejudice and unconscious bias training course was also distributed to all managers. Completion rates will be reviewed monthly from February 2022. This training course focuses on types of prejudice, real-life scenarios and ways to reduce prejudice.

Supporting the most vulnerable employees

Wherever the Group operates, Veolia encourages outreach activities to help the most vulnerable employees.

A partnership was signed between Société d'Exploitation des Eaux-Veolia Vendée, Michelin and the temporary employment agency Adecco to support Michelin employees in their retraining following the closure of their production site. They were offered a training program to prepare for the job of multidisciplinary water agent.

Veolia in Korea has set up a project to recruit North Korean refugees to help them integrate into South Korean society through stable employment. The initiative involves two Waste Solution sites in South Korea. North Korean refugees in this country are not given time-limited work permits unlike other foreign workers.

Veolia in Colombia has set up a pilot program to provide employment opportunities for combatants, with the support of a government agency in the country. Former combatants have long been excluded from the labour market and viewed with suspicion. This project enables them to reintegrate into civilian life in the long term.

Lotus is a Veolia Campus integration project (in France), carried out with Humando, that supports refugees into employment, to enable them to gain the independence they need to integrate into society. A work-study program was created, in partnership with Waste Solutions in Île-de-France, to prepare for the job of waste management and recovery agent.

Veolia has been mindful of disability issues for many years, and deploys actions in different countries where the Group operates.

Several working groups have been formed to promote the Manifesto's ten commitments. Veolia is part of the working group looking at commitments one and two of the Manifesto:

- welcome students with disabilities into companies, from the 9th grade onwards, to enable them to clearly imagine a professional future and tailor their studies;
- give students with disabilities access to the world of business, *via* apprenticeships, work-study contracts and internships in companies.

The aim is to bring the worlds of education and business closer, raise awareness about disability and demonstrate that it is not a taboo at work or a barrier to employment.

To this end, Veolia entities in France are invited to speak at round tables, stands and other events to discuss the Group's Disability policy and the opportunities available in the company for people with disabilities.

Additionally, several Group entities in different countries have implemented action plans and deployed awareness campaigns to better acknowledge people with disabilities, in accordance with the legal framework in each country.

In France, as part of the Employment of People with Disabilities Week, in November 2021, the Disability Unit of the entities based at the administrative headquarters in Aubervilliers organized an awareness raising event for employees in the form of a serious game where one character has a disability. A remote conference about "dys" conditions was also organized.

Veolia Water in France signed a 5th disability agreement in 2021.

The Waste Solutions Business Unit in France designed an escape game to raise awareness of invisible disabilities among employees. Gaming is a fun way for employees to learn more and to strengthen assimilation of the messages. To date, 250 employees have received awareness training *via* this initiative.

Siram, in Italy, pursues an active disability policy, recruiting 23 new people with disabilities in 2021. These new hires were taken on thanks to agreements with national employment agencies that oversee hiring procedures and assist in the recruitment of people with disabilities.

Development of inter-generational relations

In 2021, 21.4% (√) of the Group's workforce were seniors (over the age of 55) and 13.5% (√) were young (under the age of 30). Veolia encourages its employees to profit from the knowledge of experienced seniors, as well as the latest professional skills and aptitudes of its young recruits. Veolia maintains the balance between seniors and young people through internal recruiting, mentoring, training, etc.

On the renewal of the generation contract in France, the Human Resources Department developed an e-learning course in collaboration with the Campus in 2018 entitled "Acting as a mentor for young people *via* a generation contract". This e-learning for mentors should allow them to understand the generation contract and its objectives, particularly at Veolia: measuring the complexity of the environments which a young person joins, indicating the role and duties of the mentor and finally preparing, formalizing and tracking the young person's on-boarding and integration process.

Interculturality and religious diversity

Veolia has pledged to integrate and respect cultural differences (origin, language, nationality, etc.) within the Group's organization and operations.

In France, specifications covering managerial best practices for religious issues were rolled out in 2017 for oversight purposes and to assist human resources managers likely to face this type of situation.

Veolia in the United States has been committed for several years to the Diversity & Inclusion program, which aims to clarify human resources management practices and processes to ensure unbiased and non-discriminatory practices for employees. This program reflects a strong desire for cultural change, in a context motivated by the Black Lives Matter demonstrations.

Veolia in Australia has rolled out the Reconciliation Action Plan (RAP) with local indigenous communities. This aims to facilitate cultural and social change, to reduce inequalities in practice and to combat all forms of discrimination, in particular to fight racism. The program focuses on four pillars: education, employment, community and business development. The main features of the project are partnerships with recruitment agencies, training, education and culture. Within the framework of this plan, Veolia has committed to an Aboriginal and Torres Strait Islander peoples employment rate of 3%.

Recruit without discrimination

In 2020, a "Recruit without Discriminating" guide was developed for Veolia recruiters and managers in France, setting out the legislative framework and providing concrete solutions to avoid any risk of discrimination in recruitment. A digital version of this guide is available, supplemented by an e-learning course, "Recruit without discriminating". In 2021, 253 employees at Veolia in France took part in this training. This system is accompanied by a partnership with the *À Compétences Égales* association which was renewed for 2022 and provides Veolia recruiters with access to best practices in other companies and legal advice and allows them to participate in discussion workshops on this issue.

A self-assessment approach to non-discriminatory recruitment practices was introduced in September 2021 with a panel of new employees from the Waste Solutions Business Units, SADE, Veolia Water in France, Veolia Environnement and Veolia Water Technologies. 1,176 responses were recorded. Two topics were addressed: job interviews and the integration process. The results obtained will enable the entities concerned to put in place corrective actions and to have a collective discussion about non-discriminatory recruitment.

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Diversity within the Group

	2018	2019	2020	2021
Proportion of women in the workforce (V)	21.04%	21.1%	21.4%	21.7%
Proportion of women managers (V)	26.5%	27.3%	28.3%	29%
Proportion of women managers on permanent contracts recruited externally	30.8%	32.8%	30.9%	33%
Proportion of women in senior management (Group's Top 500 senior executives)	16.62%	18.2%	21%	22.15%
Proportion of women on the Veolia Environnement Board of Directors	46%	45%	45%	50%(1)

(1) Excluding Directors representing employees pursuant to Articles L.225-27 and L.22-10-7 of the French Commercial Code.

Since 2020, 30.4% of women were appointed among top executives (Group's Top 500 Executives).

Several initiatives promoting gender equality in the workplace have been rolled out in the various countries where the Group operates:

- the WEDO network: Veolia's internal gender equality network launched in 2016, bringing together Veolia's men and women who wish to promote gender equality within the Group. At the end of 2021, this network, sponsored by Estelle Brachlianoff, Chief Operating Officer, included more than 3,000 employees from some 50 countries. It is facilitated by 25 local networks across five continents, responsible for discussing and implementing local action plans; six (How do WEDO) meetings were organized in 2021 (a dozen since 2020) to ensure that best practices and discussions about gender equality continue to be shared. In addition, in 2021 four WEDO talks were held for members of the network. The themes covered work-life balance, combating stereotypes and gender relations;
- a development program entitled "Women In Leadership" launched by Veolia in North America and progressively rolled-out in other geographic zones: Europe (France, United Kingdom, Ireland, Germany, Spain, Belgium), Africa (Morocco), Latin America, Asia/Oceania and the Middle East. This 7-month coaching program seeks to create development opportunities for women managers in the organization. It coached 42 women in four French-speaking countries in 2021. This program alternates between group and individual sessions, face-to-face and remote. Digital coaching and remote workshops are flexible and guaranteed to have an impact. They maximize interaction by organizing regular meetings between participants and their managers, who also benefit from the program. The success of WIL is demonstrated by its high satisfaction rate. In 2021, the program achieved a Net Promoter Score (NPS) of nearly 80% from participants;
- in line with its commitment to combat workplace sexism signed in France in 2016 by Mr. Jean-Marie Lambert, the Group Human Resources Director, an online module to raise awareness and combat everyday sexism was launched in September 2020 with a pilot group of 1,000 people in France. Over 90% of users recommend this module, making it an efficient tool for better understanding and managing sexism at work. This module supplements the awareness actions already conducted within several Veolia entities;
- for the male/female professional equality index that companies with over 50 employees in France are required to publish, the results of Veolia entities in France published in March 2021 are mostly above 75/100 (legal minimum), with an overall index at 90/100. This result reflects Veolia's efforts over many years to create appealing and adapted conditions to allow women to reach the same level of pay and career opportunities as men.

Employment and social integration of people with disabilities

At the end of 2021, 2.4%(1) of Veolia employees worldwide had disabilities, *i.e.* 3,400 employees. In France, this rate was 3.9%(2) and €11 million was spent in the protected workers sector. Veolia wishes to change people's perceptions of disability and the ways it is represented. It also seeks to accompany people with disabilities and their integration. Veolia's action strategies are as follows:

- raise the awareness of Group employees regarding disability;
- strengthen job protection for people with disabilities and accompany them so that their disability is recognized;
- support the ergonomic adaptation of workstations;
- encourage recruitment and support employers of the protected workers sector (ESAT in France).

On November 18, 2019, Veolia signed the "Manifesto for the inclusion of people with disabilities in economic life", a charter of operational commitments already ratified by 130 companies in France to:

- offer an improved welcome to disabled students (internships, work-study contracts);
- combat stereotypes and discrimination;
- develop digital access to workstations;
- support Adapted businesses and Specialized work-based assistance institutions (ESAT);
- include human resources criteria relating to disability in calls for bids.

(1) Number of employees with declared disabilities compared to the total workforce as of 12/31 in countries where it is possible to declare disability.
(2) Number of employees with declared disabilities compared to the total workforce as of 12/31 in France.

Gender equality

To attract talented people and ensure women are present at all levels of the Group and in all its businesses, the Group has drawn up an action plan focusing on gender equality in the workplace so as to:

- develop gender equality in its jobs and operations;
- increase the number of women in the Group's executive bodies and management;
- promote gender equality in employee representative bodies.

To encourage diversity and gender equality in the workplace, Veolia has set itself quantified objectives:

- women to make up more than 40% of the Veolia Environnement Board of Directors;
- women to make up 30% of managers in 2023;
- 35% of women managers recruited on permanent contracts every year;
- 25% of women in the Group's Top 500 senior executives in 2023;
- 50% of women appointed among the Group's Top 500 Executives between 2020 and 2023.

In February 2021, the Group Human Resources Department set out the framework for an action plan for each Group entity to achieve the objectives of increasing the number of women in management in accordance with the Impact 2023 strategic plan. The objective is to continue and step up existing actions or launch new actions with regard to:

- recruitment (inclusive recruitment process and youth talent policy, creation of a pool of women executives);
- identification (executive succession plan including at least one woman for each executive, 50% of women in high-potential people reviews by 2023);
- development (include 40% of women in the Veolia Excellence program and the leadership seminar, develop mentoring by senior executives for high potential women executives).

Support for the United Nations LGBTI standards of conduct for business

In accordance with its CSR commitments, its human rights policy and its adherence to the Global Compact, Veolia supports the United Nations standards of conduct for business regarding combating discrimination against the lesbian, gay, bisexual, transgender and intersex community. These five standards were developed by the United Nations High Commissioner for Human Rights.

A commitment to inclusive growth

At the launch of "Business for Inclusive Growth" in August 2019, an initiative coordinated by the OECD for inclusive growth, Antoine Frérot reiterated the entire Group's commitment to inclusive growth. Mindful of the fact that inequalities are reaching record levels, a coalition of 34 major international companies (including Veolia) pledged to implement specific actions to advance human rights throughout their value chains, to create inclusive working environments and reinforce inclusion within their internal and external ecosystems. This initiative will extend and supplement the efforts deployed by G7 countries to promote equal opportunities, resolve regional disparities and combat gender discrimination.

4.4.5.3.2 Actions and results

Roll-out of diversity and inclusion commitments

Numerous actions have been taken to promote Group diversity and are notably highlighted *via* the Human Resources Initiatives process. In 2021, 50 entities contributed to collecting human resources initiatives, with close to 280 projects identified. Nearly one hundred were presented in the category of social responsibility, diversity and cohesion; 27 of these are highlighted in the HR best practices booklet, which is available in both digital and paper versions. The prize in this category was awarded to Morocco (Redal) for an initiative to work with young disadvantaged female students to support them in their academic and professional careers. Online debates (HR&co) are regularly organized with the entire HR community to promote and accompany the process of duplicating best practice (Copy&Adapt), with the aim of making these practices more visible and encouraging them to be copied. In March 2021, an HR&Co debate focused more specifically on the subject of diversity.

In 2021, on International Women's Rights Day, the Human Resources Department launched the Yes WEDO Week at Veolia, an entire week dedicated to promoting diversity wherever Veolia operates. Some thirty entities, *via* human resources and the local WEDO diversity networks, organized over a hundred events.

Long-term partnerships

The Group is a partner and/or a member of various organizations that promote diversity and equal opportunity, notably the UN Global Compact.

In June 2016, Veolia partnered with the *Elles Bougent* ("Women on the Move") association, which organizes on-site meetings between female students and women sponsors, Veolia female engineers or technicians or representatives, Veolia male engineers or technicians. The accounts of these professionals on the reality of their career paths aim at demonstrating that technical jobs are open to young girls. This partnership extends the actions deployed by the Group's Relations with Schools and Universities Department.

As part of this partnership, in 2021, Veolia took part in a forum with female students about jobs at Veolia and the *Elles Bougent pour l'Orientation* (Women on the Move for career guidance) venture, in which ten or so sponsors and representatives discussed their jobs and careers with the high school students. Veolia has also partnered with the French Association of Diversity Managers (AFMD) and the *À Compétences Égales* association.

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4.4.5.3 Promotion of professional equality, diversity and inclusion, and the fight against discrimination

4.4.5.3.1 Policy and commitments

As part of its Purpose and the Impact 2023 strategic program, Veolia gave commitments in favour of its employees with a 2023 target (see Chapter 4, Section 4.1.1 above). These commitments comprise several objectives, including diversity.

Commitment	Objective	SDG	Indicator - definition	2020 Results	2021 Results	2023 Target
Give meaning to our employees' work and help them with career development and engagement	**Diversity**	5 GENDER EQUALITY	• Proportion of women appointed within Veolia's top 500 senior executives from 2020 to 2023	28.3%	30.4%	50%
Sponsor		Jean-Marie Lambert		Member of the Executive Committee, Group Human Resources Director		

Diversity policy and inclusion

Diversity is an integral part of sustainable development commitments. The Group undertakes to guarantee that diversity and fundamental human and social rights are respected within the Company.

Diversity is an equity, performance, appeal and credibility issue for the Group. To encourage diversity, Veolia implemented a policy several years ago founded on the belief that all employees should share the values of respect and solidarity.

In the 2020-2023 Diversity & Inclusion letter of undertaking signed in 2020 by the Group Human Resources Director, Veolia confirms its desire for an increasingly diverse and inclusive company that guarantees respect, equity and individual social advancement.

This letter recaps three Group priorities:

- guarantee fair and non-discriminatory HR practices, from induction until the end of careers, for all employee categories;
- guarantee non-discriminatory access to employment in Veolia (age, origin, disability, gender, sexual orientation, religion, etc.);
- guarantee the advancement of social dialogue and employee freedom of speech.

It underlines that the Group is particularly committed to:

- continuing implementation of actions plans promoting diversity and gender equality (development of local WEDO networks/salary and career equality between men and women);
- developing and/or creating inclusion programs for people with disabilities;
- developing and/or creating LGBTI inclusion programs in line with Veolia's support for the UN recommendations issued in this regard to companies;
- developing and/or creating social inclusion and advancement action plans.

In accordance with applicable local laws and regulations, Veolia will not permit, practice or support any type of discrimination based on age, medical condition, sex, gender identity, sexual orientation, pregnancy, disability, ethnic origin, religion, political opinions, philosophical opinions, family status, morals, family name, trade union activities, place of residence, vulnerability resulting from their economic situation, migrant status, belonging or not belonging, in reality or presumed, to an ethnic group, a nation or so-called race. This list of examples of discrimination was drawn up for the sake of clarity and is not exhaustive.

The diversity and inclusion policy is supported by a global network of officers whose duties are to:

- implement commitments with regards to local issues;
- establish diagnoses and action plans adapted to contexts;
- measure results;
- promote innovative actions which support Veolia values.

To measure the impact of its diversity actions, Veolia monitors several indicators:

- gender equality: the employment rate for women, the percentage of women managers, the percentage of women in management recruitment, the percentage of women executives, and the percentage of women on Group company Boards of Directors, including the Veolia Environnement Board;
- disability: the employment rate for employees with disabilities;
- seniors: the employment rate for employees over the age of 55;
- young people: the employment rate for employees under the age of 30.

Weekly meetings attended by the Group's trade union representatives, the Works Council secretaries and the Director representing employees in France are recommenced according to the evolving health crisis and regular reports continue to be made to Group French and Europe Works Council plenary and board meetings.

All social dialogue and Group bodies (Group French and Europe Works Council plenary and board meetings) continued to primarily meet digitally in 2021 and, in addition to monitoring the health crisis, considered the Impact 2023 strategy implementation dossiers and the Suez acquisition project, examining the related information, consultations and viewpoints.

Dialog regarding the Suez acquisition project

The members of the Group French and European Works Councils were informed and consulted through discussions at every stage of the Veolia-Suez merger project. Five extraordinary plenary meetings for each of these bodies have been held since September 2020. The latest information shared with the members of the Group French and European Works Councils concerned competition authority processes and their decisions, including those of the European Commission and the CMA in the United Kingdom. The next steps involve information from the staff representative bodies concerned about the business divestiture processes affected by the remedies requested by the European Commission and respecting the corresponding social commitment clauses.

The management and the social partners, with the help of experts from the Group French and European Works Councils, in a highly mediatized context, devoted the necessary time and training, above and beyond social dialogue procedures, to understanding the challenges, developments and consequences of this extensive transformation project and its economic, social and environmental dimensions.

Training of trade union partners

Training employee representatives in the performance of their duties is key to high quality social dialogue on the Group's economic and human resources issues. Training representatives also recognizes the importance of Group employees and their representatives as key internal stakeholders. Members of the Group European Works Council have therefore received training since 2010 to more broadly address the cultural diversity of trade unions and the plurality of Veolia's businesses and their challenges.

As part of the implementation of a European letter of undertaking signed on May 30, 2018, members of the Group European Works Council received training in 2019 entitled "How to implement the European letter of undertaking on support for changes in jobs and skills" to allow them to share existing national practices in the matter, prepare to circulate and support the letter of undertaking within social dialogue spaces in each country and anticipate work on prioritizing the commitments.

In 2021, the members of the Group French Works Council undertook, under the new mandate, online training aimed, firstly, at improving understanding between the members of the Committee, and thus facilitating discussions and collaboration, and secondly, helping them take ownership of their role as representatives of European employees.

Under the 2010 Group France agreement, reviewed in 2020, trade union seminars were set up by each organization in order to improve their structure and define the priorities of the Group's employee policy. These seminars are renewed each year and are the subject of an open dialogue session with Group human resources management. The new agreement on the quality and development of social dialogue signed in 2020 also includes a general system for union career management and to support representatives at the end of their mandates.

Training sessions on social dialogue and collective bargaining may also be implemented under this social dialogue agreement. In 2020, Veolia in France is the first company to partner with Afpa (national agency for adult vocational training) to support employee representatives in their skills certification process.

Adherence to the Global Deal

In keeping with its social dialogue commitments, Veolia has adhered to the Global Deal.

The Global Deal is a platform created by the Swedish government, publicized by the French Ministry of Labour and developed with the ILO and OECD, partners and founders of the Swedish initiative. It aims to tackle the challenges of a global economy and labour market by reinforcing a balanced and responsible approach through social dialogue.

The Global Deal brings together a wide range of stakeholders: governments, companies, unions and other organizations at national, local and global level.

Adherence relates to three key areas: a voluntary commitment, sharing knowledge to create open and responsible social dialogue, and sharing best practices between Global Deal stakeholders. Veolia's commitments and initiatives, as well as its monitoring and evaluation of social dialogue initiatives, were mentioned in the "Global Deal flagship reports" published jointly by the OECD and the International Labour Organization. This publication explains how social dialogue is a response to current challenges in the labour market and global economy.

Veolia participates actively in Global Deal France working groups, notably on the future of work and changes to skills. Veolia's skills-based international social dialogue experience was presented in 2019 in the publication "Global Deal members commit to the G7 Social" and more recently in 2021 upon the creation of a social dialogue quality index, currently being validated by the Global Deal bodies and its ILO and the OECD partners.

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Breakdown of issues covered by signed agreements at global level

Compensation and benefits	Health and safety or working conditions	Organization of working time	Social dialogue	Skills development	Other
34.6%	10.7%	35.2%	7%	4.8%	7.7%

These agreements have been signed in 43 countries where Veolia operates. The five main countries are France, Japan, Germany, Poland and Czech Republic.

At the end of 2021, there were 7,426 employee representatives worldwide.

There were 54 strikes in 2021, representing 0.01% of the total number of days worked.

Group France agreements and commitments given by the Group European Works Council

Pursuant to the employment protection law, two directors representing employees were appointed in 2014 by the Group French and European Works Councils respectively, to sit on the Veolia Environnement Board of Directors for four years, until October 15, 2018. In May 2018, Mr. Pavel Pâ a was reappointed by the Group European Works Council. In September 2018, Mr. Franck Le Roux was elected by the Group French Works Council. Their terms of office will end in October 2022 (see Section 3.1.1.2 above).

Date of signature	Purpose of the agreement
2015	Agreement on the Group's strategic direction. Representatives of the Group French Works Council, French trade union representatives and members of the Group European Works Council meet annually to discuss Group strategy and its social consequences, in the presence of executives in charge of strategy and operations. On this occasion, the themes of ethics, the Sapin 2 law and the corporate duty of care were presented and discussed.
2017	Renewal of the agreement on the generation contract for the Group in France. This agreement focuses specifically on the integration of young people and the employment of older people.
	New Group France agreement on the forward management of jobs and skills.
2018	Agreement, in the form of a letter of undertaking with the Group European Works Council, on changes to skills and jobs, particularly with regards to the Company's strategic direction. This agreement supplements the Group's management commitments with the Group European Works Council on prevention, health and safety.
2020	Amendment changing the PERCO to a PERCOL and enabling Group employees to benefit from the advantages offered by the Pacte Law. (see Section 4.4.4.4 above).
	Agreement on the quality and the development of labour relations within Veolia in France. This Group France agreement replaces the 2010 agreement on the same topic and notably includes the implementation of a comprehensive support, promotion and recognition system as part of the trade union scheme.
2021	Amendment to the 2018 agreement regarding "support for changes to skills and jobs, particularly with regards to the Company's strategic direction" and integrating the "Diversity and Inclusion Policy within the Group". This amendment follows on from the priority actions with respect to diversity and the fight against discrimination identified by the Group French Works Council's dedicated working group.
	Group France agreement on working from home in normal times. This framework agreement defines a company-wide working from home scheme applicable according to the same guiding principles throughout the entire Group in France.

Support for changes in jobs and skills

In 2018, members of the Group European Works Council and the Group Human Resources Department signed an agreement in the form of a letter of undertaking on support for changes in jobs and skills in relation to the Group's strategic direction. This letter of undertaking results from a working group made up of representatives from different European countries.

Ten commitments were defined, notably for skills and their renewal or adaptation, workplace equality, the impact of digital on work and passing on knowledge between generations. These are to be supported and promoted *via* country social dialogue spaces, aiming to implement specific actions encouraging:

- a shared understanding of Group strategy and its adaptation to different countries;
- establishment of social diagnoses to objectively take advantage of changes in jobs and skills;
- the definition of appropriate action plans in view of identified economic and social issues.

Continued social dialogue in 2021 during the Covid-19 pandemic crisis

Social dialogue has been sustained since the beginning of the health crisis, with the introduction of weekly digital meetings bringing together Group trade union representatives, the Works Council secretaries and the France Director representing employees. The office of the Group European Works Council met every two weeks.

Discussions focused on the health and safety of operating employees and the definition of operating methods for the business lines; monitoring of the health situation and employee support (set-up of a psychological support unit to prevent vulnerability); organization and work methods including working from home and links with operating teams; implementation of country measures.

Social dialogue also considered the economic and social impacts of the health crisis.

Regular reports were prepared, both in France and at global level, to monitor active employees and measures implemented to ensure continued activity at all sites. These reports were shared with local employee representative bodies.

Social dialogue takes place at the highest level of the organization, with the Directors representing employees appointed by the Group French and European Works Councils, respectively. The challenges of social dialogue are reviewed annually by the Board of Directors.

With a view to becoming a champion of ecological transformation, Veolia confirmed its commitment to ensuring that more than 95% of its employees are covered by a social dialogue organization by extending it until the end of 2023 to make social dialogue one of the key drivers of its transformation. Veolia reiterated its commitments, objectives and social dialogue vision in its "commitment to social dialogue" signed by the Group Human Resources Director in 2021.

This commitment is currently at the core of Veolia's Purpose and therefore contributes to promoting social dialogue in all geographies where Veolia operates.

The social dialogue commitments have been incorporated into the "Essentials", an internal document that sets out the rules, processes and policies that apply to all managers within the Group.

To advance the quality and development of labour relations, Veolia ensures that there is effective dialogue with employees at all levels of the organization:

- at company or site level, a place for negotiations on many issues that impact employees' daily lives. Within Veolia, 1,259 (V) new labour agreements signed at operating level supplement the Group directives and agreements;
- at country level, which includes the formal structures for consultation and dialogue that handle all transversal national issues;
- at Group level in the corporate offices and with the Group French and European Works Councils.

In collective bargaining negotiations, Veolia draws on both direct relationships with trade union and employee representatives, as well as the joint organizations created according to the rules of each country.

The agreements to create Group French and European Works Councils were both subject to an agreement reviewed in 2015. Taking into account the change in the Group's scope and the experience gained from the previous agreement helped bolster and modernize Group labor-management relations in France and in Europe.

Role of the Group's Committees

Through an agreement, Veolia has implemented a Group French Works Council and a Group European Works Council. The Group European Works Council represents about two-thirds of Veolia employees. It is made up of 17 countries: Belgium, Bulgaria, Czech Republic, Denmark, France, Germany, Hungary, Italy, Lithuania, Luxembourg, Netherlands, Poland, Portugal, Romania, Slovakia, Spain, United Kingdom.

The Group Works Councils are key players in Veolia's transformation. They receive information on the activity, the financial position and the employment situation. They must be informed of restructuring, acquisition or disposal plans. They are also informed and consulted each year to exchange ideas on the Group's strategic direction and its social impacts.

The agreements signed with trade union representatives at Group France level and agreements in the form of joint commitments made within the Group European Works Council demonstrate the will of Executive Management to structure unique relations with employee representatives and thus contribute to the Group's actions on behalf of all its employees.

Annual discussion on Group strategy with the Group French and European Works Councils

Since 2015, management meets annually with members of the Group French and European Works Councils to discuss the Group's strategic direction and its human resource impacts. These annual discussions provide a shared understanding of the strategic and commercial challenges and their impacts on the workforce, employment and skills.

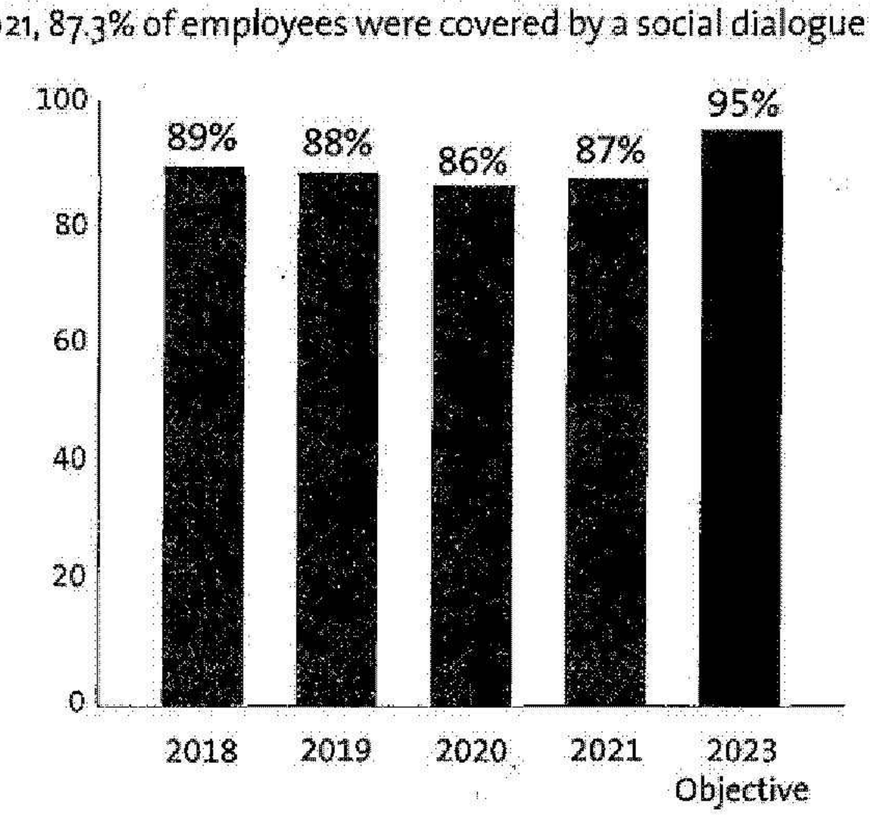
Veolia - Member of the United Nations Global Compact

Veolia has adhered to the United Nations Global Compact since June 2003, committing the Group to promoting ten fundamental principles concerning in particular human rights, labour rights and the environment. Since 2014, Veolia has been at the "Advanced" level of the Global Compact Differentiation Program, which, based on 21 specific criteria, is the highest level of UN reporting and voluntary performance standard with respect to sustainable development.

4.4.5.2.2 Actions and results

Change in the rate of coverage by a social dialogue body

In 2021, 87.3% of employees were covered by a social dialogue body.



With a high rate of 87.3%, social dialogue is at the core of Veolia's Purpose (1,259 agreements signed in 2021).

In countries where freedom of association and the right to collective bargaining are not recognized, Veolia maintains labour relations by leading workshops groups on specific issues (health and safety, social protection, social responsibility, etc.).

Overview of collective agreements

In 2021, 1,259 new collective agreements were signed at entity or company level or with Group bodies in each country. All of these collective agreements impact the Company's labour and therefore economic performance. The number is similar to that seen in 2019, before the health crisis.

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Sequoia: Employee share ownership

The last transaction took place in 2021. Veolia wished to enable 150,291 employees[1] in 40 countries (in Asia, Oceania, Europe, North America and Latin America) to benefit from a leveraged offer in addition to the standard offer. With these two offers, employees benefited from:

- a secure offer guaranteeing the capital invested and the employer's contribution, as well as a multiple in the event of an increase in the Veolia share price;
- a standard offer with a discounted subscription price.

Subscriptions therefore totaled 60,586, representing a subscription rate of 40.3% Group-wide, with rates in excess of 80% in several countries, including Romania (100%), South Korea (99%), Hungary (99%), China (91%), the Czech Republic (90%), Hong Kong (87%), Slovakia (85%) and Bulgaria (83%). Accordingly, the total amount subscribed was €217 million[2], including leverage and the Group's additional contribution. This rate represents a 3-point rise on 2020 and is also the highest rate ever achieved by Veolia since the launch of the first employee share ownership transaction in 2004.

As of December 31, 2021, nearly 120,000 current and former Group employees were Veolia Environnement shareholders, holding 4.7% of its share capital (*vs.* 4.06% in 2020).

The Group's aims to make Veolia employees as a group the Company's leading shareholder by 2024.

Performance share plan

In 2021, Veolia deployed a performance share plan aimed at 423 beneficiaries, including executives, high potential staff and key Group contributors, including corporate officers. This plan, which was launched in 2021 with an expiry date in 2024 following the publication of the financial statements, replaces the plan granted in 2020. The conditions for granting performance shares are subject to the following conditions:

- beneficiaries must remain with the Group until the end of the three-year vesting period *i.e.* until expiry of the plan scheduled for 2024;
- a performance condition tied to the attainment of the following internal and external criteria:
  - an economic criterion,
  - a stock market criterion,
  - criteria relating to the Company's Purpose.

These elements are detailed in Chapter 3, Section 3.4.3 above.

Pension plans

Pension plans are directly managed in the various countries where the Group operates based on the applicable labour and tax legislation. There are two types of pension plans:

- state pension plans;
- company pension plans (defined benefit and defined contribution plans).

The Group pension plan policy is to replace defined benefit pension plans, if possible, with defined contribution pension plans that are more cost-effective and balanced with respect to all stakeholders.

4.4.5 ENSURE RESPECT FOR DIVERSITY AND SOCIAL COHESION

4.4.5.1 Risks and opportunities

Social cohesion and stability, respect for diversity and equal opportunities and the fight against discrimination are all very important to the Group. Veolia considers diversity and social cohesion as an asset and a driver of performance. Moreover, the Group views diversity as a priority, as it ensures internal cooperation, commitment and employee loyalty.

Noncompliance with human and social rights has a direct impact, leading to labour disputes, disengagement and damage to the employer brand (see Chapter 2, Section 2.2.2.4 above).

Consequently, Veolia aims for innovative and respectful labour relations with its internal stakeholders, which allows it to provide collective solutions.

4.4.5.2 Cohesion and social dialogue

4.4.5.2.1 Policy and commitments

Veolia is particularly vigilant regarding labour relations, as it contributes to greater workforce cohesion, the implementation of human resources policies, and the Group's economic and social performance.

As part of its Purpose, Veolia encourages social dialogue, particularly within employee representative bodies, which help employees to adopt the collective project.

Commitment	2023 objective
Guarantee that diversity and fundamental human and social rights are respected within the Company	• Ensure over 95% of employees are covered by a social dialogue organization

(1) Including the UK, with deployment of a Share Incentive Plan.

(2) Excluding the UK.

The annual average gross compensation for all Group employees was €33,600 in 2021 (€33,185 in 2020).

In 2021, average gross compensation was €34,351 for men (€33,767 in 2020), and €30,660 for women (€30,844 in 2020), representing an average difference of €3,691.

This difference is mainly due to the distribution of men and women between different jobs.

These averages are only indicative, however, and should be interpreted with an element of caution. They correspond to a wide diversity of situations due to the nature of the professions and jobs carried out and their geographic location. This data is also impacted by fluctuations in exchange rates.

It is Veolia policy to respect equality between men and women who have the same employment conditions and qualifications. For this purpose, the Group is particularly vigilant regarding the application of a fair wage policy.

Social protection

Social protection encompasses all benefits relating to health care costs (incurred by the employee and his or her beneficiaries) and additional health care and insurance coverage (employee coverage for life accidents: disability and death).

In France, a standardized Group scheme in terms of health care costs was deployed from 2017; it now covers over 13,800 beneficiaries. For additional health care and insurance plans, all Group managerial staff receive, in addition to coverage provided by external insurers, additional coverage based on a unique scheme in the event of death or accidental disability at work. This additional coverage is entirely funded through captive insurance by a wholly-owned Veolia Environnement subsidiary.

Due to its international scope, the Group must take these factors into account and ensure that certain basic principles are applied:

- comply with local legislation and, wherever possible, implement complementary social protection systems in order to guarantee fair coverage for all its employees;
- ensure that Company management is sound by controlling the costs associated with benefit obligations;
- fund plans through employer and employee co-investment insofar as possible so that each party assumes responsibility.

In 2019, Veolia launched an audit of its international social protection systems as well as a related global project, with the aim of optimizing the coverage, management and cost of existing plans (health care, insurance, disability, accident and supplementary pension). This project is now widely deployed in the regions where the Group is present and covers 86% of the workforce in countries where Veolia employs more than 250 people. It aims initially to put in place one single life and health insurance broker, then to have three preferred global insurance networks to cover all the Group's plans.

For information purposes, note that 2021 contributions for the 48,423 Group employees (full-time equivalent) in France totaled nearly:

- €62.83 million for health care costs;
- €36.53 million for additional health care and insurance coverage.

Profit-sharing and incentive schemes

The Group's French entities are generally covered by profit-sharing agreements when they fulfil the necessary employee and financial conditions.

In general, the Group favour extending incentive agreements in France to give employees a vested interest in the performance of the companies to which they are assigned, based on criteria tailored specifically to the business in question. At the end of 2021, nearly 80% employees of French entities were covered by an incentive agreement.

In 2021, profit-sharing and incentive payments for the French entities including Veolia Environnement, in respect of 2020, totaled €51 million. Amounts invested in 2021 by employees of French entities in respect of 2020 profit-sharing and incentive payments totaled €32 million(1), or 63% of the sums distributed.

Added to this amount is a contribution from the Group's French entities amounting to €3.3 million.

Employee savings and retirement savings

Since 2002, Group employees in France have been able to save in the medium term with the help of their company *via* the Group savings plan (PEG).

In addition, Veolia Environnement offers its employees and the employees of its French subsidiaries under an agreement signed with labour and management partners (December 2012), access to a Group retirement savings plan ("PERCO G"). This plan allows employees who so wish to prepare for retirement under advantageous tax and social security conditions. In 2020, a new amendment was signed changing the PERCO to a PERCOL G and enabling Group employees to benefit from the advantages offered by the Pacte Law.

At the end of 2021, employee savings in France in the two Group savings plans totaled €720.6 million broken down as follows:

- €661.2 million in the PEG held by 73,452 current and former employees;
- €59.4 million in the PERCOL G held by 35,577 current and former employees.

Company investment funds invested in Veolia shares (employee share ownership) total €456.8 million in 2021 and are held in the PEG.

The range of dedicated company investment funds (monetary, equity, bonds, and diversified) totalling €263.7 million is held in the PEG and the PERCOL G(2).

(1) Including amounts invested in respect of the 2021 employee share ownership plan.

(2) Including blocked current accounts for €4.5 million.

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A Digital Veolia Summer School dedicated to ecological transformation

For the second year running, the fully virtual Veolia Summer School brought together students from all its geographies. Over five days, 64 Master's students, from 25 countries, spread across 12 multinational teams and three different time zones, discovered the Veolia universe through presentations from experts and operational managers in all countries. Along with Veolia specialists, they discussed the challenges of ecological transformation and possible solutions by working as a group on business cases, the results of which they presented to a panel of experts.

Employee engagement survey

In line with its Purpose and the Impact 2023 strategic program, Veolia is committed to giving meaning to our employees' work and helping them with career development and engagement, with the objective of maintaining the employee engagement score at more than 80% by 2023.

The engagement index and the positive response rate to the ethics and values question are therefore included in Veolia's multifaceted performance indicators.

The 2021 survey participation rate was another success: 92% for key managers (+2 points *vs.* 2020) and 75% for the full panel (+5 points *vs.* 2020).

Employee engagement remains very high at 87% (unchanged on 2020) and 94% for managers. The overall index is 14 points above the sector benchmark.

Overall, the results are notable for being stable in an environment that is complex for three reasons: the ongoing pandemic, the accelerated economic recovery and the proposed merger with Suez.

The strengths identified since 2019 have been confirmed: autonomy and initiative, collaboration, pride of belonging, performance and customer focus, health and safety.

The "Voice of Resourcers" engagement survey, conducted in line with Veolia's Purpose, involved an expanded panel of nearly 100,000 employees in 2021.

This survey in now conducted annually, demonstrating Veolia's interest in the employee experience and ascertaining employee expectations in the field, their perception of the business and their professional situation.

The 2021 "Voice of Resourcers" edition provides an updated view of the social climate, providing key indicators and trends for employee commitment and their understanding of the Company's vision, policies and culture.

The 2021 "Voice of Resourcers" helps:

- supplement HR performance indicators at different levels of the organization (Group, zone, country);
- support managers by providing tools updated for interaction with and feedback from teams;
- demonstrate, once again, the importance of HR innovation and dialogue with employees at Veolia.

The survey was conducted over three weeks in November 2021 with about 1,000 employees, based on a completely online questionnaire available in 15 languages and adapted to a large audience, as follows:

- the 5,000 key Group managers in 55 countries;
- all employees in 25 Business Units/entities: Germany, Argentina, South Africa, Australia/New Zealand, Belux, Canada, China, Ecuador, Veolia Water France, United States, Spain, Italy, Ireland, Japan (manager population), Morocco, Middle-East, Poland, Czech Republic, Waste Solutions (Recyclage et Valorisation des Déchets), United Kingdom, VESA, Veolia Water Techonologies, Seureca.

The commitment index is calculated based on questions relating to the clarity of work objectives, the usefulness of the contribution, the work atmosphere, pride of belonging and whether or not they would recommend working at Veolia to their friends and family.

The overall results of this survey were presented to the Group's Executive Committee and the Board of Directors of Veolia Environnement. The results per zone were sent to zone directors and human resources directors, which organize feedback with the surveyed employees.

Action plans are established based on the overall results of each zone and will be implemented during the first-half of 2022.

4.4.4.4 Compensation policy and employee savings

Veolia applies a comprehensive compensation policy that is consistent with the Company's results and encompasses the following components: wages, social protection, employee savings and retirement.

This policy is based on the following principles:

- offering fair compensation in accordance with local markets;
- guaranteeing competitive fixed and variable compensation which reflects the Company's results;
- harmonizing the calculation bases and methods for the variable components of executive compensation across the Group, particularly by integrating Veolia's multifaceted performance indicators in the bonus calculation of all managers;
- optimizing coverage of health care and insurance costs in the main countries where the Group operates;
- harmonizing existing employee savings plans;
- securing existing pension plans in the various countries where the Group operates by privileging defined contribution plans.

Compensation

Total compensation consists of a basic salary and individual or collective performance based variable compensation (depending on the professional category, countries and applicable regulations).

Veolia ensures that the compensation paid to employees complies with the legislation in force in the country (minimum wage, overtime etc.). Veolia ensures that the Group's employees, particularly blue collar workers (52% of the workforce), are systematically above national minimums or on minimum wages paid on the labour market for a given job.

- as part of personal development through coaching and mentoring schemes.

In Poland, an innovative training program using virtual reality was set up for technicians. This program can be used to train people in real world situations using simulation exercises. These are mainly technical activities related to thermal directives (flushing, pump replacement, network regulation etc.)

The Covid-19 pandemic reinforced the role of digital technology and the development of new learning methods combining teaching, webinars, virtual classrooms, coaching and collective problem solving or individual projects presented to a jury of internal experts, contributing to a wider skills development system.

As part of its digital transformation, the Group relies on the learning@veolia online platform, which aims to accelerate the distribution of new e-learning training courses. A wide range of courses is available. More than 5,000 training modules are available for all units: the most significant in terms of the number of employees involved are: HRMS, the training course covering the Group's 10 safety standards, ethics and compliance training, the finance passport and the digital academy.

In 2021, nearly 25,000 employees (or 97.3% of managers) received e-learning training on anticorruption, conflicts of interest, anticompetitive practices and the corporate duty of care. It is an essential aspect of the Group's compliance policy that everyone has a perfect understanding of the challenges posed by these issues and is reminded of the best practices to adopt. This online training is an opportunity not only to underline essential principles, but also to raise all employees' awareness of these issues, by reminding them that the Group views the rules contained in its anticorruption Code of conduct as crucially important.

In addition, a dedicated e-learning module was designed and deployed to help managers understand climate change issues and the Group's commitments to reducing the carbon footprint of both Veolia and its customers.

At the end of 2021, over 53,000 employees can access the platform, with more than 900,000 connections.

Note that in addition to the Group platform, other platforms (such as "Mi campus" for Latin America and Iberia, learn@VWT for Veolia Water Technologies etc.) are also used to meet local needs. Their objectives are aligned with those of the Group's digital roadmap.

Reinforcement of commercial development

Since 2018 the aim of the Sales Academy program has sought to disseminate best practices in the field of business excellence.

Deployed throughout the Group, the course is structured around three guiding principles:

- identifying customer and efficiency focused business training;
- implementing a development program that responds to the company's challenges;
- defining ways to disseminate and assess sales training.

Because the program participants are geographically dispersed and the content needs to be available at all times, the training methods used are based on an online program, mainly e-learning.

Deployed in more than 20 Business Units across Asia, Europe, Africa and the Middle East, North America and Latin America and Iberia, this program brings together more than 900 learners and more than 150 coaches.

This program now has a new module specifically for remote sales training, a practice that is increasing in the Group's business.

Employee integration

JIVE is a training and integration week aimed at newly recruited or promoted managers in the Group, across all business lines and countries. This international and cross-functional onboarding system aims to help them learn more about the Group, create an internal and international network, embrace Veolia culture and values and give meaning to their day-to-day activities to support a global strategy. This program is punctuated by discussions with professionals, meetings with managers, site visits and brainstorming meetings. Hundreds of managers from different countries take part every year. In 2021, JIVE could not be held due to the health conditions tied to the Covid-19 pandemic.

The work-study option

Work-study contracts are a key recruiting tool for helping young workers into stable employment, particularly in Australia, France, the UK, Germany and Colombia.

At the end of 2021, Veolia had 3,300 apprentices, an increase of over 8% compared to 2020, and 24% compared to 2018.

In France, there are nearly 2,000 apprentices, representing 4% of the total workforce; *i.e.* an increase of nearly 40% in five years.

A proactive approach reaches out to the public and local employment and training partners to raise awareness of environmental activities and services. It facilitates the recruitment of candidates for local jobs, including people with no prior experience.

During the health crisis, the Campus training teams ensured continued remote learning for all diploma levels, providing individual follow-up for the lower qualifications to avoid any risk of drop-out.

Relations with schools

Mobilizing and attracting the resources required by the Group is a key priority: Veolia affirms its presence through events focused on environmental businesses, job and work-study fairs, and forums in schools and universities. Programs like the "Veolia Summer School", the Ecological Transformation trophies and the Student solidarity prize are special opportunities that give international students an opportunity to discover Veolia's businesses and to adapt their course of study to the Group's challenges. These actions aim to consolidate Veolia's visibility with young graduates, and strengthen its appeal by positioning it as a responsible, innovative and meaningful business.

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Change in training indicators

In 2021, despite the health crisis, several long-term training courses were set up in conjunction with the business lines for non management employees with the ongoing objective of providing a high quality service in line with the needs of the Group's customers. On average, the number of training hours per employee trained was 23 training hours compared with almost 18 hours in 2020.

Certain training courses could not be held in 2020 due to this crisis and were held in 2021. In 2021, the focus was on tracking training hours to collect more data and measure all learning situations to enable employee skills to be developed. Action plans were put in place to optimize the way training hours are recorded and the results will be apparent at the end of 2022.

The 2021 results, an increase of almost 25% in training hours, confirm the results of the 2021 "Voice of Resourcers" engagement survey, which highlights a high level of employee satisfaction with training. In fact, 81% of respondents thought that their entity gives them the necessary training to perform their work and 80% think that they have improved their skills over the past year.

	2017	2018	2019	2020	2021
Number of training hours delivered	2,675,375	2,888,774	3,081,137	2,891,041	3,599,361
Percentage of employees who participated in at least one training course	72%	77%	80%	82%	86%
Percentage of training hours intended for operators and technicians	83%	82%	83%	86%	84%

Veolia is committed to train all its employees:

- 84% of training hours are aimed at operators and technicians;
- 16.3% are aimed at employees under the age of 30;
- 23% are aimed at employees over the age of 50;
- 22.7% are aimed at women.

A range of programs was developed by in-house learning specialists, trainers and contributors based on Group strategy and input from Corporate and Business Training Departments and local Business Units. The courses enable environmental solutions to be proposed to all stakeholders. They continually reflects the realities of the business and the field, as well as business development plans.

Diploma training programs

The Group offers training which leads to diplomas and certificates. This approach aims to motivate employees by recognizing their existing skills, boosting their employability and acquiring new skills. Thus, in the heart of the regions and working closely with its customers, Veolia is committed to training young people ranging from a CAP (certificate of professional aptitude) to a vocational master's degree in partnership with regional apprentice training centres (CFA) or within the Campus.

Veolia trains Veolia

Veolia is both the main actor and the director of its training policy. The Group has various in-house trainers for core business activities. Striking a balance between permanent trainers and ad hoc contributors from within the Group's companies and external experts ensures the relevance of content and enhances cohesion, performance and added value. In-house trainers and participants are also responsible for conveying the corporate culture.

Educational partnerships

Veolia has deployed an active policy of partnerships with employment and training operators in the regions and a number of educational partnerships. Through its close local ties, Veolia encourages local integration policies through an agreement with public institutions and associations.

In the UK, Veolia has drawn up numerous agreements, particularly with the University of Northampton for high-level waste management training and the Institute of Leadership & Management for manager qualification programs.

Management programs rolled out in Northern Europe (NEST) and Asia (STREAM) are developed in partnership with Hamburg University and the EM Lyon Business School.

Manager development programs

The management offering covers all Group employees with a management role. From local manager to executives, the Group proposes programs to develop managerial skills.

Local manager development programs

Local managers are a key performance driver. Key elements of the Company's social fabric, they are offered courses focused on their business lines and specific situations. These operational training sessions are rolled out in the Business Units and aim to increase the professionalism of local managers and perfect their skills.

Programs to train managers in specific challenges

In Asia, the STREAM (Study and Training Expedition for Asian Managers) program is an itinerant training program for managers from all functions, which aims to facilitate the sharing of experience and the exchange of best practices between managers within the same zone.

NEST is a similar program rolled out in the Northern Europe zone. The final sessions of these programs are held jointly to promote cooperation between the zones.

The health crisis was an opportunity to digitize these programs.

Updated learning methods

Different formats are proposed to encourage employee learning and develop their skills in all learning situations:

- collectively, through collective intelligence, design thinking, co-development and peer learning workshops;

Development tool

Talent development programs

Veolia Excellence is the training program for Veolia talent. Sessions are organized in three primary areas: business models, value creation, and team management in a context of rapid and profound change. The program uses innovative training methods, with e-learning sequences, inter-session work, collaborative workshops and a post-seminar follow-up. It also includes a 360° evaluation that is debriefed by internally trained individuals.

Three other collective individual development programs are deployed by the Group:

- DISRUPT is aimed at "millennial" managers to accelerate their integration within the Group;
- ACCELERATE is aimed at middle management as part of the digital transformation. This program allows participants to better understand the potential of this transformation and to develop the required interactions with Group businesses. It should help change behaviour by allowing managers to become the business partner of other Veolia players and to see the bigger picture in order to better anticipate future challenges;
- WIL (Women in Leadership) is designed to develop female leadership in relation to the Group's ambitious gender diversity targets (see Section 4.4.5.3.2 below).

Mindful of allowing its talents to have personal alignment as well as sharing a common strategic vision, the Group fully integrates staff development tools in these programs (MBTI, 360°, Self Management Leadership).

Equivalent programs are offered in different zones such as Impulsa in Latin America, NEST in Northern Europe, STREAM in Asia, RELIEF in France and Leaders For Tomorrow in the United States and Canada.

Increased mentoring

A pilot mentoring program was rolled out in 2021 specifically for high-potential women executives. The entire Executive Committee and Steering Committee took part as mentors to support 40 women in one year. This pilot will be renewed in 2022.

Executive development programs

The Executive seminar prepares individuals for corporate management by working on a changing world and its impact on our current and future activities, and the ability to carry the values of corporate social responsibility. It is based on four study trips spread over one year and offers training conferences, the discovery of Veolia activities and numerous visits to external companies. Trainees complete the program with a project related to the Group's strategy, which they present to the Executive Committee. Veolia is particularly focused on including a significant portion of women in training schemes aimed at talents and executives. The Covid-19 health crisis forced the Group to suspend the organization of these Talent programs (with the exception of WIL largely organized remotely): the added value of these programs also lies in the development of professional networks through personal encounters during these face-to-face programs. Their mobilization is nonetheless planned as soon as health conditions permit.

Rising Tide: senior executive leadership development program

Rising Tide, a Leadership assessment and development program, was launched in June 2021 (and completed in November 2021) with senior executives. An assessment and advice tool for Executive Management for the creation of Management teams in the context of the Veolia and Suez merger, it involved more than 280 people. In addition, the findings helped contribute to the individual development of managers at a local or global level.

This program complied with competition law governed by the Competition Authorities.

4.4.4.2.3 Engage employees

Manager's Code of conduct

Veolia's ambitions and strategy require consistency and cohesion. The Group's Executive Management accompanies managers in their supervisory role through a common value framework and involvement in decision-making.

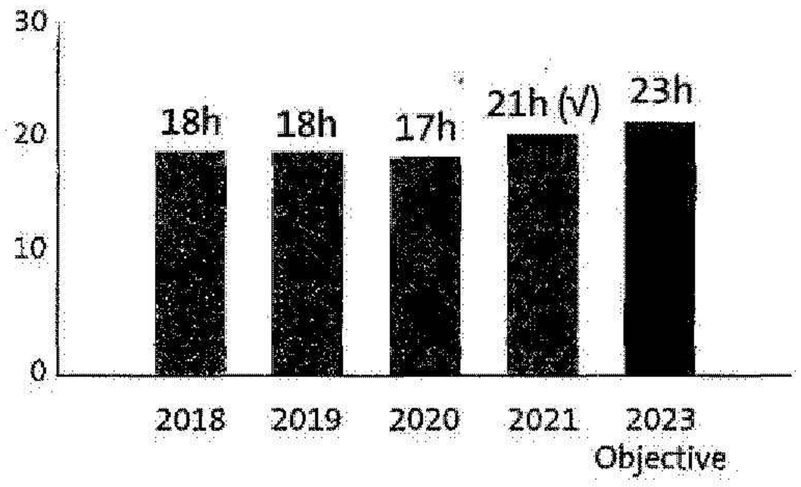
In order to strengthen cohesion and solidarity in the Group's general interest, Veolia established the Manager's Code of conduct in 2012. It is based on the Group's five values: responsibility, solidarity, respect, innovation and customer focus. For each of these values, the Code reflects the Group's commitment and the collective and individual conduct expected of managers, to be promoted with teams.

4.4.4.3 Actions and results

Training indicators

In 2021, the Group delivered 21 training hours per employee, compared with 17 hours in 2020.

Change in average training hours per employee



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Sourcing tools

A career portal	Publishes all job offers in the Group
A bimonthly publication	Veolia JobLink: publishes the Group's latest management jobs on the career portal and management jobs advertised locally.
A program to attract young talent	PANGEO: a program offering young talent under the age of 28 international experience for 12 to 24 months. It enables Veolia to create a multicultural pool of employees trained in its business lines. The program relies in large part on the International Business Volunteers (VIE) contract.

Talent APP: a new skills management digital app

A pilot test of the Talent App was launched in January 2021 with 2,000 users. Backed by artificial intelligence, this app is designed to accelerate the development of mobility and cooperation by mobilizing employees for short assignments. With employee self-reporting of expertise and the easy communication of available positions and short assignments, the app helps match the needs of the organization and the development wishes of employees in a targeted and innovative way. After successful pilot testing, wider roll-out us scheduled for 2022. This app can also be used to actively implement a skills matrix at all levels of the organization.

A simplified and scalable Group job library

In 2021 Veolia finalized a simplified job map shared by all the Group's entities. The aim is to share a common language, to adapt to and anticipate changes in jobs and skills (notably through the organization of skills vision workshops), to improve clarity and promote mobility. This library is also shared to help employees explore the business lines they are interested in. Job descriptions are displayed in "Talent App" so that an employee's skills can be compared to those required for a job. This library also enables the Human Resources network to visualize career paths by presenting grade bands for generic jobs. It consists of approximately 130 jobs divided into two areas: business lines and support functions.

SmartRecruiters: the new recruitment tool

A new recruitment tool was rolled out in the last quarter of 2021 for all entities in France, the United States, Northern Europe and Latin America. More than 550 recruiters share a platform to create a talent pool where the candidate, recruiter and manager experience is significantly improved: simple and easy to use are the key words. This new tool is in line with discussions held at Group level to reinforce collaboration and transparency throughout the recruitment process. The goal: a more intuitive, collaborative platform that includes reporting features to meet everyone's needs.

Identification tool

Talent hub: the shared human resource process management tool

A comprehensive and integrated human resources solution, Talent Hub is the Group tool for employees managing annual reviews (OneForm), salary reviews, people reviews and succession plans.

This tool supports users in their human resources and/or managerial activities, facilitates access to information through a single entry point, assists managers in managing teams, builds a reliable database and makes human resources reporting secure. At the end of 2021, around 50 Business Units deployed the tool.

A robust talent management process

Since 2017, people reviews common to all entities have been organized for senior executives, key contributors and high-potential employees. They are used to systematically develop succession plans and implement development plans to retain the managers of the future. They aim to consolidate organizations' sustainability and agility, and to help with the individual development of the most talented employees. This annual process is carried out, zone by zone, then by sector to get an international overview. It also helps to address the challenge of diversity within teams and in management positions, to enable Veolia to achieve its multifaceted performance objectives in this regard.

In 2021, this process was partially continued remotely and notably allowed progress with the number of women in top management to be measured and succession plans for all key positions in the organization to be identified.

These reviews are also adapted in the zones and Business Units for levels below Group senior executive.

A common model for performance appraisal

In order to ensure managers' objectives are aligned with the Group's strategy and values, a single annual interview process, Oneform, is used for all managers at all our sites worldwide. This document harmonizes criteria and provides a common language to define individual objectives and adapt the Group's strategy. This tool is also used to appraise performance and skills, share the Group's values and identify employee aspirations, development needs, career prospects and the actions necessary to their implementation.

Performance appraisal is based on financial, safety and qualitative objectives and takes into consideration an employee's place in the hierarchy and their position. For managers, some of the qualitative objectives are based on compliance with and dissemination of the Code of conduct based on the Group's founding principles. Each employee also makes a health and safety commitment, which is formalized during their annual interview.

Since 2020, a section dedicated to Veolia's Purpose was included in the annual interview to:

- engage discussion of the Purpose between managers and employees and thereby continue the communication and appropriation of the Purpose in the field;
- formally document for the following year non-financial quantitative objectives tied to the multifaceted performance indicators, which will ultimately be included in the calculation of some managers' bonuses.

The Business Units have their own annual interview process for nonmanagement employees.

Train and develop skills

Veolia has an ambitious training policy, whose main challenges are to:

- accompany the Group's strategy to make Veolia the benchmark company for ecological transformation;
- accompany the skills development essential to supporting the transformation of the Group's businesses and attaining operational performance objectives;
- propose training to support our commercial development;
- continuously adapt skills to increasingly complex businesses to support innovations, technological changes and the digitization of the Group's activities and businesses;
- promote career development;
- anticipate the renewal of key skills, notably through work-study training;
- promote commitment, the sharing of a common culture around our Purpose, challenges and ecological transformation and bring Veolia's values to life.

Training for all

Training is aimed at all staff categories. It starts with their induction and continues throughout their career. It seeks to develop and adapt their skills to the constantly changing requirements of our businesses, through recognized courses that lead to certifications and accreditations and promote job mobility and career development. It is supported by a network of expert contributors from within the Group.

Partnerships and Networks

The Training Department is supported by the Group's network of Campuses to implement its policy. In France, for example, this network aims to develop training courses which meet the Group's professionalization requirements in collaboration with public authorities or teaching organizations. Through its close local ties, it promotes local integration policies through agreements with public institutions and associations such as second chance schools, Employment Support Centers (EPIDE), local community support networks in France etc. This contributes to the Group's social responsability.

Work-study policy

Veolia confirmed its commitment to apprenticeship by signing, in January 2020, an apprenticeship pact. Veolia undertook to increase the number of apprentices to 2,500 in France by 2023 and the number of apprentices present to 5% of its French workforce.

Work-study encourages the transfer of knowledge and key skills thanks to intergenerational exchanges between the tutor and their trainee, and develops corporate culture through professional promotion. By placing Group employees in a tutor role, it reinforces the feeling of belonging to the Group, whilst providing a tangible avenue to promote their expertise.

The work-study policy is specifically implemented through a significant number of partnerships with local employment and training players. To this end, Veolia is one of the partner companies in the FIPA network (Innovation Foundation for Apprenticeships).

Ecological Transformation School

In 2021, Veolia conducted a study prior to the creation in 2022 of an Ecological Transformation School with two objectives:

- promote high-impact ecological transformation solutions and more relevant assessment tools with regard to the planet's limits and sustainable development;
- provide training in ecological transformation skills and jobs, at all qualification levels, and particularly to the long-term unemployed and individuals retraining.

To this end, Veolia seeks to federate all partner companies, public authorities, public players, employment and training players and social partners, in order to work together on identifying the best solutions and their development drivers, identifying the impacts on employment and the transformation of jobs and deploying training to a wide public.

4.4.4.2.2 Manage careers: sourcing, identification and development tools

A department dedicated to career management

The Group Human Resources Development Department seeks to attract and retain talent throughout the world and facilitate the assessment of managerial performance. Its dual aim is to meet the skills requirements of the Group's business activities and to provide career opportunities for employees. Employee career development is a major focus of the human resources management policy. Talent management is performed by sector and comprises support for jobline mobility and the identification and development of experts, managers and the leaders of tomorrow.

Its implementation relies on various processes and tools described below.

A common job appraisal tool for all the Group's businesses

A single classification tool is deployed for all executive positions (Global Grading System, developed by Willis Towers Watson) and even all employees in some Business Units. By positioning the different positions within the organization, this tool enables objectives to be set according to their relative impact. This common job grading methodology supports professional mobility and helps organize HR processes with transparency, fairness and performance management in mind.

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4.4.3.2 Work organization

The terms and conditions governing the organization of working time depend on the companies concerned, the nature of their business and where they are located.

Nevertheless, the Group is particularly focused on flexibility and working conditions.

35.2% of collective agreements signed in 2021 relate to the organization of working time.

In an attempt to increase agile working, the Group has introduced working from home in several Business Units for jobs where this is possible. In France, in 2021, the Group negotiated with all the representative trade union organizations a framework agreement defining the terms and conditions for working from home for those who are able to do so and also defining the balance between working from home and working in the office to ensure team cohesion.

The number of part-time employees in 2021 was 8% (8.5% in 2020).

The average work-week is 39 hours (V).

The total number of overtime hours worked was 14,305,568 (V) (a decrease of -4.3% compared to 2020), *i.e.* an average per employee of 85 hours of overtime per year (*vs.* 88.5 hours in 2020). The definition of overtime, however, varies from country to country, which can make it difficult to evaluate this indicator. Moreover, in a service business, a large number of overtime hours are due to emergency work performed by on-call or on-site personnel, to restore water supplies or heating within a reasonable time frame, for example. Veolia ensures that every employee is treated fairly and with dignity and that the labour laws and regulations applicable in each of the countries where the Group operates are respected: health and safety standards to ensure a safe and healthy working environment and conditions.

Absenteeism trends

	2018	2019	2020	2021
Absenteeism rate (excluding maternity and paternity leave)	4.16%	4.08%	4.54%	4.22% (V)
Absenteeism rate (illness)	3.13%	3.08%	3.39%	3.17%

4.4.4 ENCOURAGE EACH EMPLOYEE'S PROFESSIONAL DEVELOPMENT AND COMMITMENT

4.4.4.1 Risks and opportunities

The quality of Veolia's responses to environmental challenges and to the growing demands of public authorities and industrial entities depends on its expertise and, more generally, the performance of its labour relations model. Veolia's performance partly depends on its ability to attract and retain talent and manage risks linked to the availability of skills which it needs (see Chapter 2, Section 2.2.2.2 above).

The Group is convinced that the motivation and mobilization of the Company's staff are an asset and a genuine competitive advantage. This is why Veolia strives to attract, train, develop and retain its staff at all levels of qualification and in all areas of employment in which it operates.

4.4.4.2 Policy and commitments

As part of its Purpose and the Impact 2023 strategic program, Veolia gave commitments in favour of its employees with a 2023 target (see Chapter 4, Section 4.1.1 above). These commitments break down into several objectives, including employee commitment and employee training and employability.

Commitment	Objective	SDG	Indicator - definition	2020 Results	2021 Results	2023 Target
Give meaning to our employees' work and help them with career development and engagement	**Employee commitment**	8 DECENT WORK AND ECONOMIC GROWTH	• Rate of engagement of employees, measured through an independent survey	87%	87%	>= 80%
	Employee training and employability	4 QUALITY EDUCATION	• Average number of training hours per employee per year	17h	21h (V)	23h
Sponsor		Jean-Marie Lambert		Member of the Executive Committee, Group Human Resources Director		

occupational diseases by cause category, namely: chemical agents, physical agents, biological agents and infectious or parasitic diseases, respiratory disease, skin disease, musculoskeletal disorders, mental or behavioural disorders, occupational cancers.

Employee well-being and support

The well-being of the Group's employees is a priority that is firmly anchored in the Group and enshrined in Veolia's Purpose (see Chapter 1, Section 1.1.2 above). In fact, in the 2021 "Voice of Resourcers" engagement survey (see Chapter 4, Section 4.4.4.3 below), nearly 80% of respondents were satisfied with the work-life balance; (+1 point compared to 2019); 87% thought their working conditions were good (+1 point compared to 2019) and 94% (+1 point compared to 2019) emphasized that health and safety is considered very important in their entity/Business Unit. The balance remains higher than external benchmarks.

In 2021, the Group, with the Center of Excellence, launched an initiative to support the entities with their health and well-being issues, to improve the quality of life at work, to strengthen cohesion and to contribute to the Group's performance. This **So'Well** initiative is based on promoting best practices and aims to raise awareness and embed well-being into the daily lives of employees. It will be rolled out in January 2022 in the MIB zone and is expected to be extended to all Veolia regions in 2022.

Veolia also relies on sport as a source and driver of well-being, quality of life and occupational health. Veolia provides a specific and common definition of sport by breaking down a Sport identity in all Group countries, with the name **"So'Sport"**.

In the different Veolia zones, countries and sites, there are various sports and well-being initiatives which help unite, share and reinforce the feeling of belonging to the Group. Veolia provides the opportunity to take part in annual national, European and global sports events where to date, over 3,000 athletes from more than 40 countries have taken part and won national, European and world titles.

Since 2014, more than 4,700 employees have taken part in the various Diversity Races. In 2021, 560 participants took part in the event in Vincennes (France) despite the health crisis, while fully respecting social distancing and hygiene rules. The week-long "International E-run for Diversity" was held in parallel. This online race brought together 47 entities, with 1,098 participants, representing 28 countries. This event flies the flag for the Group and its values.

To accompany the buzz surrounding the Olympic Games on its home ground, Veolia has used its "Talents & Champions" program to recruit and employ seven top-level champions in different entities. The Group supports them in their career paths while helping them to prepare for the 2024 Olympic Games in Paris.

To support the most vulnerable employees, the Group in France has deployed an active outreach plan in consultation with trade union and employee representatives. Alongside this, an employee listening and support system has been established under the name *Allô Solidarité* to offer assistance during difficult periods. Today, employees in France have access to a telephone platform that allows them to discuss their social challenges with professionals. In 2021, around 220 calls were received, mainly about housing and/or financial issues. The partnership with the *Vivons Solidaires* association, since September 2010, helps to tackle social emergencies. The association receives many requests for assistance with emergency housing, food donations, and children's aid.

In addition to the Group's programs, there are more local health and well-being at work initiatives, adapted to the context and maturity of the countries in which Veolia operates, in the different Business Units.

Local quality work life initiatives include measures to prevent psychosocial risk factors and promote well-being through various actions: awareness raising, surveys, psychosocial risk prevention training, psychosocial risk prevention unit, ergonomic analysis of workstations, promotion of best practices in health and nutrition and alcohol and drug misuse prevention.

In Australia/New Zealand, a comprehensive health and well-being program for employees has been implemented. This program, already in place for a few years, aims to promote overall health, disease prevention and the preservation of mental health. In 2021, it was strengthened and adapted to reach a greater number of employees. This program includes "Mental Health First Aid" training for internal delegates to provide first aid for employees with psychological issues; extended well-being support for employees in partnership with an external service provider with health coaching sessions, nutrition advice, financial advice and legal assistance; a well-being challenge for all staff, with online exercises; a series of "ask the expert" videos with an occupational hygienist, an ergonomist and a psychologist.

In the United Kingdom, various employee initiatives have been rolled-out: medical check-up, awareness-raising initiatives on the dangers of tobacco or the benefits of a healthy diet, developing a physical exercise program etc. In addition, the United Kingdom has established a training program covering a wide range of subjects (anxiety, stress, personality disorders and addiction) and enabling employees to become internal mental health first aiders to support colleagues with issues of this kind. Also, in May 2021, Veolia celebrated Mental Health Awareness Week in the UK with presentations by experts on the subject.

In Argentina, a program for employees focused entirely on their physical (nutrition, sports and leisure), mental (psychological support) social and intellectual (art, culture and education) well-being has been rolled out. This program was rolled out in the Veolia subsidiary - AESA Buenos Aires - the largest entity in Buenos Aires with 1,146 employees.

Finally, Veolia in the United States has rolled out a training course called "How to manage your stress". This interactive online course is composed of several modules covering the signs and symptoms of stress, the effects of stress and stress management techniques.

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The first three courses on "the prevention, health and safety culture associated with traffic at work", "making equipment safe" and "working in confined spaces" are currently available and/or being deployed across all Veolia entities. The other seven programs will be gradually made available in 2022.

The "Prevention, health and safety culture and Traffic at work" course concerns all Veolia employees, who should be fully trained by the end of 2023. 46 Business Units can benefit from this module which is available in nine languages (English, French, Bulgarian, Simplified Chinese, Spanish, Italian, Dutch, Polish and Portuguese).

Analysis to prevent risks

The Group is particularly attentive to employee awareness and the monitoring of at-risk situations and near misses.

The Prevention, Health and Safety Department uses the Bird pyramid to prevent accidents, which has five levels:

- near misses, unsafe acts, unsafe conditions (base of the pyramid);
- first aid injuries;
- medical treatment injuries;
- lost time injuries;
- fatalities.

The Group has also had "safety alerts" for many years for prevention purposes. In the event of a workplace accident, the health and safety coordinator sends the Group Prevention, Health and Safety Department a record using a template detailing the circumstances, consequences of the event and the corrective measures put in place (human, organizational and technical). These safety alerts are then shared with the entire prevention, health and safety network, and more broadly on the Group intranet.

International Health and Safety Week

Veolia has organized an International Health and Safety Week since 2015, to help firmly establish a health and safety culture at work. This event is one of the Group's main levers of change to achieve "zero accidents".
The 2021 edition focused on falls and related risks, and involved presentations on raising risk behaviour awareness, and campaigns focusing on the perception of danger: "What you see is not what I see."
Objective: strengthen perception of professional risks, the identification of dangerous situations in the work environment and the treatment of such situations, by implementing measures to reduce these risks to an acceptable level.
Communication tools (posters, videos, roadmap, and roll-out guide) were made available to help raise employee awareness and full-scale risk hunts were organized by the teams at the sites. The resulting international mobilization enabled this week-long event to promote worldwide the people on the ground and understand over 2,000 best practices.

Monitoring of temporary staff and subcontractors

Suppliers are also expected to take steps to guarantee the health, safety and well-being of their employees in accordance with the Supplier Charter. Accordingly, a preliminary risk analysis is performed of subcontracted activities to contractually define the prevention measures to be applied by all subcontractors. These measures are regularly audited.

Depending on the specific characteristics of Veolia's businesses, regulatory measures and a cultural adaptation approach are integrated into the management of stakeholders' health and safety within the Group.

Managing subcontractors operating on Veolia sites and Veolia customer sites is a vital component of the overall prevention, health and safety policy. It is reiterated in the Veolia Occupational health and safety management guidelines that each Veolia Business Unit must have an exhaustive list of its subcontractors and must inform them of the Veolia Health and Safety requirements in relation to the tasks subcontracted.

A documented risk assessment is carried out jointly by the Business Unit, the subcontractor and all companies operating in the work area, to define joint preventive measures. A system for assessing health and safety requirements is put in place and determines whether the subcontractor is listed and used again. The system provides, where appropriate, for the temporary or permanent exclusion of a subcontractor in the event of a serious breach of the prevention, health and safety rules.

The Business Units provide a health and safety induction for subcontractors' employees working on Veolia sites. This training session includes a final test with a minimum threshold to be allowed to work on the site. A manager is identified at each site to supervise the subcontractors.

Subcontractors inform the Prevention, Health and Safety Department when accidents occur in the Veolia global scope *via* "safety alerts".

As part of its commitment to continuous improvement, Veolia has monitored workplace accidents of subcontractors in the same way as employees since 2018.

A system for monitoring **temporary staff** accidents was set up through annual meetings with temporary employment agencies, to define appropriate prevention measures and share best practices and assess the performance of these companies.

An analysis tool for occupational disease exposure

All employees attend regular medical check-up to detect occupational diseases, with a particular focus on prevention.

To supplement the tools for identifying workstation accident situations, Veolia designed a tool to analyze exposure to occupational diseases. This tool is shared with the trade union and employee representatives of the Group French Works Council, and is available to all health and safety officers. It enables the Group to anticipate exposure to risk factors and define and implement a joint action plan.

In 2021, 126 employees had an occupational disease (vs. 110 in 2020). However, the information on occupational diseases can vary due to differences in local practices and regulations. The Group monitors

Risks assessment, safety audits and visits, and the monitoring of action plans

A risks assessment as well as safety audits and visits of the facilities are carried out before operations commence to detect any risk situations and propose corrective measures. The Group's facility design and building activities incorporate risk prevention mechanisms as far upstream as possible, in order to eliminate risk situations and guarantee the health and safety of any future operators.

At the same time, the Business Units implemented audit programs to develop a health and safety culture and/or to ensure that the minimum health and safety requirements defined by the country's regulations, Veolia Corporate's rules, the Business Unit or customers are applied. These preliminary audits include all stakeholders and the frequency of audits means that each operating site is reviewed at least every two years. Self-assessments are conducted in addition to the biennial audits. Corrective and preventive actions must be put in place once the findings of the audits have been analyzed.

In addition, the members of the Prevention, Health and Safety Department at Group level carry out audits every year with the main objective of identifying the deployment level of the health and safety standards and culture. These audits mainly assess the safety culture maturity level, in line with Veolia's health and safety management standards. They are scheduled to suit the nature of the Group's activities and countries.

Regular presentations to the Executive Committee allow the fit between actions conducted and the Group strategy to be verified.

Sharing best practices

A monthly collection of health and safety initiatives, the Believe News is developed based on best practices promoted by different countries. It is notably intended to guide managers with the deployment of standards and to promote best practices on site in order to encourage individuals to deploy these standards.

Educational posters are created in line with each Believe News issue to make best practices available to all and to encourage the sharing of good ideas.

Moreover, innovative local occupational health and safety practices have also been identified, capitalized and shared across the Group. More than 2,000 best practices were escalated in 2021. Several of these practices were recognized with the always safe trophies awarded by Veolia Executive Committee, underscoring the inclusion of health and safety aspects in the corporate human resources and social policy.

Provision of personal protective equipment

Veolia provides all employees with personal protective equipment (PPE) at work that meets the best international standards. PPE is provided for each employee in sufficient quantities, taking into account the risk assessment, and is periodically renewed.

A joint commitment

The themes of occupational health and safety are fully integrated into the social dialogue. In 2021, 10.7% (V) of agreements signed related to prevention, health and safety (*vs.* 10.2% 2020).

The signature in 2012 of a letter of undertaking between management and employee representatives on the Group's European Works Council ensures consistent approaches in the field in all European countries where Veolia operates each year. The structural themes of this joint commitment include the systematic analysis of accidents, strengthened prevention in occupational health, including factors relating to hardship, and improved social dialogue on health and safety topics.

Raise awareness and train

Training is one of the five pillars of the occupational prevention, health and safety policy.

At the heart of human resources performance with respect to Veolia's Purpose, the goal of "zero accidents – a choice" was set by the Chairman and CEO for all Group activities. To support this commitment, it is vital to periodically strengthen the "non-negotiable" aspects of the prevention, health and safety culture at all levels of our organization.

In 2021, 72.1% of Veolia employees received safety training or training involving a major safety component (*vs.* 67.5% in 2020), and 45.6% of training hours were devoted to safety (*vs.* 46.5% in 2020).

Initiated in 2019, the Group has rolled out the OHS Skills program that is part of a global project to support cultural change with respect to health and safety. It is based on the occupational health and safety management guidelines and the 10 management standards for high-risk activities.

This program is aimed at the Prevention, Health and Safety Departments and aims to maintain basic technical skills, develop soft skills and enable them to support managers in the field so that they can improve their skills with regard to safety visits initially, followed by safety discussions and risk and incident analysis.

The goal is to share a safety mind-set and learn best leadership practices to create a positive impact on teams, and support managers to integrate these practices on a daily basis to strengthen the occupational health and safety culture at Veolia. At the end of 2021, 80 experts from different Business Units in France had been trained or were in the process of being trained. Pilots tests were also performed in the United Kingdom and Latin America.

At the same time, a prevention leadership module is now available for all managers. This is then followed by on-site coaching sessions, carried out by prevention, health and safety experts who have followed at least two modules: "prevention leadership expert" and "becoming a prevention coach". At the end of 2021, 180 managers had been trained in France in different Business Units.

E-learning program on the management standards for high-risk activities

In addition to the management standards for high-risk activities deployed throughout Veolia since 2016, a program of 10 online training courses about the Group's high-risk activities was launched in April 2021 by the Prevention, Health and Safety Department and the Veolia Campus.

This 10 part e-learning course aims to strengthen the health and safety culture at all levels of the organization, to increase the perception of hazards for each high risk activity, to increase employees' knowledge of the risk control measures and to ensure that Veolia's standards are known and understood by all employees including external stakeholders (subcontractors, service providers, suppliers, customers) and that they are effectively adopted.

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Controlling the risk of contamination on Group sites is based on the principles of prevention, information and training. In the "Voice of Resourcers" engagement survey at the end of 2020 (see Chapter 4, Section 4.4.3 below), Veolia employees praised the Group's health crisis management. Indeed, 90% of respondents thought that Veolia had taken the right steps from the start of the Covid-19 crisis.

Occupational health and safety management guidelines

The Group has a structured and structuring approach founded on two sets of compliance guidelines: health and safety management guidelines and 10 management standards for high-risk activities.

In 2018, members of the prevention, health and safety center of excellence developed occupational health and safety management guidelines based on best practices identified in all Group operations.

The objective of these guidelines is to organize and define clear guidance to enable line management to develop and deploy a continuous improvement plan, adapted to each Business Unit.

The guidelines were designed based on the five strategic pillars of Veolia's Prevention, Health and Safety policy; these cover the specific measures, actions and requirements to reach an "interdependent" safety culture and make zero accidents a choice and target excellence. Occupational health and safety management guidelines are available in several languages.

In addition, Veolia has set up prevention processes based on standards such as ILO OSH 2001, OHSAS 18001 and/or ISO 45001. Every year, entities throughout the world are certified, labelled or recognized for their procedures in prevention, health and safety.

In 2021, 62.6% of revenue was covered by OHSAS 18001 certification or equivalent.

Risk mapping and the 10 management standards for high-risk activities

To improve control of its major risks, Veolia has defined ten management standards for high-risk activities:

- working in confined spaces;
- control of hazardous energy;
- using electricity;
- excavation and trenching;
- hazardous materials;
- high pressure and water hydroblasting jetting;
- hot works;
- lifting operations;
- traffic management;
- working at height.

A list of high-risk activities common to Veolia business lines is drawn up by the prevention, health and safety center of excellence after analyzing past incidents and accidents, including serious accidents in Veolia. Members of the center of excellence then define priorities to produce standards based on best practices capitalized both internally and externally.

In 2016, ten management standards were therefore drafted for high-risk activities, in conjunction with internal stakeholders in this process (Technical Departments, operational managers, Human Resources Departments, Legal Departments). A deployment guide has been created and distributed to support the Business Units in this regard.

A matrix to evaluate the level of compliance with the human, organizational and technical requirements of the management standards for high-risk activities was also implemented to support operational deployment in the field. Implementation is tracked within each country, then each zone, and finally consolidated at Group level.

To support the Business Units in adopting these standards, the Group has created a toolkit for each standard, including a booklet (with definitions of the standards, hazards, identification processes, risk management and requirements), videos and best practices.

In 2019, the Group also introduced the "do and do not" initiative, the essential points describing "what to do and what not to do" to comply with standards and supplements these with operational and concrete challenges for operators.

A global accident management solution: the "PaTHS" program

The PaTHS program (Prevention & Training on Health & Safety), which is currently being rolled-out, comprises a collaborative tool aimed at all individuals involved in workplace health and safety within the Group.

This program covered 45.3% of Veolia's workforce in 2020, 51.3% in 2021 and aims to cover almost 70% of Veolia's total workforce by the end of 2022.

Its objectives are to:

- simplify management of health and safety events;
- improve the management of prevention, health and safety processes at all levels of the organization;
- strengthen the implementation of the Group's prevention, health and safety policy and benchmarking between countries;
- respond more to global and local reporting needs;
- build a health and safety database allowing harmonized data management, more accessible and secure health and safety reporting and a predictive approach to risks.

It comprises six integrated and scalable complementary modules to:

- track and manage health and safety events in accordance with local regulations and Veolia processes;
- analyze the causes of events using a harmonized corporate method;
- assess the risks of each role in line with Veolia risk standards;
- create and manage corrective and preventive actions plans;
- anticipate and manage health and safety training courses. Track and verify authorizations and accreditations;
- produce reports, steer health and safety performance and conduct predictive analyses.

A related mobile app allows all employees to actively contribute to health and safety prevention in the workplace.

Monitoring prevention, health and safety performance

Using an internal tool, health and safety performance data has been compiled on a quarterly basis since 2015.

	2018	2019	2020	2021
Lost time injuries (excluding commuting)[1]	2,611	2,631	2,103	2,101(v)
Calendar work days lost due to workplace accidents (excluding commuting) (permanent and fixed-term contracts)	142,694	146,321	137,082	136,243 (v)
Lost time injury frequency rate[2]	8.47	8.12	6.6	6.65(v)
Injury severity rate (number of days lost due to workplace accidents per 1,000 hours worked[2])	0.47	0.45	0.43	0.43(v)
Number of employee deaths tied to processes	0	6	3	6
Number of subcontractor deaths tied to processes	4	8	1	4
Injury rates analyzed (based on root cause analysis)	61.1%	64.5%	74.1%	74.5%
Near misses, unsafe acts, unsafe conditions related to work and equipment failure (excluding commuting) reported	151,088	185,039	177,546	228,094
Ratio of the number of near misses, unsafe acts, unsafe conditions related to work and equipment failure to the number of lost-time injuries	42.1%	51.1%	56.3%	74.4%
Number of employees trained in safety	99,403	106,131	136,072	130,221
% of employees trained in safety	58.7%	59.7%	67.5%	72.1%
Number of authorities dedicated to the study of health and safety issues	2,004	1,969	1,927	2,268

(1) Workplace accidents, excluding commuting, resulting in lost time of at least one day.
(2) Including the Chinese concessions.

With regard to employee deaths, one accident at Veolia Water Technologies led to the deaths of three employees.

The ratio of the number of near misses, unsafe acts, unsafe conditions related to work and equipment failure to the number of lost-time injuries, demonstrates strong leadership, a proactive and positive approach, in particular in the escalation of near misses, and a preemptive approach to more serious accidents.

Health and safety tested by the health crisis

Veolia adapted its working methods and the operation of its sites worldwide in response to the Covid-19 health crisis.

The vast majority of employees continued to commute daily to sites and worked uninterruptedly in the field to ensure the continuity of key services. Heath prevention and work organization methods were therefore adapted from the beginning of the pandemic to limit as far as possible the risks of contamination by coronavirus and enable strict application of social distancing and hygiene rules. This global and sustainable approach ensured the protection of all employees and significantly reduced the number of outbreaks.

A crisis unit based at the Group's headquarters was responsible for coordination, analyzing the situation worldwide and defining priority actions according to the various contamination phases in the different countries. A mutual support system between countries was set up for health equipment. A business continuity plan was implemented for each Veolia activity identified as vital. This business continuity plan enabled:

- enforcement of social distancing and hygiene rules;
- limits on the number of people in meetings;
- the introduction of a one-way walking system;
- working from home for a number of employees when compatible with their position;
- organization of the replacement of sick employees and employees required to self-isolate by rotating production teams;
- team training in managing unusual situations with agility in "degraded" operating conditions and ensuring the collective and individual safety of employees as their watchword;
- use of digital technology to be stepped up.

Managers implemented measures aimed at limiting as far as possible the risk of the virus being introduced and spread onto sites, both during the lockdown phase and as lockdown was eased. These measures apply to everyone entering the Group's sites (employees, temporary staff, consultants, subcontractors, service providers, etc.):

- good understanding of social distancing and hygiene rules;
- distribution of specific face masks in line with service requirements;
- disinfection and cleaning of sites;
- Covid-19 testing carried out every week at the main sites.

In addition to these measures, psychological support (free and anonymous) is available to all employees. Additional measures adapted to each business line and site are taken in consultation with line management based on Group procedures. In 2021, wherever possible, vaccination campaigns were carried out in head offices and operational units. This voluntary initiative made it possible to vaccinate several thousand employees.

Managers are responsible for the proper application of these measures in conjunction with the "Covid Officers" appointed as close as possible to the operating entities led by the crisis unit.

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Commitment	Objective	SDG	Indicator - definition	2020 Results	2021 Results	2023 Target
Give meaning to our employees' work and help them with career development and engagement	**Safety at work**	8 DECENT WORK AND ECONOMIC GROWTH	• Lost time injury frequency rate	6.6	6.65(√)	5
Sponsor	Antoine Frérot			Chairman and Chief Executive Officer		

Health and safety action plans and results are monitored closely by different governance bodies, *i.e.* the Board of Directors, the Executive Committee, the Management Committee, the Ethics Committee and the Sustainable Development Committee. They are also shared with employee representative bodies and are made available to all Group employees *via* the Veolia intranet.

A commitment shared at all levels of the organization

The Chairman and Chief Executive Officer of Veolia Environnement signed the Seoul declaration at the International Labour Organization's headquarters (ILO), which recognizes the fundamental human right to a safe and secure working environment.

Based on the guiding principles of the ILO, Veolia is committed to promoting the continuous improvement of prevention, health and safety and training for managers and employees and more generally, all Group stakeholders, as well as promoting social dialogue on these issues.

Extending to the highest level of the organization, Veolia's prevention, health and safety continuous improvement process is formalized by a commitment letter signed by the Chairman and Chief Executive Officer in 2018.

Veolia's five strategic pillars on which the prevention, health and safety policy is built are to:

- involve the entire managerial line;
- improve health and safety risk management;
- improve communication and dialogue;
- train and involve all employees;
- monitor and control health and safety performance.

This process supports the efforts already initiated and involves all employees at all levels of the organization, as well as the Group's suppliers, subcontractors and joint venture partners.

A steering body: the prevention, health and safety center of excellence

The prevention, health and safety center of excellence is comprised of some 25 international experts within the Group. It proposes prevention, health and safety strategies to the Executive Committee and coordinates Group-wide projects, creates synergies between the businesses by encouraging the sharing of best practices, and evaluates results using performance indicators. In addition, a number of prevention, health and safety experts have been appointed across the Group to ensure the consistency of the measures applied by country and by region, as well as coordination and follow-up actions. This organization provides a structured, flexible and ongoing improvement system which incorporates the cultural and regulatory dimensions specific to each country.

A continuous improvement process

To communicate their involvement and commitment, all management levels regularly conduct safety field visits. These visits offer an opportunity to observe working situations and discuss best practices with employees and areas for improvement, and thus take action on certain behaviour.

Moreover, the comprehensive assessment of functional and operational management performance includes a criterion covering improved prevention, health and safety performance, as does the calculation of the variable portion of top management compensation, based on quantitative and qualitative criteria.

Security policy

To ensure the security of Veolia employees, the Security Department has implemented a set of measures and procedures covering temporary or permanent international assignments, particularly in areas that present a high level of security risk, as detailed in Chapter 2, Section 2.2.2.2 above.

4.4.3.1.3 Actions and results

A constantly falling lost time injury frequency rate

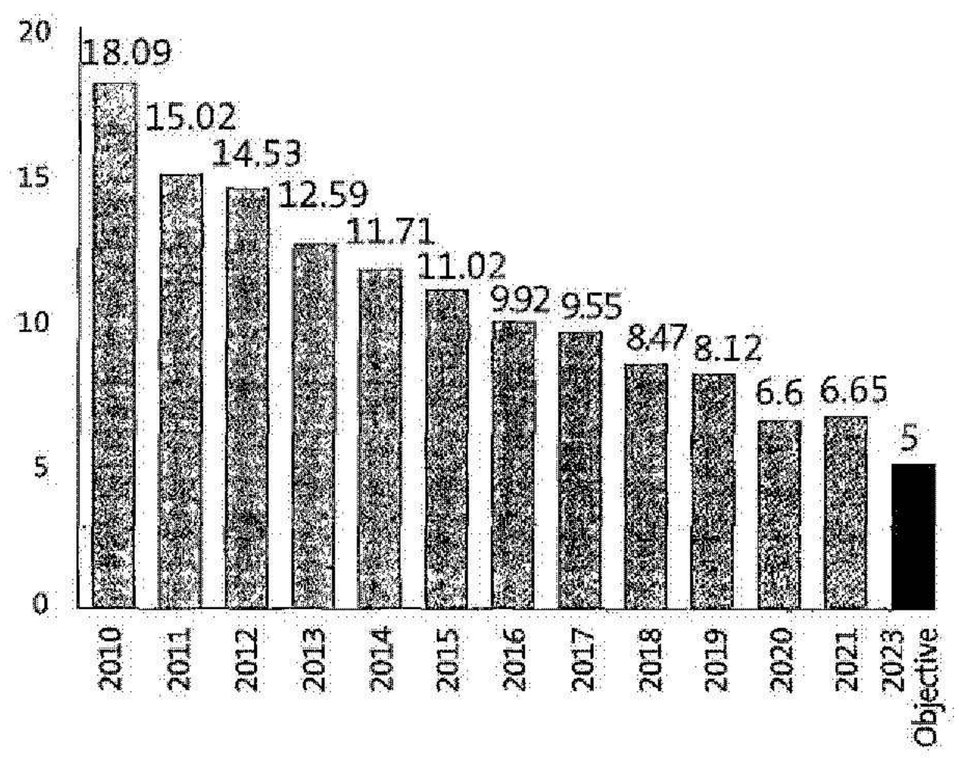
The lost time injury frequency rate is one of the indicators of Veolia's multifaceted performance under its Impact 2023 strategic program.

Since 2010, the frequency rate (the number of lost-time accidents per million hours worked) has been constantly falling: from 18.09 in 2010 to 6.65 (√) in 2021 (*i.e.* a decrease of more than 63% in 11 years).

This decrease is the result of significant measures implemented to prevent workplace accidents for all employees on a human, technical, organizational and behavioural level. These measures are reinforced by a major training effort that combines both face-to-face and online training (particularly within the Campuses).

In 2021, 33 countries where the Group is active did not record any lost time injuries.

Lost time injury frequency rate trends since 2010



	2018	2019	2020	2021
Fixed-term contracts transformed to permanent contracts	3,693	4,850	3,947	4,148
Permanent contract hires as a% of total external recruitment	65.1%	63.4%	58.6%	65.1%
Hires following a contract takeover	1,685	734	3,960	1,076
Internal mobility	5,342	4,570	5,273	9,678

In 2021, the Group recruited 23,655 employees on permanent contracts (including fixed-term contracts transformed to permanent contracts). In 2021, the number of employees benefiting from internal mobility increased significantly. Indeed, as part of the commitment to continuous improvement, more specific HR support and more in-depth training for the human resources network resulted in better assimilation of definitions. In addition, 9,149 employees were promoted in 2021 (7,956 in 2020).

Of the total departures recorded by the Group in 2021 (excluding outgoing mobility and contract losses), 12.5% were the result of individual redundancies (14.3% in 2020) and 0.8% collective redundancies (1% in 2020). 2,833 departures were recorded in 2021 following the loss of a contract (*vs.* 4,103 in 2020). The turnover rate for employees with permanent contracts (√) was 14.4% in 2021 (*vs.* 11.6% in 2020). One reason for this is a particularly stretched labour market in English-speaking countries (North America, Australia and the United Kingdom).

Planned reductions in workforce, job protection schemes, and support measures

The restructuring plans implemented in 2021 most often corresponded, after a review of the various alternatives inside the Group, to a reorganization that was vital for Business Units. These operations are carried out in compliance with legislation and in consultation with labour and management representatives and giving priority to internal redeployment within the Group.

Departures recorded in 2021, under voluntary departure programs or redundancy plans, involved approximately 280 employees mainly in the Czech Republic and France (Waste activities).

As part of voluntary departure programs or redundancy plans, individual or collective accompanying measures (both internal and external) are implemented and facilitated with the constant aim of ensuring the employability of employees. An in-house coaching program is always set-up to enable the employees concerned find new career opportunities. Lay-off are not the end-purpose of the company's project: on the contrary, every effort is made to reduce them. In addition, in order to adapt employee organizations and skills to economic and social changes, the Group signed an agreement on the forward management of jobs and skills in France in 2017. This enables changes in business and skills to be anticipated by promoting training and professional mobility. Moreover, an agreement was signed with the European Works Council in 2018, on changes in the businesses and skills, notably with regard to the Company's strategic direction.

4.4.3 GUARANTEE A SAFE AND HEALTHY WORK ENVIRONMENT

4.4.3.1 Prevention, health and safety in the workplace

4.4.3.1.1 Risks and opportunities

The Group's most valuable resource and consequently its primary asset is its employees. In accordance with Veolia's Human Rights policy, sustainably protecting the health and safety of employees and subcontractors while protecting customers and communities served by the Group is an absolute priority.

The variety of Veolia's business sectors, geographic zones and working environments requires constant due diligence (see Chapter 2, Section 2.2.2.2 above). The Group is committed to ensuring the physical and psychological integrity of its employees and subcontractors in all its businesses and facilities by implementing an ongoing initiative and an enhanced health and safety culture. Veolia is also committed to continually improving working conditions and ensuring a safer environment for future generations.

Mindful of its responsibility, the Group makes health and safety "non-negotiable" and "zero accidents" an objective and a performance driver.

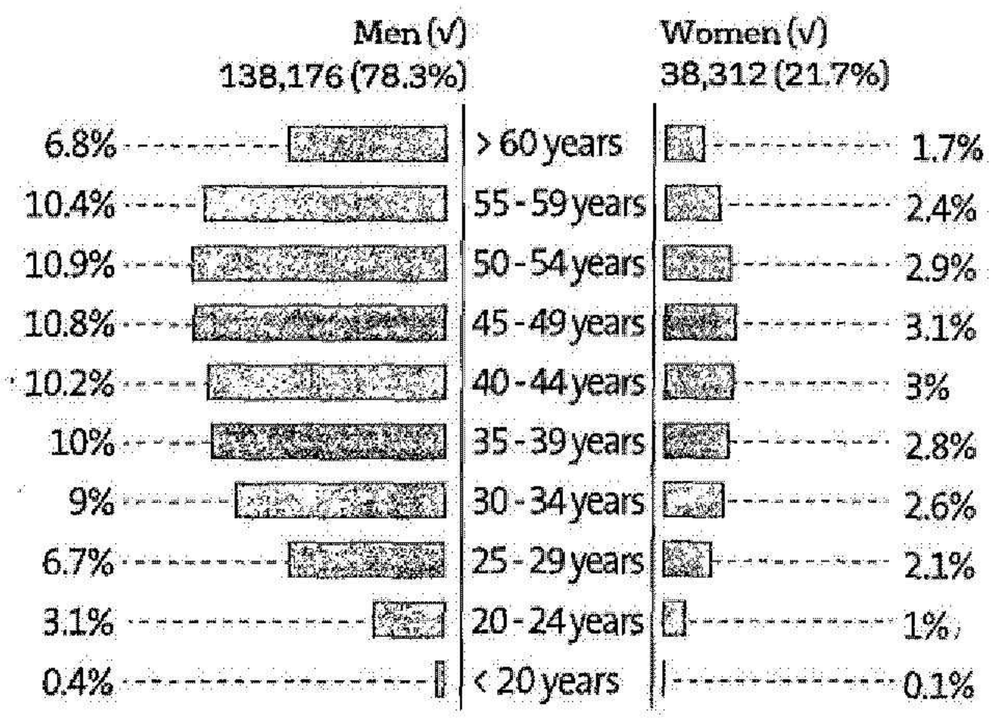
4.4.3.1.2 Policy and commitments

Health and safety at the core of Veolia's Purpose

As part of its Purpose and the Impact 2023 strategic program, Veolia gave commitments in favour of its employees with a 2023 target (see Chapter 4, Section 4.1.1 above). These commitments comprise several objectives, including safety at work.

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Workforce by gender and age in 2021 measured in percentage and value

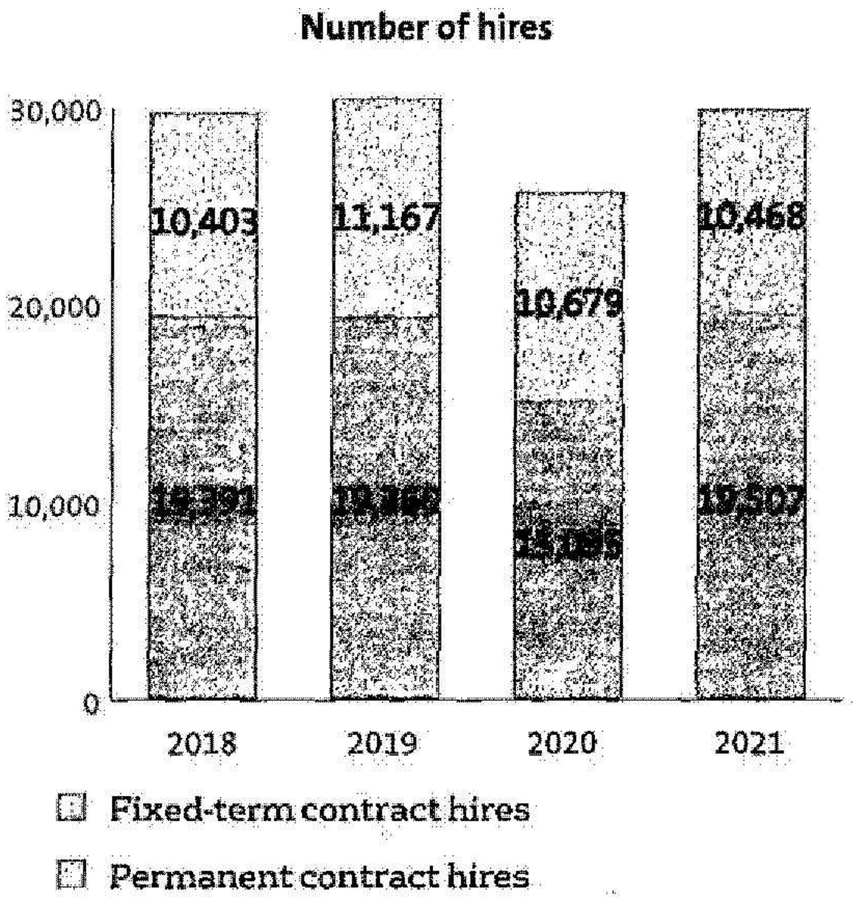


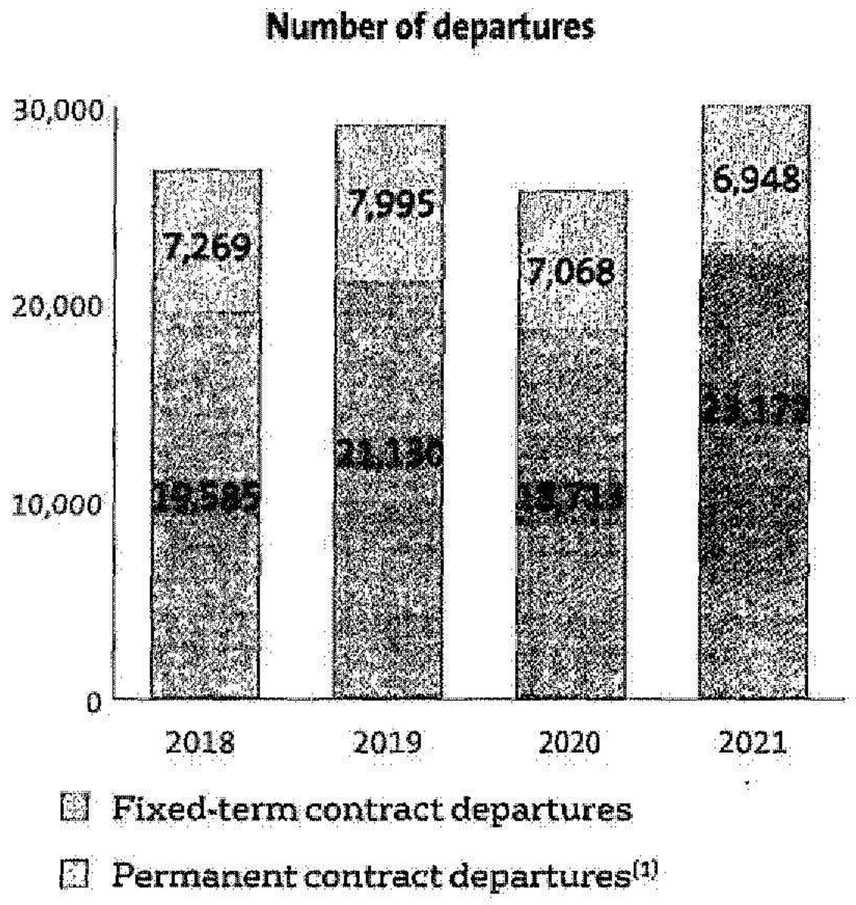
Breakdown of total workforce by type of contract and by category

	2018	2019	2020	2021
Total workforce as of December 31, 2021	171,495	178,780	178,894	176,488(√)
Annual full-time equivalent workforce	162,740	171,212	171,450	169,741(√)
Share of workforce with permanent contracts (FTE)	91.3%	93.4%	92.4%	93.3%
Total managerial staff	12.2%	12.2%	13.3%	14.4%(√)
Total non-managerial staff	87.8%	87.8%	86.7%	85.6%(√)

The full-time equivalent workforce is calculated by weighting the total workforce by both the employment rate and the amount of time worked by each employee. This represents the proportion of employee work.

Hires and Departures - Permanent and fixed-term contracts

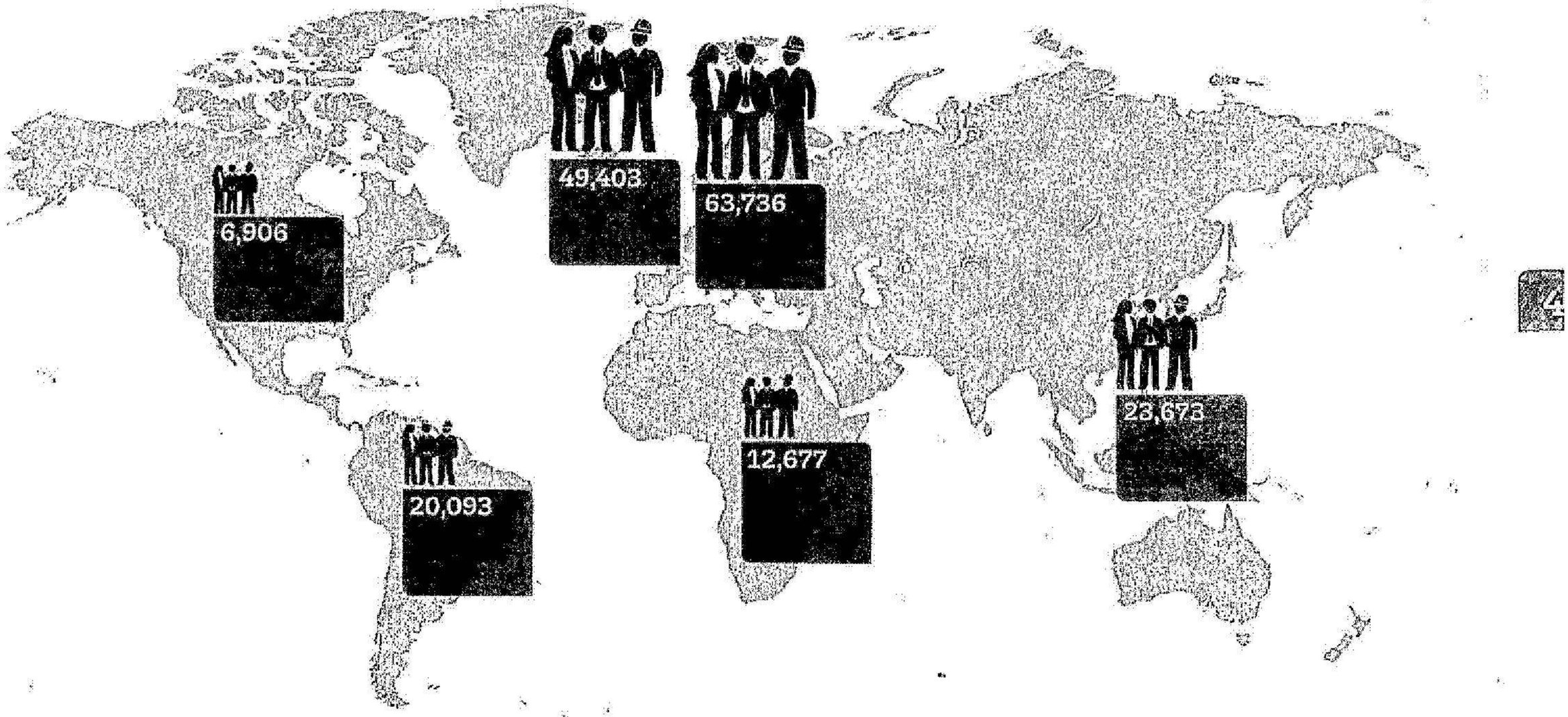




(1) Excluding lost of markets.

4.4.2 WORKFORCE BREAKDOWN

Geographic breakdown of the workforce: 176,488 (√) employees as of December 31, 2021(1)



Geographic breakdown and change in the workforce

	2018	2019	2020	2021	Change 2021/2020	Workforce *(in%)*
Europe excluding France	64,980	65,002	63,629	63,736	+0.2%	36%
France	50,849	51,113	51,685	49,403	-4.4%	28%
North America	8,138	8,539	7,869	6,906	-12.2%	4%
Latin America	13,409	18,019	19,964	20,093	+0.6%	11.5%
Africa - Middle East	10,968	11,653	11,801	12,677	+7.4%	7%
Asia - Oceania	23,151	24,454	23,946	23,673	-1.1%	13.5%
TOTAL WORLD (√)	**171,495**	**178,780**	**178,894**	**176,488**	**-1.3%**	-

As of December 31, 2021, the total workforce was 176,488 employees, compared with 178,894 as of December 31, 2020. The workforce decreased by 2,406 employees year-on-year, or -1.3%, due to:

- an increase (excluding inter-company scope impacts) of 10,300 employees as a result of acquisitions, new contracts and/or business development. The main increases are:
  - in Central and Eastern Europe, around 1,300 employees in waste and energy activities (including the Prague Right Bank urban heating network),
  - in the Middle East, 1,200 employees,
  - in Asia, 700 new employees to develop Water activities in India and Energy activities in China,
  - in Brazil, nearly 450 employees in Waste activities;
- a decrease (excluding inter-company scope impacts) of approximately 12,700 employees. This decrease is due to entity disposals, employee departures and lost contracts. The main decreases are:
  - in France, with the disposal of the SADE Telecom business,
  - in Sweden, Norway and Canada, due to the disposal of industrial services activities,
  - in Mexico and Peru, due to short-term contracts because of the health crisis,
  - in Australia/New Zealand, for energy activities.

(1) Excluding employees of the Chinese consessions.

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4.4 Human resources performance: impact on employees

4.4.1 COMMITMENTS AND ORGANIZATION

Human resources are at the core of Veolia's Purpose (see Chapter 1, Section 1.1.2 above).

They play a key role in a culture that is common to all Veolia's actions, founded on the five principles of responsibility, solidarity, respect, innovation and customer focus.

Veolia's responsibility is to ensure the health, well-being, development and fulfilment of its employees. Social cohesion and dialogue, notably within staff representative bodies, are very important to the Group, which ensures the promotion of professional equality between men and women. The Group's overall performance also depends on its ability to attract and retain talent. Veolia endeavours, as never before, to be an employer of choice for all the regions.

Under its Impact 2023 strategic program and its commitment to multifaceted performance, Veolia confirmed its human resources performance policy around four objectives for 2023:

- safety at work (see Section 4.4.3 below);
- employee commitment (see Section 4.4.4 below);
- employee training and employability (see Section 4.4.4 below);
- diversity (see Section 4.4.5 below).

The Human Resources department must constantly adapt to find concrete and innovative responses to the challenges facing the Group.

Through its "Human resources initiatives" approach, the Group Human Resources Department inventories best practices in the Group's companies, to demonstrate its social performance. Using this approach, it is possible to identify the actions conducted in coordination with human resources priorities, to enhance them and to promote their use beyond their region of origin. The end result is a Human Resources Initiatives Awards ceremony, which recognizes initiatives in occupational health and safety, skills and talent development, social responsibility, diversity and cohesion, operational performance and development. The last edition took place in September 2021.

The Group also uses social reporting to monitor the roll-out of its human resources policies and their performance using the Group's human resources data. The human resources information presented below is extracted from this tool.

Equatorial Guinea: cutting-edge expertise to identify water contamination

In Bata, the economic capital of Equatorial Guinea, the explosion of an ammunition depot in March 2021 caused anxiety and uncertainty. As part of humanitarian support provided to the government of Equatorial Guinea, Unicef, the organization in charge of access to water and sanitation in humanitarian crises, asked the Veolia Foundation, a stand-by partner for many years, to examine the risk of contamination. A Veoliaforce volunteer went to Bata with an employee of WR Water Research Institute, another Unicef partner, to increase the expertise available. Samples were collected and sent to Veolia's Department of Scientific and Technological Expertise (DEST) which conducted analysis work over a number of months.

Mauritania: a waste management assignment

A key element of a sustainable city waste management is often the poor relative of essential services implemented by a local authority. In Atar, in the west of Mauritania, a program to improve the waste management chain was implemented with the support of the International Association of French-speaking Mayors (AIMF) and the Veolia Foundation. Vehicles were delivered to the site. The technical services of the municipality received a 20 metric ton JCB loader and a Renault Ampliroll truck with two 20 m³ movable skips. Two Veoliaforce experts, José de Graeve, head of logistics at the Veolia Foundation and Romain Duthoit, a volunteer from the Oissel sorting center in Normandy, then went to Atar at the end of 2021 to train the local teams in their use.

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4.3.3.3.3 Take consumer health and safety measures

Veolia provides drinking water to 79 million people around the world. With the constant concern of controlling the quality of the water produced and distributed, Veolia has established a water quality control policy in order to comply with current standards and anticipate changes using a complete range of technological solutions. This approach is based on four principles:

- anticipating: through scientific monitoring of emerging parameters, particularly new micropollutants such as endocrine disruptors and pharmaceutical product residues, improving analytical methods for detecting these micropollutants and assessing their effects on health;
- monitoring:
  - by performing more frequent and complex water analyses within shorter timescales, using standardized methods, cutting-edge equipment and qualified personnel. In 2021, regulatory compliance rates for water distributed were 99.8% and 99.5% respectively for bacteriological and physicochemical parameters,
  - by monitoring compliance of the largest distribution networks throughout the world.

		2017	2018	2019	2020	2021	2023 objective
Compliance rate with local regulations and distributed water contractual requirements	Bacteriological parameters	99.7%	99.8%	99.8%	99.8%	98.8%	> 99%
	Physicochemical parameters	99.7%	99.7%	99.7%	99.8%	99.5%	> 99%

- offering solutions to local public authorities for operational improvements and the investments required to control water quality across the entire supply chain: maintaining network water quality, safeguarding the production and distribution of drinking water and protecting resources;
- informing populations and ensuring an optimal response in case of accidents or crisis situations: on-call service 24/7, telephone service for responding to consumer concerns, distribution of bottled water in the event of extended service disruption, telephone warning system to advise all consumers of any restrictions on consumption and distribution points for bottled water.

4.3.3.3.4 Lead international outreach and development actions with the Veolia Foundation

Solidarity is expressed in contracts through the services that the Group provides and that contribute to the common good. Combating insecurity and inequality by ensuring access to essential services for people without a water supply, sanitation services or electricity is one of the ways that Veolia is actively committed.

Veolia's commitment is also demonstrated through its Foundation. One of its missions is to help people to live healthily and with dignity. As part of this mission, the Veolia Foundation:

- provides **emergency humanitarian assistance** during natural disasters and humanitarian crises to evaluate requirements and ensure that people have access to water, sanitation, energy and waste management;
- supports **development aid projects** for these essential services which are core Veolia businesses.

Veolia Foundation's international solidarity initiatives help develop access to essential services. It provides financial support and the skills of the Group's employees.

Multi-year partnerships

The Veolia Foundation has forged numerous partnerships: with United Nations agencies (**UNICEF, UNHCR**), major international bodies (**Red Cross, Doctors of the World, Doctors Without Borders, International Solidarity Movement, etc.**) and States. One such example is the partnership signed in 2014 and renewed on 19 December 2017, with the French Ministry for Europe and Foreign Affairs to boost efficiency when responding to emergency humanitarian situations.

The Foundation has also committed to providing **Doctors without Borders** with Veoliaforce experts to support its research and innovation projects for humanitarian issues in sectors close to Veolia's business lines.

Veoliaforce missions, emergency humanitarian assistance and development aid in 2021

The Veolia Foundation naturally works alongside stakeholders to temporarily respond to essential needs in the event of a crisis or deploy long-term solutions in regions without suitable infrastructure. In 2021, the Veolia Foundation took part in 12 development aid or emergency humanitarian assistance projects. Around twenty Veoliaforce missions called upon some 20 volunteers for 178 man-days of skill-based sponsorship, in addition to the seven permanent staff members dedicated to the Foundation's support and sponsorship activities (*i.e.* 1,298 man/days).

The French Inclusive Business Group

Veolia is a member of the French Inclusive Business Group, launched in December 2018 to develop access to essential products and services, as well as training and employment. As part of this, Veolia committed to accelerating the deployment of water vouchers in partnership with public authorities. Veolia Water France took part in the trials conducted by the group's banks to provide information to the most vulnerable customers on available financial assistance to pay their water bills and how to receive this assistance, as well as the importance of detecting water leaks and advice on reducing water bills in the long-term. This advice is particularly important as it can, in certain circumstances, determine whether financial assistance is provided.

Maintaining and organizing services

Throughout the world, services delivered daily by Veolia meet the essential needs of populations. More than ever, the Covid-19 pandemic highlighted the fundamental nature of these businesses.

From the beginning of the pandemic, while many countries rolled-out exceptional measures to slow its spread, Veolia activated its continuity plan for each country and business. Objective: guarantee both the continuation and quality of services and employee safety.

Smart meters to better manage a budget and improve access by the most disadvantaged groups

The issue of the cost of access to water is a daily challenge for the most vulnerable populations. Veolia has got together with the start-up City Taps, which has developed a unique prepayment solution including a smart meter. Customers can pay for water in advance using their mobile phone, for a set amount or depending on what they can afford: 1 m³, 2 m³... 10 m³ or more. This solution allows households to better manage their budget, and thanks to the mobile solution it can be deployed easily and widely in African countries. The service was tested first in Niamey, Niger with Société d'Exploitation des Eaux du Niger customers using 200 meters. More than 1,300 meters have been installed. The objective is to enable around 100,000 people in Niamey to access water.

In France, Veolia is a leading partner of PIMMS

It is crucial to have access to drinking water and energy to be able to live and work with dignity. Veolia believes it has a leading role to play to help users in difficulty who are in a vulnerable situation or have even lost access to public services. That is why the Group took part in the creation of the PIMMS system (Multiservice information and mediation point), alongside other major public service operators. The PIMMS concept consists of facilitating access to public services for people in a given area and preventing problems, thanks to mediation staff who offer users support, explanations (about topics such as day-to-day processes, billing arrangements and access to internet services) and advice (on matters such as managing a family budget and controlling energy consumption).

The Socias Gestoras program in Mexico

In Mexico, the Veolia subsidiary Compagnie des eaux d'Aguascalientes (CAASA) has launched the "Socias Gestoras" program. This initiative relies on women from the local community who visit users who cannot make payments, informing them about existing systems and proposing solutions, such as bill discounts, staggered payments or specific aid. The "Socias Gestoras" program reflects the 17 United Nations Sustainable Development Goals; it encourages access to essential services, contributes to local development and helps integrate women in difficult situations. These single mothers, who are heads of households, are involved in an empowering activity which generates an income. This program is conducted in collaboration with a local association, Civile Tlanemani.

In Pudong in **China**, Veolia launched an online management platform for water services, Wei customer service, in 2019. Users can use mobile phones and other mobile devices to manage their services and request a bill, submit an arrears application, request electronic billing, obtain sundry information and access online customer services. As proof of its usefulness, more than 120,000 water meters were linked to the digital service in 2021, an increase of over 200% on 2020 and over 24,000 cases were processed online.

Colombia: the "Mi *isla limpia*" *program*

In Cartagena, Colombia, Veolia has developed the "Mi isla *limpia*" *program, focusing* on the technical, environmental and social problems specific to waste management in this isolated area. Collections on foot or by electric scooter, as well as the establishment of temporary storage zones, provide fair access to waste collection services for 6,800 people in the Baru peninsula and around 28 islands of the Rosario archipelago (an increase of over 20% year-on-year). 75% of this population belongs to the most vulnerable segments of the population and this service is subsidized by the national government.

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Regional diagnoses are conducted upstream of calls for bids to identify the regional profile and the service needs and expectations of the population.

In the organizational structure, the introduction of solidarity officers at regional level provides a single point of contact dedicated to these issues, in contact with consumers in payment default and local authority social services. They are responsible for implementing the program with all measures (Housing Solidarity Fund, water vouchers, digital inclusion, etc.) and events with social partners and mediators.

Finally, dedicated tools propose solutions to access issues, such as:

- the "water voucher" system provides means-tested assistance to users through partial or full payment of their water bill or water charges in the case of tenants. Vouchers may be received by users that are not eligible for the Housing Solidarity Fund or supplement benefits under this fund to provide significant assistance. They are dematerialized to facilitate their grant, simplify exchanges and improve monitoring. This format also enables the inclusion of social housing tenants;
- prevention and support measures (with local insertion teams) to teach consumers how to better manage consumption, for example through eco-friendly behaviour, and better understand their true water consumption;
- the Water for all emergency fund seeks to ensure access to essential services for the most vulnerable populations (installation of gooseneck taps, water or sanitation connections, measures in the event of nonpayment), in migrant camps, shantytowns and squats and also provide assistance on consumer cases with exceptional debt (major leaks, condominium associations in difficulty, consumers in excessive debt, etc.);
- social tariff experiments (initial cubic meters free of charge).

This structuring of the approach and the introduction of solidarity officers helped improve effectiveness and enabled a more efficient roll-out of measures within the regions. In 2021, 186,345 people benefited from these inclusive measures in France, for a total amount in excess of €3.3 million.

In **China,** more than 7,770 low-income or extremely poor households in the cities of Lanzhou, Kunming and Changzhou benefited from low-cost drinking water services or initial cubic meters free of charge.

In Harbin, one of the ten most populous cities in **China** where Veolia operates an urban heating network, social tariffs and free home visits were introduced for the most vulnerable households (low-income residents, workers with disabilities, etc.).

In **Colombia**, means-tested differentiated tariffs are implemented for water and sanitation services. Low-income households receive State subsidies for their basic needs while high-income users and industrial and commercial establishments must pay a solidarity contribution. These State-subsidized differentiated tariffs range from -70% to +60% and are applied by Group companies in accordance with Columbian law and public service regulations.

In **Colombia**, in coordination with the Sincelejo city council, Veolia Sabana invested in the commissioning of an aqueduct in seven villages in the rural region of Sincelejo. These villages are mainly indigenous local councils that have for centuries received their water supply from surface wells or retention ponds. They now benefit from drinking water services following the completion of an aqueduct, a project designed and conducted by Veolia and managed by the municipal authority. 705 familles in the Sincelejo rural region benefit from these inclusive projects for indigenous populations.

In **India**, through local public policies, over 2,500,000 people in the country benefit from support schemes for access to and maintenance of drinking water services. In Nagpur, under the national slum development program, specific actions for slum dwellers are carried out in favour of sanitary hygiene, education, skills development training and other awareness programs such as the preservation of natural resources. In Nangloi, the Social Welfare Team, a community liaison team, informs residents directly about drinking water connection conditions (initial cubic meters free of charge) and raises awareness about resource preservation.

In **Morocco**, since 1999, REDAL has been implementing a social welfare policy aimed at accelerating and extending access to services by the population across the entire scope of the Rabat-Salé region's delegated management contract. The welfare connections are intended for households meeting specific social welfare criteria, offering a lump-sum payment and flexible payment terms over several years. They are initially defined and managed through agreements with the delegating authority. From 1999 to end-2021, 99,492 welfare connections have been provided for drinking water, 15,844 for sanitation and 55,550 for electricity.

Also in **Morocco**, with the launch of the National Human Development Initiative (INDH) in 2005, and the signing of a framework agreement in 2006 in the presence of His Majesty King Mohammed VI, describing the principles of the program to provide universal access to water and wastewater services, Veolia Amendis is developing its welfare connections programs. By the end of 2021, nearly 130,000 households had been equipped in Tangier and Tetouan within the scope of the delegated management contract. The improved coverage rate is largely due to the proactive policy pursued by Amendis and its delegating authority to provide welfare connections through partnership agreements with the various municipalities, provincial councils and prefecture.

4.3.3.3.2 Develop and maintain systems for access to services adapted to the local context

Some groups of people have difficulty accessing or maintaining water and sanitation services crucial for health and development. This can be for financial reasons (high initial connection costs, cost of work required for network connection or difficulties in paying the subscription), or administrative, linguistic or physical reasons (remoteness, elderly persons, etc.).

As a result, Veolia works with delegating authorities, partners and industrial customers to provide long-term access to essential services for the most vulnerable populations and to develop locally adapted solutions.

Inclusive measures take a variety of forms:

- financial schemes related to the price of water: social tariffs, etc.;
- bill payment assistance schemes to respond to consumers' financial difficulties: payment plans, debt remission, water vouchers, etc.;
- technical solutions to promote access to water: social connection programs, infrastructure, etc.

These measures are accompanied by decentralized dialogue measures with consumers to promote these solutions, in particular to the most vulnerable populations, enabling access to water and sanitation services and their maintenance (see Section 4.3.2.3.2 "Dialogue with local communities" above).

In addition to these measures, Veolia also acts with these vulnerable populations to raise awareness and promote reasonable and responsible use of water resources:

- implementation of technical and incentive measures such as the roll-out of smart meters and consumption-based progressive rates (see Section 4.2.5.3.4 "Encourage responsible consumption by users and digitalization", above);
- Veolia seeks to raise the awareness of consumers and civil society more generally, and particularly children, of responsible consumption practices through open days at drinking water production plants or directly in schools through education programs (see Sections 4.3.2.3.2 "Dialogue with local communities" and "Educating and raising awareness of sustainable development" above).

In **Morocco,** for example, where nearly 20% of water service users receive social measures, the agencies organize open days in conjunction with the consumer protection association to raise customer awareness of rational water and electricity use. The aim is to encourage citizens to adopt responsible resource saving behaviour and act for a general interest cause, resource preservation.

Access to services

Giving everyone access to high-quality services through the ACCES approach

The Group has developed a set of solutions tailored to the local context, ensuring everyone has access to high-quality services. ACCES expertise (technical, financial, institutional, or societal engineering) is a good example of Veolia's strategy and commitment. It is broken down into three areas:

- **technical engineering:** serving more people with the same resources and infrastructure, and proposing new distribution methods;
- **financial and institutional engineering:** implementing socially acceptable price policies, increasing individual subsidized connections, developing new social research and innovation models, seeking innovative funding and approaching backers;
- **social and customer relations engineering:** developing local customer services and mediation initiatives to propose solutions to the most vulnerable populations, in particular, promoting suitable service use to optimize benefits, evaluating the impacts on quality of life, developing partnerships and co-creating new solutions.

These solutions, initially developed for water access in Africa, have now been rolled out to all countries and services. Veolia is particularly in favour of targeted policies for more disadvantaged populations and/or districts.

A subsidiary of Veolia Maroc, Redal installs automatic standpipes in districts not yet served by the main water network.

In Morocco, in rural areas without drinking water networks, or in the douar neighborhoods, access to drinking water is provided by standard standpipes. 154 standpipes are currently installed in Skhirat-Témara, Salé and Rabat. In a bid to save drinking water and preserve resources, these standpipes are replaced by "Saqayti" (my fountain), which are equipped with a smart card reader enabling water to be delivered to users with a magnetic card. The cards are credited with a monthly water volume, enabling families that qualify for this system to receive a free monthly allowance equivalent to the essential water needs of a family. 40 Saqaytis have currently been installed.

Éco Solidaire offering for all service users

In developed countries, the Group is also mindful of maintaining access to services for the poorest populations, as well as for people in situations of financial uncertainty and the homeless. In France, a commitment was given under the France Water Impact 2021-2023 strategic project to propose inclusive measures in all offerings.

The Éco Solidaire offering is founded on three pillars:

- a policy included in contracts involving both the Consumer Department and development teams to provide for these measures when offerings are developed;
- an organization built around a solidarity officer;
- means and actions: Housing Solidarity Fund, water vouchers, local partnerships, advice to reduce water consumption, assistance with administrative measures.

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4.3.3.3 Actions and results

4.3.3.3.1 Developing access to services in access-deficient countries

Veolia plays an active role in implementing objectives defined by the international community. While it contributes to all 17 Objectives (see Section 4.1.2 above), the Group focuses in particular on providing access to water services for the most vulnerable populations and those not living close to services. Veolia therefore works with public and private partners (public authorities, public bodies or delegating authorities, NGOs, local associations, industrial companies, etc.) to develop solutions providing new access to water and sanitation. These development models necessarily lead to a sharing and transfer of skills and technologies between the different players (see 1001fontaines partnership below).

In developing and emerging countries, several years of working with local public authorities, including through projects conducted by Veolia Foundation (see Section 4.3.3.3.4 below), have shown that Veolia is reliable, effective and creative and can help them develop and implement ambitious policies to effectively achieve the MDGs and SDGs The Group has worked with numerous municipalities in these countries under contracts with specific goals and incentives to extend access to and maintain services.

Since the implementation of the SDGs in 2015, the Group has provided 6.7 million people with access to drinking water, and 2.4 million people with access to sanitation services. In 2021, 1.03 million people gained access to drinking water, and 404,000 to sanitation (1).

	Since definition of the MDGs (2000)	Since definition of the SDGs (2015)	2023 objective
Population with new access *(in millions of people)*	• drinking water: 12.3 million • sanitation: 5 million	• drinking water: 6.7 million • sanitation: 2.4 million	Contribute to the United Nations sustainable development objectives, in the same way as we contributed to the Millennium Development Goals

Greater Matale Water Supply Project in Sri Lanka

With significant annual precipitation and strong renewable supply capacity, Sri Lanka has abundant water resources unequally spread over its territory. In certain areas affected by drought, inhabitants can encounter difficulties daily in accessing clean water or buying treated water. In addition to drought, poor maintenance of existing systems is another cause of drinking water scarcity.
Veolia conducted the Matale Water Supply Project in response to this challenge, under the responsibility of the National Water Supply and Drainage Board (NWSDB), the national organization in charge of drinking water and sanitation in Sri Lanka. This project was launched in 2008 by NWSDB. Work commenced in 2017 and was completed in 2021 with the commissioning of five new water treatment plants in Matale, Ambanganga, Ukuwela, Udatenna and Rattota. The Group also installed twelve reservoirs, five pumping stations and 430km of pipes for the conveyance and distribution of water.
These installations enable and secure the supply of drinking water to over 350,000 people in the Greater Matale agricultural region, located in the center of Sri Lanka, 150km from the capital, Colombo.

In February 2021, Veolia signed a strategic partnership with the NGO **1001fontaines, Accenture and Danone Communities**. This collaboration seeks to accelerate the development of decentralized solutions for accessing water, in particular in rural regions in developing countries. The partnership accompanies 1001fontaines in the structuring of a sustainable and viable economic model, that can be replicated in new geographies, enabling equitable, high-quality and sustainable access to water. Veolia contributes, in particular, technical support by mobilizing its social engineering expertise, its research and development teams specializing in water treatment and the Veolia Foundation for its expertise in decentralized water treatment in an emergency context.

The partnership has already provided concrete results in 2021 with the conceptualization of a new water treatment solution model named "kiosque 2.0", which will be key in attaining the objectives set by 1001fontaines in Cambodia and the world, that is eight million beneficiaries by 2030.

(1) Providing new access to drinking water and sanitation systems includes distribution and new production/treatment units, without final distribution, in 15 countries with limited access, where Veolia works to provide access to these services. For distribution, data is obtained from the number of connections by Veolia, multiplied by the average number of people per household as estimated by INED (French National Institute of Demographic Studies). For production plants, the number of people with access to drinking water is estimated from the volumes produced, the average water network yield observed by Veolia and the average consumption ratio observed locally. For treatment plants, the number of people is estimated from plant treatment capacities and the average wastewater production ratio per person observed locally. The number of people supplied with sanitation services is calculated according to the same principle, using the capacity of wastewater treatment plants in terms of population equivalents when wastewater is collected by a third party.

4.3.3 ACCESS TO ESSENTIAL SERVICES

4.3.3.1 Risks and opportunities

Beyond the fundamental measures taken in favor of consumer health and safety to comply with its obligations in terms of hygiene-related risks (see Section 2.2.2.2 above), Veolia acts to provide and maintain the services crucial to health and development.

Through its business, close ties with local communities and its significant regional presence (see Section 4.3.2 above), Veolia contributes globally to the United Nations Sustainable Development Goals. This regional network and the Group's proximity to local issues is an opportunity to develop services adapted to specific contexts, and to launch development aid or emergency assistance activities.

4.3.3.2 Policy and commitments

The Group provides drinking water to 79 million people, wastewater treatment services to nearly 61 million people, waste collection services to 40 million people, and supplies heating to close to 7.9 million people worldwide [1].

Operating worldwide, Veolia is attentive to the objectives of the international community. Alongside delegating authorities, partners and customers, Veolia aims to offer sustainable access to essential water, waste and energy services, specifically in favour of targeted policies for the most disadvantaged people or districts.

As part of its Purpose and its Impact 2023 strategic program, Veolia is committed to supporting regional development through responsible means. This commitment can be broken down into several objectives, including that of developing and maintaining access to essential water and sanitation services:

- notably by developing adapted solutions in developing countries (see Section 4.3.3.3.1 above);
- but also by favouring assistance measures for the most vulnerable populations and those away from these services across the world (see Section 4.3.3.3.2 above).

To illustrate its commitment, the Group has set a target for 2023 of increasing by 12% the number of people benefiting from these inclusive schemes and maintaining access to water and sanitation services.

Commitment	Objective	SDG	Indicator - definition	2020 Results	2021 Results	2023 Target
Support regional development through responsible means	**Access to essential services (water and sanitation)**		• Number of inhabitants benefiting from inclusive measures[1] for access to water and sanitation services within contracts with Veolia	6.12 million inhabitants (+7%)	6.71 million inhabitants (+17.5%)	+12% at constant scope
Sponsor				Olivier Brousse[2]	Member of the Executive Committee and Vice-President Strategy and Innovation	

(1) The typology of inclusive schemes includes:
- *schemes related to the price of water: social tariffs, etc.;*
- *bill payment assistance schemes to respond to consumers' financial difficulties: payment plans, debt remission, water vouchers, etc.;*
- *technical solutions to promote access to water: social connection programs, infrastructure, etc.*

The indicator is calculated on the basis of consumer reporting (number of subscribers), to which a conversion coefficient is applied to determine the number of beneficiaries (number of people per household – source UNDESA).

(2) Until 15 November 2021.

(1) The number of people served takes account of people directly supplied by a distribution network operated by Veolia and people receiving water produced by Veolia but supplied by a third party. For distribution, this relates to people identified according to local practices (INSEE in France) in the region supplied. For production without distribution, the number of people supplied may be estimated from the volume sold to the distributor based on an average volume distributed per day and per person. The data gathered regarding the number of people and volumes sold to third parties are updated each year. The number of people supplied with sanitation services is calculated according to the same principle, using the capacity of wastewater treatment plants in terms of population equivalents when wastewater is collected by a third party.

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As part of the France Water business partnership with the GESAT network[1] (disability strategies), the Group Purchasing Departments have adopted since 2013 an approach that promotes purchasing from the protected workers sector (provision of signed supported employment (ESAT)/protected workshop (EA) contracts, use of a search engine by category and region, awareness campaigns with purchase requesters, etc.). In 2021, purchase expenditure, excluding VAT, in the protected workers sector totaled €11 million for the France scope, an increase of 26% on 2020.

4/Supporting ecological transition

Environmental performance is systematically taken into account when selecting suppliers and is reflected by numerous efficiency program strategies. For the Purchasing departments, these major issues have the following points in common:

- reduction in CO_2 emissions;
- lower energy consumption;
- introduction of new alternative energies;
- systematic inclusion of the TCO (Total Cost of Ownership);
- roll-out of asset management solutions;
- integration of new circular economy models;
- use of biofuels generated by Veolia's recovery activities.

These new projects allow Veolia to integrate supplier innovations, be attentive to new business models and activate new optimization levers.

VEGA Move, the Group's mobility program

For several years, the Group has set an ambitious CO_2 emissions reduction policy for its vehicle fleet, *i.e.* 30% clean vehicles ordered in France by 2025. Since 1 January 2022, the French Mobilities Framework Law requires a percentage of vehicles ordered each year to be clean vehicles. The Group aims to exceed the objectives set by the law through major actions to green the fleet (ban on diesel for service vehicles and company cars and the introduction of hybrid or electric models in each vehicle category). The Group's mobility program also includes new offers around carpooling and car sharing (Klaxit), eco-driving applications and the launch of new offers for electric vehicle charging stations.

This program also encompasses the modernization and optimization of the truck fleet, with the introduction of clean trucks (compressed natural gas (CNG) and hydrotreated vegetable oil (HVO)) and access to new machines, such as electric backhoe loaders.

Solar panel offer and energy certificate policy

In 2021, the Group renewed a partnership for the roll-out of solar panels at Veolia sites in France. This offer comprises several phases (study, installation, operation) and is based on on-site consumption. It targets all types of site managed by Veolia (wastewater treatment facilities, pumping stations, sorting centres, incinerators, technical landfill sites, administrative buildings, etc.). 98 solar panel installation projects are under review.

In addition, during the year, the energy certificate program once again reflected the policy to replace energy-intensive equipment and enabled cumulative savings of **36 GWh**, excluding exceptional projects.

Prescription solution for the replacement of electric pumps

To assist operating staff as well as possible and manage the renewal of its pumps, Veolia, in partnership with Greenflex, has developed a prescription solution for this equipment using a TCO approach. This new solution, deployed in France and abroad (UK, Ireland, Ecuador, Colombia, Mexico and Morocco) will cover several new equipment categories (pumps, compressors, suppressors, centrifugal systems, etc.) and therefore enables:

- implementation and energy consumption costs to be simulated for the different equipment;
- purchasing gains to be generated by calculating the new TCO of the replaced model;
- energy consumptions savings to be realized (-6,600 MWh for the France scope) and CO_2 emissions to be reduced by 400 metric tons in 2021;
- needs to be refocused on referenced suppliers according to the prescribers' requirements. On average and depending on the framework agreements negotiated for Veolia, replaced equipment enables the Group to obtain between 50% and 70% of the total cost of a pump.

Under the suppressor maintenance plan, the Purchasing Department, together with the BUs, conducted an inventory of assets in ten regions in France and abroad (Thailand, Canada, Saudi Arabia). This enabled 51 plants to be equipped with more energy-efficient suppressors and 340 metric tons of CO_2 emissions to be avoided. In line with the new requirements of the Sustainable Purchasing roadmap and through a Life Cycle Analysis approach, the suppressors will be recovered and reconditioned to give them a second life or recycled.

Recycling plastic containers

In 2021, the Purchasing Department launched a Europe-wide call for tenders for the supply of waste collection plastic containers. Account was taken of environmental and societal criteria enabling the Group to anticipate plastic recycling issues and build an innovative approach: only containers manufactured using locally sourced recycled plastic were referenced. Products manufactured using recycled plastic are 15 to 20% less expensive than equivalent products using virgin plastic and therefore protect against raw material price inflation.

This purchasing project is a true circular economy loop, designed and created by Veolia's sales teams. By placing European plastic recycling subsidiaries in contact with referenced suppliers, Veolia collects used containers and recycles them in its plants and then sells the recycled plastic to its partner suppliers.

Inclusive sourcing in Australia

In Australia and New Zealand, Veolia is working with Aboriginal and Torres Strait Islander companies to accompany the commercial development of Cole suppliers powered by bunzl safety. This local supplier provides industrial clothing to Group operators, with the support of the Bunzl safety distribution network. In 2021, Veolia contracted with more than 20 Aboriginal suppliers.

(1) GESAT: Association created in 1982 to promote the protected and adapted employment sector and support economic players in their relations with this sector.

Sustainable Purchasing roadmap

In line with the Group's multifaceted performance approach, the Purchasing Department has developed a new Sustainable Purchasing roadmap. This transformation encompasses a change management section and a training section for all purchasing teams (Group and Business Units) and is based on major structuring pillars: human rights/compliance, regional value creation, decarbonization and the circular economy. This new approach is a real opportunity for all teams to better integrate supplier innovation through new business models, systematically include ESG criteria in assessment charts and create unique value for Veolia's businesses.

1/Engaging suppliers

The purchasing compliance program is a key pillar of Veolia's sustainable purchasing policy. It is founded on the following four measures: identifying risks, engaging suppliers, evaluating their CSR performance and steering continuous improvements. In 2019, Veolia launched a buyer certification program, through an e-learning developed jointly with the Veolia Campus, to strengthen the roll-out of the purchasing compliance program.

In November 2019, 370 buyers and 48 Compliance offers were trained and certified in purchasing compliance. In 2021, the Purchasing Department updated and strengthened its compliance e-learning, which will be rolled-out in 2022.

The supplier charter, updated in March 2019 and available at. veolia.com, is always sent during consultations and signed by third parties. It helps engage and make suppliers accountable regarding Veolia purchasing principles and processes, including their supply chain.

In order to prevent risks linked to compliance with ethical rules, employment law and the environment (human rights, child labour, corruption, etc.), specific sustainable development and anticorruption clauses are systematically included in new contracts or renewed contracts/amendments with suppliers and subcontractors.

At the end of 2021, **88% of active contracts** in the Group supplier database included a sustainable development clause. This clause commits the supplier to:

- complying with the Universal Declaration of Human Rights and the United Nations Convention on the Rights of the Child;
- complying with ethical, social and labour law requirements, particularly all applicable mandatory labour law regulations and International Labour Organization (ILO) conventions: concealed employment, child labour, forced labour, etc.;
- complying with the Group's health and safety prevention policy;
- complying with regulations concerning the protection of the environment and the implementation of necessary measures to reduce its impact on the environment;
- making sure that its own suppliers and subcontractors comply with the same obligations;
- making available and communicating its commitment policy to Veolia.

2/Evaluating suppliers

In calls for tenders, supplier risks are identified using a risk mapping by purchasing category integrating the following criteria: critical importance of the expenditure, energy consumption, business strategy, as well as CSR and ethics criteria consistent with the Group's risk mapping. This mapping allows buyers to identify, analyze and rank strategic suppliers and/or suppliers in the most exposed categories (overall score of 1 to 5).

Since 2020, a new Compliance/CSR questionnaire was made mandatory in the bidding phase for suppliers in global risk purchasing categories three to five, according to the risk mapping by purchasing category. This questionnaire contains questions about the supplier's business and financial information, its certifications, ethics and compliance, and social, environmental and societal commitments and performance.

In addition, Veolia uses an assessment system to measure the CSR performance of its strategic and high-risk suppliers. This involves a documentary audit and the consideration of controversial aspects (current affairs, news, inclusion on an international sanctions list, Politically Exposed Person in a supplier, etc.) by an independent service provider. The analyses are performed by experts and cover twenty-one criteria across environmental, social (human rights, etc.), ethical (corruption, etc.) and sustainable purchasing issues. These assessments are performed during calls for tenders and through annual campaigns.

The CSR performance of suppliers is taken into account when assessing bids during calls for tenders, with a weighting of 5% to 20%. From now on, the supplier selection grid must also include environmental, social and societal criteria.

In 2021, the assessment campaign accelerated significantly and was increasingly international, with its roll-out across all purchasing categories for strategic suppliers in addition to many high-risk suppliers. In 2021, assessments covered **75% of strategic Group suppliers,** but also 1,090 nonstrategic suppliers and 340 level 2 and 3 suppliers. This represents the assessment of €4.9 billion, with 26% of expenditure subject to compliance risk now assessed.

Where the resulting score does not meet Veolia requirements, the supplier is asked to implement a corrective action plan and is then reassessed. 63% of suppliers who have been reassessed at least once improved their score.

In the second quarter of 2019, the Group implemented a site visit report internal solution (available in 10 languages) to supplement its monitoring system and pursuant to the French Duty of Care law, organized around the main topics relating to health and safety, the environment and human rights matters. In the event of noncompliance, buyers must implement a corrective action plan with the supplier.

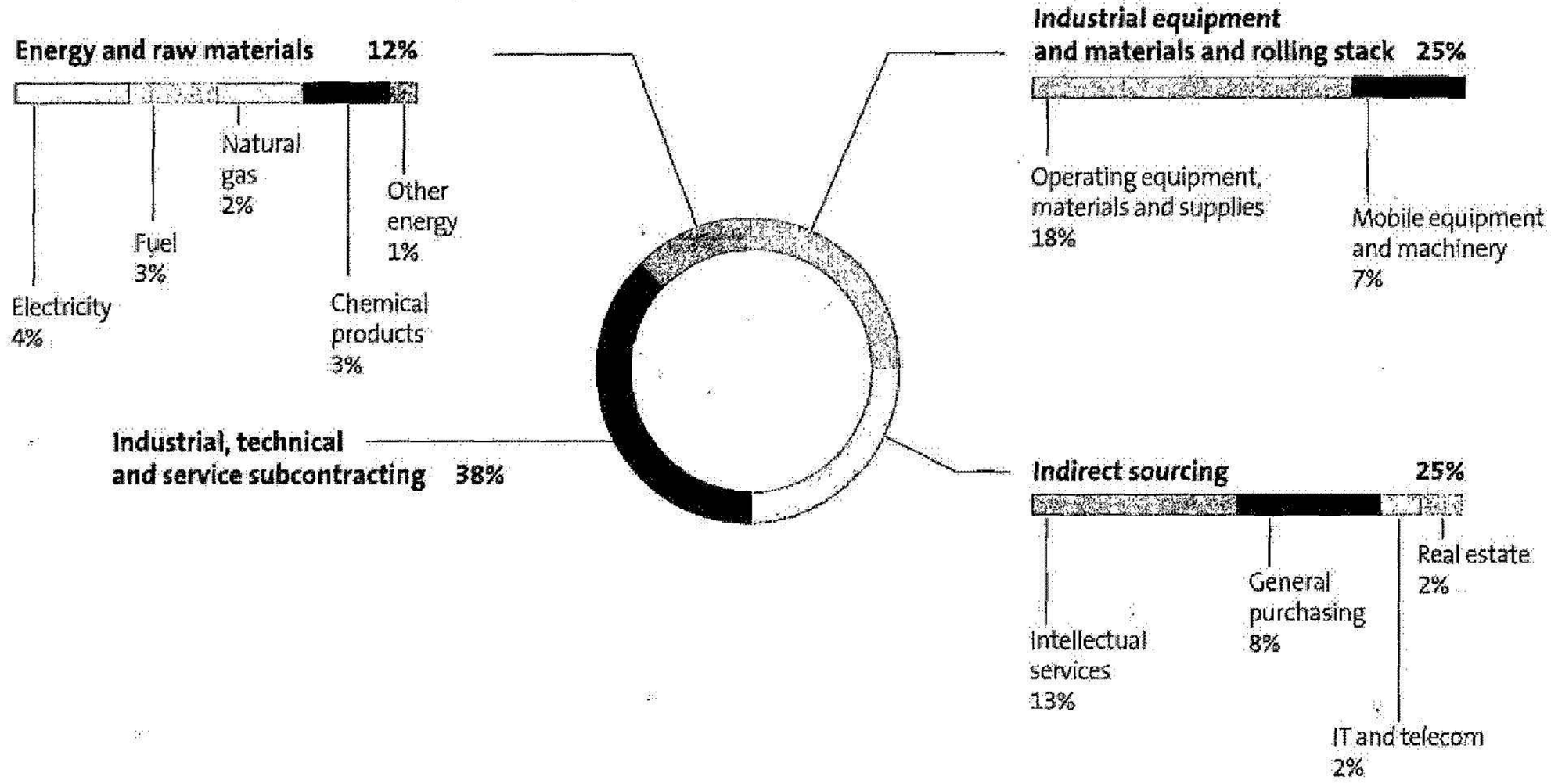
3/Contributing to regional development

Since 2019, the Purchasing Department contributes to calculating the Group's socioeconomic footprint, enabling a better understanding of Veolia's impact on its supply chain. Veolia purchases in 2020 supported over **287,000 indirect jobs** in the supply chain and generated **GDP of €12.6 billion**. For the same purchasing base, an average of **85%** of purchases were local. In France, **77% of Veolia suppliers are SME/Mid-tier companies**, representing €2.8 billion in expenditure.

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4.3.2.3.4 Establish responsible relationships with Group suppliers

Breakdown of total 2021 external spending (1)



Veolia's purchases are highly diversified and mainly fall into the following three areas:

- energy and raw materials, locally sourced from domestic players or subsidiaries of international suppliers;
- industrial and service subcontracting of maintenance, servicing and construction work for equipment and installations, logistics and waste processing. Subcontracting is carried out by local and small-scale players (small and medium-sized enterprises, intermediate-sized enterprises, etc.);
- industrial equipment and materials and mobile equipment, at the core of the business operations carried out for the Group's major customers, represent a significant portion of energy consumption. *These purchases are therefore fully costed over the life cycle.*

Veolia's sustainable purchasing policy is based on four principles, measured by three indicators.

	Monitoring indicator	2017	2018	2019	2020	2021	2023 *objective*
1/Engaging suppliers	Share of contracts including sustainable development clauses	57%	63%	71%	76%	88%	90%
2/Evaluating their CSR performance	Share of strategic suppliers(1) *evaluated* in the past three years	48%	55%	61%	70%	75%	78%
3/Contributing to local development	External spending on the protected and adapted sector	€8.8 million	€9.6 million	€10.4 million	€8.7 million	€11 million	N/A

(1) In 2016 and 2017, a strategic supplier is a supplier rated A, with spending in excess of €3 million per year (greater than €2 million in 2016), and/or for which a contract or action plan exists for a Business Unit and/or when the latter has already been assessed.
Since 2018, a strategic supplier directly contributes to the Group's strategy and has a critical role in Veolia industrial processes (industrial equipment, production energies, chemical products, rolling stock and major telecoms & IT operators). It represents a recurring expense at Group or Business Unit level.

(1) The total spending corresponds to the sum of external spending. Are excluded the Energy entities in France, the new Waste activities in the Nordic countries, as well as the France Water capsules, the international entities of Veolia Industries Global Solutions and SADE, and the joint ventures.

- in the **United States**, Veolia's Regeneration and Recovery Solutions (RRS) Business Unit joined the Future of STEM Scholars Initiative (FOSSI), which offers scholarships to students at historically black colleges and universities (HBCU). This initiative seeks to help underrepresented groups access and succeed in STEM (science, technology, engineering and mathematics) careers in chemical industries. Veolia will finance two four-year scholarships and offer students internships coordinated by FOSSI;
- in the **Czech Republic**, Veolia's STARTER program supports the creation of new long-term jobs in two major regions with the highest unemployment rates. The Veolia Endowment Fund supports projects in the Moravia-Silesia and Olomouc regions, particularly craft-industry projects that bring social benefits to the population. Since 2000, over 2,500 jobs have been created, including 391 for people with disabilities.

Australia: The *Reconciliation Action Plan*

Veolia reaffirmed its historic commitment to defending the rights of Aboriginal Australian and Torres Strait Islander peoples, and launched the third *Reconciliation Action Plan (RAP)* **2019-2022.** This commitment started in 1997 with the partnership to employ Aboriginal people signed with Indigenous Business Australia. *In 2013, The North West Alliance joint venture was created with the Aboriginal Australian company, Our Country.* This alliance has become *the biggest provider of* waste management services in the Pilbara region. This was followed by the 2014-2016 and 2017-2019 RAP, strategic frameworks to combat inequality and to develop long-term ties with the communities and local organizations. The priority areas for action of this new 2019-2022 plan will be education, employment, community partnerships and collaboration with Aboriginal and Torres Strait Islander peoples.

Support for the transition to work and creating social cohesion with the Veolia Foundation

Support for the transition to work and social cohesion is one of the Veolia Foundation's priority areas of action, along with development assistance and humanitarian emergencies and environmental and biodiversity protection. In particular, it supports initiatives and structures that encourage the return to work of people outside mainstream society (*e.g.* work sites, associations and companies that foster professional reinsertion through economic activity, training, social assistance, entrepreneurial solidarity and microcredit, etc.). Beyond just financial support, the Veolia Foundation aims to create pathways between supported projects and initiatives and the Veolia Business Units to encourage integration and a long-term return to work.

Multi-year partnerships

Through its multi-year partnerships, the Veolia Foundation supports associations involved with the social and professional reinsertion of the most disadvantaged populations. The major partnerships are:

- **Télémaque**, an association that works for equal opportunities in education by supporting young people from modest backgrounds from secondary school onwards *via* a tutoring system;
- **Acta Vista** has made protecting and restoring exceptional regional sites a robust activity to encourage professional reinsertion.

Projects to support the transition to work and social cohesion in 2021

Beyond these historic partnerships, each year the Veolia Foundation supports various associations and companies working to help the most underprivileged transition to work and to improve neighborhood social cohesion. In 2021, the Foundation supported 13 projects that help people find employment and build social cohesion, such as Heko Farm, Les Eaux Vives Emmaüs and Dromolib.

Territoire Zéro Chômeurs de Longue Durée (TZCLD)

TZLD is an innovative scheme to put an end to long-term unemployment. Trialed in January 2017 under a law passed unanimously by the French Parliament in February 2016, it is being piloted in ten regions of 5,000 to 10,000 inhabitants thanks to the involvement of several NGOs. Th scheme is founded on a conviction: transferring the social cost of unemployment to jobs that meet local needs enables regional economic development to be combined with social cohesion and ending long-term unemployment. Specifically, jobs are created by employment creation companies (Entreprises à but d'emploi, EBE) assisted by the French State, which recruit, on a voluntary basis, long-term unemployed on minimum wage permanent employment contracts, with the working hours they choose. What do they do? They are entrusted with work that is locally useful but abandoned by the traditional sector as not considered sufficiently profitable. TZCLD projects therefor complement, with proven success, existing regional back-to-work initiatives and particularly those developed by organizations that promote insertion through economic activity (Structures de l'insertion par l'activité économique, SIAE).
The Veolia Foundation supports the national organization carrying the program and TZCLD regional candidates. In the Bouffémont-Attainville-Moisselles region to the north of Paris in the Val d'Oise, the program helps more than 350 long-term unemployed people.

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Colombia: the "Recuperador *Amigo" program*

This program which started in Manizales is a cooperation model with informal waste collectors. It relies on collaboration with multiple parties (government, civil society, business) in order to include informal collectors in an organized waste collection, sale and recycling circuit. This model helps improve recyclers' quality of life, while increasing the volume of waste recycled. It is now deployed in Manizales, Pasto, Cartagena, Aguachica, Cúcuta, Palmira, Buga and Tulua and concerns nearly 400 collectors and over 3,000 metric tons of collected recyclable materials, a 15% increase in 2021.
This program was recognized by ANDI (National Association of Entrepreneurs of Colombia) and its partners as an inspiring initiative for the private sector's contribution to building a fairer and more inclusive country.

Creation of an Ecological Transformation School

In 2021, Veolia conducted a study prior to the creation in 2022 of an Ecological Transformation School with two objectives:
- promote high-impact ecological transformation solutions and more relevant assessment tools with regard to the planet's limits and sustainable development;
- provide training in ecological transformation skills and jobs, at all qualification levels, and particularly to the long-term unemployed and individuals retraining.

To this end, Veolia seeks to federate all partner companies, public authorities, public players, employment and training players and social partners, in order to work together on identifying the best solutions and their development drivers, identifying the impacts on employment and the transformation of jobs and deploying training to a wide public.

4.3.2.3.3 Encourage social and professional integration

Veolia, a responsible local employer

Through its management and human resources (see Section 4.4 below) and purchasing (see Section 4.3.2.3.4 below) policies, Veolia is a major employer in the regions where it operates. It is also a provider of qualifications, equal opportunities and social protection for its employees and employees of partner companies and organizations (suppliers, associations, etc.). The Company currently has 176,488 employees and acts as a responsible employer and a creator of business growth and social solidarity (employment, training and the local economy) in the regions where it operates, through:

- making **work-study** contracts a priority in external recruitment. The Group is convinced that work-study schemes are an excellent way of acquiring skills, in particular under apprenticeship and professionalization contracts (3,301 trainees in 2021);
- its **insertion actions through economic activity**, in coordination with the Veolia Foundation and in partnership with insertion organizations (see below);
- creating pathways between the **Veolia Campus** network (see Section 4.4.4 below), the Group and professionals and partners involved in training, orientation and employment to prepare young people and those most alienated from the workplace for the Group's businesses: "Second Chance Schools", Employment Support Centers (EPIDE), local community support networks in France, the "*Elles Bougent*" and "*Sport dans la ville*" associations, etc.;
- a **diversity** policy and actions: fighting discrimination, supporting the employment of people with disabilities (see Section 4.4.5.3 below);
- a policy of openness towards **training** sectors (schools, universities): hiring of student interns (1,933 in 2021), *Trophées de la Performance* (performance awards), summer schools, student forums and fairs (see Section 4.4.4 below).

Community initiatives adapted to a specific local context are rolled-out in the different geographies:

- the Reconciliation Action Plan (RAP) 2019-2022 in **Australia** aimed at Aboriginal Australians;
- the collaboration of Amendis, Veolia **Morocco**, with the Enfants du Paradis association to support the socio-professional insertion of young people with mental health issues;
- still in **Morocco**, Redal has partnered with the Moroccan Student Foundation, (*Fondation marocaine de l'étudiant*, FME) which contributes to integrating women into the labour force through financial and educational support, particularly in low-income communities;
- the creation of training modules to improve safety standards and working conditions for people working in the waste management sector in **India** in partnership with the social company, Hasiru Dala;
- in **Niger**, SEEN (Société d'Exploitation des Eaux du Niger) has partnered with the Nigerian Agency for the Promotion of Employment. It supports an integration program for young graduates which aims to make young people more employable and help them enter the workforce. Through the program, nine young people were offered paid internships and will be able to apply for a job;
- in **Colombia**, Veolia promotes overcoming vulnerable situations and the exercise of citizenship by former combatants through training and employment. Veolia Colombia has therefore partnered with ARN, the government agency for reincorporation and normalization, which supports and advises demobilized individuals transitioning to peace and legality. The Cartagena, Pasto, Manizales, Bucaramanga, Aguachica and Yopal Business Units have therefore received requests from individuals having completed their reincorporation into civilian life program;

Each year, thousands of people are invited to visit commercial buildings, art galleries and much more across **Milwaukee in the United States**, during the city's annual Open Day. Once again this year, Veolia sponsored the event and invited local people to visit the Jones Island facility, inaugurated in 1926 and classified as a national civil engineering historical monument in 1974. This facility is reputed throughout the world as a pioneer in modern wastewater treatment technology. 700 people visited the facility that day.

In the **Czech Republic,** Veolia proposes primary school educational programs and competitions in conjunction with the recycling NGO, Recyklohraní. 148 primary and secondary schools participated from across the country. Pupils and students created slogans, posters, fliers, presentations, articles, videos or social network strategies for an advertising campaign aimed at teaching consumers how to save water. The objective was to draw attention to the importance of water and how households and even schools can reduce consumption.

In **Hong Kong**, Veolia built and manages one of the largest and most advanced sludge treatment facilities in the world. Known as T-PARK, the installation, which is 100% water and power self-sufficient, combines cutting-edge technologies and environmental living. With a gallery for visitors, a conference room, an observation platform and large green spaces, the installation adds an awareness and public education aspect to sustainable development. In 2021, the site opened its doors to 280,000 visitors.

Once again, **Veolia Latin America** and the Organization of Ibero-American States combined efforts to support the Alrededor de Iberoamérica 2021 program. Over 7,500 pupils and students from Argentina, Brazil, Chile, Colombia, Ecuador, Mexico and Peru participated in the proposed educational activities on protecting ecosystems and sustainable development.

In **Colombia**, despite the difficulties relating to the pandemic, Veolia participated in numerous environment-related educational activities across the country. In addition to restarting educational site visits in 2021, over 3,000 children benefited from awareness-raising actions in their schools on environmental protection practices (preserving natural resources, waste management, water use). Local community virtual educational workshops were also organized for global events such as Water Day, Environment Day and Recycling Day. These workshops involved 29,000 people in 2021.

Morocco: "Clean beaches" operation

By taking part in the "clean beaches" operation each year, organized by the Mohammed VI Foundation for Environmental Protection, Veolia confirms its determined action to protect beaches in **Morocco**. In partnership with local organizations, educational programs raise children's awareness of ecosystem protection and respecting the environment.

These sustainable development awareness-raising initiatives were significantly curtailed in 2020 by the Covid-19 crisis but have gradually restarted. Overall, Veolia's educational programs and open days helped raise the awareness of sustainable development and environmental issues of over 380,000 people in 2021, including 63,000 children, compared to over 131,000 people and nearly 30,000 children in 2020 and over 550,000 people and nearly 122,000 children in 2019.

Taking account of the informal sector

The informal sector covers significant social and environmental challenges and can, in some countries, represent a crucial challenge for Veolia's activity. The Group develops programs to integrate and make more effective the existing informal collection networks, notably through the use of digital technologies, and thereby offer solutions tailored to local issues.

In **India**, as part of the social Open Innovation approach, "Pop Up by Veolia" (see Section 4.3.2.3.1 below), Veolia identified the Hasiru Dala Innovations Private Limited social company. This organization works to create livelihoods for informal waste collectors through inclusive companies in Bangalore and the surrounding areas. Veolia has linked up with Hasiru Dala to create training modules through an interactive approach, aiming to improve safety standards and working conditions of waste collectors.

In **Ghana**, and sub-Saharan Africa more generally, the combination of demographic and economic growth has led to a significant increase in waste volume. Plastic is a major issue, and particularly single use PET bottles. Faced with a lack of recycling infrastructure for this material, Veolia joined forces with a local company, rePATRN, which has been working to recycle this waste since 2015 using a network of informal collectors/aggregators. Through this partnership, the two companies aim to establish locally a circular economy model responding to this major environmental issue and promoting better living and working conditions for these waste collectors. The challenge is to demonstrate that this economic model is viable by collecting over 900 metric tons of PET plastic per month, while ensuring high quality and traceability standards meeting the expectations of end customers. To this end, Veolia and rePATRN use a digital solution to monitor the quality and quantity of volumes collected, manage transactions and better understand the needs of players in this value chain to respond with innovative systems.

Veolia Indonesia's PET recycling plant in Pasuruan has committed to achieving fully sustainable raw material sourcing by 2026. In Indonesia, this raw material mostly comes from informal waste collection centres, raising issues regarding the sustainability of the activity and social responsibility. A joint project was launched in February 2019 by Veolia, Danone-AQUA, the Danone Ecosystem Fund and the NGO YPCII (Yayasan Pembangunan Citra Insan Indonesia), to structure the value chain and improve existing PET collection centres, making them more efficient and sustainable. This objective gave rise to a series of activities in collection centres including skills development training sessions for informal collectors, improvements to existing infrastructure, PPE and equipment donations and, more broadly, improvements to working conditions and health and safety on the sites. The project aims to develop ten sustainable collection centres with traceability in the supply chain, to collect 5,400 metric tons of PET bottles per year. This program strengthens relations with suppliers, making them loyal to Veolia. In 2021, this program successfully sponsored all ten targeted sites.

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Niger: L'Oasis, a unique place for dialogue and female entrepreneurship

Faced with environmental challenges and the huge challenge of tackling poverty – an issue which primarily affects women in Niger – Veolia and Empow'Her, an international organization supporting female entrepreneurship, co-created L'Oasis in **Niamey**. This unique organization supports the economic integration of women, and raises awareness of sustainable development challenges. Training, leadership reinforcement and network development programs are aimed at female entrepreneurs. Meeting and discussion spaces support dialogue between the local population, non-profits, institutions and businesses.

South Africa: The Baobab, a third place dedicated to the circular economy

Like L'Oasis in Niamey, the Baobab in **Durban,** South Africa, is inspired by La Recyclerie in Paris. It is a place where people can meet and exchange ideas about the circular economy and sustainable development. In particular, it offers training programs for people living in the shantytowns and aims, among other things, to train 300 unemployed women and young people in the recycling trade in three years. This project, initiated by Veolia and supported by the Foundation, is managed by The Maker Space Foundation, a local partner.

Colombia: Veolia En *tu barrio programs*

The national dialogue, mediation and local information program, En tu barrio, *was developed in* 41 Colombian cities where Veolia provides water, sanitation or waste management services. Mobile customer service points help respond to expectations and needs as close as possible to local people. Education and fun events in local districts are organized to raise residents' awareness of their rights and duties in terms of public services, but also sustainable development issues. These events have reached nearly 38,000 customers across the country.

Local community outreach initiatives

Volunteering initiatives led by Veolia employees in close conjunction with local organizations and populations, and supporting social or environmental causes, are an important means of adopting a dialogue approach tailored to specific local contexts.

On Veolia's 25th anniversary in **Poland**, a competition was organized across the country for volunteer biodiversity protection initiatives. Volunteers had to create and implement 25 initiatives on their site. Hundreds of trees and shrubs were planted and bird feeders and houses built.

In **Niger**, to mark the 61st anniversary of the country's independence and the 47th edition of the national tree festival, SEEN (Société d'Exploitation des Eaux du Niger) organized a tree planting event. Overall, one hundred fruit and moringa trees were planted on a 6,300m² site.

In **Bulgaria**, Veolia partnered with the Health & Social Development Foundation (HESED), an NGO which seeks to implement actions and activities contributing to the social, educational, domestic and cultural development of Roma communities living in the Sofia region. Each year, Veolia, through its group of employee volunteers, works with 50 children, aged three to five, in the HESED foundation's educational centres. In 2021, while the pandemic limited possible interactions with the children, three activities were organized on site. In the summer, Veolia was also invited to participate in an educational workshop organized by HESED, with conferences and practical sessions. At the height of the health crisis, activity on site was replaced by educational videos with a series of online lessons specially developed for the children in the centres.

In the **Sultanate of Oman**, Veolia supports the Namat competition organized by the Environment Society of Oman (ESO). Previously known as the Green School Competition, the aim is to promote environmental awareness and resource conservation in the Sultanate's schools. Students are supported by volunteers from Environmental Society of Oman and Veolia Oman to be innovative and address an environmental challenge in their school and community, such as waste, water or energy management. Over 120 schools participated in this challenge.

Through the actions of the Foundation, which are performed as close as possible to local populations and in partnership with local organizations, Veolia supports different social and professional integration initiatives (see Section 4.3.2.3.3 below) as well as development assistance projects (see Section 4.3.3.3.3 below).

Citizen mobilization program for employees

After a year of consultation and co-creation with some local entities, Veolia finalized its Resourcers for communities citizen mobilization program *to facilitate the* direct engagement of employees in local associations. This program will initially be implemented in pilot phase and open to employees in six regions in France and Morocco. The aim is then to roll it out more widely in the Group.

Educating and raising awareness of sustainable development

Each year, various sustainable development education programs and awareness campaigns are conducted in the regions where the Group's operates through open days at facilities. These help explain sustainable development challenges, supporting dialogue with local communities.

In 2021, over 5,000 students from 58 schools across **Australia** participated in the sustainable development educational initiative, *"Future resources program". This six-week program invites primary* and secondary school pupils to develop creative and innovative solutions, in competition with other schools across the country. The topic this year was managing food waste.

In **China**, numerous installations opened their doors to the public and welcomed over 1,600 people, including over 1,000 students in 2021. For example, around 180 students from Tianjin University visited the wastewater treatment plant to understand how it operates and learn about the biological treatment process.

Launched by Veolia in Germany, the **U-START** acceleration program encourages cooperation with innovative start-ups in the fields of the circular economy, climate protection and responsible resource management. To help start-ups develop their solutions and accelerate their sale, Veolia provides entrepreneurs with the opportunity to enter into co-innovation partnerships through different technical and commercial development opportunities: prototyping, testing and proof of concept for Veolia facilities, co-creation projects, access to distribution channels, etc. Since its creation in 2016, U-START has led 17 cooperation projects with start-ups through nine calls for solutions.

In 2021, *U-START* enabled two start-ups to pursue their projects in cooperation with Veolia teams in Germany. This cooperation involved feasibility studies of different heat recovery processes at energy production and waste processing installations:

- Kraftblock manufactures systems to store energy at high temperatures of up to 1,300°C. It plans and delivers mobile and stationary systems comprising a charging station at the source and a discharging station for consumers;
- PECEM developed a technology platform to efficiently, reliably and sustainably store thermal energy at low temperature.

Social Open Innovation

The Social Open Innovation program **(Pop Up)** was created in 2014 with two strategic objectives: strengthen the Group's local roots by supporting the emergence and growth of social entrepreneurs and developing with these entrepreneurs innovative solutions with a high social impact. Locally, Veolia works with social entrepreneurship incubators (MakeSense, Antropia, Ronalpia, Ennovent, etc.), often alongside other partners – public authorities, companies and other regional social players – to detect, select and support entrepreneurs responding to regional challenges. The incubators also facilitate experimental collaboration between these entrepreneurs and local Veolia entities, to develop new solutions linked to the Group's activities (improved access to services for users living in poverty or informal settlements, creation of new local outlets for product recovery, etc.). The program is currently deployed in 14 regions in France, India, Japan and Mexico and has enabled 30 experimental collaborations between Veolia and entrepreneurs. The social incubation approach was structured in 2021 with the creation and roll-out of kits for project leaders in local Veolia entities. New projects are currently being deployed and integrated into the existing network.

Conciergerie solidaire is an organization that promotes insertion through economic activity and develops corporate concierge services in France. It proposes useful and competitive local services founded on social and environmental values, as well as events to promote the social and solidarity economy.
In 2017, Eau du Grand Lyon enabled the launch of Conciergerie Solidaire in the Lyon metropolitan area. The Pop Up partnership between Veolia and the Le CentSept *social incubator* made this collaboration possible. Since the launch, more than half of Eau du Grand Lyon's employees have used the social concierge services.

4.3.2.3.2 Engage in long-term dialogue with our local stakeholders and with the community at large

Dialogue with local communities

Veolia implements initiatives to foster dialogue with local communities and residents, including targeted information and awareness campaigns and notably neighborhood meetings, meetings with local officials and associations, tours of facilities and open days to keep the general public informed, as well as volunteering.

Veolia is involved with these communities in a variety of ways, including through regional socioeconomic diagnoses, the implementation of community links and the provision of methodology tools to organize dialogue with stakeholders at a regional level.

In **India**, community outreach teams called the Social Welfare Team form a link between local people and the local technical and customer services. Their primary mission is to explain the benefits of the proposed 24/7 drinking water supply services. The teams spend a lot of time in the field to build trust with citizens, discussing the services with the local population and organizing meetings with the community, community leaders and local political representatives to raise awareness of responsible water use issues, conduct constructive feedback sessions and perform the necessary investigations and studies. The team also organizes workshops in schools and colleges on the advantages of a constant water supply.

In **Australia**, through the Veolia Mulwaree Trust, Veolia supports a large number of small rural and regional communities near the Woodlawn eco-neighborhood. The Trust works alongside community organizations to support improvements in infrastructure and facilities through community-led projects. The Trust also aims to support individuals from these communities in their higher education and creative artistic pursuits. Over the past 15 years, VMT has distributed close to $12 million across more than 1,400 community projects.

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Contributing to regional resilience

Veolia supports regional resilience by helping regions tackle their physical, climate, economic and social challenges, particularly at operating sites, and in collaboration with public authorities,.

The Group, and particularly its Seureca engineering and consulting division, offers more resilient planning, development and management of infrastructures and public services in cities, such as water supply, sanitation, and energy and waste management and recovery. Training and sharing best practices transform these challenges into opportunities for the most resilient cities.

A strategic partner of 100 Resilient Cities on its creation, Veolia has contributed its expertise to this Rockefeller Foundation initiative that aims to help 100 international cities to become more resilient to social, economic and physical challenges. In 2015, **New Orleans** was the first city in the network to reveal its strategy for resilience, on the 10-year anniversary of Hurricane Katrina. Accordingly, Veolia and Swiss Re have developed a pilot project on certain municipal infrastructures, particularly strategic wastewater and drainage treatment systems, as well as their energy supply.

In **Lebanon**, Veolia has helped create a resilience plan in the city of Byblos. Veolia also coordinated workshops in Cali, **Colombia** following the 2017 floods, then in Montevideo, **Uruguay** on waste management, in Cape Town, **South Africa** on water stress, and in Addis Ababa, **Ethiopia** on the social economy.

To help it respond to its demographic, economic and climate change challenges, Veolia assisted the Milwaukee Metropolitan Sewerage District, one of Veolia North America's biggest customers, with defining its resilience strategy in the **Milwaukee region in the United States**. This plan, published in 2019, is based on an analysis of regional risks and challenges ranked during workshops involving 28 municipalities, as well as a panel of stakeholders interested in the approach and regional figures. This strategic framework provides operational recommendations covering the environment, economy and infrastructure, aimed at making the region stronger and more resilient.

Supporting innovation and entrepreneurship

Veolia's involvement in regional economic development is reflected in different open innovation systems. They encourage the emergence of technical, social and environmental solutions with local entrepreneurs and constitute opportunities for joint development.

For the second year running, Veolia accompanied the students of École des Ingénieurs de la Ville de Paris engineering school for a week of innovation and entrepreneurship. The theme for the 2021 edition was "Rethinking cities in a post-Covid world". 16 student groups presented their innovative solutions and products to a jury of experts.

Technological Open Innovation

Since 2017, the **VIA by Veolia** program is an Open Innovation service made available to the Group's Business Units and operational departments by the Department of Scientific and Technological Expertise (DEST). This service focuses on identifying innovative technological solutions for operational or commercial needs that are not met by internal solutions or suppliers.

The dedicated team proposes three-step support:

- detection of the most adapted solutions in the start-up and innovative SME ecosystem worldwide;
- comparative analysis and selection of the best technologies;
- qualification tests in the laboratory or under operating conditions prior to adoption or roll-out of the selected innovative solution.

In 2021, the team responded to 53 requests for innovative technological solutions, bringing the total number of requests processed since the launch of the service to 238. Eight technologies or services were qualified in conjunction with the Waste Solutions business in France, the "Access to Water and Sanitation" segment of the Business Support and Performance Department and SADE:

- qualification of four sensors to measure open waste container fill rates in recycling centres;
- qualification of two satellite remote sensing services for monitoring bodies of water and catchment areas;
- qualification of two lumbar textile exoskeletons to support the backs of workers manually handling heavy loads.

The Open Innovation team also actively supports the Open Innovation Open Playground program launched by the Group Strategy and Innovation Department in May 2021 during the ChangeNOW Summit.

Since 2018, the VIA by Veolia team has worked with the Veolia Air expertise cluster and OFIS, a Veolia subsidiary specializing in the environmental and health performance of buildings, to identify the innovative technologies needed to develop the indoor air quality service offering. This offering is currently marketed to schools, medical establishments, shopping malls, offices and hotels. It is founded on air quality monitoring (Air Control), the optimal management of installations to guarantee a high quality of air (Air performance), and raising the awareness of stakeholders and their involvement (Air Human).

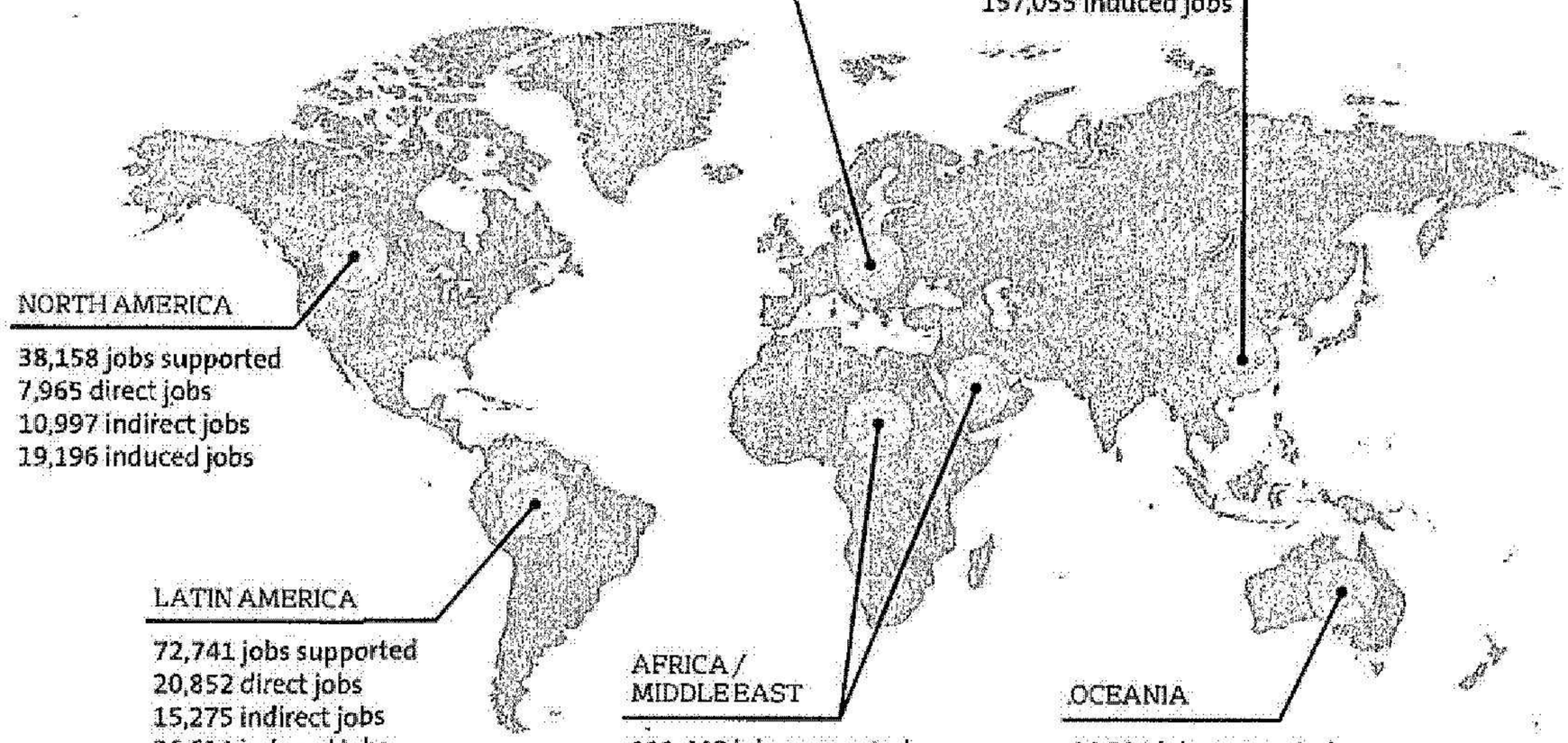


CENTRAL AND EASTERN EUROPE

182,592 jobs supported
23,589 direct jobs
57,112 indirect jobs
101,891 induced jobs

ASIA

242,394 jobs supported
17,293 direct jobs
68,046 indirect jobs
157,055 induced jobs



NORTH AMERICA

38,158 jobs supported
7,965 direct jobs
10,997 indirect jobs
19,196 induced jobs

LATIN AMERICA

72,741 jobs supported
20,852 direct jobs
15,275 indirect jobs
36,614 induced jobs

AFRICA / MIDDLE EAST

111,448 jobs supported
10,377 direct jobs
37,180 indirect jobs
63,891 induced jobs

OCEANIA

14,391 jobs supported
3,952 direct jobs
4,803 indirect jobs
5,636 induced jobs

WORLD
1,013,629 jobs supported
169,257 direct jobs
287,354 indirect jobs
557,018 induced jobs

Northen Europe
89,517 jobs supported
14,443 direct jobs
21,153 indirect jobs
53,919 induced jobs

United Kingdom / Ireland
48,713 jobs supported
13,340 direct jobs
10,817 indirect jobs
24,557 induced jobs

France
192,316 jobs supported
50,433 direct jobs
51,700 indirect jobs
90,184 induced jobs

Southern Europe
41,354 jobs supported
7,712 direct jobs
10,271 indirect jobs
23,371 induced jobs

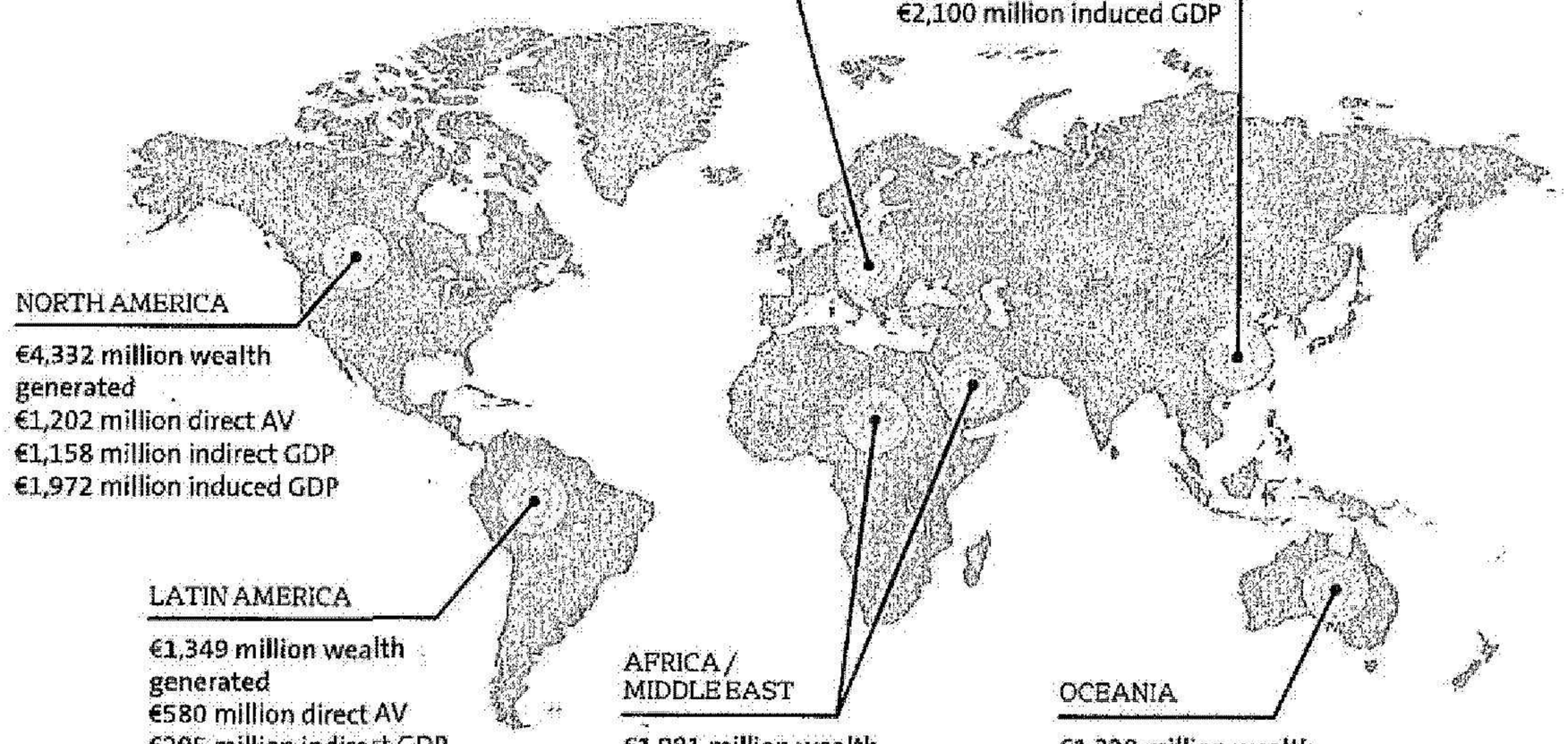
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CENTRAL AND EASTERN EUROPE

€6,133 million wealth generated
€1,817 million direct AV
€1,913 million indirect GDP
€2,403 million induced GDP

ASIA

€5,149 million wealth generated
€1,583 million direct AV
€1,465 million indirect GDP
€2,100 million induced GDP



NORTH AMERICA

€4,332 million wealth generated
€1,202 million direct AV
€1,158 million indirect GDP
€1,972 million induced GDP

LATIN AMERICA

€1,349 million wealth generated
€580 million direct AV
€295 million indirect GDP
€474 million induced GDP

AFRICA / MIDDLE EAST

€1,981 million wealth generated
€527 million direct AV
€643 million indirect GDP
€810 million induced GDP

OCEANIA

€1,320 million wealth generated
€507 million direct AV
€339 million indirect GDP
€475 million induced GDP

WORLD
€49,390 million wealth generated
€15,144 million direct AV
€12,649 million indirect GDP
€21,598 million induced GDP

Northern Europe
€8,891 million wealth generated
€2,026 million direct AV
€2,173 million indirect GDP
€4,692 million induced GDP

Royaume-Uni / Irlande
€4,197 million wealth generated
€1,249 million direct AV
€975 million indirect GDP
€1,973 million induced GDP

France
€13,200 million wealth generated
€5,000 million direct AV
€2,909 million indirect GDP
€5,290 million induced GDP

Europe du Sud
€2,840 million wealth generated
€653 million direct AV
€779 million indirect GDP
€1,408 million induced GDP

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In pursuing this responsible development in the regions commitment and the job and wealth creation objective in the widest sense, Veolia seeks, through its activities, to:

- contribute to the economic and social vitality of the regions where the Group operates;
- contribute to regional resilience and help regions rise to the challenges they face;
- dialogue constantly with local communities and co-build innovative services tailored to local contexts;
- contribute to social solidarity and the fight against exclusion, notably through the Veolia Foundation;
- establish responsible relationships with our suppliers.

The dialogue and links which Veolia creates with all stakeholders (see Section 4.1.3 above) are the tools needed to implement the initiatives and achievements presented in this section.

4.3.2.3 Actions and results

4.3.2.3.1 Contribute to local development

The Group contributes to local development through the performance of delegated public services and the significant local investments that it makes for the repair, maintenance and development of infrastructures and sustainable access to services. As close as possible to local social issues, Veolia accompanies regions in their transition to tackle challenges which they face, and supports their development, innovation and entrepreneurship.

Reinvesting locally and measuring its regional socioeconomic footprint

The majority of the Group's spending is carried out in the regions where Veolia operates. This creation of wealth, including direct or indirect jobs linked to its activities, cannot be offshored and therefore contributes to local development and economies and enhancing the value of their human potential.

In 2021, as part of its commitment to support regional development through responsible means, Veolia locally reinvested 90.5% of its spending, in line with its 2023 objective to keep it above 80%.

	2017	2018	2019	2020	2021	2023 objective
Percentage of spending reinvested locally	85.4%	85.7%	86.3%	87.3%	90.5%	Maintain the percentage of spending reinvested locally above 80%
Scope *(as a% of Group revenue)*	70.6%	73.5%	74.3%	74.4%	98.9%(1)	-

(1) In 2021, this indicator was measured by Utopies as part of the review of the socioeconomic footprint of Veolia's activities worldwide (see below). Previously, the scope only included the Group's main geographies.

To understand and explain its impact, Veolia has measured its socioeconomic footprint worldwide in collaboration with the consultancy firm Utopies. The model, which includes databases from tens of national and international statistical sources, helps reproduce the actual economy in the most realistic manner possible.

The study conducted in 2021 on fiscal year 2020 helped quantify the impacts of Veolia activities beyond their direct impacts (employment and added value of the Group). The indirect impacts linked to the supply chain, and impacts caused by household consumption (Veolia's employees and suppliers) and public spending are also measured. The financial flows of 52 countries where Veolia operates, representing nearly 99% of the Group revenue, were analyzed.

The results of the worldwide study demonstrated that Veolia activities:

- supported over **1,033,623 full-time equivalent** (FTE) jobs;
- generated more than **€49.4 billion in added value**;
- have a **job multiplier coefficient of 6.1**: for every one direct Veolia job, 5.1 additional jobs are supported in the economy;
- have an **added value multiplier coefficient of 3.3**: for each euro of added value created by Veolia, an additional €2.3 of added value is generated in the economy.

4.3 Social performance

4.3.1 COMMITMENTS AND ORGANIZATION

Veolia's social responsibility is an integral part of its Purpose, defined in 2019, and its Impact 2023 strategic program (see Chapter 1, Section 1.2.1 above). The associated multifaceted performance approach (see Chapter 1, Section 1.2.4.6 above) expresses a commitment to support the development of the regions in a responsible manner, which is reflected in three new societal objectives:

- job and wealth creation in the territories (see Section 4.3.2 below);
- access to essential services (water and sanitation) (see Section 4.3.3 below);
- ethics and compliance (see Section 4.6 below).

The Business Units worldwide are the main players in implementing the Group's commitments, in cooperation with the functional departments and through the Executive Committee and zone managers.

Firmly anchored in local regions, Veolia works with all local stakeholders to strengthen access for all to essential services, improve living and health conditions and promote jobs and training, integration, economic development, and relations between industry players and public authorities.

4.3.2 JOB AND WEALTH CREATION IN THE TERRITORIES

4.3.2.1 Risks and opportunities

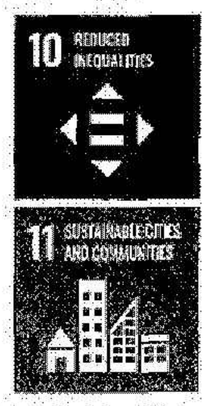
Due to the significant geographic diversity of its operating locations and the very nature of its local activities, the Group faces many challenges. Whether environmental, economic or social, the development of Group activities creates impacts on the environment where it operates, society and all its stakeholders, including its supply chain (see Section 2.2.2.4 above).

These diverse challenges and the need to take local requirements and expectations into consideration are included in the Group's multifaceted performance strategy in respect of its objective to create jobs and wealth in the territories. There are many opportunities for Veolia to implement local, innovative solutions which are beneficial both socially and economically, supporting local development and momentum.

4.3.2.2 Policy and commitments

The Group plays a leading role in local employment and development, through its management, its local sites, its human resources policies (see Section 4.4 below), its sustainable purchasing policies (see Section 4.3.2.3.4 below), initiatives by the Veolia Foundation, its constant dialogue with local stakeholders and institutions (see Section 4.1 above), its economic partnerships, innovation and entrepreneurship support systems, access and service development.

As part of its Purpose and its Impact 2023 strategic program, Veolia is committed to supporting the development of the regions in a responsible manner. This commitment can be broken down into several objectives, including job and wealth creation in the territories. To illustrate its commitment, the Group defined a 2023 target which is to assess each year its socioeconomic impact in terms of employment and wealth in the countries where the Group operates.

Commitment	Objective	SDG	Indicator - definition	2020 Results	2021 Results	2023 Target
Support regional development through responsible means	**Job and wealth creation in the territories**		• Socioeconomic footprint of Veolia's activities in the countries where the Group operates, with regards to jobs supported and wealth created. (Methodology and calculation by Utopies.)	-1,105,388 jobs supported -€51 billion added value generated in 51 countries.	-1,033,623 jobs supported -€49 billion added value generated in 52 countries.	Annual assessment of impacts, overall and by geography in at least 45 countries
Sponsor	Helman le Pas de Sécheval			Member of the Executive Committee, Group General Counsel		

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4.2.5.3.4 Encourage responsible consumption by users and digitalization

Preserving water resources also consists in promoting limited uses through awareness-raising, price incentive policies or individual water meters or remote metering.

Veolia has developed and now offers its local authority customers tools to raise awareness and empower end-users to manage their consumption

	2017	2018	2019	2020	2021	2023 objective
Smart meter solutions *(in millions)*	5.1	5.6	5.8	6.3	6.3	6
Percentage of customers with progressive rates *(as a%)*	51%	71%	72%	72%	75%	80%

The Group is going digital. Platforms and applications for public authorities and users provide an overview of water services and a direct and real-time access to data. These "smart" solutions strengthen responsiveness and operating efficiency.

ServO, management center of the largest water department in France

Veolia Eau d'Île de France designed ServO, an integrated management center equipped with the latest technologies, for SEDIF (the Greater Paris Water Authority). With 1.3 billion data processed, it is used to manage and monitor the largest water department in France: 4.5 million inhabitants, in 150 municipalities in Greater Paris. ServO incorporates all service components: distribute quality water in sufficient quantity, respond to all events affecting production or distribution, provide water consumers with precise information in real time and guarantee the network's technical performance. It is crucial to ensure continuous water supply, safety of consumer health, and crisis prevention and management.

4.2.5.3.5 Develop alternative resources

The development of alternative resources also helps save resources, such as the reuse of purified water, the retrieval of rainwater, groundwater recharge and sea water desalination.

Volume of water reused from collected and treated wastewater

	2017	2018	2019	2020	2021	2023 objective
Volume of water reused from collected and treated wastewater[1] *(in millions of m³)*	355	368	401	350	299	↑

(1) The indicator includes the Water and Waste businesses.

The decrease in water volumes reused from collected and treated wastewater in 2021 was mainly due to the Group's sale of its investment in the Shenzhen water concession in China.

Durban, reducing water stress by reusing wastewater

Veolia recycles 98% of the water produced by the eThekwini wastewater treatment plant south of Durban. The 47,500 m³ of wastewater treated daily (equivalent to 15 Olympic swimming pools) is used by local industries in their production processes. Recycling water for industrial use helps to reduce water abstraction in the environment and to concentrate fresh water resources on the production of drinking water for 220,000 inhabitants of the Durban agglomeration.

The Jourdain Project, reusing freshwater from wastewater treatment, a circular economy model

In the Vendée region in France, 9 out of 10 liters of drinking water are produced from surface water. For the last twenty years, the Vendée has suffered long periods of water shortages, particularly in the summer, due to the lack of rain and a booming tourist business. Our customer, Vendée Eau, focused on finding alternative resources to supply the region with water.
In early 2021, Veolia was selected to build and operate treated wastewater refining plant before its release into a reservoir for consumption. Veolia has undertaken to support Vendée Eau in a 4-year R&D partnership on the fringe of the wastewater reclaim unit's operations, which are scheduled to begin in early 2023 for a production capacity of 2,600 m³/d of high water quality water. This experiment, a first in Europe, complies with the directives established by the General Department of Health (DGS) on the recommendations of the French Agency for Food, Environmental and Occupational Health & Safety (ANSES) to demonstrate the satisfactory levels of health and environmental safety and the relevance of this water reuse model.

pretreat it with a water softener. Certain sites, located in basins with considerable water stress, also benefit from structural work conducted by governments to transfer water from excess catchment areas. Certain sites audited in Asia benefited from the deviation of major rivers (Yangzi Jiang, Xi Jiang) to remediate water shortages or the poor water quality that was used up until recently. The water risk and impact study for each site provides valuable information on water resource issues which can help foster dialogue with customers and other stakeholders.

4.2.5.3.2 Protect existing resources

Protecting existing water resources to prevent them from deteriorating and becoming unusable consists in:

- establishing protection zones around catchment areas and implementing actions to prevent accidental pollution;
- working with regional participants to identify chronic sources of damage to resources and set up actions plans to restore water quality;
- treating as efficiently as possible all discharges into the environment and limiting as much as possible sanitation network overflows;
- implementing resource monitoring and surveillance and protection measures;
- managing withdrawals from a long-term perspective.

Under its drinking or industrial water contracts, Veolia strictly complies with the withdrawal permits delivered by the relevant authorities to its customers (delegating municipal or industrial authorities). These permits, which are generally granted based on prior environmental impact studies, define the conditions for sustainable withdrawal and allocate the withdrawals between the various consumption methods.

An innovative solution for monitoring the quality of surface water

Veolia's SWARM service offering, designed around connected multi-parameter sensors, enables unusual changes in the quality of surface water to be rapidly detected. The buoy measures the main water quality parameters and communicates the data real time for analysis. In addition to the measurement system, the buoy comprises an anchor, a float and an energy recovery module enabling self-sufficiency. The buoy can be installed directly and easily in any water body or course. With the SWARM system, the water operator can constantly monitor changes in key water quality parameters and the state of surface water: conductivity, temperature, speed, depth, dissolved oxygen, pH, turbidity, organic materials, chlorophyll A, phycocyanin and phycoerythrin. In addition to directly measuring micro-algae photosynthetic pigments, a mathematical model based on the analysis of oxygen concentration was developed in 2021 to warn the operator of the growth of micro-algae.

4.2.5.3.3 Optimize the management of resources

Optimizing the management of resources to preserve them, mainly in regions where they are scarce, consists in:

- optimizing water treatment processes and promoting process water recycling;
- reducing water loss through improvements to distribution network efficiency.

In many cities, 20% to 50% of the water produced is lost mainly through leaks in distribution networks. Veolia has made reducing losses from networks one of its priorities.

Certain municipal contracts set a leak reduction objective, particularly targeting network leaks: for example, drinking water network performance improvement objective of 79% to 85% by 2023 for the city of Lille.

Water consumption and efficiency rate of networks serving over 50,000 inhabitants

	2016	2017	2018	2019	2020	2021	2023 objective
Efficiency rate of drinking water networks *(as a%)* – current scope	73.3%	70.5%	71.4%	72.5%	73.4%	73.1%	/
Efficiency rate of drinking water networks *(as a%)* – *pro forma* 2019-2021		/	/	72.5%	73.4%	75.6% (√)	≥ 75%(1)

(1) The 2023 objective is included in the 2019-2023 pro forma *scope.*

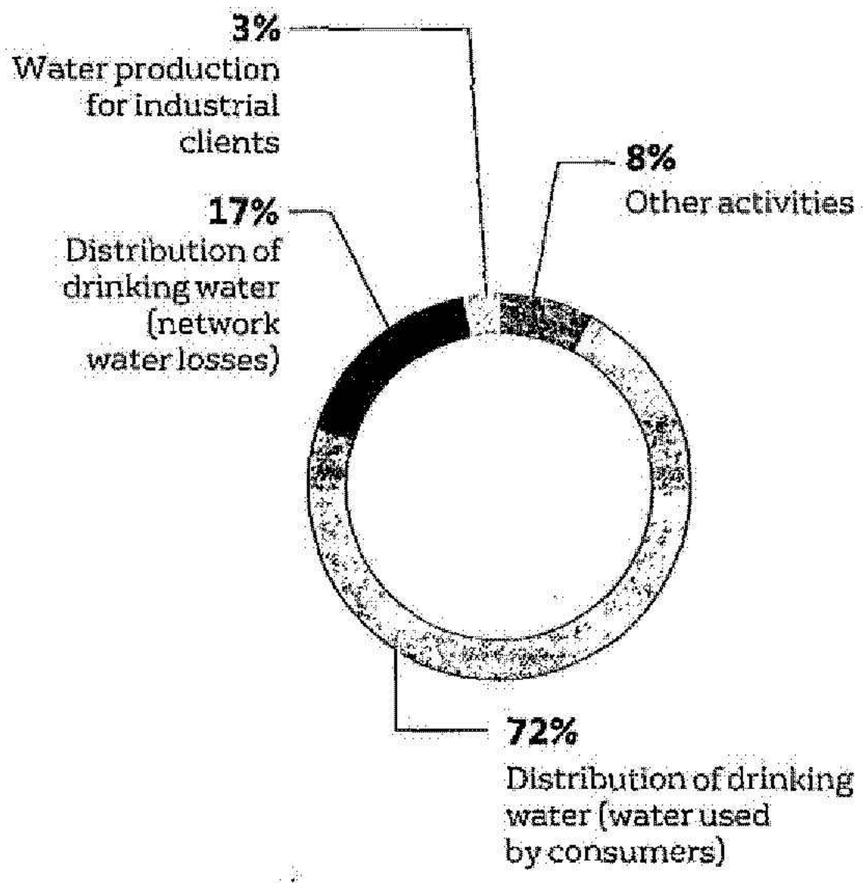
The increase in the drinking water network efficiency rate, for a *pro forma* scope, was due to the implementation of leak reduction programs (leak detection, break-up of networks into sectors, improved metering control, etc.). This demonstrates the Group's ability to improve the efficiency of complex systems.

Optimization of water abstraction in the Waste business

The Veolia Waste business accounted for 0.2% of its water abstraction. For optimization purposes, Veolia created a "Water Efficiency" guide which identifies three types of measure: limitation of losses, optimization of consumption and alternative water resource solutions. For each Waste activity, this guide lists the possible actions, technical details, cost components, implementation difficulties, recommendations, water saving benefits and examples of on-site application. In the Waste business, 3/4 of the water is consumed in the incineration activity, particularly certain incinerators which use a wet flue treatment process; water reuse is the solution primarily adopted for this activity.

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Breakdown of water abstraction by activity in 2021



In 2021, 72% of water abstracted by Veolia was used by end consumers connected to the municipal networks. 17% of withdrawn water corresponds to water losses from municipal networks operated by Veolia serving over 50,000 inhabitants.

4.2.5.3 Action and result

Commitment, approach and results

Protecting water resources is one of Veolia's areas of expertise. Committed to managing the water cycle and saving resources, Veolia has developed and offers solutions to its municipal and industrial customers to:

- diagnose and improve their water footprint;
- protect existing resources;
- optimize the long-term management of resources;
- support end users for responsible consumption;
- develop alternative resources.

Where relevant to the local context, these measures are offered to the Group's customers, who then decide whether to apply them on a case-by-case basis.

Contribution to international projects

At European level, Veolia actively contributes to the legislative work conducted to revise the urban wastewater directive. An initial version should be disclosed by the Commission in 2022 to overhaul the reduction targets for one-off and diffuse urban pollution. The file also focuses on energy consumption for wastewater treatment, sludge recovery, access to toilets and transparent sanitation services. Veolia also contributes to regulatory changes in industrial emissions in the air, water and soil. Veolia also participates in OECD working groups on water governance (Business and Industry Advisory Committee, BIAC) and takes part in major international events on the topic of water (*World Water Council, World Water Forum, Word Water Week and each* climate COP). In addition, Veolia contributed to the WBCSD "CEO Guide to water building business resilience", the "Business guide to circular water management: spotlight on reduce, reuse and recycle" and the guide "Wastewater zero: a call to action for business to raise ambition for SDG 6.3".

4.2.5.3.1 Diagnose and improve water footprints

The Group has developed a Water impact index (WIIX) tool, which is included in its GreenPath environmental footprint overall assessment tool (see Section 4.2.1.5 above). This enables businesses and public authorities to determine measures for managing and using water. It can be used with the carbon footprint.

Veolia has also used this tool to conduct diagnoses on its sites, specifically those with significant water stress issues, since 2016. These sites were identified based on their water requirements and local water stress. The WIIX tool is connected to a risk assessment tool, the GEMI® Local Water Tool (LWT).

At the end of 2019, Veolia performed a water diagnosis at 96% of its sites identified in 2016 with significant water stress issues, exceeding the Group objective of 95%. Totaling 25 across all Veolia's businesses (Water, Waste and Energy), these sites represented nearly 10% of water abstraction by the Group in 2016.

In its 2020-2023 Environmental Plan, Veolia renewed its objective of performing a diagnosis at 95% for its sites with significant water stress within a new scope. These sites with significant water stress issues were identified for the scope of sites operated in 2019 and represented 19.7% of Veolia's abstracted water.

Deployment of water diagnoses at sites with significant water stress issues

	2017	2018	2019	2020	2021	2023 objective
Share of sites diagnosed with significant water stress issues (2016 scope)	69%	92%	96%	2016-2019 plan finalized	2016-2019 plan finalized	/
Share of sites diagnosed with significant water stress issues (2019 scope)	/	/	/	36%	57%	95%

The conclusions of the analyses show that the sites are well aware of the water stress issue. In addition to adopting measures to control water consumption, certain sites have already proposed or set up for their customers solutions to remediate water shortages e.g. interconnections or alternative resources. The drinking water production system audited in France has, for example, set up water transfers between drinking water production plants which each draw water from a different sub-basin to remediate a potential water shortage. In the USA, the audited energy production unit chose to replace municipal water with untreated river water and

4.2.5.2 Policy and commitments

As part of its Purpose and its Impact 2023 strategic program, Veolia is committed to combating pollution and accelerating ecological transition (see Section 4.1.2 above). This commitment can be broken down into several objectives, including sustainably managing water resources. To illustrate this objective, the Group defined a 2023 target to improve the efficiency of the municipal drinking water distribution networks that it operates.

Commitment	Objective	SDG	Indicator – definition	2020 Results	2021 Results	2023 Target
Combat pollution and accelerate the ecological transition	**Sustainable management of water resources**	6 CLEAN WATER AND SANITATION	• Efficiency rate of drinking water networks[1] (Volume of drinking water consumed/Volume of drinking water produced)	73.4%	75.6%(√)	> 75%
Sponsor		Philippe Guitard		Member of the Executive Committee, Senior Executive Vice President, Central and Eastern Europe.		

(1) For networks serving over 50,000 inhabitants. At constant scope.

The efficiency of a drinking water distribution network is an indicator representing the ratio of volume of water consumed by end users to the volume of water pumped into the distribution network. The difference between these two volumes represents network water losses. These losses include leaks (physical losses) which return to the environment and commercial losses (metering errors, illegal water supply). Even if it does not cover all of the Group's impacts on water resources, this indicator was chosen as it measures the largest volumes of wasted water. It is important to reduce these volumes as any drops of water not abstracted from the environment may be used for other purposes and any drops of water not treated or transported contributes to the need to reduce energy and reagent consumption, limit greenhouse gas emissions and ultimately combat climate change. Any drops not treated or transported also help to reduce operational costs and investments, enabling the optimum use of a region's existing infrastructures before considering capacity increases.

Our main lines of action to prevent physical losses are repairing leaks, managing service pressure and renewing networks. These actions also emit greenhouse gases. A balance must be found to preserve resources through a sustainable network efficiency. A 100% efficient network is not technically achievable nor is it sought after for environmental reasons.

Veolia assumes its responsibilities as operator but cannot replace its customer, who decides on the measures to take to preserve resources, especially if these require major investments. Apart from a few exceptions, Veolia does not own its facilities.

As part of its multifaceted performance strategy, Veolia aims to improve water output by +2.5 points compared to the 2019 base year.

Challenges

In 2021, Veolia withdrew 7.6 billion m³ of water, primarily for its drinking water production and distribution activity (92% of the total volume withdrawn). Through its contracts with public authorities, Veolia produced 6.1 billion m³ of drinking water in 3,367 production plants. It operated 302,878 km of pipelines, supplying 6.8 billion m³ of water into supply networks. The decrease in the volume of water abstracted and the volumes of drinking water produced and pumped into municipal distribution networks was primarily due to the Group's sale of its investment in the Shenzhen water concession in China.

Changes in water abstraction, drinking water produced and supplied to the networks

	2017	2018	2019	2020	2021
Total volume of water abstracted *(billions of m³)*[1]	10.011	9.828	10.096	9.337	7.627
• o/w surface water *(billions of m3)*[1]	7.173	7.069	7.317	6.619	4.915
• o/w groundwater *(billions of m3)*[1]	2.024	1.937	1.938	1.827	1.863
• o/w distribution network water *(billions of m³)*[1]	0.813	0.823	0.841	0.891	0.849
Volume of drinking water produced for public authorities *(billions of m³)*	8.470	8.334	8.409	7.676	6.070
Volume of drinking water introduced into supply networks for public authorities *(billions of m³)*	9.157	9.028	9.136	8.448	6.802
Volume of water produced for industrial customers *(millions of m³)*	230	223	222	208	201
Volume of water abstracted for energy production by the Energy business[1] *(millions of m³)*	44	85	71	69	68

(1) For the Energy business, scope limited to heat production and distribution facilities exceeding 100 GWhTh.

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4.2.5 SUSTAINABLY MANAGE WATER RESOURCES

4.2.5.1 Risks and opportunities

Human activities interfere with the natural cycle of water and reduce the ability of aquatic environments to ensure the ecological functions needed to sustain life. Water abstraction and consumption tend to reduce the availability of local water resources while discharges tend to damage their quality. Land take tends to increase water-related risks, such as drought or flooding. Driven by demographic growth, economic development and increasing industrialization and urbanization, water resource management issues have multiplied and become more and more significant:

- access to drinking water and sanitation services for communities;
- overexploitation of water resources;
- soil, groundwater and river and stream pollution;
- destruction of wetlands and damage to aquatic environments;
- or regional resilience to adverse weather events.

Furthermore, water is used to produce products and services. This is called "virtual water". More and more people believe that the water footprint of individuals, organizations and regions which manufacture, consume and exchange these products and services must be controlled.

As water is central to climate processes, these issues are now exacerbated by global warming, which accelerates the water cycle and intensifies extreme weather events. Sustainable management of water resources is therefore a primary line of defence against the consequences of this warming and is at the core of ecological transformation.

In operating its plants and those of its customers, Veolia abstracts, consumes and discharges water. This environmental impact exposes the Group to third-party liability risks (see Chapter 2, Section 2.2.2.2 above) and can generate a risk, particularly for sites in areas of high water stress or close to sensitive ecosystems.

However, the very nature of Veolia's business aims to protect resources, as reflected by its motto "Resourcing the world". Veolia builds long-lasting relationships with its customers based, in particular, on its ability to manage risks delegated by them. The Group proposes specific offerings to its customers to protect natural resources: water treatment, wastewater recovery, protecting water resources, particularly in situations of water stress.

Veolia's proven expertise in sustainably managing water resources is a commercial advantage that enables it to undertake ambitious commitments *vis-a-vis* its customers and satisfy the expectations of citizens. More generally, it is a question of improving our water footprint and that of our customers through a range of technical, economic and behavioural solutions, including actions on our supply chain.

It is the responsibility of all Veolia businesses to sustainably preserve, protect and manage water resources. For example:

- by promoting access to the essential services of water and sanitation for communities, drinking water production and distribution and wastewater collection and treatment which contribute significantly to the protection and proper management of water resources (Water business);
- by treating industrial wastewater, leachates, hazardous liquid waste collection and treatment, sludge recovery and soil decontamination which also help to considerably reduce discharges and the transfer of pollutants into resources (Water and Waste businesses);
- by reusing treated wastewater and recycling water which can preserve valuable resources and secure access to water in areas with considerable water stress (Water business);
- by collecting, managing and recovering solid waste, which also contributes to a more healthy environment, and by preventing its discharge into the environment, helps protect water (e.g. plastics) (Waste business);
- finally, by saving energy and raw materials, our heating network operation, industrial services and building energy efficiency activities also help reduce the water footprint of our customers and indirectly preserve water (Energy business).

Redevelopment of landfilling cells

The operation of a landfill site requires landfilling cells to be dug and prepared. When responsible for this task, the Group complies with all obligations regarding surface sealing and the recovery of excavated materials.

Minimum Veolia standards govern the design and operation of landfill sites. These include: hydrogeological and geological soil studies, a watertight system made up of a double barrier (passive, with a low permeability soil or equivalent and active, with the application of a geomembrane tested and certified by an external service provider), systems for collecting and treating leachates and surface water; and monitoring groundwater.

Over the duration of operations and post-operations (at least 20 years), the monitoring system is based, inter alia, on the analysis of surface water, groundwater and discharges. All Veolia sites self-assess their compliance with these standards. Should they fall short, the sites must either propose an action plan showing how they intend to achieve compliance, demonstrate that equivalent measures are in place, or obtain special dispensation on the basis of additional monitoring measures.

Areas to be re-greened after the closure of storage landfills or when reshaping land in connection with levelling work (redevelopment of spaces, construction, etc.) are taken into account to identify sensitive sites and sites with more than 1 hectare of green spaces. This sites are covered by specific biodiversity conservation measures (see Section 4.2.4 below).

Once used, the cells are covered as quickly as possible, encouraging the development of local ecosystems. The cells are monitored for environmental impacts before being returned to general use. When the entire site is redeveloped, monitoring continues to ensure that the species planted repopulate the area (post-operation phase).

Ecological restoration and renovation

When specific issues arise when protecting resources, adapting to climate change or preserving biodiversity in a region, Veolia may offer its customers ecological restoration or renovation projects. These projects are designed to satisfy particular objectives such as protecting or improving water quality, reinstating the landscape, safeguarding against risks of flooding, etc. By way of example, Veolia is required to draft or contribute to programs designed to renaturalize rivers, set up green discharge areas outside wastewater plants (before discharge into the environment), reforest, or reintroduce endemic species in connection with the regreening of storage landfills. These solutions are proposed on a case-by-case basis as they must satisfy very specific criteria (project objectives, feasibility, performance, costs, financing, etc.).

Implementation of protective perimeters around water catchment areas

Catchment areas for water intended for consumption are surrounded by protective perimeters. Human activities that could directly or indirectly damage water quality are prohibited or regulated. In its wellfield operations, the Group conducts voluntary biodiversity-friendly actions: management of green areas, inventory of animal and plant life, etc.

4.2.4.3.5 Reduce local pollution

The Group seeks to minimize any local pollution in all its activities.

Limit, capture and treat odour

Challenges

The natural process of organic matter decomposition can generate odorous molecules. This process concerns several Group activities: biological water treatment, composting, collecting household waste, waste storage facilities.

Commitment and approach

Tackling odour emissions is an ongoing concern for Veolia. The Group strives to limit, capture and treat them.

It implements solutions directly and works with its customers where they are responsible for the necessary capital expenditure. To this end, Veolia has developed technology and works with partners to treat and control odour (*e.g.* biofiltration treatment, scrubbing and electronic measurement systems). It also implements physical-chemical and biological techniques that limit odour problems. In the event of perceived pollution, the Group consults with the local population. For example, the creation of a "nose jury" made up of local residents who have been trained to identify odour and the introduction of a special telephone line both help to assess the odour problem more effectively and enable Veolia to take appropriate steps.

Limit waste collection noise

Challenges

Noise issue has become a key concern for local elected representatives. The main noise problems primarily concern waste collection.

Approach

Veolia is carrying out research and has developed some particularly innovative solutions, such as a pneumatic waste collection system that significantly reduces the volume of trucks in towns and cities.

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The steady decline since 2016 in SO_x, NO_x and dust emissions by these facilities reflects the efforts of the sites and the technical centres of excellence to capture and treat air pollutants emitted by heat production plants. Changes in the energy mix were also favourable to a reduction in emissions.

The slight increase in NO_x emissions in 2019 was due to the sale of district heating activities in the United States, which produced significantly lower emissions than the Group average.

For thermal plants, Veolia implements BREF (BAT Reference Document) best available techniques. They mainly focus on optimizing combustion while minimizing nitrogen oxide (NO_x) and carbon monoxide (CO) emissions and flue treatment systems (denitrification, desulphurization and dust removal from combustion gases).

The Group is also continuing efforts to reduce fuel consumption and encourage the use of cleaner fuels, specifically biomass and natural gas. The coal phase-out plan in Europe takes this approach, promoting the recovery of unavoidable or lost energies and the use of biomass or recovered fuels (see Section 4.2.3 above).

Waste incinerator emissions

As part of its 2020-2023 Environmental plan, Veolia defined more demanding objectives for SO_x and NO_x emissions than the strictest regulatory benchmark – the European Union benchmark – to assess its overall performance worldwide.

Emissions from hazardous and non-hazardous waste incineration plants in 2021

	NO_x	SO_x	Dust
	mg/Nm³[1]	mg/Nm³	mg/Nm³
Average concentration of emissions from hazardous and non-hazardous waste incineration plants	120.7	16.1	2.1
2023 objective	< 115	< 40	<10
European Directive[1] limit values	< 200[2]	< 50	< 10

(1) European Directive 2000/76/EC of 4 December 2000, repealed by the Industrial Emissions Directive (IED) of 24 November 2010 and enacted into French law by two amended decrees of 20 September 2002 (daily averages).
(2) For NO_x, the standard depends on the output rate: 200 mg/Nm3 for plants > 6 metric ton/hour and 400 mg/Nm3 for plants < 6 metric ton/hour.

A harmonization of the reporting methodology for NO_x emissions since 2020 led to an increase in the total average concentration which offset the progress made in NO_x reduction The objective had been set prior to implementing this methodology. It also anticipates the implementation of the Incineration BREF (Best available techniques REFerence document) in Europe, which was hindered by administrative delays in obtaining authorizations prior to upgrading work. In 2021, as in previous years, average concentrations of NO_x, SO_x and dust were well below European regulatory limits and the high limits set by the BREFs.

Veolia contributed actively to the review of the Waste Incineration BREF (Best available techniques Reference document), published at the end of 2019. These technical documents are prepared by the European Commission and the incineration industry and are a reference for best available techniques, specifically for improving the environmental impact, including air emissions and specifications on NO_x, CO, TOC, HCl, HF, SO_2, NO_x, PCDD, metals, dust, etc.

4.2.4.3.4 Optimize land use

Challenges

The landfill sites and drinking water production sites operated by the Group cover the largest areas. At these sites, soil contamination can lead to groundwater or surface water pollution.

Veolia is also committed to restoring and maintaining soil quality through the remediation of contaminated soil and organic recovery of waste and wastewater sludge (see Section 4.2.2.3.2.2 above, Recover residual waste and limit the production of final waste).

Commitment and approach

Site land areas are not fully sealed. Veolia designs and operates these sites to minimize the footprint of its activities by maximizing the percentage of soil favourable to the maintenance and development of biodiversity.

As part of its biodiversity strategy, the Group drafted an ecological design and management guide for its sites with the support of IUCN France. Site operating rules include conditions governing the use of land that are consistent with the Group's commitment to ecosystem management.

Furthermore, Veolia is careful not to cause any chronic or accidental soil pollution at all the sites it operates by:

- storing and using materials under good conditions;
- properly managing storm water and effluents;
- ensuring that resources for preventing accidental spillages remain operational.

4.2.4.3.3 Limit atmospheric pollution

Challenges

The atmospheric emissions generated by Group activities mainly concern its Energy business (combustion plants for heat or heat and power production) and its Waste business (Incineration).

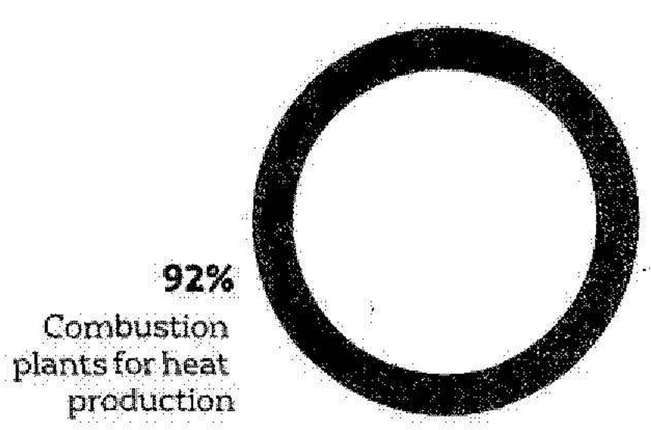
SO_x and NO_x emissions	2017	2018	2019	2020	2021
SO_x emissions *(metric tons)*[1][2]	71,860	12,920	13,188	13,832	14,224
NO_x emissions *(metric tons)*	41,349	20,302	20,991	22,484	22,619
Dust emissions from thermal plants selling more than 100 GWh/year and waste incinerators *(metric tons)*	746	783	641	776	725

(1) For combustion facilities, Sulfur Oxide (SO_x) and Nitrogen Oxide (NO_x) emissions are calculated in accordance with the European Industrial Emissions Directive (IED) of 24 November 2010 as from fiscal year 2018 after bringing facilities managed by Veolia up to standards. Emissions from previous years were calculated in accordance with the former European Directive of 23 October 2001. These documents set the maximum values for emissions based on fuel type and facility capacity.

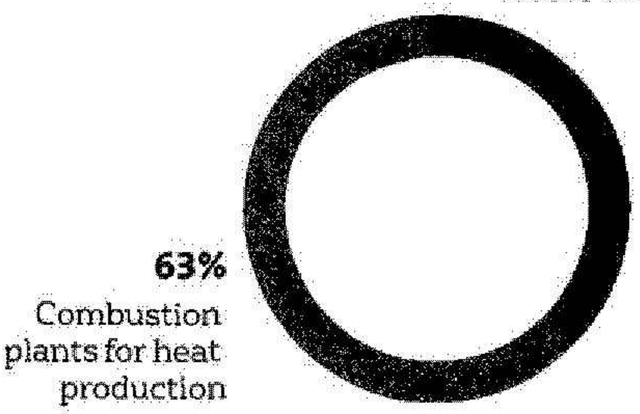
(2) The calculation methods for SO_x and NO_x emissions may differ depending on the activity. For the Group's waste incinerators, particularly in Europe, dust, TOC, HCl, SO_2, HF, CO, NO_x and flue flow are measured on a continuous basis. Analyzers provide substance concentration measurements every minute or so. For thermal energy plants, emissions are calculated based on energy consumption and regulatory emission limits for large combustion plants (from 50 to 100 MW). These emission limits have been applied to all energy consumption, regardless of the size of the facility. Other methods may be used in response to local requirements, based on emission factors depending on the tonnage burned, with these factors being determined through tests under real operating conditions.

The marked decrease in 2018 of Sulfur Oxide (SO_x) and Nitrogen Oxide (NO_x) emissions was related to the change in the threshold limit used to calculate emissions for combustion facilities (see note[1] in the table above). The increase in emissions in 2020 was due to the acquisition of thermal installations in the USA.

Breakdown of SO_x emission, in 2021 (%)



Breakdown of NO_x emission, in 2021 (%)



Commitment and approach

As part of its commitment to combat pollution, Veolia strives to reduce the atmospheric emissions of the facilities which it operates by implementing the best available techniques (BAT).

Objectives and results

Thermal plant emissions

Most atmospheric emissions are derived from the production heat used for district heating networks. Centralized energy productions facilities are equipped with efficient smoke treatment resources which help improve air quality in district areas compared with individual resources.

Under its 2020-2023 Environmental Plan, Veolia set the objective of reducing atmospheric emissions per unit of energy produced, and defined threshold objectives for 2023.

Emissions of thermal plants selling over 100 GWh/year

	2017	2018	2019	2020	2021	2023 objective
NO_x *(g/MWh)*	299	273	279	233	215	< 270
SO_x *(g/MWh)*	244	224	196	170	147	< 210
Dust *(g/MWh)*	12	13	12	12	11	< 13
Mercury *(mg/MWh)*	-	-	1.6	1.7	2.1	< 5

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Treatment efficiency of wastewater treatment plants with a population equivalent capacity of at least 100,000

	2017	2018	2019	2020	2021	2023 objective
BOD5 treatment efficiency *(as a%)*	95.7%	95.6%	96.0%	95.9%	95.3%	≥ 95%
COD treatment efficiency *(as a%)*	89.2%	90.9%	91.9%	91.4%	90.8%	≥ 90%

Furthermore, in accordance with the European Water Framework Directive, Veolia implemented systems to monitor the flow of a high number of micro pollutants deemed dangerous to the environment, to assess the impact of wastewater treatment plant discharges on the ecological state of bodies of water.

Treatment of micropollutants

Our domestic use (household products, solvents, medicines, etc.), agriculture, transport, industry and craft industry are responsible for the presence of micropollutants in water.
During wastewater treatment in sewage plants, some micropollutants end up in aquatic environments because they have not been eliminated. Treating micropollutants is highly complex and conventional technologies cannot completely isolate them. In Europe, awareness is growing, but currently there are no regulations regarding the standards and reference values that should be respected. This is partly explained by the lack of knowledge about the health and environmental impact of these molecules and the cocktail effect that some may have when combined. The science is moving forward and Veolia expects regulations to become stricter. With its subsidiary Veolia Water Technologies, the Group already offers innovative solutions that efficiently treat these micropollutants, including:

- ACTIFLO® CARB: this process, which is equipped with a pre-contact tank with powdered activated carbon for adsorption and can be combined with the oxidizing action of ozone, eliminates 95% of endocrine disruptors;
- OPACARB® FL: up-flow stream reactor consisting of a micrograin activated carbon bed which removes compounds responsible for endocrine disruption;
- Filtraflo® Carb: for lower flow rates than the OPACARB® FL, this process eliminates the micropollutants in the water by adsorption, but also filters them simultaneously through a reactor with micronized powdered activated carbon operating in counter-current;
- Opaline™ C: this process, which can be combined with the oxidizing action of ozone, combines membrane technology and adsorption using activated carbon to better eliminate pesticides, endocrine disruptors, etc.;
- MBBR (*Moving Bed Biofilm Reactor*) technology: fixed culture biological treatment process for removing carbon and/or nitrogen pollution.

A comprehensive range of monitoring services

Veolia offers customers a comprehensive range of monitoring services for water pollutants involving sampling and analyses. It has developed regulatory analysis techniques and biological tools for measuring the impact of these discharges on target organisms. When necessary, the Group works with its customers to define and implement solutions to reduce or eliminate the discharge of hazardous substances into the environment and manage the attendant risks. These solutions can either be implemented at source (for example, by connecting plants and monitoring networks) or take the form of remedial measures (by optimizing processes, introducing additional treatments, etc.).

Vigie Covid-19

Veolia offers its expertise in monitoring the presence of SARS-CoV-2 and its variants in wastewater treatment plants. The Group has therefore developed in cooperation with the start-up IAGE* a VIGIE COVID-19 method in order to detect and quantify in record time SARS-CoV-2 in wastewater by the RT-qPCR method.
Using PCR screening and sequencing techniques and in cooperation with IPMC** (CNRS-Université Côte d'Azur) and the Battalion des marins pompiers de Marseille (BMPM), Veolia has extended the scope of its offer to identify the presence of known mutations originating from existing variants and evaluate their concentration as well as the proportion of variants.
These tools are designed to establish a detailed and low-cost map of the circulation of SARS-CoV-2 and its variants in wastewater so as to foresee changes in the pandemic and provide crucial indicators in fighting the spread of Covid-19.

* *IAGE – a Montpellier-based company specializing in environmental biological analysis – in association with the laboratory Phytocontrol, to quantify variants using a digital PCR method.*

** *IPMC – joint Centre National de la Recherche Scientifique (CNRS) and Université Côte d'Azur (UCA) research unit – to sequence the SARS-CoV-2 genome in wastewater in order to identify variants.*

In 2021, Veolia actively contributed to the World Conservation Congress (in Marseille), an event organized every four years by the IUCN that brings together several thousand leaders and decision-makers from governments, civil society, native people, businesses and universities. This congress, which prefigured the Biodiversity COP 15, focused on three themes: the post 2020-framework for the conservation of biodiversity; the role of nature in the post-pandemic global recovery; and the need to direct investment towards projects that are positive for nature. The Group partnered the IUCN at the event (congress water bottles, water supply, exhibition stand, etc.). Veolia also took the floor in various areas. Antoine Frérot spoke at the CEO Summit on the theme "Moving from commitment to action: building a nature-positive future" and at the opening plenary session on the theme of freshwater. Other experts also participated in discussions on the reduction of plastic pollution in seas and oceans, solutions based on nature, circular economy and waste transformation and soft mobility with a low environmental impact.

Fully aware that naturalist expertise is needed to set up and monitor actions tailored to regional issues, the Group encourages its sites to forge partnerships with conservation associations.

Under the 2020-2023 Environmental Plan, Veolia set an objective to raise awareness internally or externally on the issues of protecting environments and biodiversity for 50% of its sites [1]).

In 2021, the Group developed a biodiversity e-learning to boost and accelerate awareness-raising among its employees. Intended for a wide audience of Business Unit support functions and operators, it was specifically designed for the biodiversity issues of Veolia's activities (understand the issues of protecting environments and biodiversity, master the Group's strategy with regard to the challenges of its businesses and identify action levers). It will be widely deployed in 2022.

Awareness-raising actions and local partnerships

	2017	2018	2019	2020	2021	2023 objective
Percentage of sites[1] having raised awareness internally or externally on the issues of protecting environments and biodiversity *(as a%) pro forma* 2019-2021	/	/	/	22%	42%	50%
Number of sites[1] that have forged a partnership with a local conservation association	51	60	83	85	115	

(1) Reporting scope: Waste business (all sites); Water business (wastewater treatment plants with a population equivalent capacity of over 100,000 and drinking water plants of over 60,000m³/day); Energy business (energy production facilities selling over 100 GWh/year).

4.2.4.3.2 Limit the discharge of pollutants into water

Challenges

Veolia provides sanitation services to nearly 61 million people worldwide and operates 2,750 municipal wastewater treatment plants.

Volume of collected and treated municipal wastewater

	2017	2018	2019	2020	2021
Total volume of water collected *(billions of m³)*	6.3	6.5	6.7	5.8	5.2
Total volume of water treated *(billions of m³)*	5.7	5.8	5.9	5.2	4.6

The main discharges from facilities operated by the Group concern its Water business.

Commitment, approach and result

Protecting water resources is one of Veolia's areas of expertise, and it is committed to optimizing management of the water cycle.

Collect and decontaminate wastewater

Veolia has developed a comprehensive approach to help public authorities efficiently manage wastewater collection and treatment services, mainly in wet weather, according to their size and issues.

Optimizing the efficiency of treatment processes is an ongoing concern for Veolia, both in terms of operating facilities under its management (Hubgrade Performance digital solution) and developing new processes.

The average rates of pollution abatement, expressed in BOD_5 and COD, for the wastewater treatment plants operated by the Group are very satisfactory. Under the 2020-2023 Environmental Plan, Veolia set minimum efficiency thresholds of 95% and 90% respectively, well above French regulatory thresholds[2], and largely exceeded them.

(1) Reporting scope: Waste business (all sites); Water business (wastewater treatment plants with a population equivalent capacity of over 100,000 and drinking water plants of over 60,000m³/day); Energy business (energy production facilities selling over 100 GWh/year).

(2) The amended Decree of 21 July 2015 on collective wastewater systems and non-collective facilities, excluding individual wastewater systems receiving a gross load of organic waste of less than or equal to 1.2 kg/day BOD_5, sets the threshold at 80% for BOD_5 and 75% for COD.

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Improvement in the environmental footprint of our activities and those of our customers

	2017	2018	2019	2020	2021	2023 objective
Percentage of sites with significant biodiversity issues that have carried out a diagnosis and deployed an action plan (*pro forma* 2015-2020)	55%	61%	72%	73%	plan finalized	/
Rate of progress with action plans aimed at improving the impact on environments and biodiversity at sensitive sites (*pro forma* 2019-202)[1]	/	/	/	1.7%	30%	75%
Number of sites[2] that have introduced ecological management and/or development[1]	161	181	230	237	265	/
Percentage of sites[2] with green spaces exceeding 1 ha that have set up ecological management practices (*pro forma* 2019-2021)	/	/	/	23%	36%	75%
Percentage of sites[2] with zero use of phytosanitary products (*pro forma* 2019-2021)	/	/	/	19%	38%	75%

(1) As of 2021, according to the Group ecological management charter.

(2) Reporting scope: Waste business (all sites); Water business (wastewater treatment plants with a population equivalent capacity of over 100,000 and drinking water plants of over 60,000m3/day); Energy business (energy production facilities selling over 100 GWh/year).

The 2023 objective, aimed at improving the environment and biodiversity footprint at sensitive sites, is in keeping with the 2020 objective which involved conducting diagnoses at sites with biodiversity issues. In 2020, the progress in this new indicator was slowed down due to the health crisis. In 2021, major awareness-raising and support initiatives were undertaken by the Group and its various locations to step up the implementation of footprints and the roll-out of action plans. Similarly, ecological management and the discontinuation of the use of phytosanitary products are more systematically included in Purchasing processes and, ultimately, in site operational management.

To support the deployment of the Group's environment and biodiversity commitment, the Business Units have been equipped with various tools, including:

- the ecological management guide, developed in partnership with IUCN France, that enables all sites, whatever their issue at stake, to implement measures to protect biodiversity. It comprises information sheets on the maintenance of green areas, ecological developments for roads and buildings, maintenance of ponds and waterways, and the management of invasive exotic species;
- EcoLogiCal, a tool designed in partnership with the Noé association and with the participation of IUCN France and Ecocert Environnement. Through an online self-assessment covering five major themes (flora, fauna, water, waste, lighting), it allows you to compare the economic and ecological footprints of the traditional management of green spaces with environmentally-friendly practices. EcoLogiCal is aimed at all site managers. It is free, public and can be accessed online: https://eco-logical.fr;
- the Green Spaces charter aims to support the transition of green spaces towards more ecological practices. It commits Veolia sites and service providers to manage green spaces ecologically. It also incorporates mandatory measures to consider the effective transition to ecological management;
- The Zero phytosanitary products charter lists the practices to adopt to consider a site as virtuous with regard to the management of its green areas without using phytosanitary products (herbicides, fungicides, insecticides and biocides). In the same way as the green spaces charter, it applies to sites and their green space service providers. A zero phyto sheet, developed for educational purposes, completes the approach to raise awareness among employees. It describes the benefits of discontinuing the use of phytosanitary products (the required changes in site aesthetics standards through greater integration of nature in green spaces, etc.).

Raise maximum awareness internally and externally and engage our stakeholders in our environment and biodiversity protection strategy

The Group seeks to continue raising awareness among internal (on-site personnel, support functions) and external (subcontractors, customers, general public, etc.) stakeholders on environment and biodiversity protection issues. The ultimate aim is to firmly establish the change of culture needed to transform practices (ecological management, green infrastructures, etc.). The Group also involves its stakeholders in its decisions (e.g.: partnerships with national and local associations for the protection of the environment, etc.).

Since 2008, Veolia has partnered the French Committee of the IUCN (International Union for Conservation of Nature), which provides expertise for the roll-out of its commitment (drafting of its commitment in relation to the French National Strategy for Biodiversity, creation of operational tools, etc.). The Group actively participates in the think tanks of the French association Entreprises pour l'Environnement (EpE) and the IUCN. Veolia chairs the IUCN's "Business and Biodiversity" working group.

In 2018, the Chairman of the French Natural History Museum (MNHN) and the Chairman and Chief Executive Officer of Veolia signed a 5-year framework agreement. Objective: to expand and reinforce the current collaboration between MNHN and the Group, in order to improve the consistency and visibility of actions already in place around four areas: research, expertise, distributing knowledge and training.

In 2020, Veolia finalized an innovative methodology to measure the footprint of its activities on environments and biodiversity. The tool was built in collaboration with ecology and life cycle analysis experts: the French consultant agency Ecosphère, the internal environmental consultant agency 2EI, Veolia Environnement Recherche et Innovation, Veolia Eau and the French Committee of the IUCN (International Union for Conservation of Nature). The "environments and biodiversity" footprint measures the biodiversity issues of a site in terms of quantity and quality, in the same way as the carbon footprint. The tool is used to draw up a semi-automated action plan according to a site's major issues and monitor the site's progress.

Preserve regional environments and biodiversity by limiting the impacts of our sites and developing their ecological potential

Veolia manages impacts linked to discharges and withdrawals in the environment of sites it operates. By improving its environmental performance, directly in line with its operational performance, Veolia reduces its impacts on receiving environments, particularly air and water, and therefore biodiversity (see Sections 4.2.2 and 4.2.3 above, section 4.2.5 below).

In addition, Veolia manages and develops areas, notably to compensate for the impacts generated by land coverage.

1 As part of its 2020-2023 multifaceted performance, Veolia has decided to monitor the roll-out of actions plans designed to improve the footprint on environments and biodiversity of "sensitive" sites, *i.e.* those with potentially the most impact on environments and biodiversity.

These sensitive sites were identified in 2019 with regard to several criteria:

- **issues relating to the context of the site's sensitivity and potential as well as the method of managing its green spaces:** the surface area of permeable land and water spaces, assessment of green space management practices using phytosanitary products, the type of environment in which the site is located, the presence of protected natural areas near the site, potential presence or threatened or protected species. The Group reconciles information extracted from the IBAT database (Integrated Biodiversity Assessment Tool developed by Birdlife International, Conservation International, the IUCN and the United Nations Environment Program) and site geo-location data. The natural areas defined by the ICUN (categories I to VI), the World heritage, RAMSAR(1), MAB(2), Alliance for zero extinction sites, and Important bird and biodiversity areas are considered;
- **issues relating to the site's activity:** air and water discharges, treatment efficiency, abstraction of resources, environmental non compliance or accidents.

The biodiversity footprint is measured to assess direct or indirect negative and positive impacts generated by site activities at local level. This measurement is based on five factors of damage to biodiversity(3): destruction of habitats, overexploitation of resources, global warming, pollution and spread of invasive exotic species.

It includes the analysis of indicators and data relating to:

- the site process such as consumption of energy, reagents, water and raw materials, discharges, waste production or energy and material recovery;
- site location and management of spaces such as the presence of protected natural areas (on or near the site) or rare or threatened species, management of green spaces as well as management of invasive species, lighting, etc.

The involvement of an ecologist, an expert in local biodiversity, is needed to help Business Units to measure their on-site footprint.

The ecologist also helps sites in defining their action plans. He refers to a list of predefined actions (*e.g.*: combating invasive exotic species, light pollution, etc.) to be rolled out and updated according to the major issues identified by the analysis.

A detailed methodological framework ensures consistent assessments and action plans, whatever the location.

2 Under its 2020-2023 Environmental plan, Veolia commits sites to working to implement more virtuous practices for biodiversity, whatever their issues at stake:

- zero use of phytosanitary products (to manage site green spaces) at 75% of sites(4);
- implementation of ecological management at 75% of sites(4) with green spaces exceeding 1 hectare (by applying the Veolia green spaces charter).

(1) Agreement on wetlands of particular international importance as water bird habitats.

(2) Man and Biosphere Program.

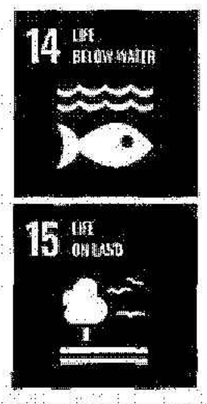
(3) Land take, fragmentation of terrestrial and marine habitats, damage to general biodiversity, site location in a protected area, harm to rare or threatened species, water eutrophication, acidification through air discharges, light pollution, spread of invasive species, local water stress, greenhouse gas emissions due to fuel and natural gas consumption.

(4) Reporting scope: Waste business (all sites); Water business (wastewater treatment plants with a population equivalent capacity of over 100,000 and drinking water plants of over 60,000m³/day); Energy business (energy production facilities selling over 100 GWh/year).

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4.2.4.2 Policy and commitments

As part of its Purpose and its Impact 2023 strategic program, Veolia is committed to *combating pollution and accelerating ecological transition* (see Section 4.1.1 above). This commitment can be broken down into several objectives, including protecting environments and biodiversity. To illustrate this objective, the Group defined a 2023 target involving the roll-out of action plans designed to improve the footprint for environments and biodiversity at sensitive sites.

Commitment	Objective	SDG	Indicator - definition	2020 Results	2021 Results	2023 Target
Combat pollution and accelerate the ecological transition	**Protect environments and biodiversity**		• Progress rate of action plans aimed at improving the environment and biodiversity footprint in sensitive sites[1]	1.7%	30%	75%
Sponsor		Philippe Guitard		Member of the Executive Committee, Senior Executive Vice President, Central and Eastern Europe.		

(1) 2019-2021 pro forma *data.*

Pursuant to the French legal system, the Group endeavours to implement the principles of the mitigation hierarchy (or the Avoid-Minimize-Compensate approach), the first step of which is to avoid damaging biodiversity, then to reduce the impacts and finally to offset them.

In 2015, the Group committed to the National Strategy for Biodiversity (SNB) for its world scope through a 2015-2018 action plan that was officially recognized by the French Ministry for Ecological and Inclusive Transition.

In 2020, Veolia Environnement renewed its 2018 commitment to the Act4Nature International initiative, launched by the French association EPE (Entreprises Pour L'Environnement), and supported by numerous public, private and NGO partners. http://www.act4nature.com/. As part of this, its Chairman and Chief Executive Officer signed collective agreements and made commitments unique to Veolia.

The "Protect environments and biodiversity" objective is based on three lines of action:

- **line 1:** strengthen the integration of the protection of environments and biodiversity in our Group standards;
- **line 2:** preserve regional environments and biodiversity by limiting the impacts of our sites and developing their ecological potential;
- **line 3:** raise maximum awareness internally and externally and engage our stakeholders in our environments and biodiversity protection strategy.

The biodiversity action plan is monitored by the departments in charge of this issue in the Group's entities (head office functional departments, Research and Innovation, and Business Units). A network of correspondents located in the main countries where the Group operates ensures the roll-out of the Group's strategy through the implementation of action plans, the sharing of best practices and feedback on experience.

4.2.4.3 Actions and results

4.2.4.3.1 Protection of biodiversity

In its new 2020-2023 plan, the Group extends its actions and develops its businesses and practices with regard to ecological management. This transition is leading to the inclusion of biodiversity in its offerings, services and management methods and working closely with its customers, sub-contractors and other partners (associations, scientists, etc.). The production and sharing of tools with stakeholders also contributes to promoting biodiversity internally and within their organizations.

Progress with the commitments renewed in 2020 under the Act4Nature International initiative is presented in the appendices (see Section 8.10.1 below).

Strengthen the integration of the protection of environments and biodiversity in our Group standards

Veolia develops its internal standards with a direct or indirect impact on biodiversity: purchasing processes (assessment of suppliers with the greatest impact for the environment, application of the Veolia green spaces charter to subcontractors, etc.), businesses (integration of recommendations promoting biodiversity in its operating standards, etc.), marketing (improvement of offers in line with the protection of ecosystems, etc.).

Veolia is also furthering its understanding of biodiversity to better integrate it into its services. The Group has therefore analyzed the impacts and dependencies of each of its businesses, and the benefits of services provided by nature (see Section 4.2.4.1 above). The results of these analyses guide the Group's research projects and the design of innovative solutions (bioindicators to measure impacts, footprint, etc.).

Energy performance indicators (Water business)

	2017	2018	2019	2020	2021	2023 objective
Electricity consumed for drinking water production *(as Wh/m³)* by factories exceeding 60,000m³/day[1] (*pro forma* 2017-2021)	/	253	269	252	259	< 250
Electricity used to treat wastewater *(as Wh/m³)* by wastewater treatment plants with a population equivalent capacity of over 100,000 (*pro forma* 2017-2021)	337	326	327	317	315	< 335
Recovery rate for biogas produced by sludge anaerobic digestion*(as a%)* by treatment stations with population capacity equivalent greater than 100,000	77%	73%	76%	80%	81%	

(1) Seawater desalination plants are not included in the scope.

At constant scope (*pro forma*), consumption for the treatment of drinking water was stable as there are few optimization levers. Our aim is rather to limit an increase in energy consumption in line with a decline in the quality of the untreated water resources which require more advanced and energy-intensive treatment (*e.g.* membrane processes).

For wastewater treatment, consumption decreased at constant scope following the action plans implemented. We also expect an increase in energy consumption in the coming years due to the strengthening of regulatory thresholds for discharges into the natural environment and increased reuse of treated water in several geographies. To remove more nitrogen, phosphorous and micro-pollutants and better treat odors, the wastewater treatment plants must strengthen, but also supplement, existing installations which will be sources of additional consumption.

4.2.4 PROTECT ENVIRONMENTS AND BIODIVERSITY

4.2.4.1 Risks and opportunities

By their very nature, Veolia activities contribute to protecting environments (water, air, soil) and biodiversity. Through its water, waste and energy management businesses, the Group directly interacts with environments. The collection and treatment of wastewater and waste reduces the pollution of soil, air, and bodies of water by urban and industrial pollution. The development of centralized and strictly regulated urban heating networks that are continuously monitored, and the use of biomass processes help to reduce the environmental impact in comparison to more polluting systems.

However, Group activities can have direct and/or indirect environmental impacts which contribute to a loss of biodiversity, due to the consumption of natural resources, residual contamination contained in operating emissions and discharges, greenhouse gas emissions, cut-off effects which sites can create in their surroundings (fence, etc.), the land footprint of sites (destruction or improper management of surroundings), the potential use of exotic invasive species during site development and the creation of surroundings favorable to their development (see Sections 2.2.2.2 below).

Veolia has analyzed the dependence of each of its business activities on ecosystem services:

- the production of drinking water is directly tied to a properly functioning water cycle: precipitation, plus storage capacity in catchment areas, ensure that the resource is available. Leveraging the benefit of ecosystems in regulating the quality of water (autotreatment) helps to maintain good quality water resources used for drinking water production and therefore limit the amount of treatment needed to ensure water is fit for consumption;
- wastewater treatment activities are dependent on ecological factors: microbial activity, and the ability of aquatic environments to assimilate residual water content, are critical to wastewater treatment;
- for energy, biomass operations require a sustainable supply of wood energy;
- landfilling, composting and soil remediation all rely on the structure and nature of the soil, as well as biological processes to break down organic material.

The Group responds to challenges linked to the protection and restoration of biodiversity through specific offers, notably: decontamination activities or biodiversity protection and restoration solutions.

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Waste business line: gain in energy efficiency and develop energy recovery

The main sources of energy consumption are waste collection (fuel consumption representing 1% of the Group's scope 1 emissions) and incineration (electricity consumption representing 2% of the Group's scope 2 emissions and energy from waste recovery used on-site) (see Section 4.2.3.3.1 above). Veolia works to limit emissions by managing its vehicle fleet and optimizing collection routes. Veolia also optimizes primary energy consumption at its waste incinerators.

The Group develops energy recovery from waste at sites such as incinerators producing heat, landfills and anaerobic digestion units producing biogas. The energy produced (heat and/or electricity) is used on-site and supplied to third-parties, reducing in both cases recourse to other higher-carbon energy sources. Moreover, the material recycling and the production of refused derived fuels (RDF) helps reduce customers' primary energy requirements.

Energy performance indicators (Waste business)

	2017	2018	2019	2020	2021	2023 objective
Energy production by municipal waste incinerators *(kWh/metric ton of incinerated waste)*	721	721	735	711	745	/
Captured methane recovery rate from landfills *(as a%)*	76.4%	77.9%	77.4%	74.0%	73.4%	/
CO_2 emissions linked to waste collection *(kg of CO_2/km)*	1.4	1.4	1.4	1.4	1.3	< 1.4

The closure of two landfill sites in 2020, which recovered a significant amount of captured methane (China and France), negatively impacted the consolidated captured methane recovery rate from landfills for 2020 and 2021.

Water business: optimize electricity consumption and produce low carbon energy locally

Drinking water production and distribution activities, as well as wastewater systems (collecting and treating wastewater) represent 60% of the Group's scope 2 emissions (see Section 4.2.3.3.1 above). They also offer great opportunities to produce renewable energy for use on-site or supply to third parties, particularly in wastewater treatment plants.

Veolia develops its know-how in order to reach or get close to energy self-sufficiency for wastewater treatment. In Germany, Veolia has launched an energy saving and biogas energy production initiative at all facilities equipped with a sludge digester. Three treatment plants (Braunschweig, Görlitz and Schönebeck, *i.e.* approximately 520,000 population equivalent) are energy self-sufficient. The wastewater plant in Sofia, Bulgaria, has also achieved this goal.

The Group therefore rolled out two additional measures: reduce energy consumptions and develop renewable energy production for its self-consumption and third parties, therefore contributing to energy transition.

To reduce the energy consumption of its facilities (water and wastewater, networks and plants), the Group references best practices and effective technological choices by developing analysis tools and setting up energy audits or certifications – the Veolia Eau France management system is ISO 50001:2011 certified: 2011.

To this end, Veolia develops solutions and processes such as:

- Hubgrade Performance, a Veolia digital solution, continually optimizes the consumption of energy and chemicals in wastewater treatment plants;
- Centaurus, a Veolia digital solution, is digital resource designed for experts to create and model efficient and low-energy plants;
- Anitamox, a new process already deployed on 35 sites, is designed to reduce both energy consumed on site and the consumption of chemical reagents.

To support the energy transition, Veolia seeks to maximize the energy potential of wastewater treatment sludge (see section 4.2.2.3.2.2 above) as an alternative to fossil fuels: anaerobic digestion, incineration or co-incineration with energy recovery.

Furthermore, Veolia boosts local energy production using renewable energy production facilities on its sites: solar panels, wind farms, turbines, etc. For example, in Brussels (Belgium), treated water passes through turbines to generate electricity before being discharged into the environment.

In addition to heat or electricity production, Veolia studies new means of producing low-carbon hydrogen. In Hyères, a pilot demonstration combining the steam reforming of biogas from the anaerobic digestion of wastewater treatment sludge and the production of microalgae will provide wastewater treatment plants with new ways of supporting customer energy transition.

Energy business: energy efficiency and diversification of the energy mix

Veolia manages energy at over 46,058 energy facilities worldwide. GHG emissions linked to the Group's Energy business represent 53% of scope 1 and 33% of scope 2 emissions.

Energy performance indicators (Energy business)

	2017	2018	2019	2020	2021	2023 objective
CO_2 emissions per MWh of heat and electricity sold[1] *(kg CO_2/MWh)*	372	356	343	329	324	-
Energy performance of cogeneration energy production (heat and electricity)	/	72.8	73.0	74.2	74.8	> 70%
Energy performance *(as a%)* of heat networks exceeding 100 GWh/year	87%	87%	87%	87%	88%	-
Share of biomass in the energy consumption of energy production plants *(as a%)*	9%	12%	19%	23%	19%	24%
Traceability of biomass (wood) for energy production *(as a%)*	86%	90%	94%	88%	99%	≥ 98%
Biomass (wood) certification *(as a%)*	57%	69%	66%	75%	76%	≥ 80%

(1) Thermal and cogeneration plants.

Optimization of the Group's thermal equipment energy performance is based on the quality of their operation and maintenance, as well as their modernization.

As part of its energy production contracts, Veolia specializes in operating CHP facilities comprising the simultaneous production of heat and electricity. These facilities improve energy performance compared with the separate production of heat and electricity. The average age of facilities managed by the Group (or the last major refurbishment) was six years in 2020: this recent infrastructure is equipped with the best available technologies to limit pollution and improve production performance. Primary energy savings (in GWh) are tied to changes in the portfolio of CHP facilities operated by the Group.

In connection with its greenhouse gas emission reduction target, Veolia has undertaken the transition of thermal plants using coal to lower-emission energies, such as biomass or natural gas. Plants using natural gas can be gradually supplied with biogas and subsequently hydrogen when it becomes available in its "renewable" form.

Downstream from the public authority heat production facilities, Veolia operates district heating networks: by focusing production at a single site, energy performance is optimized compared with domestic sources. Veolia has improved the performance of district heating networks through significant investment. It is also Veolia policy to diversify its energy mix towards renewable energies. Thermal networks are moving towards "5th generation" low temperature networks, designed to improve energy performance (increased waste energy recovery capacity) and develop the use of renewable energies (by gradually "electrifying" thermal production as and when renewable electricity becomes available).

The share of biomass in the fuel mix for energy production has increased considerably in recent years (from 8% in 2015 to 23% in 2020). In 2021, the share of biomass fell to 19%, due to the divestment of activities in the USA and Canada. Despite this, CO_2 emissions/MWh of heat and electricity sold continued to decline due to the greater use of gas rather than coal when comparing 2021 and 2020.

Veolia decided to include biomass energy traceability and certification objectives in its 2020-2023 Environment Plan. These objectives are ambitious, particularly for non-European Union countries. Traceability is set up for the entire scope. Certification depends more on the local context and the existence of certifying bodies.

For its energy services for buildings and industrial customers, Veolia has deployed performance management centres in all its zones: data analysts and systems engineers ensure the optimum management of managed facilities consumption, *e.g.* in its subsidiary ENOVA in the United Arab Emirates.

Veolia has developed its energy flexibility offer: in 2019, the Group acquired the energy business of Actility, now integrated into Flexcity. It notably intends to apply load shedding, which consists in deferring the energy consumption of facilities to reduce peaks and stabilize electricity distribution networks. Electrical consumer flexibility enables the electrical system to receive intermittent renewable energies while limiting system infrastructure costs.

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Saving and preserving energy resources is a major aspect of Veolia's contribution to combating climate change. In this area, the Group commits to:

- increase energy efficiency at the facilities which it operates;
- prioritize the use of renewable and recovered energies and support its customers in this transition;
- recover as much energy potential as possible from treated waste and wastewater.

Change in primary energy consumption

	2017	2018	2019	2020	2021	Business contribution (as a%) Water	Waste	Energy
Energy consumption[1] *(millions of MWh)*	113	114	110	114	118 (V)	8%	34%	58%
Renewable or recovered energy consumption[2] *(millions of MWh)*	43	46	49	53	51	2%	69%	29%
Share of consumed renewable or recovered energies *(as a%)*	38.4%	40.0%	44.9%	46.4%	43.0%			
Renewable energy consumption *(millions of MWh)*	26.5	28.0	31.6	34.9	32.9	4%	55%	41%

(1) Since 2016, if Veolia purchases heat for distribution via a heating network, this heat is not taken into consideration in Group consumption related to production. The same applies for electricity distribution activities without production.

(2) Recovered energies are natural or industrial sources of energy which are lost if they are not recovered immediately. Renewable energies are energies which can be renewed or regenerated indefinitely and endlessly. Energy recovered from domestic waste incinerators is considered 50% renewable and 50% recovered. Energy recovered from refuse derived fuels is considered 30% renewable and 70% recovered.

Change in energy production

	2017	2018	2019	2020	2021	Business contribution (as a%) Water	Waste	Energy
Energy production (thermal and electrical) *(millions of MWh)*	54.4	56.0	51.6	53.0	58.1	1%	17%	82%
• Of which thermal energy production *(millions of MWh)*	37.3	39.6	35.8	36.4	39.8	1%	10%	89%
• Of which electrical energy consumption *(millions of MWh)*	17.1	16.4	15.9	16.6	18.3	2%	31%	67%
Renewable or recovered energy production *(millions of MWh)*	16.3	17.5	18.6	19.1	19.3	4%	49%	47%
Share of consumed renewable and recovered energies *(as a%)*	30%	31.3%	36.0%	36.1%	33.2%			
Renewable energy production *(millions of MWh)*	11.5	12.4	13.6	14.1	13.9	5%	36%	59%

Change in renewable and alternative energy production

	2019	2020	2021	2023 objective
Renewable or recovered energy production *(millions of MWh)*	18.6	19.1	19.3	-
Change compared to 2019	/	+2.9%	+3.8%	+15%

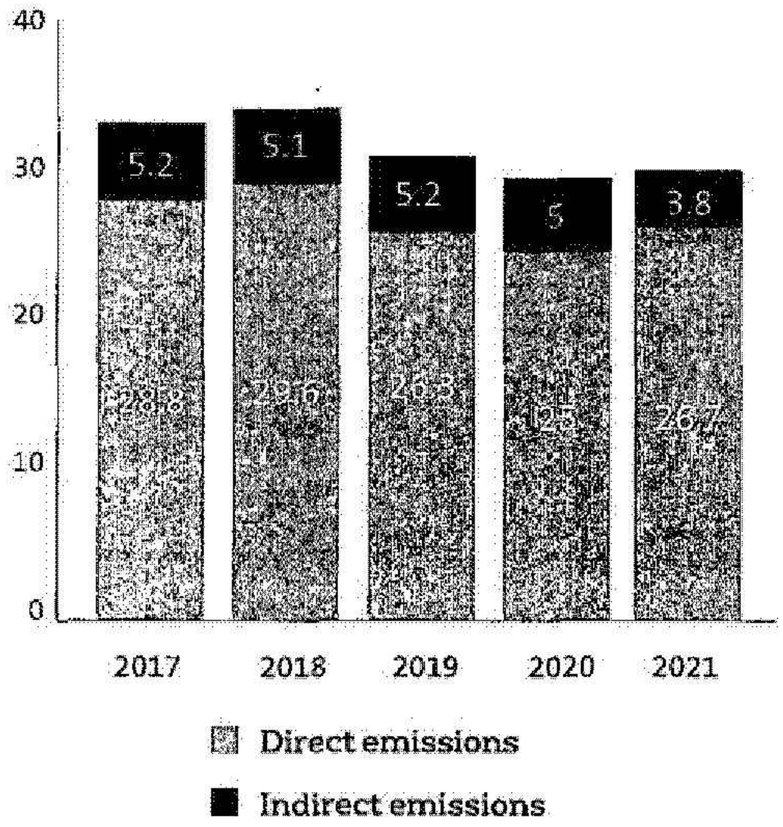
As part of its 2020-2023 Environmental Plan, Veolia set a target of increasing renewable and recovered energy production by 15% compared to 2019 in all its activities.

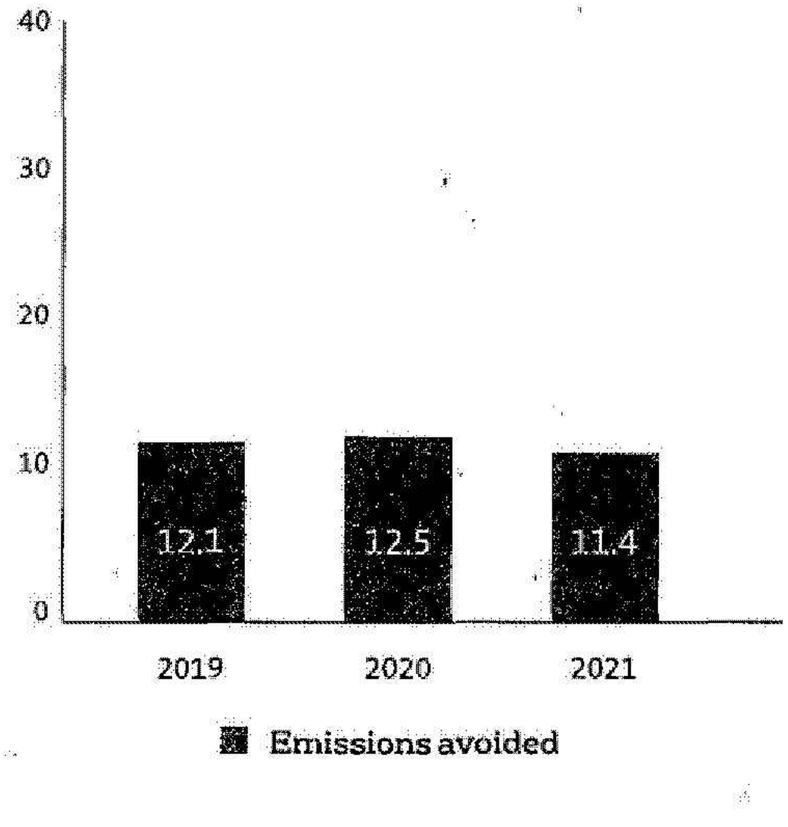
The commissioning of new biomass facilities for energy production (United States, China, Japan), the ramp-up of existing biomass plants in China and the acquisition of new waste-to-energy facilities (France and Germany) contributed to the increase in renewable or recovered energy production between 2019 and 2020.

In 2021, the increase was lower due to the decline in biomass activity in North America, offset by the ongoing rise in renewable energy production and recovery in other businesses. Veolia also has different objectives based on the specific features of its businesses, as stated below.

Outcomes

Change in GHG emissions and avoided emissions (million metric tons of CO_2 eq.)(1)





Comments on change in these indicators can be found in Sections 4.2.3.2.1 and 4.2.3.3.1. Avoided emissions are calculated according to the guidelines relating to the multifaceted performance objectives.

Focus on a GHG reduction action: methane capture

In landfills, the decomposition of fermentable waste generates biogas which contains up to 40% to 60% methane: the Group's expertise in capturing and recovering this methane is an important factor in reducing greenhouse gas emissions.

Change in methane capture rate at landfills

	2017	2018	2019	2020	2021	2023 objective
Methane capture rate from landfills (current scope) *(%)*	53.4%	50.8%	53.9%	56.5%	56.3%	55%
Methane capture rate from landfills *pro forma* 2017-2021 *(%)*	61.7%	59.1	57.6	59.2	60.4	/

The average methane capture rate for landfill sites at the current scope has increased significantly since 2017 and exceeded the 2023 objective since 2020. This good performance is driven by a net improvement in the capture rate at sites located in the United Kingdom and Hong Kong and the installation of biogas capture equipment at several landfill sites in Latin America.

This indicator was overall stable on a *pro forma* basis

The current scope capture rate was lower than for the 2017-2021 *pro forma* scope due to the acquisition and disposal of sites with a lower level of performance. A capture enhancement plan initiated on Latin American sites will produce its first results in 2022. The increase in voluntary carbon credit schemes will encourage this type of initiative.

Veolia has opted to take into account the actual impact of methane in its reporting. Calculated over 100 years, the global warming potential of this gas is 28 times higher than CO_2 (5th IPCC report). The Group's decision to use this figure increases its emissions linked to methane by 12% compared to many other countries and countries which still report based on the 4th IPCC report, when the global warming potential associated with methane was 25.

In 2021, 80% of operated landfills, representing 84.5% of stored waste, set up a biogas capture and control system.

4.2.3.3.3 Save and preserve energy resources

Challenges and commitments

Energy production and distribution for the Group mainly covers:

- its Energy business through its heat production and distribution activities for urban district heating for industrial customers and tertiary activities, including combined production of heat and electricity (CHP);
- its Waste business *via* its incineration (recovery of heat produced by waste combustion) and storage (recovery of heat, electricity or biogas from methane produced *via* waste fermentation) activities.

(1) In 2019, emission factors of avoided emissions from waste recycling activities have been updated, to comply with the GHG Protocol tool linked to the "Protocol for the quantification of GHG emissions for waste management activities" V5.

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4.2.3.3.2 Contribute to reducing and avoiding GHG emissions

Approach

A committed player, the Group provides solutions aimed at reducing greenhouse gas emissions:

- by reducing emissions from the services and processes sold and facilities managed (diagnosis and environmental footprint, greater energy efficiency, use of renewable energies, destruction of methane arising from landfills);
- by enabling third parties to avoid emissions through its activities (mainly by supplying energy and materials extracted from the recovery of waste and wastewater).

The measures implemented to reduce and prevent GHG emissions, for each business line, are as follows:

Business line/Type of measure	Measures implemented
Energy **Reduction of GHG emissions**	• Proper use of energy transformation facilities (energy efficiency) resulting in less fuel consumed for the same energy output. • Recovery of waste energy for a plant to reinject it directly or for use in consumer system heating pumps. This can be recovered on site or close by via a heating network. • Use of renewable and recovered energy instead of fossil fuels whenever possible (biomass, solid recovered fuel, geothermal, solar, wind, etc.). • Optimum supply of energy services (integrated energy management) encouraging a more rational use of energy by consumers. • Combined production of heat and electricity (CHP).
Waste **Reduction of GHG emissions** **GHG emissions avoided**	• Collection and treatment of biogas from landfill sites. • On-site consumption of heat and electricity produced from waste incineration and biogas recovery. • Other actions enabling the reduction of fuel and energy consumption. • Sale of energy produced from waste incineration and biogas recovery at landfill sites and from anaerobic digesters. • Recovery through direct use of biogas produced at landfill sites and from anaerobic digesters. • Recycling of raw materials contained in waste. • Production of alternative fuels from waste.
Water **Reduction of GHG emissions** **GHG emissions avoided**	• Optimization of energy consumption by the facilities. • On-site consumption of heat and electricity produced from renewable sources (biogas from sludge digestion, recovering potential water energy using hydraulic micro-turbines, heat pumps, etc.). • Sale of energy produced using renewable energy sources (biogas from sludge digestion, recovering the potential energy of water by using hydraulic micro-turbines, heat pumps, etc.).

The Group has deployed an operational excellence approach, coordinated at corporate level for its main sites and contracts. These implement an annual action plan to improve operating performance, in particular regarding energy efficiency, maintenance and optimizing reagent consumption, which contribute directly to reducing Scope 1, 2 and 3 emissions. The standards listing the relevant best operating procedures are made available to operations.

The sustainable purchasing process, which aims to implement a TCO (Total Cost of Ownership) approach to assessing costs over the useful life of the equipment, such as pumps, also contributes to energy efficiency (see Section 4.3.2.3.4 below).

The Group offers its expertise to its customers to calculate and reduce their environmental footprint and particularly their carbon footprint, using the Veolia GreenPath tool (see Section 4.2.1.5 above). For each project, Veolia is able to assess avoided emissions in comparison to a reference scenario, whether in recycling materials or energy production from waste.

The partnerships such as that signed with Unilever to recycle used packaging contribute to the circular economy (see Section 4 2.2.3.1 above) and avoiding emissions.

Emissions relating to heating and electricity purchased and distributed without transformation are accounted for in scope 3 above, after deducting losses.

Scope 3 emissions

The Group also assesses greenhouse gas emissions and publishes the significant sources of scope 3 *i.e.* significant sources of emission or minor sources of emission where the Group's scope of action is significant.

For the drafting of its 2050 net zero roadmap, Veolia wished to set a specific Scope 3 reduction target. To obtain a more reliable and comprehensive vision of its emissions, Veolia performed a critical review of its scope 3 emissions calculation methodology in 2021. The main changes involve the updating of emission factors, closer consideration of country expenses, and the calculation of new emission sources involving the use and end-of-life of products sold to take into account changes in the Group's activities, in particular regarding material recycling.

Change in main scope 3 emission indicators (new methodology)

	2019	2020	2021
Fuel-and-energy-related activities not included in scope 1 & 2 – emissions relating to electricity consumption not included in scope 1 et 2 *(in metric million tons of CO_2 eq.)*	3.09	3.13	3.34
Fuel-and-energy-related activities not included in scope 1 & 2 – emissions relating to the purchase of heat and electricity for distribution via networks operated by the Group (excluding physical losses included in scope 2) *(in metric million tons of CO_2 eq.)*	7.31	7.19	7.82
Purchased goods and services *(in million metric tons of CO_2 eq.)*	4.07*	3.73*	4.39
Use of sold products** *(in million metric tons of CO_2 eq.)*	1.27	1.25	1.28
End-of-life treatment of sold products** *(in million metric tons of CO_2 eq.)*	2.44	2.64	2.62
Employee commuting** *(in million metric tons of CO_2 eq.)*	0.48	0.48	0.47
Capital goods** *(in million metric tons of CO_2 eq.)*	0.41	0.27	0.75
Waste generated in operations** *(in million metric tons of CO_2 eq.)*	0.22	0.20	0.18
Business travel *(in million metric tons of CO_2 eq.)*	0.05*	0.03*	0.04
TOTAL	**19.35**	**19.23**	**20.90**

* *Value adjusted compared to that published in the 2019 and 2020 Universal Registration Documents.*
** *Source published for the first time in the Universal Registration Document.*

Among the emission sources not listed in the above table: upstream transportation and distribution and leased assets and downstream transportation and distribution are already included in purchased goods and services or capital goods, the processing of sold products is considered as immaterial, downstream leased assets and franchises are considered as not applicable with regard to Veolia's activities and all investments have already been included in our scope 1 or 2.

In addition to operational efficiency which is the first reduction lever of our scope 3 emissions by limiting our energy consumption, the Group is working to set up a supplier commitment approach, which is the second major reduction lever, by improving the carbon footprint of the goods and services we use (see section 4.3.2.3.4 below).

Digital development and digital sobriety

Veolia's digital strategy includes the digital sobriety approach aimed at reducing the information system's environmental impact, in the technical (infrastructure, architecture and tools) and behavioural (movement of persons, use of premises and IT tool usage) sections.
Veolia has largely outsourced the management of its infrastructure: the data centres are now operated by suppliers committed to a carbon neutral approach.
The computer pool is being replaced by Internet terminals. The carbon footprint of replacing the Group's IT pool and software suite at its headquarters enabled a 52% reduction in GHG emissions.
With regards to architecture and tools, the solutions adopted aim to limit the volume of data processed and stored by using high-performance collaborative platforms and preferring SaaS applications using virtuous infrastructure.
Following the set-up of a partial working from home arrangement, the office space allocated to teams was reduced by 30% at headquarters level. This lever was also activated in the Business Units.
Finally an awareness rising program "One for all", covering the impact of individual digital use is being rolled out to managers, young employees and apprentices in the IT departments. 300 people in the Group IT department were trained in 2020.
This awareness-raising program has also been rolled out in the Business Units since 2021.
To expand our knowledge of digital sobriety, Veolia participates in the digital sobriety working group, alongside the Club Informatique des Grandes Entreprises Françaises (CIGREF) and the Shift Project.
Veolia also uses its reference position on environmental issues to collect precise information or even influence the carbon strategy of leading global IT service provider.

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4.2.3.3 Actions and results

4.2.3.3.1 Climate performance – Emissions reporting

To provide transparency and advice to its customers, Veolia has been reporting on and publishing greenhouse gas emissions, based on the GHG Protocol, for the scope of activities under the Group's operational control, regardless of the percentage consolidation in the financial statements (see Section 4.8 below, Methodology).

Change in GHG emissions of activities under operational control in the current scope [1]

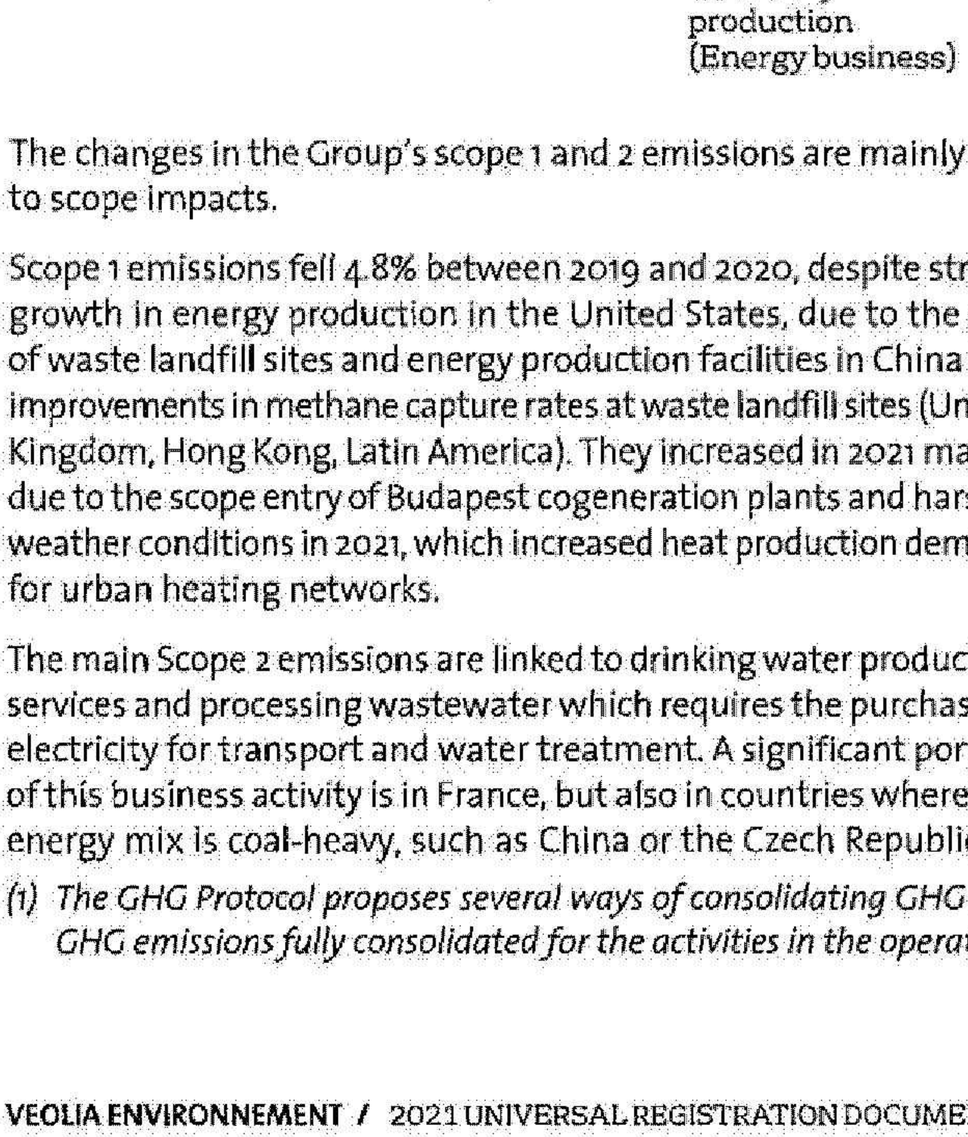
	2017	2018	2019	2020	2021
Scope 1 – Direct emissions[1][2] *(million metric tons CO_2 eq.)*	28.8	29.6	26.3	25.0	26.7 (√)
Scope 2 – Indirect emissions linked to energy purchases[3] *(million metric tons of CO_2 eq.)*	5.2	5.1	5.2	5.0	3.8 (√)
TOTAL *(million metric tons of CO_2 eq.)*	**34.0**	**34.7**	**31.5**	**30.0**	**30.5 (√)**

(1) By convention, household waste is considered to consist 50% of biogenic carbon and refused derived fuels 30% of biogenic carbon. The methodology for calculating direct emissions at landfills was reviewed in 2018 to include a better identification of waste accepted at the sites, the modifications have been applied to the years 2015 to 2018.

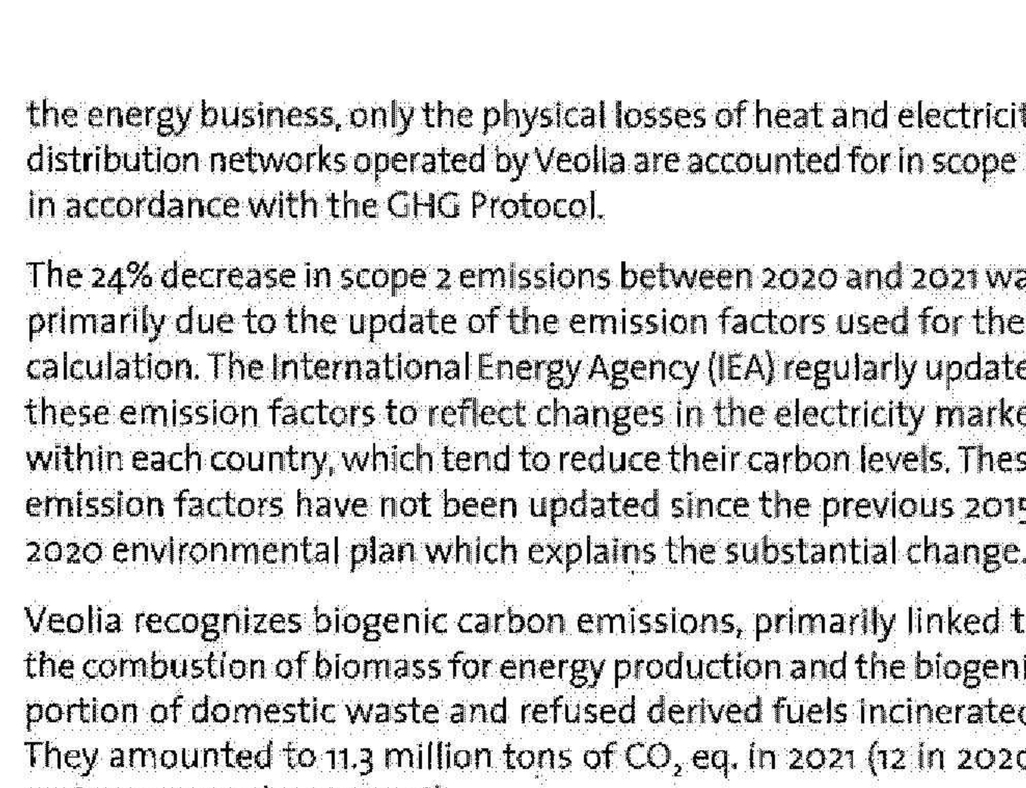
(2) In 2021, GHG emissions from coal combustion were of 8.5 million metric tons CO_2 equivalent.

(3) Pursuant to the GHG Protocol, emissions relating to heating and electricity purchased and distributed without transformation are accounted for in scope 3. Only the physical losses of heat and electricity distribution networks operated by Veolia are accounted for in scope 2. As from 2021, the emission factors relating to electricity purchases are those published by the International Energy Agency (2021 publication/2019 data).

Répartition des émissions du scope 1 par activité en 2021



Répartition des émissions du scope 2 par activité en 2021



The changes in the Group's scope 1 and 2 emissions are mainly due to scope impacts.

Scope 1 emissions fell 4.8% between 2019 and 2020, despite strong growth in energy production in the United States, due to the sale of waste landfill sites and energy production facilities in China and improvements in methane capture rates at waste landfill sites (United Kingdom, Hong Kong, Latin America). They increased in 2021 mainly due to the scope entry of Budapest cogeneration plants and harsher weather conditions in 2021, which increased heat production demand for urban heating networks.

The main Scope 2 emissions are linked to drinking water production services and processing wastewater which requires the purchase of electricity for transport and water treatment. A significant portion of this business activity is in France, but also in countries where the energy mix is coal-heavy, such as China or the Czech Republic. In the energy business, only the physical losses of heat and electricity distribution networks operated by Veolia are accounted for in scope 2, in accordance with the GHG Protocol.

The 24% decrease in scope 2 emissions between 2020 and 2021 was primarily due to the update of the emission factors used for their calculation. The International Energy Agency (IEA) regularly updates these emission factors to reflect changes in the electricity market within each country, which tend to reduce their carbon levels. These emission factors have not been updated since the previous 2015-2020 environmental plan which explains the substantial change.

Veolia recognizes biogenic carbon emissions, primarily linked to the combustion of biomass for energy production and the biogenic portion of domestic waste and refused derived fuels incinerated. They amounted to 11.3 million tons of CO_2 eq. in 2021 (12 in 2020, 10.6 in 2019 and 9.1 in 2018).

(1) The GHG Protocol proposes several ways of consolidating GHG emissions. Veolia applies the approach which reflects its business as an operator: GHG emissions fully consolidated for the activities in the operational control scope, even if the assets are not fully owned by the Group.

Mapping of NFRD nonbinding requirements[1] and TCFD recommended disclosures [2]

TCFD Recommended Dsiclosures		NFRD Elements				
		Business model	Policies and Due Diligence Processes	Outcomes	Principal Risk and Their Management	Key Performance Indicators
Governance	a) Board's oversight		3.2.1.4 3.2.2.4 3.2.2.5			
	b) Management's role		4.2.3.2.3			
Strategy	a) Climate-related risks and opportunities				1.2.1 1.3.2	
	b) Impact-related risks and opportunities	1.2.1 1.3.2				
	c) Resillience of the organization's strategy	1.2.2 4.2.3.2.2				
Risk Management	a) Processes for identifying and assessing				2.2.1 2.2.2.1	
	b) Processes for managing				2.2.1.1 4.2.3.2.2 4.2.3.3	
	c) Integration into overall risk management				2.1.1	
Metrics and Targets	a)Metrics used to assess					4.2.3.2.1, 4.2.3.2.2 4.2.3.3.1, 4.2.3.3.2 4.2.3.3.3
	b) GHG emissions			4.2.3.3.1		
	c) Targets			4.2.3.2.1 4.2.3.3.2 4.2.3.3.3		

(1) Climate-related information reporting guidelines (2019/C 209/01).

(2) The TCFD (Task Force on Climate related Financial Disclosures), set up by the G20's Financial Stability Board (FSB), issued recommendations in 2017 on company transparency on climate-related issues to enable investment stakeholders to promote reductions in GHG emissions and adaptation measures. These were adopted as nonrestrictive guidelines by the European Commission in June 2019.

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Management of flood risk

	2020	2021	2023 objective
Rate of implementation of an adaptation plan for flood risk at high-risk sites	30%	30%	↑

Helping regions adapt to climate change

Veolia accompanies the development of regions and proposes offers and solutions for adapting to climate change and, more broadly, improving resilience to stress and disasters that customers may face (see Section 4.3.2.3.1 below, Contributing to regional momentum). The Seureca engineering and consulting division accompanies the Group's customers to jointly develop a resilience plan with regional players. The Group deploys a range of operational solutions tailored to climate change adaptation, focusing particularly on:

- managing the large water cycle;
- water recycling and the reuse of wastewater to reduce pressure on resources and conflicting usages;
- controlling urban wastewater systems in rainy weather to limit flooding risk and the health and biodiversity impacts on waterways and beaches;
- limiting urban heat islands;
- inclusion of extreme events in the design of plants for our customers to ensure the protection of property and the supply of essential services (water purification, distribution and treatment);
- crisis management and continuity plans for essential services (water, energy, waste management, etc.) in the case of extreme events.

4.2.3.2.3 Governance of the climate commitment

The policy designed to combat climate change is coordinated at the highest Group level. The Board of Directors approves the Group's strategy and makes decisions which commit the Group, such as the substitution of coal at heat production facilities in the medium- to long-term. It monitors the Company's performance through the "Combating climate change" multifaceted performance indicators (see Chapter 1, Section 1.2.1.7). The results of climate commitments are presented annually to its Research, Innovation and Sustainable Development Committee. The Director of the North America zone, Frédéric Van Heems, is the Executive Committee sponsor of the climate commitment. He presents the Group results on climate to the Executive Committee and submits proposals for associated action plans. The environmental indicators chosen to calculate the variable compensation of the Chairman and Chief Executive Officer and members of the Executive Committee are also part of the Group's climate commitments. (see Chapter 3, Section 3.4 above).

Through its Director, the Sustainable Development Department is responsible for coordinating actions linked to Group commitments to combat climate change, both in terms of reducing greenhouse gas emissions and adapting to climate change. The environmental performance indicators are included in the Group's Environmental and Industrial Management System.

At an operational level, each Business Unit Director is responsible for breaking down the Group strategy into business opportunities and risks inherent to their business lines and region. Climate risk is identified as one of the main risks of the Group (see Chapter 2, Section 2.2.1.1 above) and the Non-Financial Performance Statement (see Section 4.7 below).

Active participation in climate change conferences and alliances

Veolia participates in the international conference of the United Nations Framework Convention on Climate Change (UNFCCC). Since COP21, the Group has worked to play a part at these conferences and contribute to debates on mitigating and adapting to climate change. At the COP 26 in Glasgow in 2021, Veolia took part in several side events, in particular the Industry Action Event of the Marrakech Partnership for Global Climate Action organized by the WBCSD, during which Antoine Frérot presented the Group's ambition to accelerate ecological transformation.

As early as September 2014, Veolia advocated for a **robust and predictable carbon price** by signing the statement issued by the World Bank. In April 2015, the Group showed its commitment by supporting the World Economic Forum's CEO climate leaders' initiative. In May 2015, Veolia Environnement signed the Global Compact Business Leadership Criteria, the Carbon pricing leadership coalition and that of the AFEP-MEDEF. Its Chairman and CEO advocates a carbon fee which would tax greenhouse gas pollution and redistribute these funds directly to mitigation projects. At the same time, Veolia has set an internal carbon price which will increase until 2030. It reflects its vision of changes in regulations governing the markets in which it operates and is applicable to investment projects.

Contributing to carbon neutral regions

Veolia contributes actively to reducing GHG emissions in the regions and countries where it operates.
In 2018 and 2019, Veolia took part in the Net Zero Emissions 2050 study ("ZEN 2050") study supported by Entreprises Pour l'Environnement (EPE), the contribution of a multi-sector business group to the discussion on the National Low Carbon Strategy in France.
Together with Imperial College *of London*, Veolia contributed to the study "An exploration of the resource sector's greenhouse gas emissions in the UK, and its potential to reduce the carbon shortfall in the UK 4th and 5th carbon budgets"(1).

The Group advocates for a **scientific accounting of greenhouse gas (GHG) emissions**. The leading scientific bezody, CITEPA, verified the GreenPath tool developed by Veolia to measure the carbon footprint of contracts and offers (see Section 4.2.1.5) complies with the GHG Protocol Carbon Footprint® and ISO standards. In 2019, Veolia also began drafting "Preliminary guidance on accounting for avoided emissions in the waste management and recycling sector", benefiting from European funding(2) and presented this work to European federations for a project on this scale. Veolia also participated in the ISO Committee on Carbon Neutrality.

The Group is also committed to promoting low-carbon solutions enabling avoided emissions and participates in the recycled plastic material ECO-PROFILs produced by the French Plastics Recyclers professional body (Syndicat national des Régénérateurs de matières Plastiques, SRP). In 2020, SRP provided its customers with certificates representing a potential saving of 0.8 million metric tons of CO_2 equivalent.

Adaptation scenarios

Veolia also addresses in its strategic planning, the physical implications of IPCC scenarios with a higher average temperature (see Chapter 1, Section 1.2 above, Strategy).

In its 2020-2023 Environmental Plan, Veolia defined a new scope for sites with significant water stress issues (see Section 4.2.5.3.1 above) with an objective of performing a diagnosis at 95% for the sites using a risk and impact analysis tool(3). Veolia also included an indicator to identify and act at sites operated by the Group in zones with a high exposure to flood risk(4): this physical risk (natural disaster) is exacerbated by climate change risks and is a main risk of the Group. (see Chapter 2, Section 2.2.2.1, Risks relating to climate change, above).

(1) "An exploration of the resource sector's greenhouse gas emissions in the UK, and its potential to reduce the carbon shortfall in the UK 4th and 5th carbon budgets".

(2) "Preliminary guidance on accounting for avoided emissions in the waste management and recycling sector", Project financed by EIT Climate KIC in 2019, initiated by VEOLIA and conducted with Quantis, The Gold Standard Foundation, WBCSD, Paprec, Séché Environnement and Suez.

(3) GreenPath, environmental footprint tool (see Section 4.2.1.5 above) based on WRI – Aqueduct data.

(4) Based on environmental data presented in the CatNet® indicators produced by SwissRe.

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4.2.3.2.2 Emission pathways and climate scenarios

In 2020, Veolia initiated a review of its Impact 2023 strategic plan, using scenario-based analysis tools applied to climate change issues. The Group was already equipped with physical risk analysis tools and related indicators[1]; the study was used to systematically quantify their impact in the group risk mapping and finance them (see Chapter 2, Section 2.2.2.1, Risks relating to climate change above). The choice of transition scenarios included the recovery plans rolled out after the first Covid pandemic wave in the countries where the Group operates: these plans provided a considerable portion of the financing for low-carbon transition activities, in Europe and Asia.

The internal steering committee, chaired by the Executive Committee Climate sponsor, and comprising the strategy and innovation directors, the sustainable development director and the directors of the main BUs, selected around fifteen business opportunities and around ten risks that were included in the strategic planning review.

Furthermore, Veolia helped develop pragmatic tools to implement this TCFD recommendation[2] and, more recently, the European Commission's nonrestrictive non-financial reporting directives on the use of climate scenarios. Veolia co-steered the AFEP study, "Guiding companies to build their energy & climate scenarios" and participated in the EFRAG European Lab Project Task Force (PTF) on climate-related reporting, to identify best practice and particularly the use of climate scenarios.

Transition scenarios

The 15-year GHG emission reduction targets for Veolia's operational scope were validated by the Science Based Targets initiative as compatible with the Paris climate agreement objectives.

Veolia - a responsible player in energy transition: towards thermal coal substitution

Veolia's coal activities amounted to 2.9% of its revenue and 31% of direct emissions of activities under the Group's operational control in 2017. Veolia has decided to take a position regarding coal-fueled heat and electricity production.
In 2018, the Board of Directors put Veolia on the path to substituting thermal coal: Veolia is committed to not developing or acquiring new activities using coal, except activities specifically aiming to replace coal with energies producing fewer greenhouse gas emissions. Rather than passing on the responsibility through divestiture, the Group agrees to start converting its existing business activities to totally remove the CO_2 impact of using coal over time by combining several drivers: improving energy performance by increasing thermal plants and networks efficiency and implementing energy efficiency solutions, as well as replacement of coal, either with alternative fuels (waste, biomass, gas) or by using recovered waste heat.
In its 2020-2023 Environmental Plan, Veolia set a target investment completion rate for the conversion of coal-fired power plants in Europe by 2030, at sites where Veolia controls investment.

(1) See 2020-2023 environmental objective plan indicators.

(2) The TCFD (Task Force on Climate related Financial Disclosures), set up by the G20's Financial Stability Board (FSB), issued recommendations in 2017 on company transparency on climate-related issues to enable investment stakeholders to promote reductions in GHG emissions and adaptation measures. These were adopted as nonrestrictive guidelines by the European Commission in June 2019.

Main drivers for reducing greenhouse gas emissions

	2019	2020	2021	2023 objective
CO_2: Progress with the investment plan to eliminate coal in Europe by 2030[1] *(as a% of the 2030 target)*	/	8.1%	17%	30%
CH4: Methane capture rate *(in%) (current scope)*	53.9%	56.5%	56.3%	55%

(1) Total cumulative investment since 2019 in new forms of energy aimed at eliminating coal in Europe by 2030 has been estimated at €1.274 billion.

The objective to eliminate the use of coal in Europe by 2030 is on track and should accelerate. 2021 investment focused on facilities in Germany, Poland and the Czech Republic. Due to the duration of the transformation projects, the first major impacts will arise in 2023 for the first commissionings scheduled for the end of 2022.

The average methane capture rate (at constant scope) at landfill sites increased by 2% between 2019 and 2020 and stabilized in 2021. This good performance is driven by a net improvement in the capture rate at sites located in the United Kingdom and Hong Kong and the installation of biogas capture equipment at several landfill sites in Latin America. A more comprehensive capture enhancement plan for storage sites in Latin America will produce its first results in 2022.

Line no. 2: develop solutions to help its customers to avoid emissions, through the generalization of the circular economy and the recovery of unavoidable energy.

Emissions avoided by Veolia customers, tied to the 2020-2023 strategic plan

	2019	2020	2021	2023 objective
Avoided emissions* *(in millions of metric tons of CO_2 eq.) (current scope)*	12.1	12.5**	11.4	15

* *This calculation incorporates the preliminary guidance on accounting for avoided emissions for the waste and recycling sector (EIT Climate KIC – January 2020) and the emissions avoided by the Energy business (cogeneration and production of renewable and alternative energies).*

** *This value was modified compared to the 2020 URD publication following a data correction for a Business Unit. It had no major impact on the 2020 consolidated amount.*

Avoided emissions decreased by around 9% between 2020 and 2021, from 12.5 to 11.4 million metric tons of CO_2 equivalent. The decline in avoided emissions due to the sale of biomass contracts in the United States and Canada was offset by the development of cogeneration plants in Hungary. The decrease relating to the sale of sorting and recycling activities in Sweden was partially offset by the integration of Grupo Sala material recovery activities in Colombia. But avoided emissions dropped in particular following the update of the emission factors used for their calculation. Avoided emissions are assessed with respect to a reference scenario, which corresponds to the most probable scenario had the low-carbon solution not been implemented. However, over time, the amount of carbon in the reference scenario tends to decline. These emission factors had not been updated since the previous 2015-2020 Environmental Plan, which explains their lower values.

Line no. 3: CO_2 sequestration

The Group has a service offering, particularly for industrial fumes, for the use of CO_2 or its sequestration by industrial partners. It also runs a research program focusing on demonstrating carbon sequestration on agricultural land and improving this potential through optimization of organic soil conditioner use.

Line no. 4: offset GHG emissions

The Group performs offsetting through projects allowing the issue of carbon credits (*e.g.* recovering biogas from landfill sites in Latin America), by participating in the development of the French low carbon certification through I4CE, creating offsetting opportunities in France or by implementing voluntary offsetting initiatives (*e.g.* SEDIF carbon neutral water contract, 4.6 million users in 2020).

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4.2.3.2 Policy and commitments

4.2.3.2.1 Commitments and objectives

As part of its Purpose and its Impact 2023 strategic program, Veolia is committed to combating pollution and accelerating ecological transition (see Chapter 4, Section 4.1.2 above). This commitment can be broken down into several objectives, including combating climate change. To illustrate this objective, the Group defined two 2023 targets, one to reduce GHG emissions, the other to increase avoided GHG emissions.

Commitment	Objective	SDG	Indicator – definition	2020 Results	2021 Results	2023 Target
Combat pollution and accelerate the ecological transition	**Combating climate change**	13 CLIMATE ACTION	**Reducing GHG emissions:** progress of the investment plan to phase-out coal in Europe by 2030	8.1%	17% of investment to be achieved	30% of investment to be achieved(1)
			Avoided emissions: annual contribution to avoided GHG emissions (assessed with regard to a reference scenario)	12.5 million metric tons of CO_2 eq	11.4 million metric tons of CO_2 eq	15 million metric tons of CO_2 eq
Sponsor		Frédéric Van Heems		Member of the Executive Committee, Senior Executive Vice-President, North America region		

(1) Total cumulative investment since 2019 in new forms of energy aimed at eliminating coal in Europe by 2030 has been estimated at €1.274 billion.

Veolia adhered to the conclusions of the first part of the IPCC's 6th assessment rapport of August 2021, which underlines the increase in the frequency and intensity of climate changes and reiterates the urgent need to quickly reduce emissions to a major extent to limit global warming to 1.5°C.

The Group contributes fully to the carbon neutral approach of sites under its operational responsibility. This approach is based around four complementary lines of action:

Line no. 1: Reduce the Group's GHG emissions based on measuring and reporting scope 1, 2 and 3 GHG emissions (see Section 4.2.3.3.1 below).

Veolia's responsibility is divided between:

- its own assets, such as the investment plan to eliminate coal in Europe by 2030, estimated at €1.2 billion;
- activities and services for which the Group exercises operational control where decisions (choice of energy mix, investments) are shared with its customers or supported by them;
- and in the value chain, depending on the Group's sphere of influence.

In 2019, Veolia committed to a 22% reduction in its greenhouse gas emissions (scopes 1 and 2) over 15 years, that is by 2034, compared with the operational scope of the 2018 baseline year(1). This objective is compatible with Paris Agreement ambitions (below 2°C trajectory) and was validated by the Science Based Targets Initiative (SBTi)(2).

In September 2021, Veolia signed the Business Ambition for 1.5°C of the Science Based Targets initiative and joined the UNFCCC Race to Zero. In accordance with this commitment, the Group's roadmap will be published at the end of 2023 and will take into account the major change in Veolia's scope of consolidation with the acquisition of Suez.

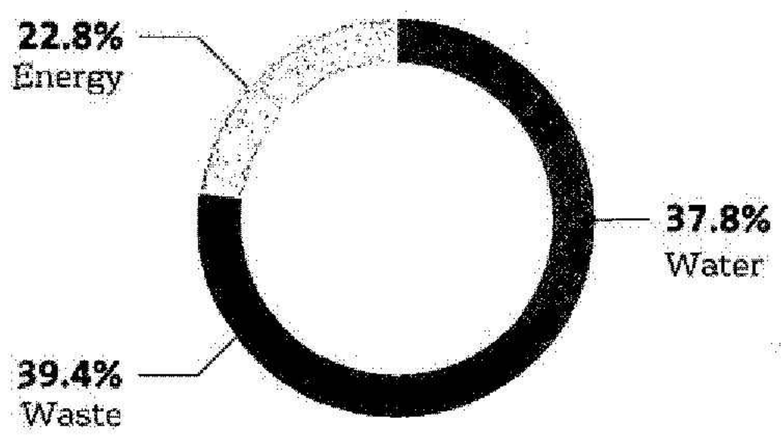
(1) The scope adopted for the change in GHG emissions in the context of the SBT initiative is the 2018 scope under operational control In the event of cessation of a contract, it will not longer be included in the change in emissions, with prior year changes remaining earned.

(2) The SBTi provides companies with GHG emission reduction pathways enabling them to calculate by how much they must reduce their own emissions and within what time frame to contribute to the Paris climate agreement. https://sciencebasedtargets.org/companies-taking-action/

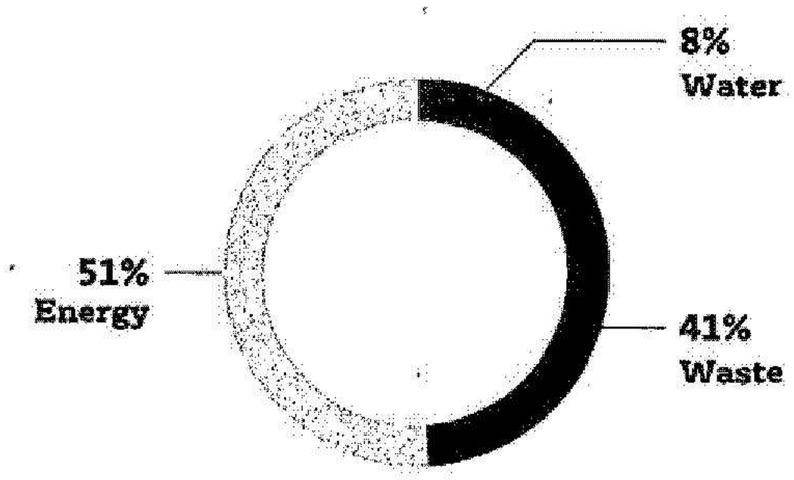
In order to help combat climate change, Veolia is committed to implementing solutions to reduce greenhouse gas emissions (GHG) and limit climate change, both for itself and its customers (see Section 4.2.3.2 below, Policy and commitments).

In 2021, direct GHG emissions (scope 1)[1] and indirect GHG emissions linked to energy purchases (scope 2)[2] of Group operations amounted to 30.5 million metric tons of CO_2 eq. 51% was generated by its Energy business (mainly the operation of heating networks) and 41% by its Waste business (mainly methane emissions[3] (CH_4) in landfills and CO_2 emissions by incinerators). The distribution of GHG emissions (scope 1 and 2) by business does not directly correlate with the distribution of revenue (see diagram below). The Group also calculates other indirect emissions (scope 3)[4]: emissions linked to significant sources of scope 3 represent 40.7% of the total emissions generated by the Group's business (scope 1, 2 and 3) (see Section 4.2.3.3.1 below).

Revenue by business (%)



GHG emissions by business (scope 1 and 2) (%)



Overall, changes to regulations provide new market opportunities for the Group's activities: (see Chapter 1, Section 1.2.1 above, The new Veolia strategic program for the period 2020-2023; Section 1.2.2 above Business model):

- Veolia is a player in the low-carbon transition and provides its customers with solutions aimed at reducing greenhouse gas emissions (energy efficiency, use of renewable energies, capturing and recovering methane, waste material and energy recovery, see Chapter 1, Section 1.3 above). In 2021, GHG avoided due to Group activities represented 37% of scope 1 and 2 emissions (see Section 4.2.3.3.2 below);
- the Group is also committed to implementing solutions to adapt to the effects of climate change, particularly for managing the small and large water cycle (see Chapter 1, Section 1.3.1.1 above, Section 4.2.3.2.2 below, Adaptation scenario).

The Group's Research and Innovation activities contribute fully to developing solutions to reduce greenhouse gas emissions and optimize energy consumption, as well as technical solutions to adapt to climate change (see Chapter 1, Section 1.4.3 above). Regional resilience is supported by the Seureca consulting and engineering division (see Section 4.2.3.2.2 below).

(1) Direct GHG emissions (Scope 1): Direct emissions from fixed or mobile facilities within the organizational scope, i.e. emissions from sources held or controlled by the organization, such as: fixed and mobile combustion, industrial processes excluding combustion, biogas from landfills, refrigerant leaks, etc.

(2) Indirect emissions linked to energy purchases (Scope 2): Indirect emissions linked to the imported production of electricity, heat or steam for the organization's activities. Veolia also includes losses from electricity and heat distribution networks operated by the Group.

(3) The global warming potential of biogenic methane (CH_4) over 100 years is 28 times higher than carbon dioxide (CO_2), GIEC AR5 report, 2014.

(4) Other indirect emissions (Scope 3): Other emissions indirectly produced by the organization's activities which are not recognized in scope 2 but which are linked to the complete value chain, such as: the purchase of raw materials (electricity, heat or gas for a retail business, etc.), services or other products (reagents, etc.), business travel, upstream and downstream transport of goods, managing waste generated by the organization's activities, use and end of life of sold products and services, capitalization of production goods and equipment, etc.

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Limit and recover waste incineration residues

The recovery of bottom ash, the noncombustible solid residue produced by incineration, is regulated according to its source. After a period of maturation and depending on its composition, it may be recovered as road construction material. In quantity terms, it accounts for roughly 17% of incinerated non-hazardous waste.

Veolia is contractually responsible for managing 60% of the bottom ash produced by the incinerators that it operates, equivalent to around 1.0 million metric tons; 89.3% of this was recovered in 2021. The recovery is subject to the launch of road construction or rehabilitation projects. This market was not constant and certain construction were delayed in 2021 due to the health crisis. The ready-to-use bottom ash was stored on bottom ash preparation platforms and will in principle be recovered in 2022. The change between 2020 and 2021 was immaterial and the road construction market should regain stability in 2022.

When bottom ash cannot be recovered, it is stored at a landfill site for household and similar waste.

Flue gas treatment residues are stabilized and then stored in landfills for residual hazardous waste. In quantity terms, it accounts for roughly 3% of incinerated non-hazardous waste.

Limit and recover thermal energy plant combustion waste

The combustion of solid fuels (coal, lignite and biomass) produces ash: solid residue known as bottom ash and fly ash. Fly ash is captured by dust removal equipment to ensure that only a tiny amount of dust goes into the atmosphere.

Veolia is committed to:

- limiting the production of combustion waste by improving combustion techniques;
- treating or recovering waste in accordance with local regulations.

Recover sludge from wastewater treatment

Wastewater treatment produces sludge, which is a concentrate of the organic and mineral material previously contained in the water.

With population growth and increasingly sophisticated wastewater treatment systems, public authorities and industrial companies are faced with growing sludge volumes. Veolia's challenge is to transform this sludge to reduce the related management costs and recover it:

- as products that can be used in agriculture (spreading and composting) when the quality of the sludge and the availability of suitable land permits (45% in 2021), or industry;
- as energy (29% in 2021): anaerobic digestion, use as a replacement fuel, incineration with energy recovery.

Veolia promotes sludge recovery solutions. The Group ensures that the quality of the sludge is always appropriate for the customer's intended use. The 2023 objective is a recovery rate of over 75% for wastewater treatment sludge.

4.2.2.3.2.3 Reduce material consumption at sites operated by Veolia

Challenges

Raw materials consumed (excluding fuels) are mainly treatment reagents used to produce drinking water and treat wastewater (notably urea, ammoniac, coagulants and flocculants). Their consumption is monitored internally and the related greenhouse gas emissions are included in the Group's scope 3 emissions (see Section 4.2.3.3.1 below).

Approach

The Group optimizes raw material consumption and efficiency of use:

- at an economic level: through a cost savings plan;
- at an environmental level: through reduction objectives for Group greenhouse gas emissions.

In the Water business, several solutions optimize the consumption of materials:

- Hubgrade Performance, a Veolia digital solution, continually optimizes the consumption of energy and chemicals in wastewater treatment plants, with savings of up to 50% for chemicals;
- Centaurus, a Veolia digital solution, is a digital resource designed for experts to create and model efficient and low-energy plants;
- Anitamox processes for reduce energy consumed on site and the consumption of chemical reagents (processes under development and in operation at 35 sites).

4.2.3 COMBAT CLIMATE CHANGE

4.2.3.1 Risks and opportunities

Climate change poses physical risks to which Veolia and its customers must adapt. The necessary transition to a low-carbon economy also generates transition risks, as well as commercial opportunities for the Group. These risks can have a negative impact on the Company due to the consequences of natural disasters on its sites or locations, the impact of weather conditions on its business activities, particularly the Water and Energy businesses, and changing regulations, notably governing energy production and CO_2 allowance markets (see Chapter 1, Section 1.3.2 above, Factors that could influence the Group's business lines and Chapter 2, Section 2.2.2.1 above, Risks relating to natural disasters, climate change and seasonal factors).

4.2.2.3.2.2 *Recover residual waste and limit the production of final waste*

Challenges and approach

The Group generates final waste and primarily:

- residual waste from incineration (bottom ash and flue gas treatment residues) and waste sorting and recycling (sorting refusals) in the Waste business;
- combustion waste (bottom ash and fly ash) in the Energy business;
- sludge from municipal wastewater treatment in the Water business.

Across its entire business, Veolia proposes solutions to its customers to reduce final waste production.

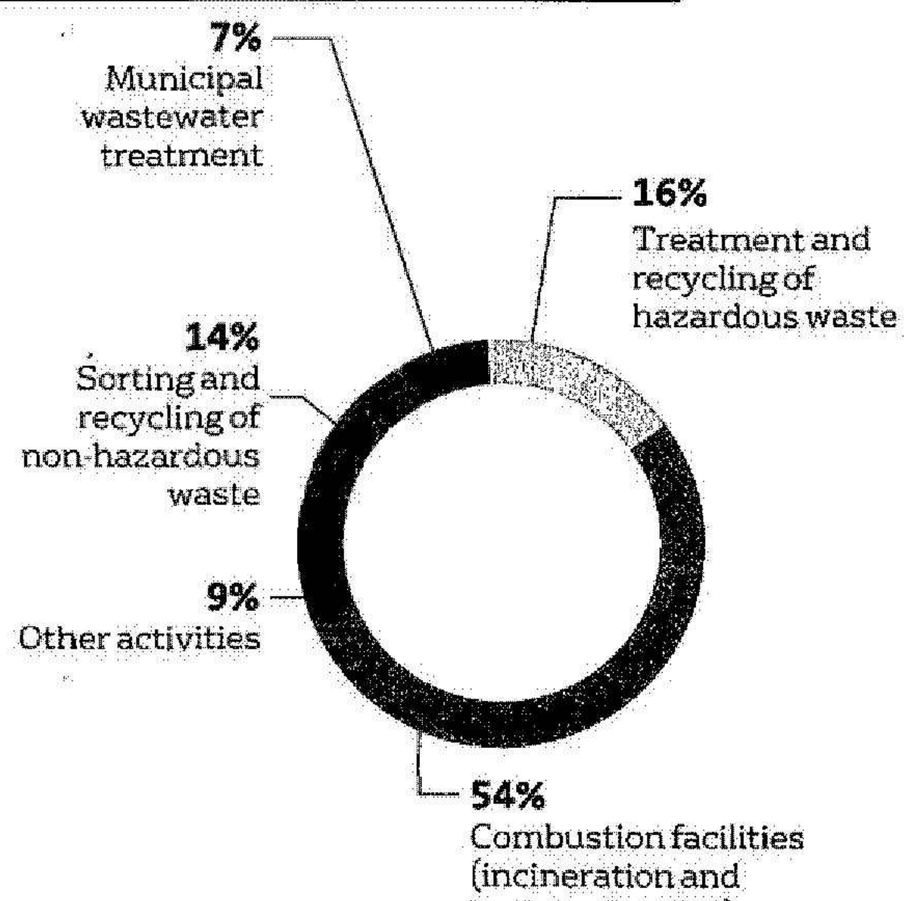
Change in residual waste production

Business	Residual waste produced	2017	2018	2019	2020	2021	of which portion recovered in 2021
Waste	Bottom ash[1] *(thousands of metric tons)*	1,066	1,119	1,090	1,124	1,128(√)	89%
	Other non-hazardous waste produced *(thousands of metric tons)*	1,653	1,893	1,916	1,947	2,603(√)	/
	Hazardous waste produced *(thousands of metric tons)*	742	796	865	997	1,018	/
Energy	Quantity of bottom ash and fly ash *(thousands of metric tons)*[2]	1,203	1,128	1,181	1,171	1,243	72%
Water	Sludge produced by wastewater treatment[3] *(thousands of metric tons of dry matter)*	662	706	714	628	504	75%

(1) Scope: bottom ash from non-hazardous waste incineration exploited by Veolia, for which Veolia has contractual responsibility for management after production. The total tonnage of bottom ash produced (including that for which Veolia does not have contractual responsibility for management after production and therefore not the means for its potential recovery) was 1,877 thousand metric tons in 2021.
(2) At heat production and distribution facilities exceeding 100 GWhTh.
(3) For wastewater treatment plants with a population equivalent capacity of over 100,000. Past results were recalculated to include anaerobic digested sludge for biogas production.

The increased production of residual waste by the Waste business is due to greater processing capacity for certain types of waste, and notably hazardous waste, in line with one of the pillars of the Impact 2023 strategic plan.

Breakdown of residual waste production by activity in 2021



Objectives and results

Recovery rate for the main types of residual waste produced by the Group's activities

	2017	2018	2019	2020	2021	2023 objective
Recovery rate for residual bottom ash from waste incineration[1] *(as a%)*	84.6%	92.2%	92.5%	93.6%	89.3%	90%
Recovery rate for combustion waste in the Energy business (fly ash, bottom ash) *(as a%)*			74%	70%	72%	70%
Recovery rate for wastewater treatment sludge *(as a%)*	57%	58%	64%[2]	66%[2]	75%	> 75%

(1) Scope: bottom ash where Veolia is contractually responsible for management.
(2) Since 2019, this indicator includes waste recovered as energy (biogas).

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Innovating to recover new types of waste

Veolia develops specific recycling technologies for new types of products, such as solar panels at the end of their useful life, a market expected to reach millions of metric tons by 2050.
Between 2018 and 2021, in a partnership with PV CYCLE and the Syndicat des énergies renouvelables (Renewable energies union), Veolia operated **the first solar panel recycling plant in France and Europe**, in Rousset. The process is designed to separate and recycle material in various industrial sectors: glass is transformed into clean cullet for the glass production sector, the frame is used at an aluminum refinery, plastics are used as recovered fuel in the cement industry, cables and connectors are ground down into copper shot. This expertise could be replicated in other countries.
In 2020, **GE Renewable Energy** signed an agreement with Veolia to **recycle its onshore wind turbine** blades in the United States. This recycling contract, the first of its kind in the U.S. wind turbine industry, turns the blades into a raw material for use in cement manufacturing. Veolia uses a co-processing solution that has already proven its effectiveness in Europe: the blades – mainly composed of fiberglass – are shredded and the material obtained is then used in the kilns to replace the coal, sand and clay needed to make cement. More than 90% of the material is reused: 65% as raw material in the cement plants, and 28% transformed into energy required for the chemical reaction in the kiln. This solution, which can be rapidly deployed at scale, increases the environmental benefits of the wind industry.

A partnership with Yara for nutrient recycling

This partnership is based on access to growing volumes of recovered nutrients and Veolia's expertise managing organic materials, on the one hand, and Yara's expertise in mineral fertilizer production and crop nutrition on the other hand. The aim is to create a loop by linking the beginning and the end of the current food chain and thus close the nutrients cycle.
Veolia, *through* its subsidiary SEDE, and Yara developed a new fertilizer combining mineral and organic fertilizer in the same formulation. This product, which is partly derived from biowaste processing, was designed to address the challenge under European regulations of reducing by 20% mineral fertilizer consumption by 2030. It combines respect for soil quality with strong crop growth. This new product is in addition to the circular economy loop already set up by Veolia and Yara which recycles ammonia produced from composting green waste and wastewater sludge. In addition to other recovered materials, the recycled ammonia is further processed to sodium nitrate and reused in wastewater facilities to prevent odour and corrosion.

Combating food waste

Veolia helps supermarket chains comply with regulatory provisions on reducing food waste.
In France, Veolia signed a partnership with the **social-economy start-up Eqosphère**. Eqosphère analyzes unsold goods and waste to reduce wasting, optimizes the sorting process and trains store employees in surplus and waste recovery. Veolia optimizes the collection and recovery of unsold goods and biowaste. Result: lower waste volumes, optimized treatment of biowaste, recovery of unsold goods for charity, reuse and circular economy associations.

Innovation in biowaste treatment with bioconversion

Veolia has engaged in bioconversion initiatives which consist in breeding flies that will produce larvae that feed on organic waste. The larvae are then crushed to make insect meal that can be used in aquaculture, replacing fish meal. Veolia has joined forces with Entofood, a French start-up based in Malaysia, to set up a plant, and with the start-up Mutatec in France. Fly larvae have considerable environmental and growth potential.

Search to recycle phosphorous used as agricultural fertilizer

Since 2012, Veolia has worked to develop methods of remove pollution and recover and recycle the nutrients contained in wastewater, in partnership with academic teams, and institutional and industrial players in Europe. The phosphorous used in agriculture (key fertilizer nutrient) and animal feed is primarily produced by mining, but this resource is limited. To help reduce environmental impacts and satisfy an ever increasing demand, Veolia developed the StruviaTM solution which paves the way for phosphorous recycling in Europe.

4.2.2.3.2 Recover waste and reduce raw material consumption

Commitment

Residual waste is what is left once all recovery and processing phases have been completed. Veolia applies the hierarchical principle of waste management: it makes every effort to prevent waste production, seeks new reuse, recycling and recovery possibilities and, when none is possible, processes any waste produced.

Veolia is firmly committed to the recovery chain, particularly by developing methods for recovering materials from the waste it is given for processing (see Section 4.2.2.3.2.1 below) and the by-products of its other activities (see Section 4.2.2.3.2.2 below). It thus helps third parties to reduce their consumption of raw materials by making secondary raw materials available to them.

Veolia also seeks to reduce the raw material consumption of the installations it operates. (see Section 4.2.2.3.2.3 below)

Objectives and results

Recovery of treated waste

	2017	2018	2019	2020	2021	2023 objective
Waste tonnage treated *(millions of metric tons)*	46.2	48.9	49.8	47.3	48.4	
Tonnage of materials recovered from treated waste *(millions of metric tons)*	8.7	10.0	9.8	9.4	9.9	
Of which tonnage of recycled plastic in Veolia transformation plants *(thousands of metric tons)*	/	/	350	391	476	610
Heat produced from waste treated *(millions of MWh)*	3.0	2.9	3.4	3.3	3.8	
Rate of materials recovery from treated waste *(%)**	/	18%	17%	17%	18%	20%
Energy recovery rate from treated waste*(%)	/	/	28%	30%	29%	30%
Abatement rate for hazardous waste treated	79%	81%	86%	82%	84%	↑

* *Calculation methodology refined in 2019 with a more restrictive meaning.*

Despite the increase in the quantity of waste treated in certain regions of for certain types of waste (plastic, hazardous waste), the overall decrease in waste tonnage treated in 2020 is due to the impact of the health crisis.

Over and above the performance of Veolia's recovery activities, these indicators especially reflect the type of contracts signed with its customers (with or without recovery).

In the 2020-2023 Environmental Plan, Veolia refined the method for calculating energy recovery from waste at landfill sites, making it more restrictive. Based on the 2019 scope, the new objectives are a materials recovery rate of 20% and an energy recovery rate of 30%.

A new specific plastic recycling objective was set for 2023: attain 610,000 metric tons of recycled plastic.

4.2.2.3.2.1 Recover customer waste

Challenges and approach

In 2021, Veolia collected 29 million metric tons of waste and processed 48.4 million metric tons.

The Group is responsible for developing innovative and efficient waste management technologies and solutions that enable waste recovery (selective collection, materials and/or energy recovery) and for offering these technologies and solutions to its industrial customers and public authorities, which make the final implementation decision.

Waste treated by the Group on behalf of customers includes hazardous waste. Veolia has set a 2023 objective of a further improvement in the abatement rate for all hazardous waste treated, *i.e.* the elimination performance for this type of special waste.

To further increase waste recovery at sorting facilities, Veolia conducts projects with Research and Innovation to:

- optimize sorting: development of innovative technologies such as remotely operated sorting (refined sorting using touch screens) and sorting using Artificial Intelligence (Max AI® sorting robot);
- search for recycling solutions for complex waste derived from new technology: electronic equipment, plastics or solar panels;
- produce so-called "refused-derived fuels", an alternative fuel for cement plants and electricity and/or heat production facilities.

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A plastic recycling and recovery strategy

Veolia has defined a plastic strategy to guarantee its industrial customers access to high quality recycled plastic meeting their requirements and comparable to virgin material:

- since 2016, the Group has continued its contribution to the Ellen MacArthur Foundation's "New plastics economy" initiative, that includes a global commitment to eliminate plastic waste pollutions at source, bringing together 250 organizations and countries;
- Veolia is a member of the Alliance to End Plastic Waste along with 40 international companies, that have committed to investing US$1.5 billion over five years in plastic waste reduction, collection and recycling, notably in South-East Asia;
- in March 2020, Veolia signed the "European Plastics Pact", which aims to identify common ambitions among States and voluntary businesses towards more ambitious goals for single-use plastics and packaging, initiate new cross-border collaborations and develop partnerships around innovations. Veolia took part in the European and French discussions on single-use plastics, recycling and recovery, mainly through multi-player bodies and professional federations in the waste industry. Veolia is also a member of the National Plastics Pacts in the Netherlands, UK, Portugal, Australia and France;
- the Group has entered into partnerships with industrial companies in order to act from the design phase and improve the ability to recycle products and the use of so-called secondary raw materials;
- under its multifaceted performance strategy, Veolia aims to market 610,000 tons of recycled plastic per year by 2023.

Establish large-scale partnerships to optimize resource management

In 2018, Veolia entered into a three-year partnership with **Unilever**. Solutions to accelerate transition to a circular economy will be deployed in several countries including Indonesia: used packaging collection, increasing recycling capacity, developing new processes and technologies, notably for plastics, and creating new economic models. Since 2020, in Hamburg, Germany, Veolia and Unilever have partnered the implementation of a complete recycling loop for HDPE detergent bottles.

Veolia is also involved in the **STOP project**, co-created by the company SYSTEMIQ and Borealis. This project aims to implement a genuine waste management ecosystem in Indonesia promoting plastic recycling and organic waste composting, to reduce the quantity of waste in the ocean. It will also have a social and economic impact for local people. In 2021, Veolia inaugurated its PET bottle recycling plant in Surabaya, Indonesia.

In 2020, **Solvay** and Veolia joined forces to set up a circular economy consortium to optimize the recycling of lithium-ion batteries in electrical and hybrid vehicles in Europe, mainly by improving the management and reuse of critical and rare raw materials.

Objective and results

As part of its 2020-2023 Environment Plan, Veolia set a circular economy revenue target of €6.3 billion (1). This target involves three business lines: Waste, Water and Energy.

(€ million)	2017	2018	2019	2020	2021	2023 objective
Circular economy revenue	4.4	4.8	5.2	5.2	6.0	6.3

In 2020, circular economy revenue remained stable despite a fall in activity in certain business segments tied to the health crisis. It continued to develop in 2021.

(1) Circular economy revenue: revenue of entities that generate over 50% of their revenue from the following activities: the recovery of hazardous solid and liquid waste, by-products and sludge, water reuse, energy performance contracts, heating, steam and cooling network operations using over 50% non-fossil energy, cogeneration, and multi-activity industrial service contracts.

4.2.2 PROMOTE THE CIRCULAR ECONOMY

4.2.2.1 Risks and opportunities

By operating its own facilities and those of its customers, Veolia consumes water, energy and raw materials and generates waste. This environmental impact exposes the Group to third-party liability risks (see Chapter 2, Section 2.2.2.2 above).

However, the very nature of Veolia's business aims to protect resources, as reflected by its motto "Resourcing the world". Veolia builds long-lasting relationships with its customers based, in particular, on its ability to manage risks delegated by them. The Group proposes specific offerings to its customers to protect natural resources: processing waste and "complex contamination", waste and wastewater energy and product recovery and industrial and regional ecology services.

4.2.2.2 Policy and commitments

As part of its Purpose and its Impact 2023 strategic program, Veolia is committed to combating pollution and accelerating ecological transition (see Chapter 4, Section 4.1.1 above). This commitment can be broken down into several objectives, including promoting the circular economy, mainly by plastic recycling and material recovery. To illustrate this objective, the Group defined a 2023 target for the volume of recycled plastic in the Veolia recycling plants.

Commitment	Objective	SDG	Indicator - definition	2020 Results	2021 Results	2023 Target
Combat pollution and accelerate the ecological transition	**The circular economy: plastic recycling**	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 13 CLIMATE ACTION	• Volume of recycled plastic in Veolia transformation plants	391 thousand metric tons	476 thousand metric tons*	610 thousand metric tons
Sponsor	Christophe Maquet		Member of the Executive Committee and Senior Executive Vice President for the Asia-Pacific region			

* *Since 2021, this indicator includes plastic volumes recycled in Veolia transformation plants processing WEEE and volumes recycled in plants acquired or sold by Veolia during the year.*

This objective focuses on:

- developing the circular economy (see Section 4.2.2.3.1 below);
- limiting raw material consumption, mainly through material (see Section 4.2.2.3.2 below) and energy (see Section 4.2.3.3.3 below) recovery of waste.

4.2.2.3 Actions and results

4.2.2.3.1 Encourage the circular economy

Approach

Veolia proposes solutions to protect resources in a circular economy by:

- producing "secondary raw materials" from waste (recycled plastic, rare metals from electronic waste, recovered solvents, compost, etc.);
- producing renewable and recovered energy from waste and wastewater and recovering unavoidable energy (see Section 4.2.3.3.3 below);
- reusing water (see Section 4.2.5.3.5 below);
- creating synergies at multi-customer sites (industrial and regional ecology, biomass heating network).

In 2021, Veolia contributed to discussions on the implementation of the French law on the circular economy through multi-party organizations and professional federations in the sector, defending waste recycling and recovery activities. At European level, the Group actively participated in the debates on the regulatory changes set out in the European Green Deal and the European Commission's Circular Economy Action Plan.

Veolia is a member of the World Business Council for Sustainable Development (WBCSD) circular economy program, Factor10, which aims to encourage conditions contributing to a more sustainable global economy. The Group contributes to various studies on plastic, regulation and circular measurement indicators. An updated methodology was developed in 2019 and made available to companies in 2021.

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4.2.1.5 Resources dedicated to the prevention of environmental risks

Given the nature of the Group's activities, the amounts allocated to preventing environmental risks, particularly pollution, account for the majority of its expenses and investments. More specifically, industrial investments amounted to €2,528 million in 2021 (see Chapter 5, Section 5.4.2 above) and included investments in growth and compliance measures.

The Group also invested in employee training, certification programs and the implementation of the environmental and industrial management system. A specific Research and Innovation budget was also renewed (see Chapter 1, Section 1.4 above).

The Group continued a policy of selective investment, while maintaining industrial investments that were contractually required or that were needed to maintain industrial assets.

Provisions for environmental risks primarily consist of provisions for site closure costs (including provisions for site restoration, the dismantling of equipment and environmental risks). They totaled €747.1 million in 2021.

GreenPath, an environmental footprint tool for offerings and contracts

Veolia has developed *GreenPath*, a web platform used by sales and technical teams to compare the environmental footprints of several solutions and choose, with customers, the solution that best meets their performance objectives. The tool calculates the carbon footprint of new projects and existing contracts in accordance with ISO 14064 and ISO 14069 and their water footprint in accordance with ISO 14046 and assesses their impact on biodiversity. It is available on the Group's intranet and covers Veolia's three business lines: Water, Waste and Energy.

4.2.1.6 Raise employee awareness and training

Training and informing employees about environmental issues is an integral part of the measures put in place by the Group in each of the countries where it operates.

The integration process calls for management training and awareness-raising in environmental issues and the challenges specific to Veolia. The Veolia Campus network provides Business Units with access to environmental training (see Section 4.4.4 below). This is supplemented by local training sessions based on identified needs.

In 2020, Veolia launched an e-learning program: "Act for the planet – Climate change issues". This compulsory module for managers is aimed at understanding the world's main climate change issues, learning about Veolia commitments to combat climate change and their implementation in the field, master climate-related vocabulary in varied contexts and identifying the best lines of action to support the various stakeholders in their ecological transition.

The Veolia Institute also set up "Les rencontres de l'Institut" for Group managers to discover current environmental, societal and geopolitical changes by dialoguing with top-notch experts. Short video interviews were streamed to pass on the key messages from these meetings to a wider internal audience. Several meetings took place in 2021 on regional climate resilience, the ecological transformation of global agro-food systems, sustainable finance issues and ecological accounting. In 2020, these meetings focused on critical metals in the context of the energy transition and the impact of the health crisis on commodity markets.

With the support of the Veolia Foundation, the Virtual Environment and Sustainable Development University (UVED) has developed online training (MOOC: Massive Open Online Courses) on biodiversity, the causes and challenges of climate change and ecological engineering. Veolia scientific experts have contributed to the educational content (videos) and the Group encourages its employees to enroll in the courses.

Promote the circular economy

Indicator	2021 Results	2023 objective
Volume of recycled plastic in Veolia transformation plants*	476 thousand metric tons	610 thousand metric tons
Circular economy revenue	€6.0 billion	€6.3 billion
Material recovery rate from treated waste	18%	20%
Energy recovery rate from treated waste	29%	30%
Recovery rate for residual bottom ash from waste incineration	89%	90%
Recovery rate for combustion waste in the Energy business (fly ash, bottom ash)	72%	> 70%
Recovery rate for wastewater treatment sludge	75%	> 75%
Abatement rate for hazardous waste treated	84%	↑

* *Multifaceted performance indicator (see Section 4.1.2 above).*

Protect environments and biodiversity

Indicator	2021 Results	2023 objective
Rate of progress with action plans aimed at improving the impact on environments and biodiversity at sensitive sites* (*pro forma* 2019-2021)	30%	75%
Percentage of sites[1] with zero use of phytosanitary products (*pro forma* 2019-2021)	38%	75%
Implementation rate of ecological management at sites[1] with more than one hectare of green spaces (*pro forma* 2019-2021)	36%	75%
Percentage of sites[1] having raised awareness internally or externally of issues concerning the protection of environments and biodiversity (*pro forma* 2019-2021)	42%	50%
Wastewater treatment[2]:		
• BOD5 treatment efficiency	95%	≥ 95%
• COD treatment efficiency	91%	≥ 90%
Incineration emissions:		mg/Nm
• NO_x	121	< 115
• SO_x	16	< 40
• dust	2	< 10
Energy production emissions[3] (per MWh of energy consumed):		
• NO_x	215	< 270 g/MWh
• SO_x	147	< 210 g/MWh
• dust	11	< 13 g/MWh
• mercury	2.1	< 5 mg/MWh

* *Multifaceted performance indicator (see Section 4.1.2 above).*
(1) Reporting scope: Waste business (all sites); Water business (wastewater treatment plants with a population equivalent capacity of over 100,000 and drinking water plants of over 60,000 m³/day); Energy business (energy production facilities selling over 100 GWh/year).
(2) WWTP with a population equivalent capacity of over 100,000.
(3) Thermal plants selling more than 100 GWh/year.

Sustainably manage water resources

Indicator	2021 Results	2023 objective
Yield rate of drinking water networks*[1]	75.6%(√)	≥ 75%
Volume of water reused from collected and treated wastewater	299 million m³	↑
Deployment rate of water diagnoses at sites with significant water stress issues	57%	95%
Percentage of customers with progressive rates	75%	80%
Number of smart meter solutions	6.31 million	6 million

* *Multifaceted performance indicator (see Section 4.1.2 above).*
(1) For networks serving over 50,000 inhabitants. At constant scope.

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The Group has also implemented a warning system and a crisis management procedure throughout its locations, particularly to monitor environmental risks and violations. These procedures mean that any necessary measures can be taken on a timely basis and at an appropriate level (see Chapter 2, Section 2.2.2.2 above).

Change in certifications and internal EMS

	2017	2018	2019	2020	2021	2023 objective
Roll-out of the internal EMS* *(as% of revenue)*	51%	78%	90%	94.9%	98.9%	> 95%
ISO 14001 certifications *(% of revenue covered)*	67%	69%	68%	69%	69%	/
ISO 9001 certifications *(% of revenue covered)*	71%	75%	75%	76%	75%	/
ISO 50001 certifications *(% of revenue covered)*	32%	32%	32%	33%	34%	/

* *Extended to the industrial component since 2021 to become an environmental and industrial management system.*

4.2.1.4 2020-2023 Environmental Plan

In addition to the 2023 targets associated with its environmental performance commitment (see Section 4.1.1 above), the Group has broken down its environmental policy into 3-year objectives. These objectives apply to the entire Group scope and each entity must supplement, where relevant, these general objectives with local objectives decided based on an analysis of the major environmental impacts identified for its scope.

The new 2020-2023 Environmental plan was prepared in line with the Impact 2023 strategic plan, based on a materiality analysis of environmental challenges, and in conjunction with the Purpose. The selected indicators and defined objectives therefore take into account Veolia's strategic, operational, commercial and environmental issues.

Combat climate change

Indicator	2021 Results	2023 objective
Reduction in GHG emissions: progress with the investment plan to eliminate coal in Europe by 2030*(1)	17.1%	30%
Avoided emissions: annual contribution to avoided emissions (new methodology)*	11.4 million metric tons of CO_2 eq.	15 million metric tons of CO_2 eq.
Reduction in scope 1 and 2 GHG emissions/2018 operations reference scope (*Science Based Target*)	-0.4%	-3%
Methane capture rate (current scope)	56.3%	55%
Percentage of biomass in energy consumption of energy production plants	19%	24%
Production of renewable and recovered energy	+3.8%/2019	+15%/2019
Traceability of biomass (wood) for energy production (as a%)(2)	99.5%	98%
Biomass (wood) certification for energy production (as a%)(2)	76.4%	80%
Energy performance of cogeneration energy production (heat and electricity)	75%	> 70%
CO_2 emissions relating to waste collection	1.3 kg CO_2/km	< 1.4 kg CO_2/km
Energy efficiency of:		
• wastewater treatment(3) (*pro forma* 2017-2021)	315 Wh/m³	< 335 Wh/m³
• drinking water production (excluding seawater desalination)(4) (*pro forma* 2017-2021)	259 Wh/m³	< 250 Wh/m³
Rate of implementation of an adaptation plan for flood risk at high-risk sites	30%	↑

* *Multifaceted performance indicator (see Section 4.1.2 above).*
(1) Total cumulative investment since 2019 in new forms of energy aimed at eliminating coal in Europe by 2030 has been estimated at €1.2 billion.
(2) Thermal plants selling more than 100 GWh/year.
(3) WWTP with a population equivalent capacity of over 100,000.
(4) WTP exceeding 60,000m³/day.

4.2 Environmental performance

4.2.1 ENVIRONMENTAL POLICY AND ENVIRONMENTAL & INDUSTRIAL MANAGEMENT SYSTEM

4.2.1.1 Commitments and objectives

In connection with its Purpose, defined in 2019 and its Impact 2023 strategic program, Veolia drew up new multifaceted performance commitments, objectives and targets in 2020 (see Chapter 1, Section 1.2.1.6 above).

In terms of environmental performance, Veolia undertakes to **combat pollution and accelerate ecological transition**. This commitment breaks down into several objectives:

- combat climate change (see Section 4.2.3 below);
- promote the circular economy (see Section 4.2.2 below);
- protect environments and biodiversity (see Section 4.2.4 below);
- manage water resources sustainably (see Section 4.2.5 below).

4.2.1.2 The Environmental & Industrial Management System

Since 2002, the Group has rolled out within its BUs an Environmental Management System (EMS) designed to reduce environmental impacts and properly manage the risks and opportunities relating to the environment. It provides a framework that helps to achieve its environmental objectives using a review, assessment and improvement in line with its environmental performance.

The EMS is based on a continuous improvement approach in which the BUs and their managers play a key role. Each year, the BU director, its management committee and the EMS correspondent conduct a specific analysis: updated identification of environmental issues and risks, environmental operating performance review for the year, definition of objectives for forthcoming years and improvement action plans, identification of best practices to be shared within the Group. In 2021, the scope and operationality of the EMS were extended to the industrial component. The new Environmental & Industrial Management System (EIMS) now has a new list of environmental and industrial risks as well as risk management resources (essential, standard and best practices).

The 2023 objective is to attain an EIMS deployment rate of 95%.

This common framework is strengthened locally by environmental management systems recognized externally: ISO 14001 and ISO 50001 certification, labels, compliance with contractual commitments, etc.

4.2.1.3 Control and deployment

Sustainable Development Committee	Chaired by the Group's General Counsel and run by the Sustainable Development Department, this Committee brings together representatives from corporate functional departments and the businesses to decide on how the Group implements sustainable development. It defines the company's strategic priorities and approves its environmental policy, objectives and management system.
Group Operations Department	The Environmental & Industrial Management System (EIMS) is overseen by the Group's Operations Department, supported by the Director of each Business Unit and deployed by local managers. The Executive Committee monitors its deployment and the results obtained on an annual basis. Within the Executive Committee, the Group's Chief Operating Officer is responsible for ensuring that this system is effective.
Group Internal Audit Department	This department verifies the correct deployment of the Environmental & Industrial Management System and its application by operating managers.
Risk Department and Risk Committee	The Risk Department coordinates the identification, assessment and control of Group risks, particularly environmental risks. It works with a Risk Committee that brings together the members of the Executive Committee and is chaired by the Company's General Counsel and run by the Risk, Insurance and Internal Control Coordination Director. This committee validates and monitors the effectiveness of the implemented action plans covering the significant risks identified in the mapping (see Chapter 2, Section 2.1.1 above).

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Participate in multi-stakeholder platforms

In its commitment to multi-stakeholder platforms, such as competitiveness clusters, associations and local and international scientific institutes, the Group develops synergies with its regional ecosystem. Veolia is a player in partnership ventures such as the **WBCSD**, the **B4IG (Business for Inclusive Growth)** coalition, the **Alliance to End Plastic Waste**, or locally in France such as **Comité 21**, **EPE** (French Association of Companies for the Environment), **ORSE** (French Observatory of Corporate Social Responsibility), **Vivapolis – Institute for sustainable cities, the French Partnership for Water** (PFE), and **competitiveness clusters** (Efficacity, Montpellier Water cluster, Brittany-Atlantic Maritime cluster in Brest and the Mediterranean Maritime cluster in Toulon).

Dialogue with international, European and national authorities

Representation of Veolia's interests and contributions during the discussions, consultations and work relating to changes in management of environmental services, carried out with international, European and national authorities, are discussed in Section 4.6.5.3.

4.1.3.4 Take account of local expectations

Veolia works with numerous international and local organizations in exercising its responsibility with regard to sustainable development: preservation and protection of the environment (see Section 4.2 below), and support for socioeconomic development in the countries where the Group operates (see Section 4.3 below).

For its employees, Veolia promotes equal opportunities within the Company through its Human Resources policy (see Section 4.4 below). Veolia is convinced that developing social dialogue with its employees contributes to improving local working conditions, particularly in emerging countries, and encourages the creation of employee dialogue forums (see Section 4.4.5 below).

For its customers and consumers, the Group develops processes adapted to local requirements (see Section 4.3.3 below).

4.1.3.3 Take account of global expectations

Dialogue with representatives of civil society and the academic world

The Veolia Institute: looking to the future

The Veolia Institute looks to the future and considers challenges relating to both the environment and society. It develops its activities through ongoing dialogue in scientific and intellectual circles and with practitioners that lead their field in the areas concerned. Through conferences, a review (*Institute Review – FACTS reports*) and forward-looking working groups, the Veolia Institute brings together and circulates the experience and expertise of different players (researchers, academic experts, public powers, companies, NGOs, international organizations, etc.) to gain different viewpoints on its working themes:

- In January 2021, the Veolia Institute published a new edition of its review focusing on innovations to **access essential services in Africa**. The review brings together academic contributions (University of Ghana, University College London, Université Gustave Eiffel, FERDI), the views of government and international players (African Union Development Agency, Coalition Marocaine pour l'Eau, World Bank, OECD) and case studies from major groups (Veolia, Firmenich), NGOs (Slum Dwellers International, WWF) and innovative start-ups (Repatrn, Sanergy). A digital conference was organized for its publication. As part of the **"Tomorrow, the African city" program** in partnership with the newspaper *Le Monde*, a series of roundtables was held to further discussions on these matters in Rabat, Abidjan and Paris. These debates are accessible online at the Veolia Institute website and *via* a specific platform: afrique-cities.lemonde.fr;
- In November 2021, the Veolia Institute also published a review on the **circular economy**, in partnership with a team of researchers from the Mines ParisTech Scientific Management Center. With around twenty contributions from universities (University of Yale, University of Linköping, Université Paris-Dauphine), NGOs (The Shift Project, African Circular Economy Network, HOP, Fondation Ellen MacArthur) and businesses (Envie, Veolia, Interface, Signify), this edition explores means of transition to the circular economy faced with the limits of the linear production and consumption model. Behavioral changes of all actors, particularly industrial players, were addressed in particular as well as the key role of ambitious public policies to support this transformation. A conference-debate bringing together the review's contributors was held at the Veolia headquarters on November 23rd.

Thanks to the international reputation of its members and their expertise, the Veolia Institute Foresight Committee guides the activities and development of the Veolia Institute during its annual meeting. In 2021, the Committee dedicated a remote study day to **fair transition issues**, including green jobs and training in ecological transformation.

Other partnerships

Other examples highlight partnerships between Veolia and the academic world (*e.g.* Antropia and **ESSEC**'s Institute for Innovation and Social Entrepreneurship), civil society and the private sector (*e.g.* the **"Entreprise et pauvreté" action tank**, joined by Veolia in 2014 and with which Veolia worked in 2021 to improve schemes to help pay water bills and support vulnerable customers).

In 2021, **Veolia and École des Mines de Saint-Étienne** signed a partnership for research, training, entrepreneurship and scientific culture. This cooperation seeks to develop ecological transformation research projects (energy efficiency, hydrogen, lifespan of industrial equipment, urban cooling solutions) and promote the emergence of new solutions by the student entrepreneurship within the school. The partnership will also mutually improve the training offer and instil an enhanced *scientific* culture through the École des Mines Scientific, Technical and Industrial Culture Center.

Dialogue with international organizations

As a partner to international organizations, Veolia continues to cooperate with the main UN agencies, bilateral organizations and international donor agencies to give effect to the commitments made when it joined the **United Nations Global Compact** in June 2003, and to contribute to the achievement of sustainable development goals. The Group is one of the businesses that have obtained the "Advanced" level differentiation for its Global Compact Communication on Progress.

Since 2017, Veolia has participated in the High Level Political Forum organized by the **United Nations**, which aims to take stock of implementation of the 2030 Agenda at a global level.

Veolia actively contributes to international debates on the environment such as during the climate Conference of Parties (**COP**) or summits on biodiversity.

Since COP21, the Group has worked to play a part at these conferences and contribute to debates on mitigating and adapting to climate change. At the COP26 in Glasgow in 2021, Veolia took part in several side-events. Antoine Frérot participated in a roundtable at the Industry Action Event of the Marrakech Partnership for Global Climate Action, organized by the World Business Council for Sustainable Development (WBCSD) on "boosting industry ambition and action to achieve a net zero goal by 2050 and strengthen climate resilience". He presented three solutions on plastic and battery recycling, methane capture, and what he expects from COP26 to accelerate the ecological transformation.

In 2021, Veolia partnered the IUCN at the **World Conservation Congress** in Marseille (France). At the opening of the Congress, during the CEO Summit which brought together the heads of major companies, Antoine Frérot explained how Veolia invents and implements solutions to preserve nature, biodiversity and natural resources, such as the bioconversion of waste to produce proteins for animal feed.

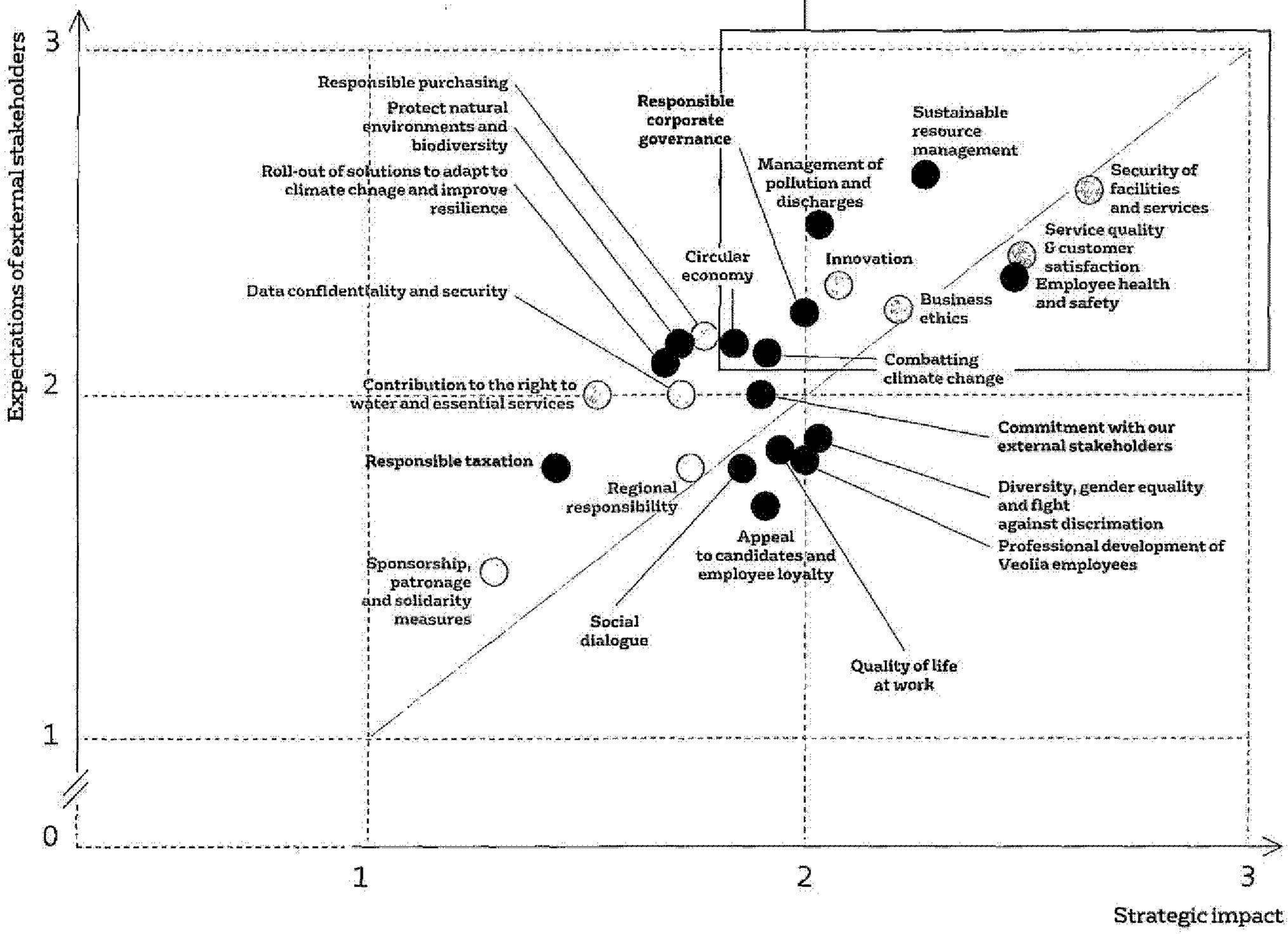
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Materiality matrix of Veolia CSR issues

KEY FIGURES
385 stakeholders interviewed
188 responses to the online survey
75 interviews held

The 10 most significant challenges for Veolia's external and internal stakeholders

- o Security of facilities and services provided to consumers
- o Quality of essential services, customer and consumer satisfaction
- ● Employee health and safety
- ● Sustainable management of resources (water, energy, waste)
- ● Management of pollution of resources (water, enrgy, waste)
- o Business ethics
- o Innovation for sustainable solutions
- ● Responsible corporate governance
- ● Combating climate change
- ● Promoting the circular economy



OUR COMMERCIAL PERFORMANCE | OUR ENVIRONMENTAL PERFORMANCE | OUR HUMAN RESOURCES PERFORMANCE | OUR ECONOMIC AND FINANCIAL PERFORMANCE | OUR SOCIAL PERFORMANCE

The Group is also supported by two entities:

- the **Fondation d'Entreprise Veolia Environnement**, hereinafter referred to as the Veolia Foundation (www.fondation.veolia.com) or the Foundation, whose priority areas are (i) development assistance and humanitarian emergencies, (ii) support for transition to work and social cohesion, and (iii) environmental and biodiversity protection. The Veolia Foundation's projects involve the Group's employees, as sponsors of supported projects (financial sponsorship), or Veoliaforce network volunteers (skills sponsorship through work in the field). In 2021, Veolia Foundation provided financial support to 38 new projects or action plans of €2,367,973 million (new contributions or reallocations);
- the **Veolia Institute** (www.institut.veolia.org), a non-profit organization created by Veolia Environnement, which has looked to the future and considered challenges relating to both the environment and society since 2001. A platform for exchanges and debates, its mission is to offer different perspectives for a brighter future. Over the years, the Veolia Institute has established a leading international network, formed of academics and scientific experts, universities and research organizations, public authorities, NGOs, and international organizations. The Veolia Institute is active through its publications and top conferences, its future-oriented discussion groups and its international network. Recognized as a legitimate platform for global issues, the Veolia Institute was admitted as an "NGO Observer" by the United Nations Framework Convention on Climate Change (UNFCCC).

4.1.3.2 CSR issue materiality analysis

In 2020, Veolia updated the materiality analysis of its CSR issues. This was an opportunity for the Group to assess the perception, by its external and internal stakeholders, of the decisions taken by the Group with regard to its Purpose. This was the first step of renewed reflection that continued in 2021 on the organization of the Group's stakeholder relation strategy, under the banner "Resourcing Together".

To conduct the analysis, 24 CSR issues were identified based on a documentary study of data taken from several databases, taking into account the multifaceted performance indicators defined under the Impact 2023 strategic plan.

They were then assessed by 188 internal and external stakeholders (customers, suppliers, competitors, associations and NGOs, local residents, end consumers, regulatory authorities, etc.) during an online consultation organized from April to November 2020 by the firm Des Enjeux et des Hommes in eight Veolia Business Units: Water France, Germany, UK, Czech Republic, China, Australia, USA, Colombia. The Africa – Middle East region was included in the overall results based on consultations held between 2017 and 2019 by the firm BL Évolution. The consultation was likewise held with a selection of "corporate" stakeholders and head office employees. The internal stakeholders were asked to assess the impact of the CSR issues on Veolia's activity, while the external stakeholders commented on their level of achievement with the Group.

To complete this analysis, 75 interviews were held with voluntary stakeholders, some of whom answered the questionnaire. These interviews were organized to discuss the risks and opportunities associated with the CSR issues, and to strengthen dialogue with stakeholders.

In this survey, the 10 most significant issues were identified worldwide, by country and stakeholder category.

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4.1.3 STAKEHOLDER RELATIONS

4.1.3.1 Strategy and approach

This opening of the Group to its stakeholders goes much further than mere dialogue and consultation. It entails working for and with all stakeholders to find points of convergence to genuinely drive the ecological transformation. The challenge is to build useful solutions together with a strong positive impact for all. This improvement process is central to Veolia's purpose, which defines that a business can only develop in harmony if all its stakeholders – customers, shareholders, employees, suppliers, current populations and future generations – identify an interest in proportion to their commitment; this is evidenced in the "Impact 20-23" strategic plan, which seeks to adopt the same level of focus and standards for the Group's economic and financial, commercial, human resource, social and environmental performance, with respect to the five main stakeholder categories – the Planet, Society, its Customers, its Employees and its Shareholders.

Veolia has structured its stakeholder relations approach under the banner "*Resourcing Together*". This approach has three challenges: listening and exchanging, co-construction and seeking solutions, commitment and sincerity with regard to the impact created.

Furthermore, competition and rapid developments in markets in which Veolia operates, associated with its multiple geographic locations, require monitoring, dialogue and continual collaboration with all stakeholders, whether local, national or international. The need for a close relationship with public authorities, civil society, international organizations, multi-stakeholder platforms, local communities and consumers creates an opportunity for the Group to ascertain their expectations, establish itself locally in the long-term and jointly create innovative solutions with different partners.

This search for constant dialogue with its ecosystem is based on voluntary and regular Group exchanges, and particularly between governing bodies and its stakeholders (associations, international organizations, universities, unions, etc.) *via* various discussion forums: the Critical Friends Committee (see box below), meetings with high level experts, the Veolia Institute prospective committee, working groups, conferences, international events. The in-house methodology guide "Understanding, talking and acting with our local stakeholders" enables each Group entity to embrace this commitment to dialogue and co-construction with its stakeholders, by proposing methodological tools and case studies to analyze, identify and prioritize its stakeholders and to implement this approach and the various means of engaging with them effectively over the long term in line with objectives and the local context. It is currently being updated and a training course is being designed to enable CSR managers and operational teams to make progress in their approaches.

Critical Friends Committee

Created in 2013, the Veolia Critical Friends Committee is today made up of around fifteen independent people, experts in human resources, social and environmental issues, from institutions, the academic community and non-profit organizations, company partners and a representative of young climate activists. The Committee is chaired by Jean-Michel Severino, CEO of Investisseurs & Partenaires.

This collective forum of discussion provides Veolia management with an external viewpoint on strategic topics in relation to its corporate responsibility, in order to foster and support the Group's initiative to make continuous progress. Members contributed to establishing the Group's Purpose and expressed opinions on its accomplishment. In 2021, the committee met twice on matters such as the social aspect of the Group's ecological transformation goal and Veolia's stance with regard to agriculture *and food*. The Critical Friends were also invited to express their opinion on the planned Ecological Transformation School.

Committees in China and Japan draw from this model to discuss Veolia's strategic direction with experts in these countries.

The "+1, the ecology turned into actions" consultation process

"+1" is a pilot process launched by Veolia, in partnership with La REcyclerie de Paris, the forward-looking media Usbek & Rica, and Le Comité 21.

This open consultation process brought together 50 representatives of Veolia's stakeholders (planet, customers, shareholders, employees, society) to work together seamlessly at three events in Paris, at La REcyclerie, in September, October and December 2021. The challenge was to "get to know each other better in order to work better together", with a view to "taking action" in terms of ecological transformation.

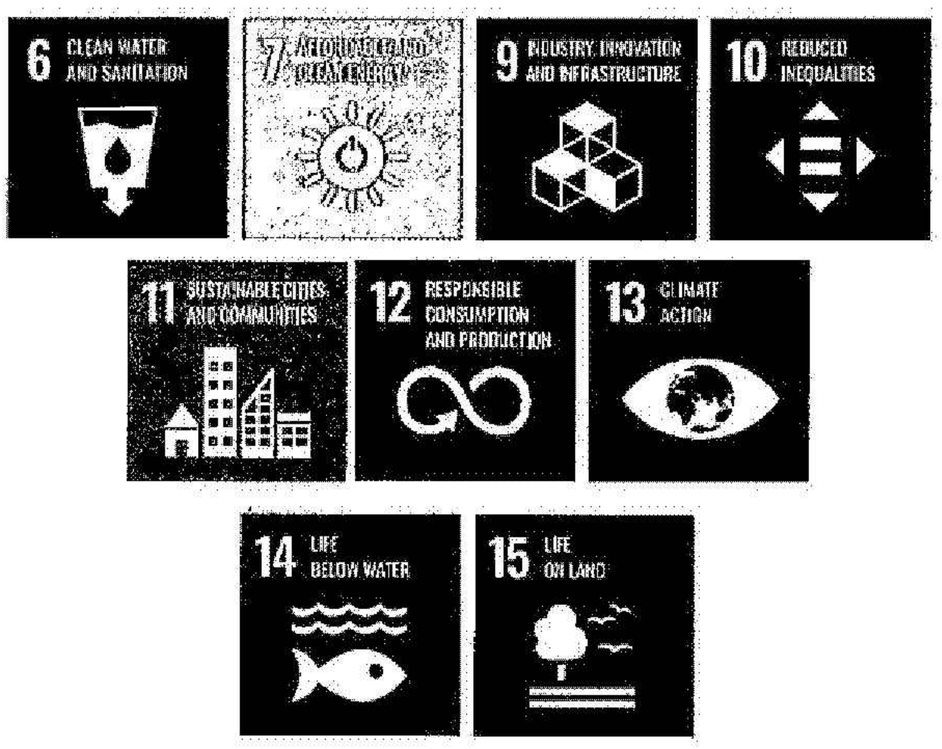
The consultation process included:

- a panel of **50 stakeholder representatives**: employees, customers, experts, suppliers, NGOs, investors, etc.;
- a **series of work sessions** during the year, each comprising a keynote speech and an in-person collective intelligence workshop;
- a **log book** to widely share the outcome of these discussions and productions;
- an **open source approach roll-out kit** to enable any participant to adopt the approach and tailor it to its requirements.

As of 2022, the process will be tested in several locations and contexts before being more widely deployed.

Veolia therefore plays a major role for 13 SDGs whose challenges are directly linked to its Purpose:

Nine objectives linked to its activities



As an urban services provider, Veolia plays a major role in managing essential services in water and sanitation (SDG 6), energy (SDG 7) and waste (SDG 11, which includes a waste management target). Veolia promotes innovative industrial production methods (SDG 9) and responsible consumption through the circular economy (SDG 12). Finally, through its solutions, Veolia contributes directly to meeting climate (SDG 13) and ecosystem conservation (SDG 14 and 15) challenges.

Finally, by promoting access to essential services, Veolia contributes to reducing inequalities (SDG 10).

Three objectives linked to organization priorities as a responsible company



Veolia acts to develop the skills of its workforce to improve employability, but also to create value for its customers and regions thought its Campus network (SDG 4). The Group is committed to gender equality and acts to increase the number of women in its businesses and strengthen the percentage of women managers (SDG 5). Veolia supports sustainable growth by promoting decent working conditions for all, in compliance with human rights and the rights of its employees, subcontractors and suppliers (SDG 8).

One key objective to drive attainment of SDGs



Veolia is a local operator and interacts with all its stakeholders, to build together solutions adapted to regional challenges. Its commitment to attaining the SDGs leads Veolia to extend its economic activity chain in order to widen its areas of action and to build new alliances with other players to meet the needs of the public covered by the SDGs. By developing new partnerships and notably by calling on additional expertise contributed by its partners and shared value creation, Veolia contributes to strengthening SDG implementation resources (SDG 17), Alliance to End Plastic Waste, etc.

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These commitments to sustainable development supplement the Group's voluntary adherence to the United Nations Global Compact, which it signed in June 2003. In so doing, it has committed to supporting and promoting the Global Compact's 10 principles on human rights, labour law, the environment and the fight against corruption. The practical principles adopted by Veolia are also consistent with various international reference texts, such as the Universal Declaration of Human Rights and its additional covenants and the Organization for Economic Co-operation and Development's guidelines for multinational enterprises.

Veolia's commitments to a multifaceted performance apply to all of its activities and all of its employees, in all of the countries where it operates. They are upheld and managed at the highest corporate level (see Chapter 1, Section 1.2.1.7 above)

4.1.2 CONTRIBUTION TO THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS

Between 2000 and 2015, Veolia was a major contributor to the United Nations Millennium Development Goals (MDGs) for access to water and wastewater services (see Section 4.3.4.3.1 below). It remains active to ensure the United Nations Sustainable Development Goals (SDGs) adopted in 2015 are attained.

An initial study consulting internal and external stakeholders was conducted in 2017. This aimed to provide an initial overview of the way Veolia's businesses can help attain the SDGs. It concluded that Veolia contributes to a greater or lesser extent to implementing each of the 17 SDGs and has a direct or indirect impact on 65 of the 169 SDG targets, representing a contribution to 40% of targets.

Supporting promotion of the SDGs and reinforcing a common understanding

In order to help promote understanding and adoption of the SDGs, the Veolia Foundation supported the creation of a MOOC (*Massive Open Online Course*) dedicated to the SDGs. Launched in 2018 by the Virtual Environment and Development University (UVED), it presents the 17 SDGs and how they interact with each other. It provides tools to better take the SDGs into account on a daily basis, offers ideas to implement positive actions and promotes initiatives and experiences already in place. Veolia shared its feedback regarding adoption of the SDGs by a company. The MOOC was updated in 2019 and a second session was launched in September. Overall, nearly 25,000 people have familiarized themselves with these global requirements that are essential to developing world peace, protecting the planet, bringing an end to poverty and reducing inequality. The SDG MOOC has been translated into five languages and won the "Best MOOC developed by a university or school" prize at the MOOC *of the year awards*.

Veolia's Purpose fits directly into the SDG framework: "Veolia's Purpose is to contribute to human progress by firmly committing to the Sustainable Development Goals set by the UN to achieve a better and more sustainable future for all. It is with this aim in mind that Veolia sets itself the task of 'Resourcing the world' through its environmental services business".

The SGDs provided input for the drafting of this text, by setting objectives and aligning the Purpose with international challenges. The multifaceted performance indicators were drawn up to help provide a better response to these issues.

Finally, the SGDs also challenge the ability to forge new more innovative relationships to collectively invent new solutions to take up the challenges relating to the preservation of resources and population issues.

Aspect	Commitments	Objective	SDG[1]	Indicator – definition	2019 reference	2021 Results	2023 Target
Environmental performance:	Combat pollution and accelerate the ecological transformation	Combating climate change	13 CLIMATE ACTION	**Reducing GHG emissions:** progress of the investment plan to phase-out coal in Europe by 2030	Not applicable	17% of investment to be achieved	30% of investment to be achieved[2]
				Avoided emissions: annual contribution to avoided GHG emissions (assessed with regard to a reference scenario)	12.1 million metric tons of CO_2 eq.	11.4 million metric tons of CO_2 eq.	15 million metric tons of CO_2 eq.
		Circular economy: plastic recycling	12 RESPONSIBLE CONSUMPTION AND PRODUCTION; 13 CLIMATE ACTION	Volumes of recycled plastic in Veolia transformation plants	350 thousand metric tons	476 thousand metric tons[4]	610 thousand metric tons
		Protection of environments and biodiversity	14 LIFE BELOW WATER; 15 LIFE ON LAND	Progress rate of action plans aimed at improving the environment and biodiversity footprint in sensitive sites[5]	Not applicable	30.0%	75%
		Sustainable management of water resources	6 CLEAN WATER AND SANITATION	Efficiency rate of drinking water networks[3] (Volume of drinking water consumed/Volume of drinking water produced)	72.5%	75.6%(√)	> 75%
Social performance:	Support regional development through responsible means	Job and wealth creation in the territories	11 SUSTAINABLE CITIES AND COMMUNITIES	Socioeconomic footprint of Veolia's activities in the countries where the Group operates, with regard to jobs supported and wealth created	Not applicable	• *1,033,623 jobs supported • *€49 billion of added value created in 52 countries	Annual assessment of impacts, overall and by geography in at least 45 countries
		Ethics and compliance	8 DECENT WORK AND ECONOMIC GROWTH	Rate of positive answers to this question of the engagement survey "Veolia's values and ethics are put into practice within my entity"	92% of Top 5000	84% of all respondents	≥ 80% of all respondents
		Access to essential services (water and sanitation)	6 CLEAN WATER AND SANITATION	Number of inhabitants benefiting from inclusive measures for access to water or sanitation within contracts with Veolia	5.71 million inhabitants	6.71 million inhabitants (+17.5%)	+12% at constant scope

(1) UN Sustainable Development Goal.
(2) Total cumulative investment since 2019 in new forms of energy aimed at eliminating coal in Europe by 2030 has been estimated at €1.274 billion.
(3) For networks serving over 50,000 inhabitants. At constant scope.
(4) Since 2021, this indicator includes plastic volumes recycled in Veolia transformation plants processing WEEE and volumes recycled in plants acquired or sold by Veolia during the year.
(5) At constant scope. 2019-2021 pro forma *data.*

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4.1 Environmental, social and human resources performance commitments

4.1.1 ENVIRONMENTAL, SOCIAL AND HUMAN RESOURCES PERFORMANCE COMMITMENTS

In 2019, Veolia defined its Purpose (see Chapter 1, Section 1.1.2 above) and in 2020, the related multifaceted performance commitments, objectives and targets, (see Chapter 1, Section 1.2.1.6 above), under its Impact 2023 strategic plan.

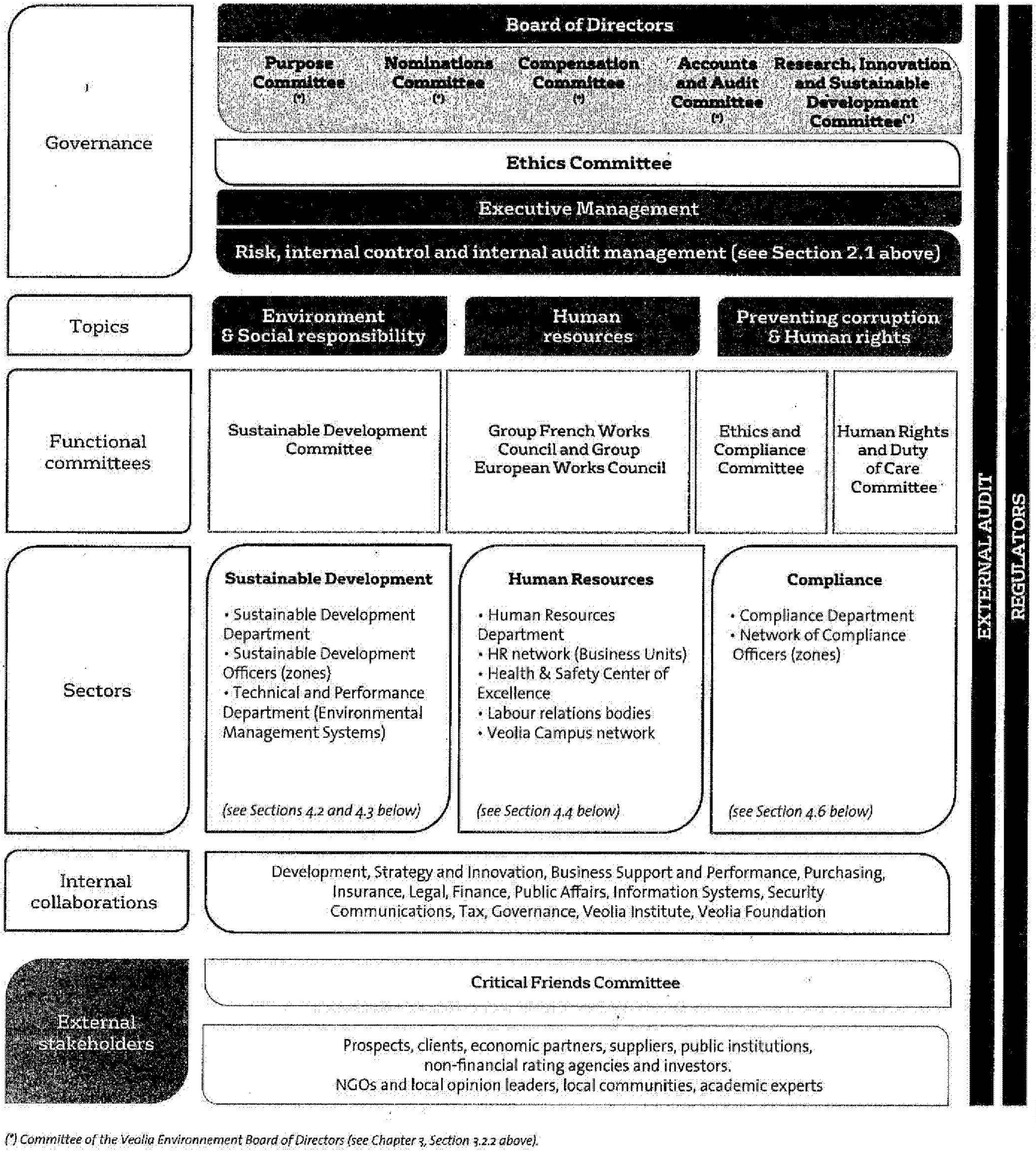
Veolia's commitments for environmental, social and human resources performance are as follows:

- combat pollution and accelerate the ecological transformation (see Section 4.2 below);
- support regional development through responsible means (see Section 4.3 below);
- give meaning to our employees' work and help them with career development and engagement (see Section 4.4 below).

Each of these commitments breaks down into objectives for which illustrative indicators were defined, together with 2023 targets. Each is sponsored by an Executive Committee member.

Aspect	Commitments	Objective	SDG[1]	Indicator – definition	2019 reference	2021 Results	2023 Target
Human resources performance:	Give meaning to our employees' work and help them with career development and engagement	Employee commitment	8 DECENT WORK AND ECONOMIC GROWTH	Rate of engagement of employees, measured through an independent survey	84%	87%	≥ 80%
		Safety at work	8 DECENT WORK AND ECONOMIC GROWTH	Lost time injury frequency rate	8.12	6.65 (√)	5
		Employee training and employability	4 QUALITY EDUCATION	Average number of training hours per employee per year	18 hours	21 hours (√)	23 hours
		Diversity	5 GENDER EQUALITY	Proportion of women appointed within Veolia's top 500 senior executives from 2020 to 2023	Not applicable	30.4%	50%

Organization and Governance



(*) Committee of the Veolia Environnement Board of Directors (see Chapter 3, Section 3.2.2 above).

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The Veolia CSR policy is part of its strategy, its economic model and its sustainability. Convinced that it holds part of the solution to the collective challenges of our times, provided it serves its stakeholders with balance, Veolia defines itself as a sustainable company able to achieve its economic, social and societal missions.

Its CSR policy is therefore enshrined in its business model as demonstrated by the Purpose (see Chapter 1, Section 1.1.2 above) and the related multifaceted performance commitments, objectives and targets (see Profile Section above).

2021 is the second year of implementation for these new objectives. This chapter describes their environmental performance (see Section 4.2 below), human resources performance (see Section 4.4 below) and social performance (see Section 4.3 below) components as well as the compliance approach (see Section 4.6 below).

This year, Veolia has published for the first time the information required under European Green Taxonomy principles (see Section 4.5), as part of the sustainable finance policy rolled out by the European Union.

French regulations on the Vigilance plan (see Section 4.7 below) and the Non-financial Performance Statement (see Section 4.8 below) also offer a framework for these initiatives.

Except for Section 4.5 relating to the taxonomy, all information linked to the non-financial Performance Statement is verified by an independent third party body (see Section 4.10 below). For fiscal year 2021, the indicators noted by the symbol (V) were checked with a reasonable level of assurance.

The Group's non-financial rating is an independent evaluation of these initiatives by third parties.

Non-financial ratings

Veolia Environnement's non-financial performance is rated externally based on published information and statements. This rating is valuable, as it is an independent measure of the Group's performance and allows it to remain attentive to expert opinion.

	2017	2018	2019	2020	2021
DJSI	inclusion in World and *Europe indices*	inclusion in World and *Europe indices*	inclusion in World and *Europe indices*	inclusion in World and *Europe indices*	inclusion in World and *Europe indices*
FTSE4Good	inclusion	inclusion	inclusion	inclusion	inclusion
S&P Global *(Sustainability Yearbook)*	Bronze	Gold	Bronze	Silver	Bronze
ISS-ESG	B-	B	B	B	B
Moody's ESG solutions *(formerly Vigeo Eiris)*	61	/	66	68	71[1]
CDP Climate change	A-	A-	B	A-	B
CDP Water security	A-	C (new methodology)	B-	A-	A-
Ecovadis	among the "top 5% performers"	among the "top 5% performers"	/	70/100 98th percentile	68/100 95th percentile

(1) Since December 2021.

4

CORPORATE SOCIAL RESPONSIBILITY AFR

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2.3 Agreements concerning the remuneration of guarantees issued by your Company on behalf of its subsidiaries

Board of Directors' Meeting of May 17, 2011

Agreements signed between your Company and its subsidiary Veolia Eau-Compagnie Générale des Eaux (99.99% shareholding).

Person concerned: Mr. Antoine Frérot, Chairman and Chief Executive Officer – Joint Managing Director of Veolia Eau-Compagnie Générale des Eaux.

The parties agreed on the need to ensure your Company is fairly remunerated for services rendered to Veolia Eau-Compagnie Générale des Eaux subsidiaries through the issue of endorsements and guarantees of any nature, granted to any third party.

The remuneration payable depends on the country in which the guarantee operates, the nature and the term of the guarantee issued as well as the amount of the commitment given. These contracts were entered into for an indefinite term.

For fiscal year 2021, your Company recorded income of €1,016,402 in respect of commitments issued on behalf of Veolia Eau-Compagnie Générale des Eaux subsidiaries.

Paris-La Défense, April 13, 2022

The Statutory Auditors

KPMG Audit
A Division of KPMG S.A.
Eric Jacquet — Baudouin Griton

ERNST & YOUNG et Autres
Jean-Yves Jégourel — Quentin Séné

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- the Indemnity Letter provides that, in consideration for the Services, your Company undertakes to compensate the Global Coordinators, Lead Managers and Related Bookrunners and their respective affiliates, directors, executives, employees and agents and any person controlling a Global Coordinator, Lead Manager or Related Bookrunner or their respective affiliates (each being a "Compensated Party") for any loss, claim, damage or liability that any Compensated Party may incur in relation to the performance of the Services, except in the event of willful negligence or intentional conduct. Your Company would also undertake to reimburse each Compensated Party for any legal costs and other expenses duly documented incurred by the latter in the context of any dispute, proceedings or litigation related to the performance of the Services or the Indemnity Letter.

(2) with respect to of the Underwriting Agreement, in particular:

- under the terms of the underwriting agreement, the Underwriters undertake, jointly but not severally, to subscribe for any new shares issued in the context of the Share Capital Increase not subscribed at the end of the subscription period;
- this agreement does not constitute a performance guarantee within the meaning of Article L. 225-145 of the French Commercial Code;
- this agreement may be terminated by the Global Coordinators, Lead Managers and Related Bookrunners acting on behalf of the Underwriters up to (and including) the settlement-delivery date, subject to certain conditions and in certain circumstances and notably in the event of inaccurate statements or guarantees, non-compliance with a commitment by Veolia, failure to satisfy standard conditions precedent, a significant unfavorable change in your Company's position and that of its subsidiaries or the occurrence of significant national or International events;
- the Underwriting Agreement provides that the Underwriters receive fees in accordance with the Engagement Letter.

The Veolia Environnement Board of Directors authorized the conclusion of the Letters and the Underwriting Agreement on September 14, 2021. Mr. Pierre-André de Chalendar and Mrs. Marion Guillou did not participate in deliberations or the vote concerning this decision in accordance with Article L. 225-40 of the French Commercial Code.

2 AGREEMENTS ALREADY APPROVED BY GENERAL SHAREHOLDERS' MEETINGS

Pursuant to Article R. 225-30 of the French Commercial Code, we have been informed of the following agreements, previously approved by shareholders in prior years and having continuing effect during the year.

2.1 Brand license

Board of Directors' meetings of November 5, 2014 and February 24, 2016

Agreement signed between your Company and its subsidiary Veolia Eau-Compagnie Générale des Eaux (99.99% shareholding).

Person concerned: Mr. Antoine Frérot, Chairman and Chief Executive Officer – Joint Managing Director of Veolia Eau-Compagnie Générale des Eaux.

Your Group launched a transformation plan to simplify, structure and integrate its organizational set-up by country. This integration is reflected in particular by the use of a single "Veolia" brand (and a single logo) for the whole Group to ensure better convergence and readability of the customer offers and to ensure their cross-cutting nature.

To take account of this new organizational set-up and the roll-out of the single "Veolia" brand, your Board of Directors authorized the signature, with the "head" entities designated by country or geographic zone and with Veolia Eau-Compagnie Générale des Eaux in particular (it is their responsibility to break down these contracts locally), of a new usage license for the "Veolia" brands in accordance with the following key conditions:

- one-year term automatically renewable for one or several annual periods with retroactive effect as of January 1, 2014;
- royalty fee set at 0.3% of the revenue of each of the license holders (or sub-license holders).

The Board of Directors' Meeting of February 24, 2016, duly noted and authorized as necessary the tacit renewal of this agreement for the period January 1 to December 31, 2015, as well as the amendment of the term of this agreement from one year to indefinite with effect from January 1, 2016.

Your Company recorded royalty fee income of €8,932,669 from Veolia Eau-Compagnie Générale des Eaux for fiscal year 2021.

2.2 Agreement relating to the lease for the Company's administrative headquarters in Aubervilliers

Board of Directors' Meeting of October 22, 2012

Agreement entered into with Icade SA, a subsidiary of Caisse des dépôts et consignations, the latter being a legal entity Director of both Icade and your Company.

Person concerned: Caisse des dépôts et consignations, legal entity director with a 5.88% shareholding in your Company, represented by Mr. Olivier Mareuse.

In the context of the relocation of your Company's administrative headquarters to Aubervilliers, it is recalled that a 9-year firm lease for off-plan property (BEFA) was signed, subject to receipt of building authorization. Following the receipt of building authorization and the delivery of the building on July 18, 2016, the lease took effect at this date.

Under the terms of this 9-year lease, your Company may terminate the lease at the end of the second three-year period subject to compensation conditions.

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

3.6 Statutory Auditors' special report on regulated agreements

This is a free translation into English of the Statutory Auditors' special report on regulated agreements that is issued in the French language and is provided solely for the convenience of English speaking readers. This report on regulated agreements should be read in conjunction, and construed in accordance with, French law and professional auditing standards applicable in France. It should be understood that the agreements reported on are only those provided by the French Commercial Code and that the report does not apply to those related-party transactions described in IAS 24 or other equivalent accounting standards.

General Shareholders' Meeting held to approve the financial statements for the year ended December 31, 2021

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on regulated agreements.

The terms of our engagement require us to communicate to you, based on information provided to us, the principal terms and conditions of those agreements brought to our attention or which we may have discovered during the course of our audit, as well as the reasons justifying that such commitments and agreements are in the Company's interest, without expressing an opinion on their usefulness and appropriateness or identifying such other agreements, if any. It is your responsibility, pursuant to Article R. 225-31 of the French Commercial Code (*Code de commerce*), to assess the interest involved in respect of the conclusion of these agreements for the purpose of approving them.

Our role is also to provide you with the information stipulated in Article R. 225-31 of the French Commercial Code relating to the implementation during the past year of agreements previously approved by the General Shareholders' Meeting, if any.

We performed the procedures that we considered necessary with regard to the professional guidelines of the French National Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*) applicable to this engagement. These guidelines require that we verify the consistency of the information provided to us with the relevant source documents.

1. AGREEMENTS PRESENTED TO THE GENERAL SHAREHOLDERS' MEETING FOR APPROVAL

Agreements authorized and entered into during the fiscal year

Pursuant to Article L. 225-40 of the French Commercial Code, the following agreements entered into during the year and previously authorized by your Board of Directors have been brought to our attention.

Agreement between Veolia Environnement and a group of financial institutions in respect of the Veolia Environnement share capital increase in the context of the financing of the public tender offer by Veolia Environnement for all Suez shares not held by Veolia Environnement.

Board of Directors' Meeting of September 14, 2021

Agreements signed between your Company and a group of financial institutions including BNP PARIBAS.

Persons concerned: Mrs. Marion Guillou and Mr. Pierre-André de Chalendar, directors of Veolia Environnement and BNP Paribas.

On September 15, 2021, your company signed an engagement letter (the "Engagement Letter") and the related indemnity letter (the "Indemnity Letter" and together with the Engagement Letter, the "Letters") with BofA Securities Europe SA, BNP Paribas, Crédit Agricole Corporate and Investment Bank, Deutsche Bank Aktiengesellschaft, HSBC Continental Europe and Morgan Stanley Europe SE (the "Global Coordinators, Lead Managers and Related Bookrunners"). In addition, on September 15, 2021, an underwriting agreement (the "Underwriting Agreement") was entered into by your Company with a group of financial institutions led by the Global Coordinators, Lead Managers and Related Bookrunners and also including a group of financial institutions comprising Barclays, Berenberg, Citi, Crédit Suisse, Mizuho and Natixis (together with the Global Coordinators, Lead Managers and Related Bookrunners, the "Underwriters"), in the context of the share capital increase by your Company to finance the public tender offer by your Company for all Suez shares not held (the "Share Capital Increase").

(1) with respect to the Letters, in particular:

- pursuant to the Engagement Letter, the Global Coordinators, Lead Managers and Related Bookrunners undertake to provide your Company with assistance and advisory services, on an exclusive basis, in the context of the preparation, performance and completion of the Share Capital Increase, their engagement notably consisting of advising the Company on (i) its features (structure, size, timetable and components concerning the subscription price for the new shares), (ii) identifying potential investors to participate, (iii) preparing the documentation comprising the prospectus, (iv) communication relating to the Share Capital Increase, and more broadly, on its implementation (the "Services");
- the Engagement Letter provides that the Underwriters are compensated through several fees calculated as a percentage of the gross Share Capital Increase amount (the "Fees");

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Director	Financial instrument	Type of transaction	Transaction date	Transaction location	Unit price *(in euros)*	Volume of securities	Total transaction amount *(in euros)*
Helman le Pas de Sécheval	Shares	Acquisition[1]	05/03/2021	Outside a trading platform	0	5,920	-
	Preferential subscription rights	Acquisition[2]	09/17/2021	Euronext Paris	1.0454	7	7.32
	Preferential subscription rights	Acquisition[2]	09/20/2021	Euronext Paris	0.8578	2	1.72
	Preferential subscription rights	Acquisition[2]	09/22/2021	Euronext Paris	0.7999	2	1.60
	Shares	Subscription[2]	10/08/2021	Euronext Paris	22.7	11,263	255,670.10
	Shares	Subscription[3]	12/08/2021	Outside a trading platform	22.2	1,663	36,918.60
Christophe Maquet	Shares	Acquisition[1]	05/03/2021	Outside a trading platform	0	1,488	-
	Preferential subscription rights	Sale[2]	09/29/2021	Euronext Paris	0.69	1,488	1,026.72
	Shares	Subscription[2]	10/08/2021	Euronext Paris	22.7	524	11,894.80
	Shares	Subscription[3]	12/08/2021	Outside a trading platform	22.2	171	3,796.20
Jean-François Nogrette	Shares	Acquisition[1]	05/03/2021	Outside a trading platform	0	3,710	-
	Preferential subscription rights	Acquisition[2]	09/27/2021	Euronext Paris	0.8399	7	5.88
	Shares	Subscription[2]	10/08/2021	Outside a trading platform	22.7	708	16,071.60
	Shares	Subscription[3]	12/08/2021	Outside a trading platform	22.2	1,516	33,655.20
Laurent Obadia	Shares	Acquisition[1]	05/03/2021	Outside a trading platform	0	4,138	-
	Shares	Disposal	05/06/2021	Euronext Paris	25.7038	814	20,922.89
	Preferential subscription rights	Sale[2]	09/21/2021	Euronext Paris	0.8672	3,324	2,882.57
	Preferential subscription rights	Sale[2]	09/29/2021	Euronext Paris	0.7129	6,279	4,476.30
	Shares	Subscription[3]	12/08/2021	Outside a trading platform	22.2	3,089	68,575.80
Frédéric Van Heems	Shares	Acquisition[1]	05/03/2021	Outside a trading platform	0	5,422	-
	Preferential subscription rights	Acquisition[2]	09/28/2021	Euronext Paris	0.8713	17	14.81
	Shares	Subscription[2]	10/08/2021	Outside a trading platform	22.7	1,036	23,517.20
	Shares	Subscription[3]	12/08/2021	Outside a trading platform	22.2	9,459	209,989.80

(1) Vesting of rights to performance shares granted on May 2, 2018 (vesting price: €26.56)
(2) Company share capital increase with settlement/delivery on October 8, 2021.
(3) Acquisition under the Company's employee share ownership transaction for 2021.

3.5.2 TRANSACTIONS IN VEOLIA ENVIRONNEMENT SECURITIES BY EXECUTIVES

The table below details transactions in Veolia Environnement shares during fiscal year 2021 performed by members of the Company's Executive Committee (see Section 3.3 above). To the best of the Company's knowledge, no other transactions involving the purchase or sale of Veolia Environnement shares by members of the Executive Committee or any person with close personal links to them were reported during fiscal year 2021:

Director	Financial instrument	Type of transaction	Transaction date	Transaction location	Unit price *(in euros)*	Volume of securities	Total transaction amount *(in euros)*
Estelle Brachlianoff	Shares	Acquisition[1]	05/03/2021	Outside a trading platform	0	4,959	-
	Shares	Sale[2]	05/06/2021	Euronext Paris	25.7038	106	2,724.60
	Preferential subscription rights	Sale[2]	09/22/2021	Euronext Paris	0.8081	2	1.62
	Shares	Subscription[2]	10/08/2021	Outside a trading platform	22.7	924	20,974.80
	Shares	Subscription[3]	12/08/2021	Outside a trading platform	22.2	5,642	125,252.40
Antoine Frérot	Shares	Acquisition[1]	05/03/2021	Outside a trading platform	0	32,865	-
	Preferential subscription rights	Sale[2]	09/24/2021	Euronext Paris	0.94	32,894	30,920.36
	Shares	Subscription[2]	10/08/2021	Euronext Paris	22.7	7,488	169,977.60
Philippe Guitard	Shares	Acquisition[1]	05/03/2021	Outside a trading platform	0	4,960	-
	Preferential subscription rights	Sale[2]	09/21/2021	Euronext Paris	0.8672	4,960	4,301.31
	Preferential subscription rights	Sale[2]	09/24/2021	Euronext Paris	0.93	29,024	26,992.32
	Shares	Subscription[3]	12/08/2021	Outside a trading platform	22.2	115	2,553
Eric Haza	Shares	Acquisition[1]	05/03/2021	Outside a trading platform	0	4,138	-
	Preferential subscription rights	Acquisition[2]	09/22/2021	Euronext Paris	0.8081	20	16.16
	Shares	Subscription[2]	10/08/2021	Outside a trading platform	22.7	792	17,978.40
	Shares	Subscription[3]	12/08/2021	Outside a trading platform	22.2	1,597	35,453.40
Jean-Marie Lambert	Shares	Acquisition[1]	05/03/2021	Outside a trading platform	0	5,279	-
	Shares	Subscription[2]	10/08/2021	Outside a trading platform	22.7	1,016	23,063.20
	Shares	Subscription[3]	12/08/2021	Outside a trading platform	22.2	79	1,753.80
Claude Laruelle	Shares	Acquisition[1]	05/03/2021	Outside a trading platform	0	4,959	-
	Preferential subscription rights	Sale[2]	09/21/2021	Euronext Paris	0.8485	3	2.55
	Preferential subscription rights	Acquisition[2]	09/23/2021	Euronext Paris	0.8120	2	1.62
	Shares	Subscription[2]	10/08/2021	Euronext Paris	22.7	964	21,882.80
	Shares	Subscription[3]	12/08/2021	Outside a trading platform	22.2	4,770	105,894

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3.5 Corporate officer and executive share ownership

Pursuant to Article L. 621-18-2 of the French Monetary and Financial Code and Article 223-22 of the AMF's general regulations, members of the Board of Directors and Company executives and key senior management, or any person with close ties to them, are required to notify the AMF of any acquisitions, sales, subscriptions or exchanges of Company securities or financial instruments, within three business days of completing the transaction.

In addition, directors and executives are also subject to French regulations on breach of duty and insider trading, which penalize the use or disclosure of inside information.

Finally, directors and executives are required to comply with the Company's Code of conduct (hereinafter the "Code") governing trading in its securities (see Chapter 4, Section 4.6.5.4 below and Chapter 3, Section 3.2.1.7 above). This Code was updated for the provisions of Regulation (EU) no. 596/2014 of April 16, 2014 on market abuse and the positions-recommendations issued by the AMF and set out in its guidance on permanent reporting and the management of inside information and its guidance on periodic reporting. In this context, the Inside Information Committee created in November 2016 (see Chapter 4, Section 4.6.2.2 below), classified the members of the Company's Executive Committee as permanent insiders. They can therefore only purchase or sell Company securities, directly or through an intermediary, under certain conditions (notably after consulting the Inside Information Committee) and during specific, time-limited periods, in particular after the publication of the Company's annual and interim results.

3.5.1 DIRECTOR SHARE OWNERSHIP AND TRANSACTIONS IN VEOLIA ENVIRONNEMENT SHARES

To the Company's knowledge, on December 31, 2021, members of the Board of Directors held a total of 42,416,136 Veolia Environnement shares, representing 6.06% of the Company's share capital as of that date.

The table below details transactions in Veolia Environnement securities during fiscal year 2021 performed by directors of the Company. To the best of the Company's knowledge, no other transactions involving the purchase or sale of Veolia Environnement securities by directors of the Company or any person with close personal links to them were reported during fiscal year 2021.

Director	Financial instrument	Type of transaction	Transaction date	Transaction location	Unit price *(in euros)*	Volume of securities	Total transaction amount *(in euros)*
Maryse Aulagnon	Shares	Subscription[1]	10/08/2021	Euronext Paris	22.7	568	12,893.60
	Preferential subscription rights	Acquisition[1]	09/28/2021	Euronext Paris	0.77	10	7.70
	Preferential subscription rights	Acquisition[1]	09/29/2021	Euronext Paris	0.6510	5,250	3,417.75
MAB-FINANCES (company related to Maryse Aulagnon)	Shares	Subscription[1]	10/08/2021	Outside a trading platform	22.7	2,240	50,848
Caisse des dépôts et consignations	Shares	Subscription[1]	09/22/2021	Euronext Paris	22.7	4,959,260	112,575,202
	Shares	Acquisition	03/03/2021	Euronext Paris	22.43	2,250	50,467.50
Nathalie Rachou	Shares	Subscription[1]	10/08/2021	Euronext Paris	22.7	584	13,256.80
	Preferential subscription rights	Acquisition[1]	09/27/2021	Euronext Paris	0.8998	11	9.90
Louis Schweitzer	Shares	Subscription[1]	10/08/2021	Euronext Paris	22.7	5,932	134,656.40

(1) Company share capital increase with settlement/delivery on October 8, 2021.

Compensation policy for the period from July 1, 2022 to December 31, 2022	Amount	Comment
	Obligation to hold the performance shares granted and vested	At the recommendation of the Compensation Committee, the Board of Directors' Meeting of April 5, 2022 decided, in the context of the implementation of this performance share plan (subject to the approval by today's General Shareholders' Meeting of the 25th resolution), to maintain the holding obligations applicable to the previous performance share plans: • for the **executive corporate officer**, obligation to hold, until the end of her duties, 40% of total performance shares granted under this plan, net of applicable taxes and social security contributions, until an overall shareholding corresponding to 200% of her gross fixed compensation is ultimately reached; • for **members of the Company's Executive** Committee, obligation to hold, until the end of their duties on the Executive Committee, 25% of total performance shares granted under this plan, net of applicable taxes and social security contributions, until an overall shareholding corresponding to 100% of their gross fixed annual compensation is ultimately reached. In accordance with the provisions of the AFEP-MEDEF Code, the Board of Directors, when implementing this performance share plan expected in 2022, will set the percentage of compensation corresponding to the performance shares that would be granted, in particular, to the executive corporate officer. At the recommendation of the Compensation Committee, the Board of Directors stipulated that the executive corporate officer would receive a performance share grant equal to and capped at 100% of her 2021 fixed compensation.
Termination benefits on forced departure		Mrs. Estelle Brachlianoff will be entitled to a severance payment in the event of termination of her duties as Chief Executive Officer, applicable solely in the event of "forced departure". In accordance with the AFEP-MEDEF Corporate Governance Code, the maximum amount of this severance payment is capped at twice the total gross annual compensation (excluding compensation awarded as a director (it being stipulated that she has waived all compensation of this nature) and benefits in kind), including the sum of the fixed portion of her compensation for the previous fiscal year ("Fixed Portion") and the average of the variable portions ("Variable Portion") paid or payable in respect of the last two fiscal years ending before the termination of her duties as Chief Executive Officer ("Reference Compensation"). The amount of this severance payment and its fixed and variable portions depends in both cases on the extent to which performance conditions were attained. The reference compensation is equal to the fixed compensation paid in respect of the last fiscal year plus the average of the variable compensation paid or payable in respect of the last two fiscal years; no payment will be made if the performance rate is below 75%. The severance payment is equal to the maximum amount multiplied by the performance rate, the performance rate being equal to 60% of the objective attainment rate for the last variable portion, plus 40% of the objective attainment rate for the previous variable portion. Mrs. Estelle Brachlianoff will resign her employment contract on her appointment as Chief Executive Officer on July 1, 2022.
Non-compete compensation		The Board of Directors' Meeting of April 5, 2022, in consideration for Mrs. Estelle Brachlianoff undertaking, during a period of two years from the end of her duties as Chief Executive Officer, not to exercise, directly or indirectly, a competing activity to that of the Company and Veolia group companies, decided to grant her compensation equal to one year's compensation (fixed and variable components, the variable portion to be taken into account in calculating this compensation being the average annual variable compensation paid for the last two years), paid in 24 equal and successive monthly installments. In accordance with the AFEP-MEDEF Code, the total of severance payments plus non-compete compensation cannot exceed two year's compensation (fixed and variable, with variable compensation for the purpose of calculating these payments equal to the average annual variable compensation paid for the last two years). Accordingly, in the event the Board should decide to implement the non-compete clause, severance payments would be capped at one year's compensation. The Board of Directors may, on the departure of the Chief Executive Officer, waive application of this clause, in which case no compensation would be due.
Pension plan		The Chief Executive Officer benefits from a supplementary defined contribution group pension plan applicable since July 1, 2014 and presented in Section 3.4.4.1 above. In addition, the Chief Executive Officer will benefit from an "Article 82" supplementary benefit plan financed by payments by the Company into an individual account at a net contribution rate of 7.5%, or a gross rate of 15%, with the difference paid to the Chief Executive Officer due to the taxation on entry of contributions to this type of pension plan.
Other		Mrs. Estelle Brachlianoff, benefits from the collective healthcare and insurance plan in force within the Company under the same conditions as those applicable for the category of employees with which she is assimilated for the setting of social benefits and other ancillary components of her compensation. She enjoys the use of a company car.

Fourteenth resolution – Vote on the Chief Executive Officer's compensation policy for the period from July 1, 2022 to Decembre 21, 2022

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings and having considered the report of the Board of Directors and the report on Corporate Governance referred to in Article L. 225-37 of the French Commercial Code describing the components of the corporate officer compensation policy, approves pursuant to Article L. 22-10-8, II of the French Commercial Code, the Chief Executive Officer's compensation policy for the period from July 1, 2022 to December 31, 2022, inclusive, as set forth in said report presented in Chapter 3, Section 3.4 of the 2021 Universal Registration Document.

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Compensation policy for the period from July 1, 2022 to December 31, 2022	Amount	Comment
Planned grant of performance shares to a group of around 550 to 600 top executives, high potential employees and key contributors of the Group, including the Chairman and Chief Executive Officer		The number of performance shares that vest under this plan will depend on the attainment of: • For the **financial quantifiable portion (50%)**: ◦ **a Profitability indicator (CNIGS) (economic performance criteria) for 25%** of performance shares granted, assessed on expiry of the plan, based on average annual growth (CAGR) of 10% per year from 2021, in fiscal years 2022, 2023 and 2024 (the "Reference Period"), including Suez and the Synergies: ◦ if CNIGS as of December 31, 2024 is less than or equal to €1.35 billion, no performance shares would vest under this indicator, ◦ if CNIGS is equal to or more than €1.5 billion, 100% of performance shares will vest under this indicator; ◦ between these two thresholds, the number of shares that vests under this criteria would be determined by linear interpolation (proportional basis); ◦ **a relative TSR indicator (stock market performance criteria) for 25%** of performance shares granted, measuring the relative performance of the total shareholder return (TSR) of the Veolia Environnement share (including dividends) compared with the Stoxx 600 Utilities (Price) SX6P (European Utilities) index (the "Index"). This performance will be determined as of December 31, 2024 and calculated over the Reference Period as follows: ◦ if the TSR of the Veolia Environnement share over three years: ◦ is less than the Index: no shares would vest under this criterion, ◦ increases in the same amount as the index: 50% of the performance share granted under this indicator would vest, ◦ increases by 10% or more compared with the Index: all performance shares granted under this indicator would vest, ◦ increases between the Index and 10% higher than the Index: the number of shares that vest under this criterion would be determined by linear interpolation (proportional basis). For the **50% non-financial quantifiable** criteria (N.B. the 2021 baseline as well as the 2024 target for these indicators are detailed in the Profile Section of the 2021 Universal Registration Document): ◦ a **Climate indicator** (for **12.5%** of performance shares granted): by the end of 202, annual contribution to avoided GHG emissions in metric tons of CO_2 equivalent, as follows: ◦ if the indicator is less than 12.150 million metric tons, no performance shares would vest, ◦ if the indicator is equal to 14.250 metric tons (i.e. an increase of 25% on 2021), all performance shares granted under this indicator would vest, ◦ between these two thresholds, the number of shares that vests under this indicator would be determined by linear interpolation (proportional basis); ◦ a **Diversity indicator** (for **12.5%** of performance shares granted): percentage of women appointed among executive officers at the end of 2024, as follows: ◦ if the indicator is less than or equal to 22%, no performance shares would vest, ◦ if the indicator is equal to 24%, 50% of performance shares granted under this indicator would vest, ◦ if the indicator is equal to 26%, all performance shares granted under this indicator would vest, ◦ between these thresholds, the number of shares that vests under this indicator would be determined by linear interpolation (proportional basis); ◦ an **Access to essential services indicator** (for **12.5%** of performance shares granted): increase by 2024 in the number of inhabitants benefiting from inclusive services to access or retain access to water or sanitation services under Veolia contracts at constant scope, as follows: ◦ if the indicator is less than or equal to 6.7 million inhabitants, no performance shares would vest, ◦ if the indicator is equal to 7.3 million inhabitants, all performance shares granted under this indicator would vest, ◦ between these two thresholds, the number of shares that vests under this indicator would be determined by linear interpolation (proportional basis); ◦ a **Circular economy/Plastics indicator** (for **12.5%** of performance shares granted): by the of end of 2024, volume of transformed plastic, in metric tons of products leaving plastic transformation plants, as follows: ◦ if the indicator is less than or equal to 545 thousand metric tons, no performance shares would vest, ◦ if the indicator is equal to or more than 640 thousand metric tons, all performance shares granted under this indicator would vest, ◦ between these two thresholds, the number of shares that vests under this indicator would be determined by linear interpolation (proportional basis).

Compensation policy for the period from July 1, 2022 to December 31, 2022	Amount	Comment
Variable compensation		These financial indicators are defined in Chapter 3, Section 3.10 of the 2021 Universal Registration Document. The financial quantifiable variable compensation portion will be determined based on the attainment of the 2022 budget objectives, which are consistent with the outlook announced to the market on March 17, 2022: For the 30% **non-financial quantifiable portion**: • 5% based on the **Health and Safety indicator**: improvement and reduction in the injury frequency rate; • 5% based on the **Ethics and Compliance indicator:** % of positive answers to the engagement survey question "Are Veolia's values applied in my entity" across all respondents; • 5% based on the **Climate indicator** (invest in the transition to carbon neutrality to achieve zero facilities powered by coal in Europe by 2030, for facilities where the Group controls investment): completion rate for scheduled investment to reduce greenhouse gas emissions; • 5% based on the **Hazardous waste treatment and recovery indicator:** consolidated revenue growth of the "Liquid and hazardous waste treatment and recovery" segment; • 5% based on the **Employee commitment indicator:** commitment rate of employees measured by an engagement survey conducted by an external body (clear objectives, meaning and usefulness, work atmosphere, pride in the Group, willingness to recommend Veolia); • 5% based on the **Training indicator:** average number of training hours per employee per year (upskilling training actions). The non-financial quantifiable variable compensation portion will be determined based on the attainment of the 2022 objectives for the indicators concerned as detailed in Chapter 3, Section [3.4] of the 2021 Universal Registration Document and recalled in the Notice and information brochure to the General Shareholders' Meeting of June 15, 2022: ii) **with respect to the qualitative criteria**: the qualitative portion (20% of the target bonus) will be based on an overall assessment by the Board of Directors, at the recommendation of the Compensation Committee, based notably on the following individual objectives: • strategic aspects; • managerial performance.
Planned grant of performance shares to a group of around 550 to 600 top executives, high potential employees and key contributors of the Group, including the Chairman and Chief Executive Officer		At the recommendation of the Compensation Committee, the Board of Directors asks shareholders in the 25th resolution presented to the General Shareholders' Meeting of June 15, 2022, to approve an authorization, for a period of 26 months, to grant performance shares to a group of around 550 to 600 beneficiaries including former Suez employees and comprising top executives, high potential employees and key contributors, including the Chief Executive Officer. This plan, which is intended to be launched on July 1, 2022 with an expiry date in 2025 following the publication of the 2024 financial statements, would succeed the plan granted in 2021. This plan would be subject to the following limits: • a **global limit** of 0.35% of the share capital, assessed at the date of this General Shareholders' Meeting, **including a maximum sub-limit** of 0.02% of the share capital for the grant of performance shares to executive corporate officers. These performance shares would vest subject to the following conditions: • **beneficiaries must remain** with the Group until the end of the three-year vesting period *i.e.* until expiry of the plan scheduled for 2025; and • a **performance condition tied to the attainment of the following internal and external criteria assessed over fiscal years 2022, 2023 and 2024** (the "Reference Period"): • **financial criteria in the amount of 50%,** • **non-financial quantifiable criteria in the amount of 50% linked to the Company's Purpose.** All the criteria are calculated for a scope including Suez.

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The companies in the peer group:

- share a common mission: employee and environmental quality with local public authorities;
- conduct several businesses globally and are present on at least four continents;
- report revenue equal to between 50% and 200% of Veolia 's revenue.

In comparison with Veolia, the main economic indicators for the peer group are as follows:

	Revenue *(In € billion)*	Stock market capitalization *(In € billion)*	Headcount
Veolia[1]	38.4	19.6	230 000
Peer group (median)[2]	36.4	31.0	79 000

(1) Estimated data inoluding the Suez scope.
(2) 2020 data.

In addition to the peer group, the Compensation Committee also assessed the executive corporate officer compensation with respect to CAC 40 companies:

	Fixed compensation *(€ thousand)*	Annual variable compensation *(as a% of fixed compensation)* Target	Annual variable compensation *(as a% of fixed compensation)* Maximum	Target long-term profit sharing *(as a% of fixed compensation)*
Veolia[1]	1,030	100%	160%	100%
Peer group (median)[2]	1,340	100%	150%	130%
CAC 40 (median)[2]	1,175	100%	163%	115%

(1) Components of the Chief Executive Officer's compensation policy proposed by the Board of Directors at the recommendation of the Compensation Committee.
(2) 2020 data.

Compensation policy for the period from July 1, 2022 to December 31, 2022	Amount	Comment
Fixed compensation	€515,000	In application of this compensation policy, the gross annual fixed compensation of the Chief Executive Officer would be €1,030,000, or €515,000 for the period from July 1, 2022 to December 31, 2022.
Variable compensation		The proposed quantifiable objectives for 2022 have been determined in the context of the 2022 financial outlook announced to the market on March 17, 2022, and the 2020-2023 strategic plan relative to the implementation of the Company's Purpose and all its performance indicators for stakeholders. All the criteria are calculated for a scope including Suez, except for three criteria which do not include this scope: **ethics and compliance** and **employee commitment**, as these two criteria are based on the results of the engagement survey and there is no 2021 baseline for Suez; and **climate**, as, in the short-term bonus, this criteria is founded on the completion rate for investment to eliminate the use of coal and Suez does not have any thermal power plants. In order to integrate the multifaceted performance indicators relating to the Company's Purpose, the Board of Directors' Meeting of April 5, 2022, at the recommendation of the Compensation Committee, determined the calculation method for variable compensation as follows: • weight of the auditable quantifiable portion set at 80% and weight of the qualitative portion set at 20%; • weight of the auditable quantifiable portion (80%) consisting 50% of financial quantifiable objectives and 30% of non-financial quantifiable objectives; • 2022 target variable compensation (in the event of attainment of the objectives set by the Board of Directors) set at 100% of the annual fixed compensation ("Target bonus base"); • variable compensation capped (in the event objectives are exceeded) at 160% of annual fixed compensation for 2022, or €824,000 for the period from July 1, 2022 to December 31, 2022, inclusive: i) **with respect to the quantifiable criteria:** in line with the outlook and objectives published on March 17, 2022, the criteria for the quantifiable portion of variable compensation break down as follows. The quantifiable portion is equal to the total of the components resulting from application of each of these criteria separately: For the 50% **financial quantifiable portion**: • 15% based on the **Profitability indicator (CNIGS)**: Current Net Income, Group Share; • 10% based on the **Investment Capacity** indicator **(free cash flow)**[1]: before financial acquisitions/divestments and dividends but after financial expenses and taxes; • 15% based on the **Group Growth indicator (revenue)**[2]: organic Group revenue excluding acquisitions and divestitures of more than €100 million but including acquisitions of privatized public services, • 10% based on the **Capital Return indicator (ROCE):** Group ROCE after tax and including the return on capital employed of joint ventures and companies, after IFRS 16 lease adjustments.

(1) Target free cash-flow used to determine the bonus excludes discretionary investment.
(2) Target revenue used to determine the bonus is calculated at constant exchange rates.

Compensation policy for the period from July 1, 2022 to December 31, 2022	Amount	Comment
Compensation awarded as director		None
Pension plan		Mr. Antoine Frérot benefits from a supplementary defined contribution group pension plan applicable since July 1, 2014 and presented in Section 3.4.4.1 above. He is eligible for a defined benefit pension plan with a theoretical annuity of nil, presented in Section 3.4.4.1 above.
Other		Mr. Antoine Frérot benefits from the collective healthcare and insurance plan in force within the Company under the same conditions as those applicable for the category of employees with which he is assimilated for the setting of social benefits and other ancillary components of his compensation. Mr. Antoine Frérot enjoys the use of a company car.

Thirteenth resolution – Vote on the Chairman of the Board of Directors' compensation policy from July 1, 2022 to December 31, 2022

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings and having considered the report of the Board of Directors and the report on Corporate Governance referred to in Article L. 225-37 of the French Commercial Code describing the components of the corporate officer compensation policy, approves pursuant to Article L. 22-10-8, II of the French Commercial Code, the Chairman of the Board of Directors' compensation policy for the period from July 1, 2022 to December 31, 2022, inclusive, as set forth in said report presented in Chapter 3, Section 3.4 of the 2021 Universal Registration Document.

3.4.4.4 Vote on the Chief Executive Officer's compensation policy for the period from July 1, 2022 to December 31, 2022 ("*Ex ante vote*")

(Resolution 14)

Pursuant to the provisions of Article L. 22-10-8, II of the French Commercial Code, shareholders are asked in the 14th resolution to approve the Chief Executive Officer's compensation policy for the period from July 1, 2022 to December 31, 2022. Note that all these components are presented in Chapter 3, Section 3.4 of the Company's 2021 Universal Registration Document and summarized in the table below.

In addition to fixed, variable and exceptional compensation components, **the Chief Executive Officer would be entitled to a company car, a supplementary defined contribution pension plan and collective healthcare and insurance plans. In addition, she would be entitled to a severance payment and compensation under a non-compete clause as approved by the Board of Directors' Meeting of April 5, 2022 and detailed in Chapter 3.4.2.3 of the 2021 Universal Registration Document. Finally, she could receive performance share grants, subject to the approval of the 25th resolution. She has waived the right to receive compensation that would be granted for her duties as a director, her appointment to the Board of Directors being proposed in the 7th resolution and would not receive multi-year cash compensation or have an employment contract within the Group (it being specified that she will resign her employment contract from July 1, 2022).**

The payment of her variable compensation for the period from July 1, 2022 to December 31, 2022, is subject to the approval of this compensation's components by an Ordinary General Meeting held after December 31, 2022, under the terms of article L. 22-10-34, II of the French Commercial Code (*Ex post vote*).

In addition, the Board of Directors reserves the right to exercise its power of discretion regarding the determination of the Chief Executive Officer's compensation, in respect of the French Commercial Code and in accordance with Articles L. 22-10-8 and L. 22-10-34 of the French Commercial Code. It may do so in the event of special and unforeseeable circumstances (such as the current pandemic and its uncertainties) that could justify an exceptional adjustment, upwards or downwards, without exceeding the ceiling set in the compensation policy (*i.e.* 160% of fixed annual compensation), to one or more criteria comprising the Chief Executive Officer's annual variable compensation to ensure that application of the criteria described above produces results reflecting the performance of both the Chief Executive Officer and the Group, as well the alignment of the interests of the Company and its shareholders with those of the executive corporate officer.

This adjustment may be made to the Chief Executive Officer's annual variable compensation by the Board of Directors at the recommendation of the Compensation Committee, after the Board of Directors has provided adequate reasoning for its decision. Any exercise of this discretion will be made public.

On this basis, the Board of Directors, at the recommendation of the Compensation Committee, decides to set as follows the components of the Chief Executive Officer's compensation policy. This compensation policy was set taking account of (i) Mrs. Estelle Brachlianoff's experience and expertise, (ii) the change in the Group's size and the extension of its activities following the acquisition of Suez, and (iii) the compensation amount but also the positioning of these components compared with executive corporate officers with a comparable profile and in CAC 40 companies, while ensuring the consistency of the Chief Executive Officer's compensation with that of Executive Committee members and compensation practices within the Company.

In this respect, the results of a study conducted by the firm Boracay based on a group of comparable and competitor companies, comprising 13 listed European companies: Centrica, EDP, Enel, Engie, ENI, EON, Iberdrola, Schneider Electric, Vinci, ABB, ACS, Air liquide, Bouygues, were examined.

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3.4.4.3 Vote on the Chairman of the Board of Directors' compensation policy for the period from July 1, 2022 to December 31, 2022 ("Ex ante vote")

(Resolution 13)

Pursuant to the provisions of Article L. 22-10-8, II of the French Commercial Code, shareholders are asked in the 13th resolution to approve the Chairman of the Board of Directors' compensation policy from July 1, 2022. Note that all these components are presented in Chapter 3, Section 3.4 of the Company's 2021 Universal Registration Document and summarized in the table below.

The Chairman of the Board of Directors' compensation policy was approved by the Board of Directors at the recommendation of the Compensation Committee. It consists solely of fixed compensation and benefits in kind, excluding all variable or exceptional compensation, grants of share subscription options or performance shares and compensation for his duties as a director.

The fixed annual compensation is set at €700,000 based on a panel of comparable and CAC 40 companies. In this respect, the results of a study conducted by the firm Boracay and including (i) five comparable companies (ABB, Centrica, EDP, Enel, ENI) and (ii) CAC 40 companies that have separated the duties of Chairman of the Board of Directors and Chief Executive Officer, were examined.

The fixed annual compensation was set based on a panel of comparable and CAC 40 companies. The results of the study conducted by Boracay clearly show three levels of compensation corresponding to the different types of duties performed by non-executive chairmen:

Duties focusing solely on the management of the Board of Directors and shareholder relations (1st quartile)

Participation in a strategic committee to seek out and validate major investments (median)

Support for a new Chief Executive Officer to ensure the success of a succession plan or an external recruitment (3rd quartile).

At the recommendation of the Compensation Committee, the Board of Directors adopted a position between the median (€625,000) and the third quartile (€938,000).

Compensation policy for the period from July 1, 2022 to December 31, 2022	Amount	Comment
Fixed compensation	€350,000	In accordance with the recommendations of the Compensation Committee, the Board of Directors' Meeting of April 5, 2022 decided that Mr. Antoine Frérot's fixed compensation for his duties as Chairman of the Board of Directors would remain unchanged during his term of office. In application of this compensation policy, the gross annual fixed compensation of the Chairman of the Board of Directors would be €700,000, or €350,000 for the period from July 1, 2022 to December 31, 2022, inclusive.
Annual or multi-year variable compensation		None
Exceptional compensation		None
Shares/ subscription options		None
Retention of rights under the 2020 and 2021 performance share plans		At the recommendation of the Compensation Committee, the Board of Directors decided that share rights under the 2020 and 2021 performance share plans that will vest, subject to performance conditions, in 2023 and 2024, respectively, will be retained in the context of the change in the Company's governance from July 1, 2022. The Board of Directors made this choice in light of Antoine Frérot's essential contribution to Veolia's transformation to a world champion of ecological transformation. Mr. Antoine Frérot will leave his executive functions immediately following the successful completion of the largest transformational acquisition in Veolia's history, which has already created significant value for its shareholders and will continue to do so as the expected synergies are realized. In accordance with AFEP-MEDEF recommendations, he will no longer receive performance share grants (or annual variable compensation) and will therefore no longer be associated with value creation despite being its instigator. The Compensation Committee considered it would be equitable to leave him the benefit of these shares, the vesting of which remains subject to the attainment of the plan performance conditions which were set in the past.
Severance payments		None

Proposed free share grant (exceptional bonus) (Resolution 12)	Mr. Antoine Frérot could receive an exceptional bonus comprising the grant of 30,000 free shares, with a vesting period of three years and subject to the approval of the 12th and 25th resolutions.
Obligation to hold shares granted and vested	At the recommendation of the Compensation Committee, the Board of Directors' Meeting of April 5, 2022 decided, in the context of implementing the proposed free share grant plan (exceptional bonus), to renew the following holding obligations for Mr. Antoine Frérot: obligation to hold until the end of his duties, 40% of total free shares granted under this plan, net of applicable social security contributions and taxes, until he has ultimately reached a total shareholding equal to 200% of his gross annual fixed compensation.

Eleventh resolutions – Vote on the Chairman and Chief Executive Officer's compensation policy for the period from January 1, 2022 to June 30, 2022, inclusive (excluding the share-based exceptional bonus)

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings and having considered the report of the Board of Directors and the report on Corporate Governance referred to in Article L. 225-37 of the French Commercial Code describing the components of the corporate officer compensation policy, approves pursuant to Article L. 22-10-8, II of the French Commercial Code, the Chairman and Chief Executive Officer's compensation policy for the period from January 1, 2022 to June 30, 2022, inclusive, as set forth in said report presented in Chapter 3, Section 3.4 of the 2021 Universal Registration Document (excluding the exceptional share-based bonus subject to the 12th resolution presented to the General Shareholders' Meeting).

Twelvth resolution – Vote on the exceptional share-based bonus proposed in the context of the Chairman and Chief Executive Officer's compensation policy for the period from January 1, 2022 to June 30, 2022, inclusive

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings and having considered the report of the Board of Directors and the report on Corporate Governance referred to in Article L. 225-37 of the French Commercial Code describing the components of the corporate officer compensation policy, approves pursuant to Article L. 22-10-8, II of the French Commercial Code, the exceptional share-based bonus proposed in the context of the Chairman and Chief Executive Officer's compensation policy for the period from January 1, 2022 to June 30, 2022, inclusive, as set forth in said report presented in Chapter 3, Section 3.4 of the 2021 Universal Registration Document.

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Compensation policy for the period from January 1, 2022 to June 30, 2022	Amount	Comment
Variable compensation		For the 50% **financial quantifiable portion**: • 15% based on the **Profitability indicator (CNIGS)**: Current Net Income, Group Share; • 10% based on the **Investment Capacity indicator (free cash flow)**[1]: before financial acquisitions/ divestments and dividends but after financial expenses and taxes; • 15% based on the **Group Growth indicator (revenue)**[2]: organic Group revenue excluding acquisitions and divestitures of more than €100 million but including acquisitions of privatized public services; • 10% based on the **Capital Return indicator (ROCE)**: Group ROCE after tax and including the return on capital employed of joint ventures and companies, after IFRS 16 lease adjustments. These financial indicators are defined in Chapter 3, Section 3.10 of the 2021 Universal Registration Document. The financial quantifiable variable compensation portion will be determined based on the attainment of the 2022 budget objectives which are consistent with the outlook announced to the market on March 17, 2022: For the 30% **non-financial quantifiable portion**: • 5% based on the **Health and Safety** indicator: improvement and reduction in the injury frequency rate; • 5% based on the **Ethics and Compliance** indicator: % of positive answers to the engagement survey question "Are Veolia's values applied in my entity" across all respondents; • 5% based on the **Climate** indicator (invest in the transition to carbon neutrality to achieve zero facilities powered by coal in Europe by 2030, for facilities where the Group controls investment): completion rate for scheduled investment to reduce greenhouse gas emissions; • 5% based on the **Hazardous waste treatment and recovery** indicator: consolidated revenue growth of the "Liquid and hazardous waste treatment and recovery" segment; • 5% based on the **Employee commitment** indicator: commitment rate of employees measured by an engagement survey conducted by an external body (clear objectives, meaning and usefulness, work atmosphere, pride in the Group, willingness to recommend Veolia); • 5% based on **the Training indicator**: average number of training hours per employee per year (upskilling training actions). The non-financial quantifiable variable compensation portion will be determined based on the attainment of the 2022 objectives for the indicators concerned as detailed in Chapter 3, Section [3.4] of the 2021 Universal Registration Document and recalled in the Notice and information brochure to the General Shareholders' Meeting of June 15, 2022. ii) **with respect to the qualitative criteria:** the qualitative portion (20% of the target bonus) will be based on an overall assessment by the Board of Directors, at the recommendation of the Compensation Committee, based notably on the following individual objectives: • strategic aspects; • managerial performance.
Performance shares		Mr. Antoine Frérot would not receive any performance shares in 2022.
Pension plan		Mr. Antoine Frérot benefits from a supplementary defined contribution group pension plan applicable since July 1, 2014 and presented in Section 3.4.4.1 above. He is eligible for a defined benefit pension plan with a theoretical annuity of nil, presented in Section 3.4.4.1 above.
Other		Mr. Antoine Frérot benefits from the collective healthcare and insurance plan in force within the Company under the same conditions as those applicable for the category of employees with which he is assimilated for the setting of social benefits and other ancillary components of his compensation. Mr. Antoine Frérot enjoys the use of a company car.

(1) Target free cash-flow used to determine the bonus excludes discretionary investment.
(2) Target revenue used to determine the bonus is calculated at constant exchange rates.

In addition, and exceptionally, to take account of the successful acquisition of the Suez group, shareholders are asked to approve in the 12th resolution, at the recommendation of the Compensation Committee, an exceptional bonus grant of free shares in favor of Mr Antoine Frérot, subject to the approval of the 25th resolution. This exceptional grant would represent 30,000 shares, and would include a vesting period of three years, subject to the approval of the 12th and 25th resolutions.

The squeeze-out procedure on February 18, 2022 (enabling the Company to acquire 100% of the share capital and voting rights of Suez) and the sale of "new Suez" to the Consortium of investors composed of Meridiam, GIP, CDC and CNP Assurances on January 31, 2022, marked, for the Company, the completion of the merger project launched several months previously, enabling the Group to embark upon its future as a global champion of ecological transformation. They testify to the exceptional performance of certain employees, as well as the Company's executive corporate officer, over a period of several months, that the grants set out in these resolutions aim to reward.

Mr. Antoine Frérot having never received an exceptional bonus in his 13 years of office, the Board of Directors, at the recommendation of the Compensation Committee, decided to present a specific resolution to shareholders for *ex ante* vote.

3.4.4.2 Vote on the Chairman and Chief Executive Officer's compensation policy for the period from January 1, 2022 to June 30, 2022, inclusive ("*Ex ante vote*")

(Resolutions 11 and 12)

Pursuant to the provisions of Article L. 22-10-8, II of the French Commercial Code, shareholders are asked in the 11th and 12th resolutions to approve the Chairman and Chief Executive Officer's compensation policy for the period from January 1, 2022 to June 30, 2022, inclusive. Note that all these components are presented in Chapter 3, Section 3.4 of the Company's 2021 Universal Registration Document and summarized in the table below.

In addition to fixed, variable and exceptional compensation components, the Chairman and Chief Executive Officer would be entitled, as in 2021, to a company car, a supplementary defined contribution pension plan and collective healthcare and insurance plans, as well as termination benefits for forced departure which are not due in respect of the change in duties from July 1, 2022.

It is also noted that he waived the right to receive compensation awarded for his duties as director and does not benefit from multi-year cash compensation, compensation under a non-compete clause or have an employment contract within the Group.

The payment of the Chairman and Chief Executive Officer's variable compensation for the period from January 1, 2022 to June 30, 2022, inclusive, is subject to the approval of this compensation's components by an Ordinary General Meeting held after December 31, 2022, under the terms of article L. 22-10-34, II of the French Commercial Code (*Ex post* vote).

In addition, the Board of Directors reserves the right to exercise its power of discretion regarding the determination of the Chairman and Chief Executive Officer's compensation, in respect of the French Commercial Code and in accordance with Articles L. 22-10-8 and L. 22-10-34 of the French Commercial Code. It may do so in the event of special and unforeseeable circumstances (such as the current pandemic and its uncertainties) that could justify an exceptional adjustment, upwards or downwards, without exceeding the ceiling set in the compensation policy (*i.e.* 160% of fixed annual compensation), to one or more criteria comprising the Chairman and Chief Executive Officer's annual variable compensation to ensure that application of the criteria described above produces results reflecting the performance of both the Chairman and Chief Executive Officer and the Group, as well the alignment of the interests of the Company and its shareholders with those of the executive corporate officer.

This adjustment may be made to the Chairman and Chief Executive Officer's annual variable compensation by the Board of Directors at the recommendation of the Compensation Committee, after the Board of Directors has provided adequate reasoning for its decision. Any exercise of this discretion will be made public.

Shareholders are asked to approve these items in the 11th resolution.

Compensation policy for the period from January 1, 2022 to June 30, 2022	Amount	Comment
Fixed compensation	€515,000	In accordance with the three-year compensation policy in place since 2016 and at the recommendation of the Compensation Committee, the Board of Directors' Meeting of April 5, 2022 decided to propose to the General Shareholders' Meeting of June 15, 2022 an increase in Mr. Antoine Frérot's gross annual fixed compensation to €1,030,000 from January 1, 2022, that is €515,000 for the period from January 1, 2022 to June 30, 2022, inclusive. This three-year increase of approximately 5% reflects the average increase in the fixed compensation of Group management employees over the past three years.
Variable compensation		The proposed quantifiable objectives for 2022 have been determined in the context of the 2022 financial outlook announced to the market on March 17, 2022, and the 2020-2023 strategic plan relative to the implementation of the Company's Purpose and all its performance indicators for stakeholders. All the criteria are calculated for a scope including Suez, and **climate**, as, in the short-term bonus, this criteria is founded on the completion rate for investment to eliminate the use of coal and Suez does not have any thermal power plants. In order to integrate the multifaceted performance indicators relating to the Company's Purpose, the Board of Directors' Meeting of April 5, 2022, at the recommendation of the Compensation Committee, determined the calculation method for variable compensation as follows: • weight of the auditable quantifiable portion (80%) and weight of the qualitative portion (20%) unchanged; • weight of the auditable quantifiable portion (80%) consisting 50% of financial quantifiable objectives and 30% of non-financial quantifiable objectives unchanged; • 2022 target variable compensation (in the event of attainment of the objectives set by the Board of Directors) set at 100% of the annual fixed compensation ("Target bonus base"); • variable compensation capped (in the event objectives are exceeded) at 160% of annual fixed compensation for the period January 1, 2022 to June 30, 2022, inclusive, or €824,000: i) **with respect to the quantifiable criteria**: in line with the outlook and objectives published on March 17, 2022, the criteria for the quantifiable portion of variable compensation break down as follows. The quantifiable portion is equal to the total of the components resulting from application of each of these criteria separately:

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Compensation components	Amount	Comment
Severance payment	No payment	Mr. Antoine Frérot is entitled to a severance payment in the event of termination of his duties as Chief Executive Officer. It is applicable solely in the event of a "forced departure". In accordance with the AFEP-MEDEF Corporate Governance Code, the maximum amount of this severance payment is capped at twice the total gross annual compensation (excluding compensation awarded as a director (it being stipulated that he has waived all compensation of this nature) and benefits in kind), including the sum of the fixed portion of his compensation for the previous fiscal year ("Fixed Portion") and the average of the variable portions ("Variable Portion") paid or payable in respect of the last 3 fiscal years ending before the termination of his duties as Chief Executive Officer ("Reference Compensation"). The amount of this severance payment and its fixed and variable portions depends in both cases on the extent to which performance conditions were attained. Indeed, the calculation of the severance payment is equal to twice the sum of (1) the Variable Portion of the Reference Compensation (average over the previous three fiscal years) and (2) the Fixed Portion of the Reference Compensation (last fiscal year) corrected by a "Performance Rate" corresponding to the average attainment percentage of the target bonus (also called "base bonus", equal to meeting 100% of the annual objectives) for the last three fiscal years closed before the termination of his duties. Note that Mr. Antoine Frérot terminated his employment contract as of January 1, 2010 and that the termination of his employment contract caused him to lose the right under the collective bargaining agreement to receive severance compensation for his years of service within the Group (over 19 years as of that date).
Supplementary pension plan	No payment	After a favorable opinion of the Works Council and the Nominations and Compensation Committee, the Board of Directors, decided, at its meeting of March 11, 2014, upon a motion by the Chairman and Chief Executive Officer: • to close the supplementary defined benefit group pension plan for category eight and higher management employees (including the Chairman and Chief Executive Officer who does not hold an employment contract) which was capped at 10% of the Reference compensation with a freeze on entitlements and closing of the plan to new members, effective June 30, 2014; • to change, effective July 1, 2014, the existing supplementary defined contribution group pension plan with the following main features: ◦ this plan is open to all executives of category eight and higher (including the Chairman and Chief Executive Officer), ◦ its funding is ensured by contributions to the plan equal to a percentage of the compensation of the Chairman and Chief Executive Officer and the relevant employees, ◦ contribution payments break down as follows: 2.25% employer contribution for tranches A, B and C; 1.25% employee contribution for tranches A, B and C; 4.50% employer contribution above tranche C; 2.50% employee contribution above tranche C, ◦ the amount of the supplementary pension is not defined in advance. For each employee, it is calculated on the settlement date for all mandatory and optional pensions primarily based on the contributions paid to the insurance company and other parameters assessed on that date. Provided he is still present in the Company at the time of retirement in accordance with legal conditions, the amount of the lifetime annuity from the defined benefit pension plan (capped at a maximum of 10% of the Reference compensation) will depend on Mr. Antoine Frérot's retirement age, the amount of contributions paid, and possible optional individual payments under the supplementary defined contribution pension plan. Note that this theoretical annuity will be superseded as soon as the rights acquired under the defined contribution plan will provide a larger annuity. Assuming a retirement age of 64 and based on a total annual compensation level of between €1.9 million and €2.3 million, the potential annuity of the Chairman and Chief Executive Officer under all pension plans (including the basic social security retirement plan, the complementary pension plans and the Company's group supplementary pension plans) could represent a theoretical amount of approximately 8% to 9% of his annual compensation.
Collective healthcare and insurance plans		Mr. Antoine Frérot benefits from the collective healthcare and insurance plan in force within the Company under the same conditions as those applicable for the category of employees with which he is assimilated for the setting of social benefits and other ancillary components of his compensation.
Benefits in kind	€1,676	Mr. Antoine Frérot enjoys the use of a company car.

Ninth resolution – Vote on the compensation paid during fiscal year 2021 or awarded in respect of the same fiscal year to Mr. Antoine Frérot, as Chairman and Chief Executive Officer

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings and having considered the report of the Board of Directors and the Corporate Governance report referred to in Article L. 225-37 of the French Commercial Code, approves, firstly, pursuant to Article L. 22-10-34, I of the French Commercial Code, the information mentioned in Article L. 22-10-9, I of the French Commercial Code which is presented therein and, secondly, pursuant to Article L. 22-10-34, II of the French Commercial Code, the fixed, variable and exceptional components of total compensation and benefits of all kinds paid during fiscal year 2021 or awarded for the same fiscal year presented therein, as set forth in Chapter 3, Section 3.4 of the 2021 Universal Registration Document.

Compensation components	Amount	Comment
		• an **Access to essential services** indicator (for 5% of performance shares granted): increase in the number of inhabitants benefiting from inclusive services to access or retain access to sanitation services under Veolia contracts at constant scope, as follows: • if the indicator is less than or equal to the 2019 baseline (5.7 million inhabitants), no performance shares will vest, • if the indicator increases 12% compared to the 2019 baseline, all performance shares granted under this indicator will vest, • between these two thresholds, the number of shares that vests under this indicator will be determined by linear interpolation (proportional basis); • an **Innovation** indicator (for 5% of performance shares granted): by the end of 2023, inclusion by the Group in 10 contracts of at least 12 different innovations based on a predefined list presented in Section 3.4.4.2 of the 2020 Universal Registration Document, as follows: • if the indicator is less than 6, no performance shares will vest, • if the indicator is equal to or more than 12, all performance shares granted under this indicator will vest, • between these two thresholds, the number of shares that vests under this indicator will be determined by linear interpolation (proportional basis); • a **Water resource protection** indicator (for 5% of performance shares): by the end of 2023, improvement in the efficiency of drinking water networks (volume of drinking water consumed/volume of drinking water produced), as follows: • if the indicator is less than or equal to 72.5%, no performance shares will vest, • if the indicator is equal to or more than 75%, all performance shares granted under this indicator will vest, • between these two thresholds, the number of shares that vests under this indicator will be determined by linear interpolation (proportional basis); • a **Circular economy/Plastics** indicator (for 5% of performance shares granted): by the end of 2023, volume of transformed plastic, in metric tons of products leaving plastic transformation plants, as follows: • if the indicator is less than or equal to 520 thousand metric tons, no performance shares will vest, • if the indicator is equal to or more than 610 thousand metric tons, all performance shares granted under this indicator will vest, • between these two thresholds, the number of shares that vests under this indicator will be determined by linear interpolation (proportional basis); • a **Socio-economic footprint** indicator for Veolia's activities in countries where the Group operates (for 5% of performance shares granted): by the end of 2023, measure of wealth created and the number of jobs supported by Veolia in the world using the Local Footprint methodology, calculated by the company Utopies. Attainment of this indicator will be measured as follows: • if there is an external annual assessment in each of the three years (2021, 2022, 2023) of the global impacts and impacts by geographic zone in at least 45 countries, all performance shares granted under this indicator will vest, • if there is an external annual assessment in two of the three years of the global impacts and impacts by geographic zone in at least 45 countries, 66% of performance shares granted under this indicator will vest, • if there is an external annual assessment in one of the three years of the global impacts and impacts by geographic zone in at least 45 countries, 33% of performance shares granted under this indicator will vest, • if there are no annual assessment of the global impacts and impacts by geographic zone in at least 45 countries, no performance shares granted under this indicator will vest; • a **Biodiversity** indicator (for 5% of performance shares granted): by the end of 2023, measure of the rate of progress with action plans aimed at improving the impact on the environment and biodiversity at sensitive sites, as follows: • if the indicator is less than or equal to 37.5%, no performance shares will vest, • if the indicator is equal to or more than 75%, all performance shares granted under this indicator will vest, • between these two thresholds, the number of shares that vests under this indicator will be determined by linear interpolation (proportional basis).
Obligation to hold the performance shares granted and vested		At the recommendation of the Compensation Committee, the Board of Directors' Meeting of March 9, 2021 decided, in the context of the implementation of this performance share plan, to renew the following holding obligations: • for the **Chairman and Chief Executive Officer**, obligation to hold, until the end of his duties, 40% of total performance shares granted under this plan, net of applicable taxes and social security contributions, until an overall shareholding corresponding to 200% of his gross fixed compensation is ultimately reached; • for **members of the Company's Executive Committee**, obligation to hold, until the end of their duties on the Executive Committee, 25% of total performance shares granted under this plan, net of applicable taxes and social security contributions, until an overall shareholding corresponding to 100% of their gross fixed annual compensation is ultimately reached.

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Compensation components	Amount	Comment
Grant of stock options and/ or performance shares	Grant of performance shares to a group of around 450 top executives and key employees of the Group, including the Chairman and Chief Executive Officer	The number of performance shares that vest under this plan will depend on the attainment of: **For the financial quantifiable criteria (50%):** • a **Profitability** indicator (CNIGS) (economic performance criteria) for 25% of performance shares granted, assessed on expiry of the plan, based on target average growth in Current Net Income, Group Share (CAGR: Compound Annual Growth Rate) of 7% per year based on the results of fiscal year 2019 and over the reference period comprising fiscal years 2021, 2022 and 2023 (the "Reference Period"): ◦ if CNIGS as of December 31, 2023 is less than or equal to €818 million, no performance shares will vest under this indicator, ◦ if CNIGS as of December 31, 2023 is equal to or more than €900 million, 100% of performance shares will vest under this indicator; ◦ shares will vest on a proportional basis between these two thresholds; • a **relative TSR** indicator (stock market performance criteria) for 25% of performance shares granted, measuring the relative performance of the total shareholder return (TSR) of the Veolia Environnement share (including dividends) compared with the Stoxx 600 Utilities (Price) SX6P (European Utilities) index (the "Index"). This performance will be determined as of December 31, 2023 and calculated over the Reference Period as follows: If the TSR of the Veolia Environnement share over three years: ◦ is less than the Index: no shares will vest under this indicator, ◦ increases in the same amount as the index: 50% of the performance share granted under this indicator will vest, ◦ increases by 10% or more compared with the Index: all performance shares granted under this indicator will vest, ◦ increases between the Index and 10% higher than the Index: the number of shares that vest under this criterion will be determined by linear interpolation (proportional basis). For the **non-financial quantifiable** criteria (50%): (N.B. the 2020 baseline as well as the 2024 target for these indicators are detailed in the Profile Section of the 2020 Universal Registration Document): • a **Climate** indicator (for 5% of performance shares granted): by the end of 2023, annual contribution to avoided GHG emissions in metric tons of CO_2 equivalent, excluding any divestitures, as follows: ◦ if the indicator is less than or equal to 13 million metric tons, no performance shares will vest, ◦ if the indicator is equal to or more than 15 million metric tons, all performance shares granted under this indicator will vest, ◦ between these two thresholds, the number of shares that vests under this indicator will be determined by linear interpolation (proportional basis); • a **Customer satisfaction** indicator (for 5% of performance shares granted): measurement of customer satisfaction using the Net Promoter Score (NPS) methodology, as follows: If more than 50% of revenue is covered by the NPS approach on a scope covering at least 75% of Group consolidated revenue, based on the following attainment scores: ◦ if the overall NPS score is less than or equal to 20, no performance shares will vest, ◦ if the NPS global score is equal to or more than 30, all performance shares granted under this indicator will vest, ◦ between these two thresholds, the number of shares that vests under this indicator would be determined by linear interpolation (proportional basis); If less than 50% of revenue is covered, no shares will vest in respect of this indicator; • a **Diversity** indicator (for 10% of performance shares granted): percentage of women appointed among executive officers during the period 2021-2023 as follows: ◦ if the indicator is less than or equal to 35%, no performance shares will vest, ◦ if the indicator is equal to 42%, 50% of performance shares granted under this indicator will vest, ◦ if the indicator is equal to or more than 50%, all performance shares granted under this indicator will vest, ◦ between these thresholds, the number of shares that vests under this indicator will be determined by linear interpolation (proportional basis);

Compensation components	Amount	Comment
2021 variable compensation	€1,461,224	**The financial quantifiable variable portion equals €781,648, representing an overall payment rate of 159.52%.** For the 30% **non-financial quantifiable portion**: • 5% based on the **Health and Safety** indicator: improvement and reduction in the injury frequency rate; 6.65 as of December 31, 2021 (objective of 6.60), representing an attainment rate of 99.24% and a payment rate of 67.64%; • 5% based on the **Ethics and Compliance** indicator: percentage of positive answers to the engagement survey question "Are Veolia's values applied in my entity"; 84% as of December 31, 2021 (objective of 80%), representing an attainment rate of 105.00% and a payment rate of 124%; • 5% based on the **Climate** indicator (invest in the transition to carbon neutrality to achieve zero facilities powered by coal in Europe by 2030, for facilities where the Group controls investment): completion rate for scheduled investment to reduce greenhouse gas emissions; €111.8 million as of December 31, 2021 (objective of €110 million), representing an attainment rate of 101.64% and a payment rate of 104.92%; • 5% based on the **Hazardous waste treatment and recovery** indicator: consolidated revenue growth of the "Liquid and hazardous waste treatment and recovery" segment; €3,063 million as of December 31, 2021 (objective of €2,757 million), representing an attainment rate of 111.11% and a payment rate of 148.83%; • 5% based on the **Employee commitment** indicator: commitment rate of employees measured by an engagement survey conducted by an external body (clear objectives, meaning and usefulness, work atmosphere, pride in the Group, willingness to recommend Veolia); 87% as of December 31, 2021 (objective of 80%), representing an attainment rate of 108.75% and a payment rate of 142%; • 5% for the **Training** indicator: average number of training hours per employee per year (upskilling training actions); 21.3 hours as of December 31, 2021 (objective of 19 hours), representing an attainment rate of 112.11% and a payment rate of 160%. The non-financial quantifiable variable compensation portion was determined based on the attainment of the 2021 objectives for the indicators concerned as detailed in Chapter 3, Section 3.4 of the 2020 Universal Registration Document and recalled in the Notice and information brochure to the General Shareholders' Meeting of April 22, 2021. **The non-financial quantifiable variable portion equals €365,976, representing an overall payment rate of 124.48%.** ii) **with respect to the qualitative criteria**: the Board of Directors' Meeting of April 5, 2022 decided to allocate €313,600 to Mr. Antoine Frérot in respect of the qualitative variable portion (20% of the target bonus) of his 2021 compensation, representing a payment rate of 160% of the qualitative portion based on an overall assessment founded on the attainment of the following criteria: • strategic aspects, with a payment rate of 160%; • managerial performance, with a payment rate of 160%. **The assessment of those criteria by the Board of Directors is detailed in Chapter 3 Section 3.4.1.1.2 of the 2021 Universal Registration Document. Following the comments of certain of our shareholders, notably during the General Shareholders' Meeting, the level of transparency has been strengthened.** Mr. Antoine Frérot's **total variable compensation** (quantifiable and qualitative components) for fiscal year 2021 **therefore amounts to €1,461,224**, equal to 149.10% of his Target bonus base. **In accordance with Article L. 22-10-34, I of the French Commercial Code, the variable compensation will be paid to Mr. Antoine Frérot only after approval of the 9th resolution by this General Shareholders' Meeting.**
Multi-year variable compensation	No payment	Mr. Antoine Frérot did not receive any multi-year variable compensation in 2021.
Exceptional compensation	N/A	Mr. Antoine Frérot does not receive any exceptional compensation.
Compensation awarded as director	N/A	Mr. Antoine Frérot has waived his right to receive compensation as Chairman of the Veolia Environnement Board of Directors and in respect of the offices he holds in Group companies.
Grant of stock options and/or performance shares	Grant of performance shares to a group of around 450 top executives and key employees of the Group, including the Chairman and Chief Executive Officer	In accordance with the Group's compensation policy and the authorization granted by the Veolia Environnement Extraordinary General Meeting of April 22, 2021, the Board of Directors decided on May 4, 2021, at the recommendation of the Compensation Committee, to grant 937,182 performance shares, representing 0.2% of the share capital out of a General Shareholders' Meeting authorization of 0.5%, to approximately 450 beneficiaries, including top executives, high potential employees and key contributors of the Group. In this context, 39,516 performance shares were initially granted to Mr. Antoine Frérot (*i.e.* approximately 0.01% of the share capital, compared with 0.04% authorized by the General Shareholders' Meeting). Note that this grant is equal to and was capped at 100% of his 2021 fixed compensation. These performance shares will vest subject to the following conditions: • **beneficiaries must remain** with the Group until the end of the three-year vesting period *i.e.* until expiry of the plan scheduled for 2024; and • a **performance condition** tied to the attainment of the following internal and external criteria assessed over fiscal years 2021, 2022 and 2023: • **financial criteria in the amount of 50%,** • **non-financial quantifiable criteria in the amount of 50% linked to the Purpose of the Company.**

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3.4.4 COMPONENTS OF COMPENSATION SUBJECT TO SHAREHOLDER VOTE IN ACCORDANCE WITH ARTICLE L. 225-37 AND ARTICLE L. 22-10-34 OF THE FRENCH COMMERCIAL CODE

3.4.4.1 Approval of the corporate governance report and the fixed, variable and exceptional components of total compensation and benefits of all kind paid during 2021 or awarded in respect of the same fiscal year to Mr. Antoine Frérot, as Chairman and Chief Executive Officer ("*Ex post vote*")

(Resolution 9)

Pursuant to the provisions of Articles L. 225-100 and L. 22-10-34 of the French Commercial Code, shareholders are asked in the 9th resolution to approve based on the report on Corporate Governance, firstly, in application of Article L. 22-10-34, I of the French Commercial Code, the information mentioned in Article L. 22-10-9, I of the French Commercial Code which is presented therein and, secondly, in application of Article L. 22-10-34, II of the French Commercial Code, the fixed, variable and exceptional components of total compensation and benefits of all kind paid to Mr. Antoine Frérot in fiscal year 2021 or awarded in respect of the same fiscal year by virtue of his duties as Chairman and Chief Executive Officer. Note that all these components are presented in Chapter 3, Section 3.4 of the 2021 Universal Registration Document and summarized in the table below.

Compensation components	Amount	Comment
2021 fixed compensation	€980,000	In accordance with the recommendations of the Compensation Committee, the Board of Directors' Meeting of March 5, 2019 decided to renew the frequency of review of fixed and variable compensation at every three years with effect from January 1, 2019, in the absence of any major events. In compliance with this three-year policy, Mr. Antoine Frérot's gross annual fixed compensation was increased to €980,000 from January 1, 2019. During its meeting of March 9, 2021, the Board of Directors confirmed that this policy would apply for 2021.
2021 variable compensation	€1,461,224	The Board of Directors' Meeting of April 5, 2022, at the recommendation of the Compensation Committee, set and approved the total amount of Mr. Antoine Frérot's variable compensation (quantifiable and qualitative components) for fiscal year 2021 at €1,461,224. The quantifiable objectives for 2021 were determined in the context of the 2020-2023 strategic plan and notably the implementation of the Company's Purpose and all its performance indicators for stakeholders (multifaceted performance). Following on from 2020 and the integration of the Purpose criteria, the Board of Directors' Meeting of March 9, 2021, at the recommendation of the Compensation Committee, determined the calculation method for variable compensation for fiscal year 2021 as follows: • weight of the auditable quantifiable portion (80%) and weight of the qualitative portion (20%) unchanged; • weight of the auditable quantifiable portion (80%) consisting 50% of financial quantifiable objectives and 30% of non-financial quantifiable objectives unchanged; • target variable compensation (in the event of attainment of the objectives set by the Board of Directors) set at 100% of the annual fixed compensation ("Target bonus base"); • variable compensation capped (in the event objectives are exceeded) at 160% of annual fixed compensation for 2021, or €1,568,000. Using this method and based on the attainment of the criteria determining the calculation of the variable portion, the amount of this variable portion for 2021 fiscal year was determined as follows: *i)* ***with respect to the quantifiable criteria:*** *in line with the outlook and objectives published on February 25, 2021, equal to the total of the components resulting from application of each of these criteria separately:* For the 50% **financial quantifiable portion**: • 15% based on the **Profitability indicator (CNIGS)**: Current Net Income, Group Share; €896 million as of December 31, 2021, representing an attainment rate of 116.1% (objective of €772 million) and a payment rate of 160%; • 10% based on the Investment **Capacity indicator (free cash flow)**(1): before financial acquisitions/divestments and dividends but after financial expenses and taxes; €1,719 million as of December 31, 2021, representing an attainment rate of 155.9% (objective of €1,103 million) and a payment rate of 160%; • 15% based on the **Group Growth indicator (revenue)**(2): Group organic revenue excluding acquisitions and divestitures of more than €100 million but including acquisitions of privatized public services; €28,396 million as of December 31, 2021, representing an attainment rate of 104.8% (objective of €27,085 million) and a payment rate of 158.4%; • 10% based on the **Capital Return indicator (ROCE)**: Group ROCE after tax and including the return on capital employed of joint ventures and companies and after IFRS 16 lease adjustments; 8.2% as of December 31, 2021, representing an attainment rate of 109.3% (objective of 7.5%) and a payment rate of 160%. These financial indicators are defined in Chapter 5, Section 5.5 of the Universal Registration Document. The attainment level for each indicator of the financial and non-financial quantifiable variable compensation portion was determined based on the attainment of the 2021 budget objectives which are consistent with the outlook announced to the market on February 25, 2021. The payment rate follows the payout rules established for each indicator based on the requirements defined in the 2020-2023 strategic plan.

(1) Target free cash-flow used to determine the bonus excludes discretionary investment.
(2) Target revenue used to determine the bonus is calculated at constant exchange rates.

3.4.3.2.3 Performance shares granted to the top ten employee beneficiaries other than corporate officers and shares vesting to them

Performance shares granted to the top ten employee beneficiaries other than corporate officers and performance shares vesting to them	Number of shares granted/vested	Value of shares using the method adopted in the consolidated financial statements*	Plan number
Shares granted during fiscal year 2021 by Veolia Environnement and any company within the scope of the share grant, to the ten employees of Veolia Environnement and any other company included within this scope, having received the greatest number of shares	74,330(1)	1,856,020	Plan no. 4
Shares vested during fiscal year 2021 to the ten employees of Veolia Environnement and the aforementioned companies, to whom the greatest number of shares vested**	44,973	1,122,976	Plan no. 1

* *Valuation of performance shares granted as of May 5, 2020 based on the fair value of the share pursuant to IFRS 2 of €24.97.*
** *Excluding shares vested to employees who have left the Group.*
(1) Before adjustments.

3.4.3.3 Share subscription or purchase options

Overview of share subscription and/or purchase option grants as of December 31, 2021 (AFEP- MEDEF Code Table 8)

None.

With regard to the share subscription or purchase option grant policy for the Company's Chairman and Chief Executive Officer, as of the date of filing of this Universal Registration Document, it is recalled that the Company does not intend to grant any financial instruments of this nature to the Chairman and Chief Executive Officer, nor to seek authorizations from the General Shareholders' Meeting to grant this type of financial instrument.

3.4.3.3.1 Share subscription or purchase options granted to and/or exercised by executive corporate officers in fiscal year 2021

Share subscription or purchase options granted during the fiscal year to executive corporate officers by Veolia Environnement and any other Group company (AFEP-MEDEF Code Table 4)

Executive corporate officer	Plan number and date	Number of options	Value of options	Number of options granted during the fiscal year	Strike price (in euros)	Exercise period
Mr. Antoine Frérot (Chairman and Chief Executive Officer)	None	-	-	-	-	-

Share subscription or purchase options exercised during the fiscal year by executive corporate officers (AFEP-MEDEF Code Table 5)

Executive corporate officer	Plan number and date	Number of options exercised during the fiscal year	Strike price *(in euros)*
Mr. Antoine Frérot (Chairman and Chief Executive Officer)	None	-	-

3.4.3.3.2 Share subscription or purchase options granted to the top ten employee beneficiaries other than corporate officers and options exercised by them

Share subscription or purchase options granted to the top ten employee beneficiaries other than corporate officers and options exercised by them	Total number of options granted/shares subscribed or purchased	Average weighted price**	Plan number
Options granted during fiscal year 2021 by Veolia Environnement and any company within the scope of the option grant, to the ten employees of Veolia Environnement and any other company included within this scope, having received the greatest number of shares	None	-	-
Options held in Veolia Environnement and the companies referred to above exercised during fiscal year 2021 by the ten employees of Veolia Environnement and the aforementioned companies, having exercised the greatest number of options*	None	-	-

* *Excluding options exercised by employees who have left the Group.*
** *Strike price after legal adjustments.*

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exceeding 0.04% of the share capital (assessed at the date of this General Shareholders' Meeting) to Group employees (including members of the Executive Committee) (the "General Exceptional Plan"); and (*ii*) for a number of shares not exceeding 0.005% of the share capital (assessed at the date of this General Shareholders' Meeting) to Mr. Antoine Frérot (the "Executive Exceptional Plan").

In all events, grants performed under the exceptional plans would not exceed a maximum of 13% of the overall cap of 0.35%.

The list of beneficiaries of grants, the number of shares granted to each beneficiary as well as the terms and conditions applicable to grants would be set by the Board of Directors, it being stipulated that, in all events, **a vesting period of at least three (3) years would be required**, with the shares transferable from delivery, subject to legal limits and a specific obligation to retain the shares granted and vested applicable to corporate officers and members of the Company's Executive Committee.

This authorization would be granted for a period of twenty-six months and cancel the authorization granted by the General Shareholders' Meeting of April 22, 2021 in the 22nd resolution for an amount equal to 0.2% of the share capital.

The vesting of the free shares would be subject to the **presence of beneficiaries** in the Group until the end of the three-year vesting period *i.e.* until expiry of the plan scheduled for 2025.

3.4.3.2 Performance shares

Overview of performance share grants as of December 31, 2021 (AFEP-MEDEF Code Table 9)

	Performance shares		
	Plan no. 2	Plan no. 3	Plan no. 4
Meeting date	04/18/2019	04/22/2020	04/22/2021
Date of the Board of Directors' Meeting	04/30/2019	05/05/2020	05/04/2021
Number of shares granted (before adjustment)	1,131,227	1,109,400	937,182
• of which total number of shares granted to the Chairman and Chief Executive Officer, Mr. Antoine Frérot (before adjustment)	47,418	51,993	39,516
Share vesting date	05/01/2022	05/06/2023	05/05/2024
End of lock-up period	05/01/2022	05/06/2023	05/05/2024
Performance condition	see Section 3.4.3.1	see Section 3.4.3.1	see Section 3.4.3.1
Number of shares vested as of 12/31/2021	0	0	0
Total number of shares canceled or expired	271,466	113,719	17,647
Performance shares at the year-end (after adjustment)(1)(2)	890,919	1,031,654	953,387

(1) After adjustment of the economic performance criteria (Current Net Income, Group Share) of the 2018, 2019 and 2020 performance share plans and the corresponding adjustment to the number of performance shares granted.
(2) After adjustment for non-dilution of the 2019, 2020 and 2021 performance share plans following the share capital increase with preferential subscription rights (PSR) of October 8, 2021.

Performance share plan no. 1 was implemented on May 2, 2018 by decision of the Board of Directors. This plan expired on May 3, 2021. At the expiry date, 971,827 shares vested to Group executives and employees under this plan.

3.4.3.2.1 Performance shares granted during fiscal year 2021 to executive corporate officers by Veolia Environnement and any other Group company (AFEP-MEDEF Code Table 6)

Executive corporate officer	Plan number and date	Number of shares granted during the fiscal year	Value of shares using the method adopted in the consolidated financial statements*	Vesting date	Availability date	Performance conditions
Mr. Antoine Frérot (Chairman and Chief Executive Officer)	Plan no. 4 2021	39,516(1)	986,715	05/05/2024	05/05/2024	see Section 3.4.3.1

* *Valuation of performance shares granted as of May 5, 2020 based on the fair value of the share pursuant to IFRS 2 of €24.97.*
(1) Before adjustment.

3.4.3.2.2 Performance shares that became available during the fiscal year to executive corporate officers (AFEP-MEDEF Code Table 7)

Executive corporate officer	Plan number and date	Number of shares that became available during the fiscal year
Mr. Antoine Frérot, Chairman and Chief Executive Officer	Plan no. 1 2018 (May 2nd, 2018)	32,865

- If CNIGS as of December 31, 2024 is less than or equal to €1.35 billion, no performance shares would vest under this indicator,
- if CNIGS is equal to or more than €1.5 billion, 100% of performance shares would vest under this indicator,
- between these two thresholds, the number of shares that vests under this criteria would be determined by linear interpolation (proportional basis);

- a **relative TSR indicator (stock market performance criteria) for 25%** of performance shares granted, measuring the relative performance of the total shareholder return (TSR) of the Veolia Environnement share (including dividends) compared with the Stoxx 600 Utilities (Price) SX6P (European Utilities) index (the "Index"). This performance will be determined as of December 31, 2024 and calculated over the Reference Period as follows:

  If the TSR of the Veolia Environnement share over three years:

  - is less than the Index: no shares would vest under this indicator,
  - increases in the same amount as the Index: 50% of the performance share granted under this indicator would vest,
  - increases by 10% or more compared with the Index: all performance shares granted under this indicator would vest,
  - increases between the Index and 10% higher than the Index: the number of shares that vest under this criterion would be determined by linear interpolation (proportional basis);

For the **50% non-financial quantifiable** criteria (N.B. the 2021 baseline as well as the 2024 target for these indicators are detailed in the Profile Section of the 2021 Universal Registration Document):

- a **Climate** indicator (for **12.5%** of performance shares granted): by the end of 2024, annual contribution to avoided GHG emissions in metric tons of CO_2 equivalent, as follows:
  - if the indicator is less than or equal to 12.150 million metric tons, no performance shares would vest,
  - if the indicator is equal to or more than 14.250 million metric tons, all performance shares granted under this indicator would vest,
  - between these two thresholds, the number of shares that vests under this indicator would be determined by linear interpolation (proportional basis);
- a **Diversity** indicator (for **12.5%** of performance shares granted): percentage of women appointed among executive officers at the end of 2024, as follows:
  - if the indicator is less than or equal to 22%, no performance shares would vest,
  - if the indicator is equal to 24%, 50% of performance shares granted under this indicator would vest,
  - if the indicator is equal to 26%, all performance shares granted under this indicator would vest,
  - between these thresholds, the number of shares that vests under this indicator would be determined by linear interpolation (proportional basis);
- an **Access to essential services** indicator (for **12.5%** of performance shares granted): increase by 2024 in the number of inhabitants benefiting from inclusive services to access or retain access to water or sanitation services under Veolia contracts at constant scope, as follows:
  - if the indicator is less than or equal to 6.7 million inhabitants, no performance shares would vest,
  - if the indicator is equal to 7.3 million inhabitants, all performance shares granted under this indicator would vest,
  - between these two thresholds, the number of shares that vests under this indicator would be determined by linear interpolation (proportional basis);
- a **Circular economy/Plastics** indicator (for **12.5%** of performance shares granted): by the of end of 2024, volume of transformed plastic, in metric tons of products leaving plastic transformation plants, as follows:
  - if the indicator is less than or equal to 545 thousand metric tons, no performance shares would vest,
  - if the indicator is equal to or more than 640 thousand metric tons, all performance shares granted under this indicator would vest,
  - between these two thresholds, the number of shares that vests under this indicator would be determined by linear interpolation (proportional basis).

Exceptional bonus grant of free shares

Exceptionally, to take account of the successful acquisition of the Suez group, shareholders are asked to approve in the 12th resolution, at the recommendation of the Compensation Committee, an exceptional bonus grant of free shares, subject to the approval of the 25th resolution. This exceptional grant would comprise 30,000 shares with a vesting period of three years, subject to the approval of the 12th and 25th resolutions.

The squeeze-out procedure on February 18, 2022 (enabling the Company to acquire 100% of the share capital and voting rights of Suez) and the sale of "new Suez" to the Consortium of investors composed of Meridiam, GIP, CDC and CNP Assurances on January 31, 2022, marked, for the Company, the completion of the merger project launched several months previously, enabling the Group to embark upon its future as the global champion of ecological transformation . They testify to the exceptional performance of certain employees, as well as the Company's executive corporate officer, over a period of several months, that the grants set out in these resolutions aim to reward.

Mr. Antoine Frérot having never received an exceptional bonus in his 13 years of office, the Board of Directors, at the recommendation of the Compensation Committee, decided to present a specific resolution to shareholders for ex ante vote.

The Company would grant free shares, without performance conditions but with a condition of presence (i) for a number of shares not

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- a **Water resource protection** indicator (for **5%** of performance shares): by the end of 2023, improvement in the efficiency of drinking water networks (volume of drinking water consumed/ volume of drinking water produced), as follows:
  - if the indicator is less than or equal to 72.5%, no performance shares will vest,
  - If the indicator is equal to or more than 75%, all performance shares granted under this indicator will vest,
  - between these thresholds, the number of shares that vests under this indicator will be determined by linear interpolation (proportional basis);
- a **Circular economy/Plastics** indicator (for **5%** of performance shares granted): by the end of 2023, increase in the volume of transformed plastic, in metric tons of products leaving plastic transformation plants, as follows:
  - if the indicator is less than or equal to 520 thousand metric tons, no performance shares will vest,
  - if the indicator is equal to or more than 610 thousand metric tons, all performance shares granted under this indicator will vest,
  - between these two thresholds, the number of shares that vests under this indicator will be determined by linear interpolation (proportional basis);
- a **Socio-economic footprint** indicator for Veolia's activities in countries where the Group operates (for 5% of performance shares granted): by the end of 2023, measure of wealth created and the number of jobs supported by Veolia in the world using the Local Footprint methodology, calculated by the company Utopies. Attainment of this indicator is measured as follows:
  - if there is an external annual assessment in each of the three years (2021, 2022, 2023) of the global impacts and impacts by geographic zone in at least 45 countries, all performance shares granted under this indicator will vest,
  - if there is an external annual assessment in two of the three years of the global impacts and impacts by geographic zone in at least 45 countries, 66% of performance shares granted under this indicator will vest,
  - if there is an external annual assessment in one of the three years of the global impacts and impacts by geographic zone in at least 45 countries, 33% of performance shares granted under this indicator will vest,
  - if there are no annual assessments of the global impacts and impacts by geographic zone in at least 45 countries, no performance shares granted under this indicator will vest;
- a **Biodiversity** indicator (for **5%** of performance shares granted): measure of the rate of progress with action plans aimed at improving the impact on the environment and biodiversity at sensitive sites, as follows:
  - if the indicator is less than or equal to 37.5%, no performance shares will vest,
  - if the indicator is equal to or more than 75%, all performance shares granted under this indicator will vest,
  - between these two thresholds, the number of shares that vests in respect of this indicator will be determined by linear interpolation (proportional basis).

Company policy for performance share grants in 2022

The Board of Directors' Meeting of April 5, 2022, at the recommendation of the Compensation Committee, set the Company's general policy with respect to incentive and long-term compensation arrangements for executives and managers of the Group for 2022.

In this context, the Board of Directors decided, for fiscal year 2022, to favor the grant of performance shares (with a three-year vesting period relating to fiscal years 2022, 2023 and 2024).

The Board will therefore seek authorization from the Combined General Meeting of June 15, 2022 (25th resolution), for a period of 26 months, to grant performance shares to a group of around 550 to 600 beneficiaries including Suez employees and comprising top executives, high potential employees and key contributors of the Group, including the Chief Executive Officer. This plan, which is intended to be launched on July 1, 2022 with an expiry date in 2025 following the publication of the 2024 financial statements, would succeed the plan granted in 2021.

This plan would be subject to the following limits:

- a **global limit** of 0.35% of the share capital, assessed at the date of this General Shareholders' Meeting, including a **maximum sub-limit** of 0.02% of the share capital for the grant of performance shares to executive corporate officers.

These performance shares would vest subject to the following conditions:

- **beneficiaries must remain with the Group** until the end of the three-year vesting period *i.e.* until expiry of the plan scheduled for 2025; and
- a **performance condition tied to the attainment of the following internal and external criteria assessed over fiscal years 2022, 2023 and 2024** (the "Reference Period"):
  - **financial criteria in the amount of 50%,**
  - **non-financial quantifiable criteria in the amount of 50% linked to the Company's Purpose.**

All the criteria are calculated for a scope including Suez.

The number of performance shares that vest under this plan will depend on the attainment of:

For **the financial quantifiable portion (50%)**:

- a **Profitability indicator (CNIGS) (economic performance criteria) for 25%** of performance shares granted, assessed on expiry of the plan, based on average annual growth (CAGR) of 10% per year from 2021, in fiscal years 2022, 2023 and 2024 (the "Reference Period"), including Suez and the Synergies:

- if CNIGS as of December 31, 2023 is less than or equal to €818 million, no performance shares will vest under this indicator;
- if CNIGS is equal to or more than €900 million, all performance shares granted under this indicator will vest;
- shares will vest on a proportional basis between these two thresholds.
- a **relative TSR indicator (stock market performance criteria) for 25%** of performance shares granted, measuring the relative performance of the total shareholder return (TSR) of the Veolia Environnement share (including dividends) compared with the Stoxx 600 Utilities (Price) SX6P (European Utilities) index ("the Index"). This performance will be determined as of December 31, 2023 and calculated over the three fiscal years, 2021, 2022 and 2023, corresponding to the reference period (the "Reference Period"). This performance condition will be applied over the reference period as follows.

If the TSR of the Veolia Environnement share over three years:

- increases 10% less than the Index: no shares will vest under this indicator,
- increases in the same amount as the index: 50% of the performance share granted under this indicator will vest,
- increases by 10% or more compared with the Index: all performance shares granted under this criterion will vest,
- increases between the Index and 10% higher than the Index: the number of shares that vest under this criterion will be determined by linear interpolation (proportional basis).

For the **50% non-financial quantifiable** criteria determined in the context of the Impact 2023 strategic plan (N.B. the 2020 baseline and the 2024 target for these indicators are presented on pages 6 to 8 of the 2020 Universal Registration Document):

- a **Climate** indicator (for **5%** of performance shares granted): by the end of 2023, annual contribution to avoided GHG emissions in metric tons of CO_2 equivalent, as follows:
  - if the indicator is less than or equal to 13 million metric tons, no performance shares will vest,
  - if the indicator is equal to or more than 15 million metric tons, all performance shares granted under this indicator will vest,
  - between these two thresholds, the number of shares that vests under this indicator will be determined by linear interpolation (proportional basis);
- a **Customer satisfaction** indicator (for **5%** of performance shares granted): measurement of customer satisfaction using the Net Promoter Score (NPS) methodology, as follows:
  - if more than 50% of revenue is covered by the NPS approach on a scope covering at least 75% of Group consolidated revenue, based on the following attainment scores:
    - if the overall NPS score is less than 20, no performance shares will vest,
    - if the NPS global score is equal to or more than 30, all performance shares granted under this indicator will vest,
    - between these two thresholds, the number of shares that vests under this indicator will be determined by linear interpolation (proportional basis);
  - if less than 50% of revenue of the relevant scope is covered, no performance shares will vest in respect of this indicator;
- a **Diversity** indicator (for **10%** of performance shares granted): percentage of women appointed among executive officers during the period 2021-2023, as follows:
  - if the indicator is less than or equal to 35%, no performance shares will vest,
  - if the indicator is equal to 42%, 50% of performance shares granted under this indicator will vest,
  - if the indicator is equal to or more than 50%, all performance shares granted under this indicator will vest,
  - between these thresholds, the number of shares that vests under this indicator will be determined by linear interpolation (proportional basis);
- an **Access to essential services** indicator (for **5%** of performance shares granted): increase in the number of inhabitants benefiting from inclusive systems to access or retain access to water and sanitation services under Veolia contracts at constant scope, as follows:
  - if the indicator is less than or equal to the 2019 updated baseline (5.7 million inhabitants), no performance shares will vest,
  - if the indicator increases 12% compared to the baseline, all performance shares granted under this indicator will vest,
  - between these two thresholds, the number of shares that vests under this indicator will be determined by linear interpolation (proportional basis);
- an **Innovation** indicator (for **5%** of performance shares granted): by the end of 2023, inclusion by the Group in 10 contracts of at least 12 different innovations based on a predefined list presented in Section 3.4.4.2 of the 2020 Universal Registration Document, as follows:
  - if the indicator is less than 6, no performance shares will vest,
  - if the indicator is equal to or more than 12, all performance shares granted under this indicator will vest,
  - between these two thresholds, the number of shares that vests under this indicator will be determined by linear interpolation (proportional basis);

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- if there is an external annual publication in each of the three years (2020, 2021, 2022) on the global impacts and impacts by geographic zone in at least 45 countries, all performance shares granted under this indicator will vest,
- if there is an external annual publication in two of the three years on the global impacts and impacts by geographic zone in at least 45 countries, 66% of performance shares granted under this indicator will vest,
- if there is an external annual publication in one of the three years on the global impacts and impacts by geographic zone in at least 45 countries, 33% of performance shares granted under this indicator will vest,
- if there are no annual publications of the global impacts and impacts by geographic zone in at least 45 countries, no performance shares granted under this indicator will vest;

- a **Biodiversity** indicator (for **5%** of performance shares granted): measure of the rate of progress with action plans aimed at improving the impact on the environment and biodiversity at sensitive sites, as follows:
  - if the indicator is less than or equal to 30%, no performance shares will vest,
  - if the indicator is equal to or more than 60%, all performance shares granted under this indicator will vest,
  - between these two thresholds, the number of shares that vests in respect of this indicator will be determined by linear interpolation (proportional basis).

To take account of the exceptional context of the Covid-19 epidemic, the Board of Directors' Meeting of March 9, 2021 decided to modify the financial objective related to this economic performance criteria and reduce by one-third the initial number of performance shares granted for this criteria to reflect the neutralization of fiscal year 2020. After adjustment, the number of performance shares initially granted was therefore reduced to 1,016,987, including 47,662 shares granted to the Chairman and Chief Executive Officer. The economic performance criteria is adjusted as follows and is now based on the average annual growth (CAGR – Compound Annual Growth rate) *in CNIGS in fiscal years 2021 and 2022 (neutralization of fiscal year 2020)* or the "Revised reference period" compared with 2019 CNIGS (Instead of 2020 CNIGS):

- if the average growth in CNIGS over the Revised reference period is equal to or more than 7% per year, *i.e.* 2022 CNIGS of €845 million, 100% of performance shares will vest;
- if the average growth in CNIGS over the Revised reference period is 10% below this objective (*i.e.* 2022 CNIGS of €768 million), no performance shares will vest;
- shares will vest on a proportional basis between these two thresholds.

The other stock market and CSR performance criteria remain unchanged, as does the plan expiry date (May 5, 2023).

This adjustment was approved by the General Shareholders' Meeting of April 22, 2021 (11th resolution)

Company policy for performance share grants in 2021 (Plan no. 4)

The Board of Directors' Meeting of March 9, 2021, at the recommendation of the Compensation Committee, set the Company's general policy with respect to incentive and long-term compensation arrangements for top executives and managers of the Group for 2021.

In this context, the Board of Directors decided, for fiscal year 2021, to favor the grant of performance shares (with a three-year vesting period relating to fiscal years 2021, 2022 and 2023).

In accordance with the Group's compensation policy and the authorization granted by the Veolia Environnement General Shareholders' Meeting of April 22, 2021, the Board of Directors decided on May 4, 2021, at the recommendation of the Compensation Committee, to grant:

- 937,182 performance shares, *i.e.* 0.20% of the share capital at this date, to approximately 450 beneficiaries including top executives, high-potential employees and key contributors of the Group.

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

In addition, 897,666 performance shares (*i.e.* 0.15% of the share capital), with a fair value under IFRS 2 of €22,414,720 were granted to other employee beneficiaries as follows:

- key positions (219 beneficiaries including the Executive Committee and the Management Committee): 570,666 performance shares (*i.e.* 0.10% of the share capital);
- high potential employees (104 beneficiaries): 154,000 performance shares (*i.e.* 0.03% of the share capital);
- key contributors (102 beneficiaries): 173,000 performance shares (*i.e.* 0.03% of the share capital);

The vesting of performance shares would be subject to the following conditions:

- **beneficiaries must remain with the Group** until the end of the three-year vesting period *i.e.* until expiry of the plan scheduled for 2024; and
- a **performance condition tied to the attainment of the following internal and external criteria**:
  - **financial criteria in the amount of 50%,**
  - **non-financial quantifiable criteria in the amount of 50% linked to the Company's Purpose.**

The number of performance shares that vest under the plan will depend on the attainment of:

For the 50% financial quantifiable portion:

- a **Profitability indicator (Current Net Income, Group Share or CNIGS) (economic performance criteria) for 25%** of performance shares granted, assessed on expiry of the plan, based on target average growth in Current Net Income, Group Share (CAGR: Compound Annual Growth Rate) *of 7% per year from 2019, over the reference* period comprising fiscal years 2021, 2022 and 2023;

For the **50% non-financial quantifiable criteria**: (N.B. the 2019 baseline and the 2023 target for these indicators are presented on pages 6 to 8 above of the 2020 Universal Registration Document):

- a **Climate** indicator (for **5%** of performance shares granted): by the end of 2022, annual contribution to avoided GHG emissions in metric tons of CO_2 equivalent, as follows:
  - if the indicator is less than or equal to 12 million metric tons, no performance shares will vest,
  - if the indicator is equal to or more than 14 million metric tons, all performance shares granted under this indicator will vest,
  - between these two thresholds, the number of shares that vests under this indicator will be determined by linear interpolation (proportional basis);
- a **Customer satisfaction** indicator (for **5%** of performance shares granted): by the end of 2022, measurement of customer satisfaction using the Net Promoter Score (NPS) methodology, as follows:
  - if more than 50% of revenue is covered by the NPS approach in the 10 largest Business Units ("BU"), based on the following attainment scores:
    - if the overall NPS score is less than 20, no performance shares will vest,
    - if the NPS global score is equal to or more than 30, all performance shares granted under this indicator will vest,
    - between these two thresholds, the number of shares that vests under this indicator will be determined by linear interpolation (proportional basis);
  - if less than 50% of revenue is covered in the 10 largest Business Units, no performance shares will vest in respect of this indicator;
- a **Diversity** indicator (for **10%** of performance shares granted): percentage of women appointed among executive officers during the period 2020-2022, as follows:
  - if the indicator is less than or equal to 35%, no performance shares will vest,
  - if the indicator is equal to 42%, 50% of performance shares granted under this indicator will vest,
  - if the indicator is equal to or more than 50%, all performance shares granted under this indicator will vest,
  - between these thresholds, the number of shares that vests under this indicator will be determined by linear interpolation (proportional basis);
- an **Access to essential services** indicator (for **5%** of performance shares granted): by the end of 2022, increase in the number of inhabitants benefiting from inclusive systems to access or retain access to water and sanitation services under Veolia contracts at constant scope, as follows:
  - if the indicator is less than or equal to the 2019 baseline (4.17 million inhabitants), no performance shares will vest,
  - if the indicator increases 10% compared to the 2019 baseline, all performance shares granted under this indicator will vest,
  - between these two thresholds, the number of shares that vests under this indicator will be determined by linear interpolation (proportional basis);
- an **Innovation** indicator (for **5%** of performance shares granted): by the end of 2022, inclusion by the Group in 10 contracts of at least 10 different innovations based on a predefined list presented in Section 7.4.4.2 of the 2019 Universal Registration Document, as follows:
  - if the indicator is less than 5, no performance shares will vest,
  - if the indicator is equal to or more than 10, all performance shares granted under this indicator will vest,
  - between these two thresholds, the number of shares that vests under this indicator will be determined by linear interpolation (proportional basis);
- a **Water resource protection** indicator (for **5%** of performance shares): by the end of 2022, improvement in the efficiency of drinking water networks (volume of drinking water consumed/ volume of drinking water produced), as follows:
  - if the indicator is less than or equal to 72.5%, no performance shares will vest,
  - if the indicator is equal to or more than 74%, all performance shares granted under this indicator will vest,
  - between these thresholds, the number of shares that vests under this indicator will be determined by linear interpolation (proportional basis);
- a **Circular economy/Plastics** indicator (for **5%** of performance shares granted): by the end of 2022, increase in the volume of transformed plastic, in metric tons of products leaving plastic transformation plants, as follows:
  - if the indicator is less than or equal to 450 thousand metric tons, no performance shares will vest,
  - if the indicator is equal to or more than 530 thousand metric tons, all performance shares granted under this indicator will vest,
  - between these two thresholds, the number of shares that vests under this indicator will be determined by linear interpolation (proportional basis);
- a **Socio-economic footprint** indicator for Veolia's activities in countries where the Group operates (for **5%** of performance shares granted): by the end of 2022, measure of wealth created and the number of jobs supported by Veolia in the world using the Local Footprint methodology, calculated by the company Utopies. Attainment of this indicator is measured as follows:

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To take account of the exceptional context of the Covid-19 epidemic, the Board of Directors' Meeting of March 9, 2021 decided to modify the financial objective related to this economic performance criteria and reduce by one-third the initial number of performance shares granted for this criteria to reflect the neutralization of fiscal year 2020. After adjustment, the number of performance shares initially granted was therefore reduced to 942,764, including 39,518 shares granted to the Chairman and Chief Executive Officer. This economic performance criteria is adjusted as follows and is based on the average annual growth (CAGR – Compound Annual Growth rate) in CNIGS in fiscal years 2019 and 2021 (neutralization of fiscal year 2020) or the "Revised reference period" compared with 2018 CNIGS:

- if the average growth in CNIGS over the Revised reference period is equal to or more than 10% per year, *i.e.* 2021 CNIGS of €792.1 million, 100% of performance shares will vest;
- if the average growth in CNIGS over the Revised reference period is less than 5% per year, (*i.e.* 2021 CNIGS of €721.7 million), no performance shares will vest;
- between 5% and 10%, shares will vest on a proportional basis.

The other stock market and CSR performance criteria remain unchanged, as does the plan expiry date (May 1, 2022).

This adjustment was approved by the General Shareholders' Meeting of April 22, 2021 (10th resolution)

Company policy for performance share grants in 2020 (Plan no. 3)

The Board of Directors' Meeting of March 10, 2020, at the recommendation of the Compensation Committee, set the Company's general policy with respect to incentive and long-term compensation arrangements for executives and managers of the Group for 2020.

In this context, the Board of Directors decided, for fiscal year 2020, to favor the grant of performance shares (with a three-year vesting period relating to fiscal years 2020, 2021 and 2022).

In accordance with the Group's compensation policy and the authorization granted by the Veolia Environnement General Shareholders' Meeting of April 22, 2020, the Board of Directors decided on May 5, 2020, at the recommendation of the Compensation Committee, to grant:

- 1,109,400 performance shares, *i.e.* 0.20% of the share capital at this date, to approximately 450 beneficiaries including top executives, high-potential employees and key contributors of the Group.

In this context, 51,993 performance shares were granted to Mr. Antoine Frérot (*i.e.* approximately 0.01% of the share capital compared with 0.04% authorized by the General Shareholders' Meeting).

In addition, 1,057,407 performance shares (*i.e.* 0.19% of the share capital), with a fair value under IFRS 2 of €14,370,161 were granted to other employee beneficiaries as follows:

- key positions (220 beneficiaries including the Executive Committee and the Management Committee): 748,407 performance shares (*i.e.* 0.13% of the share capital);
- high potential employees (98 beneficiaries): 164,000 performance shares (*i.e.* 0.03% of the share capital);
- key contributors (98 beneficiaries): 145,000 performance shares (*i.e.* 0.03% of the share capital).

The vesting of performance shares would be subject to the following conditions:

- **beneficiaries must remain with the Group** until the end of the three-year vesting period *i.e.* until expiry of the plan scheduled for 2023; and
- a **performance condition tied to the attainment of the following internal and external criteria**:
  - **financial criteria in the amount of 50%,**
  - **non-financial quantifiable criteria in the amount of 50%.**

The number of performance shares that vest under the plan will depend on the attainment of:

For the 50% **financial** quantifiable portion:

- a **Profitability indicator (Current Net Income, Group Share or CNIGS) (economic performance criteria) for 25%** of performance shares granted, assessed on expiry of the plan, based on target average growth in Current Net Income, Group Share (CAGR: Compound Annual Growth Rate) of 7% per year from 2019, over the reference period comprising fiscal years 2020, 2021 and 2022;
- if CNIGS as of December 31, 2022 is less than or equal to €847 million, no performance shares will vest under this indicator;
- if CNIGS is equal to or more than €931 million, all performance shares granted under this indicator will vest;
- Shares will vest on a proportional basis between these two thresholds;
- a **relative TSR indicator (stock market performance criteria) for 25%** of performance shares granted, measuring the relative performance of the total shareholder return (TSR) of the Veolia Environnement share (including dividends) compared with the Stoxx 600 Utilities (Price) SX6P (European Utilities) index ("the Index"). This performance will be determined as of December 31, 2022 and calculated over the three fiscal years, 2020, 2021 and 2022, corresponding to the reference period (the "Reference Period"). This performance condition will be applied over the reference period as follows.

  If the TSR of the Veolia Environnement share over three years:

  - increases 10% less than the Index: no shares will vest under this indicator,
  - increases in the same amount as the Index: 50% of the performance share granted under this indicator will vest,
  - increases by 10% or more compared with the Index: all performance shares granted under this criterion will vest,
  - increases between the Index and 10% higher than the Index: the number of shares that vest under this criterion will be determined by linear interpolation (proportional basis).

Company policy for performance share grants in 2019 (Plan no. 2)

The Board of Directors' Meeting of March 5, 2019, at the recommendation of the Compensation Committee, set the Company's general policy with respect to incentive and long-term compensation arrangements for executives and managers of the Group for 2019.

In this context, the Board of Directors decided, for fiscal year 2019, to favor the grant of performance shares (with a three-year vesting period relating to fiscal years 2019, 2020 and 2021).

In accordance with the Group's compensation policy and the authorization granted by the Veolia Environnement General Shareholders' Meeting of April 18, 2019, the Board of Directors decided on April 30, 2019, at the recommendation of the Compensation Committee, to grant:

- 1,131,227 performance shares, *i.e.* 0.20% of the share capital at this date, to approximately 450 beneficiaries including top executives, high-potential employees and key contributors of the Group.

In this context, 47,418 performance shares were initially granted to Mr. Antoine Frérot (*i.e.* approximately 0.01% of the share capital compared with 0.04% authorized by the General Shareholders' Meeting).

In addition, 1,083,809 performance shares (*i.e.* 0.19% of the share capital), with a fair value under IFRS 2 of €18,576,486 were granted to other employee beneficiaries as follows:

- key positions (227 beneficiaries including the Executive Committee and the Management Committee): 748,809 performance shares (*i.e.* 0.13% of the share capital);
- high potential employees (102 beneficiaries): 178,000 performance shares (*i.e.* 0.03% of the share capital);
- key contributors (99 beneficiaries): 157,000 performance shares (*i.e.* 0.03% of the share capital);

These performance shares will vest subject to the following conditions:

- **beneficiaries must remain with the Group** until the end of the three-year vesting period *i.e.* until expiry of the plan on May 1, 2022; and
- a **performance condition tied to the attainment of the following internal and external criteria**:
  - an economic criterion,
  - a stock market criterion,
  - CSR (Corporate Social Responsibility) criteria.

The number of performance shares that vest under the plan will depend on the attainment of:

- **an internal economic criteria for 50%** of performance shares granted, assessed on expiry of the plan, based on target average growth in Current Net Income, Group Share (CNIGS) per share (CAGR: Compound Annual Growth Rate) of 10% per year from 2018, over the reference period comprising fiscal years 2019, 2020 and 2021. No performance shares will vest in respect of this criteria if the average annual growth rate is less than 5%. Shares will vest on a proportional basis between 5% and 10%;
- **an external stock market performance criteria for 25%** of performance shares granted, measuring the relative performance of the total shareholder return (TSR) of the Veolia Environnement share (including dividends) compared with the CAC 40 index ("the Index"). This performance will be determined as of December 31, 2021, the fiscal year preceding the vesting date and calculated over the three fiscal years, 2019, 2020 and 2021, corresponding to the reference period (the "Reference Period") preceding the vesting of the shares.

  This performance condition will apply to the Reference Period as follows: if the TSR of the Veolia Environnement share over three years:
  - increases less than the Index: no shares will vest,
  - increases in the same amount as the index: 50% of the performance share grant will vest,
  - increases 10% or more compared to the index: all performance shares will vest,
  - between the rate of increase in the Index and an increase in the TSR of the Veolia Environnement share of 10% higher than the Index: the number of shares that vest will be determined by linear interpolation (proportional basis);
- **external and internal CSR (Corporate Social Responsibility) performance criteria for 25%** of performance shares granted, assessed on maturity of the plan as follows:

  (i) 12.5% of performance shares granted if Veolia is in the Top 10% best performing Utilities sector companies in the FTSE4GOOD non-financial index during the three reference fiscal years (2019, 2020 and 2021), as follows:
  - if Veolia is in the Top 10% Utilities sector companies during the three reference fiscal years: all performance shares granted will vest,
  - if Veolia is in the Top 10% Utilities sector companies during two reference fiscal years: 66% of the performance share grant will vest,
  - if Veolia is in the Top 10% Utilities sector companies during one reference fiscal year: 33% of the performance share grant will vest,
  - if Veolia is not in the Top 10% Utilities sector companies during the three reference fiscal years: no performance shares will vest,

  (ii) 12.5% of performance shares granted based on the attainment of the circular economy revenue growth objective over the three reference fiscal years (2019, 2020 and 2021), as published in the Company's annual financial statements (basis: fiscal year 2018), as follows:
  - if the average growth in circular economy revenue exceeds the average growth in Group revenue by 2.5% or more: all performance shares will vest,
  - if the average growth in circular economy revenue is less than or equal to the average growth in Group revenue: no shares will vest,
  - between these two thresholds, the number of shares that vests will be determined by linear interpolation (proportional basis).

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	Recap of the economic performance criteria and the proposed adjustments	Weighting of the economic criteria before neutralization of fiscal year 2020	Percentage decrease in the total grant after neutralization of fiscal year 2020
2020 Plan (Plan no. 3) Board of Directors' decision of May 5, 2020 Around 450 beneficiaries 1,109,400 shares granted, including 51,993 shares granted to the Chairman and Chief Executive Officer After adjustment, reduction in the number of shares initially granted to 1,016,987, including 47,662 shares granted to the Chairman and Chief Executive Officer	**Initial internal economic performance criteria** Average annual growth in Current Net Income, Group Share (CNIGS) of 7% in fiscal years 2020, 2021 and 2022: • *if CNIGS as of December 31, 2022 is less than or equal to* €768 million (€847 million before neutralization of fiscal year 2020), no performance shares will vest under this indicator; • *If CNIGS as of December 31, 2022 is equal to or more than* €845 million (€931 million before neutralization of fiscal year 2020), all performance shares granted under this indicator will vest. *Shares will vest on a proportional basis between these two thresholds.* **2019 baseline:** €738.4 million. Adjustments: neutralization of fiscal year 2020 and one-third reduction in the number of share rights for this criteria. Adjustment of this economic performance criteria as follows: Annual average annual growth in CNIGS in fiscal years 2021 and 2022 (neutralization of 2020): • average growth > 7% per year: *i.e.* 2022 CNIGS of €845 million: 100% of performance shares will vest; • average growth < 10% of this objective: no performance shares will vest if 2022 CNIGS is below €768 million. Shares will vest on a proportional basis between these two thresholds. Baseline: 2019 CNIGS (instead of 2020). **The other stock market and CSR performance conditions remain unchanged.**	25%	8.33%

Adjustment to the 2019, 2020 and 2021 performance share plans following the share capital increase with preferential subscription rights (PSR) of October 8, 2021

On October 8, 2021, the Chairman and Chief Executive Officer, pursuant to the delegation of authority granted by the Board of Directors on September 14, 2021 and after consulting the Compensation Committee, adjusted the rights under the 2019, 2020 and 2021 performance share plans following the share capital increase performed the same date, in order to preserve the rights of beneficiaries.

Accordingly, the number of share rights vesting under the 2019, 2020 and 2021 performance share plans was adjusted on the following basis:

- share value before detachment of PSR: €29.25;
- share value after detachment of PSR: €28.23;
- adjustment ratio: 29.25/28.23 = 1.036.

For example, 1,000 performance share rights are now, after adjustment, 1,036 performance share rights, with the number of share rights rounded down to the nearest whole number.

Company policy with regard to the percentage of compensation corresponding to performance shares granted to the Chairman and Chief Executive Officer

In accordance with the provisions of the AFEP-MEDEF Code, the Board of Directors, when implementing performance share plans, sets the percentage of compensation corresponding to performance shares that would be granted, in particular to the Chairman and Chief Executive Officer. This policy is unchanged since the implementation of the 2018, 2019, 2020 and 2021 plans. It is intended to be applied unchanged to the proposed 2022 performance share plan. Under the terms of this policy and **at the recommendation of the Compensation Committee, the Board of Directors decided that the performance shares granted to the Chairman and Chief Executive Officer will be capped at a stock market value equal to 100% of his fixed compensation on grant.**

Company policy with regard to holding obligations applicable to performance shares granted and vested

From the implementation of the 2018, 2019, 2020 and 2021 performance share plans, the Board of Directors, at the recommendation of the Compensation Committee, decided to apply a policy requiring the **Chairman and Chief Executive Officer and members of the Company's Executive Committee** to hold performance shares granted and vested. This policy is constant and intended to be applied unchanged to the proposed 2022 performance share plan (subject to the approval by the General Shareholders' Meeting of June 15, 2022 of the 25th resolution). It is recalled that the shareholding obligations applicable to the performance share plans are as follows:

- for the **Chairman and Chief Executive Officer**, obligation to hold, until the end of his duties, 40% of total performance shares granted under this plan, net of applicable taxes and social security contributions, until an overall shareholding corresponding to 200% of his gross fixed compensation is ultimately reached;
- for **members of the Company's Executive Committee**, obligation to hold, until the end of their duties on the Executive Committee, 25% of total performance shares granted under this plan, net of applicable taxes and social security contributions, until an overall shareholding corresponding to 100% of their gross fixed annual compensation is ultimately reached.

3.4.3 LONG-TERM INCENTIVE PLANS

3.4.3.1 Company policy for share subscription or purchase options, free shares and performance shares

The General Shareholders' Meeting of April 22, 2021 approved the adjustment to the economic performance criteria (Current Net Income, Group Share) under the 2018, 2019 and 2020 performance share plans and the corresponding reduction in the number of performance shares granted to the Chairman and Chief Executive Officer as a beneficiary, the other performance criteria for these plans remaining unchanged.

The Board of Directors, at the recommendation of the Compensation Committee, decided to adjust the financial objective of the internal economic performance criteria (Current Net Income, Group Share or CNIGS) in the 2018, 2019 and 2020 performance share plans, and submit, in accordance with good governance practices, this change in financial objective to the General Shareholders' Meeting of April 22, 2021 for approval with regards to the Chairman and Chief Executive Officer as a beneficiary. It is recalled that a communication was issued on the adjustment to the financial objective in the 2018 plan on April 1, 2020. Other than the change to the financial objectives in these plans, the other performance criteria in the 2019 and 2020 plans are unchanged.

In the exceptional context tied to the Covid-19 epidemic, the results for fiscal year 2020 were not representative of the Group's overall performance during the reference period of the plans and would have a disproportionate impact leading to the loss of all rights relating to this criteria for all beneficiaries who are in high demand to help the Company exit the health crisis and bounce back.

Accordingly, at the recommendation of the Compensation Committee, the Board of Directors' Meeting of March 9, 2021 decided to propose the neutralization of fiscal year 2020 in calculating the attainment of this sole Company economic performance indicator and a reduction in the same proportion for this criteria, *i.e.* one-third, of the number of rights to shares currently vesting under the 2018, 2019 and 2020 performance share plans. This adjustment sought to align the interests of shareholders with those of plan beneficiaries who are strongly committed to the Company's performance recovery after the health crisis. The Board of Directors considered its decision to adjust these plans, made at the recommendation of the Compensation Committee, was balanced in consideration for the ambitious financial objectives and results aimed at regaining or exceeding the Company's 2019 pre-crisis performance level.

In addition, and for the performance share plan proposed in 2021, the economic performance criteria was based on CNIGS as of December 31, 2019 in order to avoid any windfall gain when calculating the increase in this financial indicator.

Summary of adjustments to the financial objective of the economic performance criteria in the 2019 and 2020 plans:

	Recap of the economic performance criteria and the proposed adjustments	Weighting of the economic criteria before neutralization of fiscal year 2020	Percentage decrease in the total grant after neutralization of fiscal year 2020
2019 Plan (Plan no. 2) Board of Directors' decision of April 30, 2019 Around 450 beneficiaries 1,131,227 shares granted, including 47,418 shares granted to the Chairman and Chief Executive Officer After adjustment, reduction in the number of shares initially granted to 942,764, including 39,518 shares granted to the Chairman and Chief Executive Officer	**Initial internal economic performance criteria** Average annual growth in CNIGS per share for fiscal years 2019, 2020 and 2021: • average growth > 10% per year: 100% of performance shares will vest; • average growth < 5% per year: no performance shares will vest. Between 5% and 10% shares will vest on a proportional basis. 2018 baseline: €654.6 million. Due to the significant fall in 2020 CNIGS per share compared with 2019 (-46%), the average growth in CNIGS over the initial reference period of the plan would be below 5% and no shares would therefore vest in respect of this criteria. **Adjustments:** neutralization of fiscal year 2020 and one-third reduction in the number of share rights for this criteria. Adjustment of this economic performance criteria as follows: Annual average annual growth in CNIGS in fiscal years 2019 and 2021 (neutralization of 2020): • average growth > 10% per year: *i.e.* 2021 CNIGS of €792.1 million: 100% of performance shares will vest; • average growth < 5% per year: no performance shares will vest if 2021 CNIGS is below €721.7 million. Between 5% and 10% shares will vest on a proportional basis. Baseline: 2018 CNIGS. **The other stock market and CSR performance conditions remain unchanged.**	50%	16.66%

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- the maximum amount would be **limited to twice the yearly gross compensation of the last fiscal year** (excluding compensation for his duties as a director and benefits in kind) including the fixed portion of his compensation during the last year ("Fixed Portion") and the average of the variable portions ("Variable Portion") paid or payable for the last three fiscal years prior to termination of his position as Chief Executive Officer ("Reference Compensation");
- the calculation of this amount and of the fixed and variable portions of this compensation would both depend on the attainment of performance conditions. This severance payment would be **equal to twice the sum of** (1) the Variable Component of his Reference Compensation (average over the previous three fiscal years) and (2) the Fixed Component of his Reference Compensation (last fiscal year) **corrected by a "Performance Rate" corresponding to the average percentage attainment of the target variable compensation bonus** (also called "base bonus target" or 100% attainment of annual objectives) **for the last three fiscal years ended before the termination of his duties.**

The renewal of this compensation in the event of termination of Mr. Antoine Frérot's term of office was ratified by the Company's Combined General Meeting of April 19, 2018.

It is recalled that severance payments will not be payable on the change in the Chairman and Chief Executive Officer's office from July 1, 2022.

Severance payments in the event of termination of the office of Chief Executive Officer from July 1, 2022

In accordance with the AFEP-MEDEF Code recommendation, Mrs. Estelle Brachlianoff will resign her employment contract on her appointment as Chief Executive Officer on July 1, 2022.

The Board of Directors' Meeting of April 5, 2022, recording the termination of Mrs. Estelle Brachlianoff's employment contract and, accordingly, the loss of legal provisions and rights under the collective bargaining agreement applicable in the event of dismissal and at the recommendation of the Compensation Committee, decided to grant a severance payment to Mrs. Estelle Brachlianoff in the event of forced departure from the office of Chief Executive Officer (notably in the event of resignation following a change in control or strategy of the Company or a dismissal not resulting from serious or severe misconduct).

In accordance with the AFEP-MEDEF Code, the maximum amount of this severance payment is capped at twice the total gross annual compensation, including the sum of the fixed portion of her compensation for the previous fiscal year ("Fixed Portion") and the average of the variable portions ("Variable Portion") paid or payable in respect of the last three fiscal years ending before the termination of her duties as Chief Executive Officer ("Reference Compensation").

The amount of this severance payment is based on the attainment of performance conditions, *via* the application of a performance rate corresponding to the objective attainment rate for the last two variable compensation portions paid (with a weighting of 60% for the objective attainment rate for the last variable portion paid and 40% for the objective attainment rate for the previous variable portion paid), it being stipulated that no payment will be made if the performance rate is below 75%.

Compensation under a non-compete clause for the Chief Executive Officer from July 1, 2022

The Board of Directors' Meeting of April 5, 2022, in consideration for Mrs. Estelle Brachlianoff undertaking, during a period of two years from the end of her duties as Chief Executive Officer, not to exercise, directly or indirectly, a competing activity to that of the Company and Veolia group companies, decided to grant her compensation equal to one year's compensation (fixed and variable components, the variable portion to be taken into account in calculating this compensation being the average annual variable compensation paid for the last two years), paid in 24 equal and successive monthly installments.

In accordance with the AFEP-MEDEF Code, the total of severance payments plus non-compete compensation cannot exceed two year's compensation (fixed and variable, with variable compensation for the purpose of calculating these payments equal to the average annual variable compensation paid for the last two years). Accordingly, in the event the Board should decide to implement the non-compete clause, severance payments would be capped at one year's compensation.

The Board of Directors may, on the departure of the Chief Executive Officer, waive application of this clause, in which case no compensation would be due.

Pension plan applicable to the Chairman of the Board of Directors from July 1, 2022

Mr. Antoine Frérot benefits from the supplementary defined contribution group pension plan applicable since July 1, 2014, presented above.

He is eligible for the defined benefit pension plan with a theoretical annuity of nil, presented above.

Pension plan applicable to the Chief Executive Officer from July 1, 2022

Defined contribution pension plan

Mrs. Estelle Brachlianoff benefits from the supplementary defined contribution group pension plan applicable since July 1, 2014, described above.

Based on the estimated capital at the end of 2021, Mrs. Estelle Brachlianoff's defined contribution annual annuity payable when she reaches 62 years old and calculated without payment of survivor benefits, is estimated at approximately €19,000 per year.

Defined benefit pension plan

Mrs. Estelle Brachlianoff is also eligible under the defined benefit pension plan described above, with a theoretical annuity of nil.

Provided that she is still present in the Company at the time of retirement in accordance with legal requirements, the theoretical annual amount of the lifetime annuity paid by the defined benefit pension plan to the Chief Executive Officer, could represent 2% of her annual reference compensation. This reference compensation is capped at eight times the annual social security ceiling.

At the end of 2021, the defined benefit plan annuity payable to Mrs. Estelle Brachlianoff, calculated without payment of survivor benefits, is estimated at approximately €5,000.

This theoretical annual lifetime annuity would be reduced by the annuities paid by the Group defined contribution pension plan to which the Chief Executive Officer is entitled by virtue of her affiliation with the Group, calculated without payment of survivor benefits.

Accordingly, in our example, given the estimated amount of the defined contribution annual annuity calculated without payment of survivor benefits of €19,000, at the age of 62 years old, the estimated amount of Mrs. Estelle Brachlianoff's defined benefit annual annuity would be nil.

Defined contribution pension plan governed by the provisions of Article 82 of the French General Tax Code

When defining the Chief Executive Officer's compensation components and based on the study conducted by the firm Boracay, the Compensation Committee wished to improve the competitiveness of the supplementary pension plan proposed to the executive corporate officer. Accordingly, the Board of Directors' Meeting of April 5, 2022, at the recommendation of the Compensation Committee, decided to implement a defined contribution pension plan governed by the provisions of Article 82 of the French General Tax Code for Mrs. Estelle Brachlianoff. In this context, the Company will pay an annual amount equal to 15% of the fixed compensation and the annual variable compensation paid to the Chief Executive Officer, it being stipulated that this amount will be paid in cash in half to the insurance company managing the pension plan and in half to the Chief Executive Officer given the tax rules applicable to payments to this type of plan. This annual payment will be linked to the performance of the Company in so far as the payment base includes the variable compensation linked to the Group's results.

3.4.2.2 Other benefits

Mr. Antoine Frérot is also entitled to a company car and welfare benefits equivalent to those of employees (healthcare and insurance).

Mrs. Estelle Brachlianoff is also entitled to a company car and welfare benefits equivalent to those of employees (healthcare and insurance).

3.4.2.3 Severance payments in the event of termination of the office of executive corporate officers

Severance payments in the event of termination of the office of Chairman and Chief Executive Officer until June 30, 2022, inclusive

It is noted that, in accordance with the AFEP-MEDEF Code, the Board of Directors of the Company, at its meeting of December 17, 2009, recorded the termination, as of January 1, 2010, of Mr. Antoine Frérot's employment contract, which had been suspended on November 27, 2009 when he was appointed Chief Executive Officer of Veolia Environnement. The termination of Mr. Antoine Frérot's employment contract caused him to lose the right under the collective bargaining agreement to receive severance compensation related to his years of service within the Group (over 20 years as of that date). The Board of Directors, following a proposal from the Nominations and Compensation Committee, and further to the approval of shareholders at the General Shareholders' Meeting of May 7, 2010, decided to award Mr. Antoine Frérot compensation in the event of the termination of his term of office as Chief Executive Officer, in accordance with the provisions of the "TEPA" Act (Article L. 225-42-1 of the French Commercial Code; law relating to employment, labor and purchasing power).

On the renewal of Mr. Antoine Frérot's term of office in 2014, the Board of Directors' Meeting of March 11, 2014 decided, at the recommendation of the Compensation Committee, to authorize the renewal of this termination compensation under conditions similar to those previously granted and in accordance with the provisions of the AFEP-MEDEF Code.

In the context of the renewal of Mr. Antoine Frérot's term of office in 2018, the Board of Directors' Meeting of March 6, 2018 decided, at the recommendation of the Compensation Committee, to authorize the renewal of this termination compensation under conditions similar to those previously granted in accordance with the provisions of the AFEP-MEDEF Code, namely:

- payment of this compensation would be limited only to "**forced departure**". It would not apply where (1) Mr. Antoine Frérot leaves the Company on his own initiative excluding the case of a "forced departure", or (2) he is able to claim his full retirement on the date of termination of his duties as Chief Executive Officer, or (3) he accepts after his departure as Chief Executive Officer, a proposed reclassification to an Executive Management position (as employee or corporate officer) within the Group;

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4. method for determining the reference compensation under the relevant plan used to calculate the entitlement of beneficiaries: the reference compensation used to determine the amount of the pension was the average of the last three years' full compensation subject to a maximum of eight times the annual social security ceiling (€329,088 in 2021);
5. vesting features: the maximum annual increase in potential pension entitlements was estimated at 0.4%;
6. existence of a ceiling and the amount and method of setting the ceiling: the pension amount was determined based on the number of years' service in the Group and capped at 10% of the reference compensation for beneficiaries with more than 30 years' service (*i.e.*€32,909 in 2021);
7. funding terms and conditions: by the Company through insurance contracts subscribed with two external insurance companies;
8. estimated amount of the lifetime annuity at the period end: following the closure of the supplementary defined benefit group pension plan for executives of category eight and higher with effect from June 30, 2014, any entitlement accumulated under this plan will be calculated according to its value as of June 30, 2014. Accordingly, the reference compensation corresponds to the average of the last three calendar years prior to the closure of the plan and the seniority used for calculation purposes will be that as of June 30, 2014.

   Provided that he is still present in the Company at the time of retirement in accordance with legal requirements, the theoretical annual amount of the lifetime annuity paid by the defined benefit pension plan to the Chairman and Chief Executive Officer, could represent 6% of his annual reference compensation. This reference compensation is capped at eight times the annual social security ceiling.

   At the end of 2021, the annual annuity payable to Mr. Antoine Frérot, calculated without payment of survivor benefits, is estimated at approximately €20,000.

   This theoretical annual lifetime annuity would be reduced by the annuities paid by the Group defined contribution pension plan to which the Chairman and Chief Executive Officer is entitled by virtue of his affiliation with the Group, calculated without payment of survivor benefits.

   Accordingly, in our example, given the estimated amount of the defined contribution annual annuity calculated without payment of survivor benefits of €51,000, at the age of 64 years old, the estimated amount of Mr. Antoine Frérot's defined benefit annual annuity would be nil;
9. related tax and social security contributions borne by the Company:
   - premiums payable to external insurance companies are deductible for income tax purposes,
   - with respect to the special contribution introduced by the Fillon law and applicable to variable entitlement defined benefit pension plans, Veolia Environnement has elected to apply the tax rate of 32% on annuities to annuities settled after January 1, 2013 (and the tax rate of 16% to annuities settled before December 31, 2012).

Supplementary defined contribution pension plan

Pursuant to Article D. 22-10-16 of the French Commercial Code, the main features of this plan are as follows:

1. title of the commitment: defined contribution pension plan;
2. legal provisions enabling the identification of the corresponding plan category: Article 83 of the French General Tax Code (CGI) until March 31, 2021; Mandatory retirement savings plan (*Plan d'Épargne Retraite Obligatoire*, PERO) from April 1, 2021;
3. conditions to benefit from the plan and other eligibility conditions: the beneficiary category consists of executives of the Company within the meaning of Article 4 of the AGIRC national collective agreement (the supplementary pension fund for executives), whose compensation is greater than or equal to three times the annual social security ceiling (€123,408 in 2021). Compensation includes all components subject to social security contributions (fixed salary, variable salary, bonuses, benefits in kind);
4. method for determining the reference compensation under the relevant plan, used to calculate the entitlement of beneficiaries: not applicable;
5. vesting features: not applicable;
6. existence of a ceiling and the amount and method of setting the ceiling: not applicable;
7. funding terms and conditions:
   - funding of the plan: contributions to the plan are equal to a percentage of the compensation of the relevant employees,
   - contribution payments break down as follows: 2.25% employer contribution for tranches A, B and C; 1.25% employee contribution for tranches A, B and C; 4.50% employer contribution above tranche C; 2.50% employee contribution above tranche C,
   - optional individual payments: these may be made up to the available tax and social security limits;
8. estimated amount of the lifetime annuity at the period end:
   - the amount of the supplementary pension is not defined in advance. For each employee, it is calculated on the liquidation date for all mandatory and optional pensions based on the reserves held by the insurance company and other parameters assessed on that date. Based on the estimated capital at the end of 2021, Mr. Antoine Frérot's defined contribution annual annuity payable when he reaches 64 years old and calculated without payment of survivor benefits, is estimated at approximately €51,000;
9. related tax and social security contributions borne by the Company:
   - employer social security contributions are deductible for income tax purposes, liable to a 20% flat-rate social contribution and excluded from the tax base for social security contributions up to the higher of the following two amounts: 5% of the annual social security ceiling and 5% of the compensation adopted capped at five times the annual social security ceiling.

The renewal of Mr. Antoine Frérot's benefits, as Chairman and Chief Executive Officer, under the supplementary defined contribution pension plan was approved by the General Shareholders' Meeting of April 19, 2018 (6th resolution).

3.4.2 PENSION PLANS AND OTHER POST-EMPLOYMENT BENEFITS

There is no contract between the members of the Board of Directors and the Company or its subsidiaries that provides for the payment of benefits or compensation that is due, or may be due, in the event of members ceasing or changing their duties within the Company or its subsidiaries, other than the Chairman and Chief Executive Officer's terminavion compensation and the supplementary group pension plans described below.

3.4.2.1 Supplementary group pension plan

3.4.2.1.1 Description

Pension plans applicable to the Chairman and Chief Executive Officer until June 30, 2022

Supplementary defined benefit group pension plan in place until June 30, 2014

The defined benefit group pension plan open to all executives of category eight and higher (and the Chairman and Chief Executive Officer) was modified, with effect from July 1, 2013, by the Board of Directors' Meeting of March 14, 2013, upon a motion by the Chairman and Chief Executive Officer and after a favorable opinion by the Works Council and the Nominations and Compensation Committee. The pension plan was capped at 10% of the reference compensation, in turn capped at eight times the annual social security ceiling.

In accordance with the provisions of Articles L. 225-38 and L. 225-40 of the French Commercial Code and on the basis of a special report prepared by the Statutory Auditors, the General Shareholders' Meeting of May 14, 2013 approved these changes to the extent that they concern the Chairman and Chief Executive Officer.

This plan was closed with a freeze on entitlements and closure of the plan to new members with effect from June 30, 2014.

Supplementary defined contribution pension plan in place from July 1, 2014

After a favorable opinion of the Works Council and the Nominations and Compensation Committee, the Board of Directors, decided, at its meeting of March 11, 2014, upon a motion by the Chairman and Chief Executive Officer:

- to close the supplementary defined benefit group pension plan for executives of category eight and higher (including the Chairman and Chief Executive Officer who does not hold an employment contract) with a freeze on entitlements and closure of the plan to new members, with effect from June 30, 2014;
- and to amend, effective July 1, 2014, the existing supplementary defined contribution group pension plan.

In accordance with the provisions of Articles L. 225-38 and L. 225-40 of the French Commercial Code and on the basis of a special report prepared by the Statutory Auditors, the General Shareholders' Meeting of April 24, 2014 approved these changes concerning the Chairman and Chief Executive Officer.

In accordance with the recommendations of the AFEP-MEDEF Code, the value of the benefits provided by the supplementary pension plan is taken into account when setting the Chairman and Chief Executive Officer's total compensation. Furthermore, the group of potential beneficiaries is not limited to the Chairman and Chief Executive Officer, but also includes category eight and higher executives employed by the Company.

The reference period used to calculate benefits is the average compensation calculated over three years, excluding compensation paid at the time of employment termination or retirement, as well as any other type of extraordinary compensation.

Following the closure of the supplementary defined benefit group pension plan for executives of category eight and higher with effect from June 30, 2014, any entitlement accumulated under this plan will be calculated according to its value as of June 30, 2014. Accordingly, the reference compensation corresponds to the average of the last three calendar years prior to the closure of the plan and the seniority used for calculation purposes will be that as of June 30, 2014.

Provided that he is still present in the Company at the time of retirement in accordance with legal requirements, the theoretical annual amount of the lifetime annuity paid by the defined benefit pension plan to the Chairman and Chief Executive Officer, could represent 6% of his annual reference compensation. This reference compensation is capped at eight times the annual social security ceiling.

This theoretical annual lifetime annuity would be reduced by the annuities paid by the Group defined contribution pension plan to which the Chairman and Chief Executive Officer is entitled by virtue of his affiliation with the Group, calculated without payment of survivor benefits.

Therefore, the theoretical annuity, under the Group defined benefit pension plan will be eliminated if the entitlement accumulated under the defined contribution pension plan would result in a higher annuity based on the estimated capital at the retirement date. Assuming a retirement age of 64 and based on a total annual compensation level of between €1.9 million and €2.3 million, the potential annuity of the Chairman and Chief Executive Officer under all pension plans (including the basic social security retirement plan, the complementary pension plans and the Company's group supplementary pension plans) could represent a theoretical amount of approximately 8% to 9% of his annual compensation.

3.4.2.1.2 Features

Pension plans applicable to the Chairman and Chief Executive Officer until June 30, 2022

Defined benefit pension plan

Pursuant to the former Article D. 22-10-16 of the French Commercial Code, the main features of this plan were as follows:

1. title of the commitment: defined benefit pension plan;
2. legal provisions enabling the identification of the corresponding plan category: Article 39 of the French General Tax Code; Article L. 137-11 of the French Social Security Code;
3. conditions to benefit from the plan and other eligibility conditions:
   - at least five years' service,
   - completion of the beneficiary's career in the Company,
   - presence in the Company workforce at the time of voluntary or involuntary retirement,
   - settlement of the general plan at the full rate (including mandatory basic pensions or supplementary pensions);

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The 2021 average variable compensation of Executive Committee members for 2021 represents approximately 117.47% of their fixed compensation.

	Fiscal year 2020 (10 members)	
(in euros)	Amounts payable for the fiscal year	Amounts paid during the fiscal year
Fixed compensation	3,696,666	3,698,290
Annual variable compensation	3,630,955	3,630,954
Compensation awarded for duties as director		
• Paid by Veolia Environnement	-	-
• Paid by controlled companies	-	-
Benefits in kind[1]	11,215	11,215
TOTAL	7,338,836	7,340,459

These figures do not include any housing allowances, or bonuses paid for expatriation/returning home.

	Fiscal year 2021 (12 members)	
(in euros)	Amounts payable for the fiscal year	Amounts paid during the fiscal year
Fixed compensation	4,563,916	4,823,726
Annual variable compensation	4,834,123	4,585,108
Compensation awarded for duties as director		
• Paid by Veolia Environnement	-	-
• Paid by controlled companies	-	-
Benefits in kind[1]	14,171	14,171
TOTAL	9,212,210	9,423,005

(1) These figures do not include any housing allowances, or bonuses paid for expatriation/returning home.

Amount and allocation of compensation awarded to directors in 2022

The Board of Directors' Meeting of April 5, 2022, at the recommendation of the Compensation Committee, decided to keep **unchanged** the total amount and allocation of compensation awarded to its members for 2022, except for the additional compensation allocated to each of the members of the Sonate Commission which is not continued and subject to the following adjustments. The Board decided:

- to increase the additional amount for directors residing on another continent from €3,000 to €6,000 per trip (for one or more meetings of the Board and its Committees and for the Board strategic seminar) subject to the physical presence of the relevant Director;
- to maintain the additional amount for non-voting members (*censeurs*) residing on another continent at €3,000 per trip (for one or more meetings of the Board and its Committees and for the Board strategic seminar) subject to the physical presence of the relevant non-voting member (*censeur*);
- to allocate to directors residing in Europe but outside France an additional amount of €3,000 per trip (for one or more meetings of the Board and its Committees and for the Board strategic seminar) subject to the physical presence of the relevant Director;
- to allocate, where applicable, to non-voting members (*censeurs*) residing in Europe but outside France an additional amount of €1,500 per trip (for one or more meetings of the Board and its Committees and for the Board strategic seminar) subject to the physical presence of the relevant non-voting member (*censeur*);
- in the case of the Purpose Committee, the terms of which were approved by the Board of Directors during this meeting, to allocate to the Chairman and the other members of the Committee, in respect of fiscal year 2022, additional amounts identical to those allocated to the Chairman and other members of the Nomination Committee, the Remuneration Committee and the Research, Innovation and Sustainable Development Committee, that is €20,000 for the Chairman and €10,000 for the other members.

In addition, the Board of Directors' Meeting of April 5, 2022 duly noted that Mr. Antoine Frérot, as Chairman and Chief Executive Officer from January 1, 2022 to June 30, 2022, inclusive and Chairman of the Board of Directors from July 1, 2022 to December 31, 2022, inclusive and Mrs. Estelle Brachlianoff, as Chief Executive Officer from July 1, 2022 to December 31, 2022, inclusive, waived the right to receive compensation for their duties as director, subject to approval by the Veolia Environnement Combined General Meeting of June 15, 2022 (i) of the renewal of the term of office as director of Mr. Antoine Frérot and (ii) the appointment as director of Mrs. Estelle Brachlianoff.

3.4.1.3 Compensation of executives excluding corporate officers (Executive Committee members)

All members of the Executive Committee in office on December 31, 2021 (see Section 3.3.3 above), (excluding the Chairman and Chief Executive Officer) received total gross compensation of €9,423,005 in 2021 (for an Executive Committee comprising ten members excluding the Chairman and Chief Executive Officer), compared with €7,340,459[1] in 2020 (for an Executive Committee comprising ten members excluding the Chairman and Chief Executive Officer).

The tables below show the total gross compensation paid to members of the Company's Executive Committee as of December 31, 2020 and 2021, with the exception of the Chairman and Chief Executive Officer, including the fixed and variable compensation paid or payable by Veolia Environnement in respect of these fiscal years, benefits in kind and compensation received by Executive Committee members in respect of directorships held in companies of the Group in France and abroad.

The quantifiable and qualitative portions of variable compensation of members of the Executive Committee (excluding the Chairman and Chief Executive Officer) are generally determined based on the same weightings applied to their Target bonus base (quantifiable portion of 80% and qualitative portion of 20%) and the same quantifiable and qualitative criteria applicable to the Chairman and Chief Executive Officer. Note, however, that a weighting of the attainment of zone-specific indicators to Group indicators is applied for members of the Executive Committee who are zone Senior Executive Vice-Presidents.

(1) Excluding exceptional bonuses paid in 2019: €513,868

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Table of compensation awarded to directors in 2020-2021 (AFEP-MEDEF Code Table 3)

The table below shows the amount of compensation paid in 2021 and 2020 to members of the Board of Directors of Veolia Environnement by the Company and by controlled companies. In addition, since 2012, Mr. Antoine Frérot has waived his right to receive compensation awarded for his duties as Chairman of the Board of Directors of the Company and as corporate officer of companies controlled by the Group. Note that since fiscal year 2019, the variable portion of directors' compensation is paid annually in the first quarter of the following year and is no longer paid quarterly.

(in euros)	2020				2021			
	Amounts awarded for the fiscal year		Amounts[1] paid during the fiscal year		Amounts awarded for the fiscal year		Amounts[2] paid during the fiscal year	
Director	By the Company	By controlled companies	By the Company	By controlled companies	By the Company	By controlled companies	By the Company	By controlled companies
Jacques Aschenbroich[3][4]	97,120	0	89,560	0	50,719	0	85,532	0
Maryse Aulagnon[4]	142,000	0	142,000	0	142,000	0	122,000	0
Caisse des dépôts et consignations	78,120	0	37,800	0	36,152	0	43,292	0
Pierre-André de Chalendar	0	0	0	0	36,000	0	9,200	0
Isabelle Courville	84,800	0	90,800	0	94,722	0	83,568	0
Antoine Frérot[5]	0	0	0	0	0	0	0	0
Clara Gaymard	50,320	0	51,796	0	49,900	0	50,320	0
Marion Guillou	62,000	0	62,000	0	62,000	0	62,000	0
Franck Le Roux[6]	68,800	0	68,800		68,800	0	68,800	
Pavel Páša[6]	52,000	0	52,000	0	52,000	0	52,000	0
Nathalie Rachou[4]	129,200	0	129,200	0	129,200	0	109,200	0
Paolo Scaroni[7]	40,320	0	37,800	0	12,276	0	39,996	0
Louis Schweitzer[4]	120,320	0	122,000	0	123,333	0	120,320	0
Guillaume Texier[4]	88,800	0	87,782	0	86,700	0	68,800	0
TOTAL	**1,013,800**	**0**	**969,538**	**0**	**943,802**	**0**	**915,028**	**0**

(1) Gross amount before tax deductions or withholding tax paid in respect of the fourth quarter of 2019 (fixed portion for the fourth quarter 2019 and annual variable portion for fiscal year 2019) and the first, second and third quarters of 2020 (fixed portion only).

(2) Gross amount before tax deductions or withholding tax paid in respect of the fourth quarter of 2020 (fixed portion for the fourth quarter 2020 and annual variable portion for fiscal year 2020) and the first, second and third quarters of 2021 (fixed portion only).

(3) Jacques Aschenbroich's term of office expired on May 28, 2021.

(4) In consideration for the additional work performed by the members of the special commission dedicated to the Suez merger project (Mrs. Maryse Aulagnon, Mrs. Nathalie Rachou, Mr. Jacques Aschenbroich and Mr. Guillaume Texier), the Board of Directors' Meeting of November 4, 2020, at the recommendation of the Compensation Committee, decided to allocate to each member of this commission additional compensation of €20,000 in respect of fiscal year 2020, within the limit of the annual compensation budget for directors (€1,200,000). For fiscal year 2021, the Board of Directors' Meeting of March 9, 2021, at the recommendation of the Compensation Committee, decided to allocate, once again, additional compensation of €20,000 to members of this commission, within the limit of the annual compensation budget. Following Mr. Jacques Aschenbroich's resignation from May 28, 2021 and his replacement by Mr. Louis Schweitzer on this commission from May 31, 2021, the Board of Directors' Meeting of April 5, 2022, at the recommendation of the Compensation Committee, decided to allocate the €20,000 additional compensation pro rata to the number of commission meetings attended by Mr. Jacques Aschenbroich up to May 28, 2021 (14/15 meetings, i.e. €18,667) and Mr. Louis Schweitzer from May 31, 2021 (1/15 meetings, i.e. €1,333). The other members of the commission (Mrs. Maryse Aulagnon, Mrs. Nathalie Rachou and Mr. Guillaume Texier) will receive additional compensation of €20,000 in respect of fiscal year 2021.

(5) Mr. Antoine Frérot's full compensation is presented in Section 3.4.1.1 of this Universal Registration Document. At its meetings of March 10, 2020 and March 9, 2021, the Board of Directors took note of the renewal of Mr. Antoine Frérot's decision to waive receipt of his compensation for fiscal years 2020 and 2021.

(6) Mr. Pavel Páša was nominated as a director representing employees by the Group's European Works Council on October 15, 2014. He joined the Board of Directors at its meeting on November 5, 2014. At its meeting of March 10, 2015, the Board of Directors recorded Mr. Pavel Páša's intention to transfer the compensation awarded for his duties as director to an organization representing or assisting employees. Mr. Franck Le Roux was appointed by the Group France Works Council on October 15, 2018. Mr. Franck Le Roux's decision to transfer the compensation awarded for his duties as director to his trade union was recorded.

(7) Paolo Scaroni's term of office expired on April 22, 2021.

3.4.1.2 Compensation paid to directors[1]

Amount and allocation of compensation awarded to Directors in 2021

The General Shareholders' Meeting of April 19, 2018, at the proposal of the Board of Directors and the recommendation of the Compensation Committee, set the maximum total annual amount of compensation awarded to directors at €1,200,000. This request to increase the maximum total amount of compensation was made for the following reasons: the change in the composition of the Board Committees with the addition of members in 2017, the increase in compensation paid to members of the Accounts and Audit Committee from €8,400 to €16,800 in 2018 and the increase in the additional amount payable to Directors and, where applicable, non-voting members (*censeurs*) residing on another continent from €2,000 to €3,000 in 2018.

For fiscal year 2021 and at the recommendation of the Compensation Committee, the Board of Directors' Meeting of March 9, 2021 took note of the renewal of the decision by the Chairman and Chief Executive Officer to waive receipt of the compensation awarded for his duties as Chairman of the Board of Directors, and decided not to seek any change to:

- the maximum total amount of compensation;
- the amount of basic compensation paid for the duties of Director of €42,000, the additional amount of €20,000 paid to the Chairmen of the Nominations Committee, the Compensation Committee and the Research, Innovation and Sustainable Development Committee, the additional amount of €10,000 paid to members of these Committees and the basic compensation of €21,000 paid for the duties of non-voting member (*censeur*);
- the current fixed/variable compensation allocation rules based on meeting attendance in accordance with the recommendations of the AFEP-MEDEF Code, that is a fixed portion of 40% and a **variable portion of 60% based on attendance rates**; this rule being extended since 2014 to compensation allocated to Committee Chairmen and members.

The allocation of the basic compensation and the additional amounts for specific duties, based on an attendance rate of 100% and including a fixed portion (40%) and a variable portion (60%), as of December 31, 2021, is as follows:

On a full annual basis	2021 allocation
Directors (basic compensation)	**€42,000***
Additional amount for the Vice-Chairman	€50,000
Additional amount for the Senior Independent Director	€50,000
Additional amount for the Chairman of the Accounts and Audit Committee	€67,200*
Additional amount for the Chairman of the Nominations Committee	€20,000*
Additional amount for the Chairman of the Compensation Committee	€20,000*
Additional amount for the Chairman of the Research, Innovation and Sustainable Development Committee	€20,000*
Additional amount for members of the Accounts and Audit Committee	€16,800*
Additional amount for members of the Nominations Committee	€10,000*
Additional amount for members of the Compensation Committee	€10,000*
Additional amount for members of the Research, Innovation and Sustainable Development Committee	€10,000*
Non-voting member (censeur) (50% of the basic compensation)[1]	€21,000*
Additional amount payable to directors and, where applicable, non-voting members (censeurs) residing on another continent	€3,000 per trip (for one or more meetings of the Board and its Committees and for the Board strategic seminar) subject to the physical presence of the relevant Director or non-voting member (censeur)

In consideration for the additional work performed by the members of the special commission dedicated to the Suez merger project (Mrs. Maryse Aulagnon, Mrs. Nathalie Rachou, Mr. Jacques Aschenbroich until May 31, 2021, Mr. Louise Schweitzer from May 31, 2021 and Mr. Guillaume Texier), the Board of Directors' Meeting of March 9, 2021, at the recommendation of the Compensation Committee, decided to renew the allocation to each member of this commission of additional compensation of €20,000 in respect of fiscal year 2021. Where applicable and depending on the extent of the work entrusted to this commission, the Board may decide to allocate further compensation to each member of this commission within the limit of the annual compensation budget for directors (i.e.€1,200,000).

The amounts granted are calculated pro rata to the effective duration of the term of office during the fiscal year.
* *Amount subject to attendance rate.*
(1) As of December 31, 2021, the Board of Directors had no non-voting members.

(1) Non-executive corporate officers.

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- 5% based on the **Climate** indicator (invest in the transition to carbon neutrality to achieve zero facilities powered by coal in Europe by 2030, for facilities where the Group controls investment): completion rate for scheduled investment to reduce greenhouse gas emissions,
- 5% based on the **Hazardous waste treatment and recovery** indicator: consolidated revenue growth of the "Liquid and hazardous waste treatment and recovery" segment,
- 5% based on the **Employee commitment** indicator: commitment rate of employees measured by an engagement survey conducted by an external body (clear objectives, meaning and usefulness, work atmosphere, pride in the Group, willingness to recommend Veolia),
- 5% based on the **Training** indicator: average number of training hours per employee per year (upskilling training actions).

The non-financial quantifiable variable compensation portion will be determined based on the attainment of the 2022 objectives, that will be audited by an independent third party:

- **with respect to the qualitative criteria**: the qualitative portion (20% of the target bonus) will be based on an overall assessment by the Board of Directors, at the recommendation of the Compensation Committee, based notably on the following individual objectives:
  - strategic aspects;
  - managerial performance.

In addition, the Board of Directors reserves the right to exercise its power of discretion regarding the determination of the Chief Executive Officer's compensation, in respect of the French Commercial Code and in accordance with Articles L. 22-10-8 and L. 22-10-34 of the French Commercial Code. It may do so in the event of special and unforeseeable circumstances (such as the current pandemic and its uncertainties) that could justify an exceptional adjustment, upwards or downwards, without exceeding the ceiling set in the compensation policy (*i.e.* 160% of fixed annual compensation), to one or more criteria comprising the Chief Executive Officer's annual variable compensation to ensure that application of the criteria described above produces results reflecting the performance of both the Chief Executive Officer and the Group, as well the alignment of the interests of the Company and its shareholders with those of the executive corporate officer.

This adjustment may be made to the Chief Executive Officer's annual variable compensation by the Board of Directors at the recommendation of the Compensation Committee, after the Board of Directors has provided adequate reasoning for its decision. Any exercise of this discretion will be made public.

2022 Long-term compensation

Proposed Performance Share Grant

At the recommendation of the Compensation Committee, the Board of Directors asks shareholders in the 25th resolution presented to the General Shareholders' Meeting of June 15, 2022, to approve an authorization, for a period of 26 months, to grant performance shares to a group of around 550 to 600 beneficiaries including former Suez employees and comprising top executives, high potential employees and key contributors of the Group, including the Chief Executive Officer. This plan, which is intended to be launched on July 1, 2022 with an expiry date in 2025 following the publication of the 2024 financial statements, would succeed the plan granted in 2021.

The detailed features and performance conditions of this proposed performance share plan are presented in Section 3.4.3 below.

Obligation to hold the performance shares granted and vested

At the recommendation of the Compensation Committee, the Board of Directors' Meeting of April 5, 2022 has already decided, in the context of the implementation of this performance share plan (subject to the approval by the General Shareholders' Meeting of June 15, 2022 of the 25th resolution), to maintain the holding obligations applicable to performance share plans:

- for the **executive corporate officer**, obligation to hold, until the end of her duties, 40% of total performance shares granted under this plan, net of applicable taxes and social security contributions, until an overall shareholding corresponding to 200% of her gross fixed compensation is ultimately reached;
- for **members of the Company's Executive Committee**, obligation to hold, until the end of their duties on the Executive Committee, 25% of total performance shares granted under this plan, net of applicable taxes and social security contributions, until an overall shareholding corresponding to 100% of their gross fixed annual compensation is ultimately reached.

In accordance with the provisions of the AFEP-MEDEF Code, the Board of Directors, when implementing this performance share plan expected from July 1, 2022, will set the percentage of compensation corresponding to the performance shares that would be granted, in particular, to the executive corporate officer. At the recommendation of the Compensation Committee, the Board of Directors stipulated that the executive corporate officer would receive a performance share grant equal to and capped at 100% of her fixed compensation.

Compensation awarded as director

Mrs. Estelle Brachlianoff will waive the compensation awarded for her duties as director by the Company and Group-controlled companies.

Retirement or other similar benefits

Information on pension plans, other benefits and severance payments due in the event of termination of the office of Chief Executive Officer and compensation under a non-compete clause, is presented in Section 3.4.2 below.

In comparison with Veolia, the main economic indicators for the peer group are as follows:

	Revenue *(In € billion)*	Stock market capitalization *(In € billion)*	Headcount
Veolia[1]	38.4	19.6	230,000
Peer group (median)[2]	36.4	31.0	79,000

(1) Estimated data including the Suez scope.
(2) 2020 data.

In addition to the peer group, the Compensation Committee also assessed the executive corporate officer compensation with respect to CAC 40 companies:

	Fixed compensation *(€ thousand)*	Annual variable compensation *(as a% of fixed compensation)*		Target long-term profit sharing *(as a% of fixed compensation)*
		Target	Maximum	
Veolia[1]	1,030	100%	160%	100%
Peer group (median)[2]	1,340	100%	150%	130%
CAC 40 (median)[2]	1,175	100%	163%	115%

(1) Components of the Chief Executive Officer's compensation policy proposed by the Board of Directors at the recommendation of the Compensation Committee.
(2) 2020 data.

In application of this compensation policy, the gross annual fixed compensation of the Chief Executive Officer would be €1,030,000, or €515,000 for the period from July 1, 2022 to December 31, 2022.

Annual variable compensation

The quantifiable objectives for 2022 were determined in the context of the 2022 financial outlook announced to the market on March 17, 2022, and the 2020-2023 strategic plan relative to the implementation of the Company's Purpose and all its performance indicators for stakeholders.

All the criteria are calculated for a scope including Suez, except for three criteria which do not include this scope: **ethics and compliance** and **employee commitment**, as these two criteria are based on the results of the engagement survey and there is no 2021 baseline for Suez; **climate**, as the reduction in greenhouse gas emissions is based on investments powered by coal and there is no such activity in Suez.

In order to integrate the multifaceted performance indicators relating to the Company's Purpose, the Board of Directors' Meeting of April 5, 2022, at the recommendation of the Compensation Committee, determined the calculation method for variable compensation as follows:

- weight of the auditable quantifiable portion (80%) and weight of the qualitative portion (20%) unchanged;
- weight of the auditable quantifiable portion (80%) consisting 50% of financial quantifiable objectives and 30% of non-financial quantifiable objectives unchanged;
- 2022 target variable compensation (in the event of attainment of the objectives set by the Board of Directors) set at 100% of the annual fixed compensation ("Target bonus base");
- variable compensation capped (in the event objectives are exceeded) at 160% of annual fixed compensation for the period July 1, 2022 to Decembre 31, 2022, or €824,000.

In addition, the criteria for the 2022 variable compensation were set as follows:

- **with respect to the quantifiable criteria:** in line with the outlook and objectives published on March 17, 2022, the criteria for the quantifiable portion of variable compensation break down as follows. The quantifiable portion is equal to the total of the components resulting from application of each of these criteria separately:
  - for the **50% financial quantifiable** portion,
    - 15% based on the **Profitability indicator (CNIGS):** Current net Income, Group share,
    - 10% based on the **Investment Capacity indicator (free cash flow)**[1]: before financial acquisitions/divestments and dividends but after financial expenses and taxes,
    - 15% based on the **Group Growth indicator (revenue)**[2]: organic Group revenue excluding acquisitions and divestitures of more than €100 million but including acquisitions of privatized public services,
    - 10% based on the **Capital Return indicator (ROCE)**: Group ROCE after tax and including the return on capital employed of joint ventures and companies, after IFRS 16 lease adjustments[1].

  The financial quantifiable variable compensation portion will be determined based on the attainment of the 2022 budget objectives which are consistent with the outlook announced to the market on March 17, 2022:
  - for the 30% **non-financial quantifiable portion:**
    - 5% based on the **Health and Safety** indicator: improvement and reduction in the injury frequency,
    - 5% based on the **Ethics and Compliance** indicator: % of positive answers to the engagement survey question "Are Veolia's values applied in my entity" across all respondents,

(1) Target free cash-flow used to determine the bonus excludes discretionary investment.
(2) Target revenue used to determine the bonus is calculated at constant exchange rates.

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This decision was based on an analysis of the results of a study conducted by the firm Boracay and including (i) five comparable companies (ABB, Centrica, EDP, Enel, ENI) and (ii) CAC 40 companies that have separated the duties of Chairman of the Board of Directors and Chief Executive Officer. This study clearly identifies three levels of compensation corresponding to the different types of duties performed by non-executive chairmen:

- duties focusing solely on the management of the Board of Directors and shareholder relations (1st quartile);
- participation in a strategic committee to seek out and validate major investments (median);
- support for the new CEO to ensure the success of the succession plan or an external recruitment (3rd quartile).

At the recommendation of the Compensation Committee, the Board of Directors adopted a position between the median (€625,000) and the third quartile (€938,000).

Annual variable compensation

None.

2022 Long-term compensation

None.

Retention of rights under the 2020 and 2021 performance share plans

At the recommendation of the Compensation Committee, the Board of Directors' Meeting of April 5, 2022 decided that share rights under the 2020 and 2021 performance share plans that will vest, subject to performance conditions, in 2023 and 2034, respectively, will be retained in the context of the change in the Company's governance from July 1, 2022.

The Board of Directors made this choice in light of Antoine Frérot's essential contribution to Veolia's transformation to a world champion of ecological transformation.

Mr. Antoine Frérot will leave his executive functions immediately following the successful completion of the largest transformational acquisition in Veolia's history, which has already created significant value for its shareholders and will continue to do so as the projected synergies are realized. In accordance with AFEP-MEDEF recommendations, he will no longer receive performance share grants (or annual variable compensation) and will therefore no longer be associated with value creation despite being its instigator. The Compensation Committee considers it would be equitable to leave him the benefit of all performance shares granted in prior years but not yet delivered.

These shares would remain subject to the planned performance conditions and would only be paid after the attainment of the performance criteria. The presence condition would be considered to be met by Mr. Antoine Frérot's continued membership of the Board of Directors. As the performance criteria were set in the past by the Board of Directors, without the presence of Mr. Antoine Frérot, there is no conflict of interest.

Severance payments

None

Compensation awarded as director

Since 2012, Mr. Antoine Frérot has decided to waive the compensation awarded for his duties as director paid by the Company and Group-controlled companies.

Pension plan

Mr. Antoine Frérot benefits from a supplementary defined contribution group pension plan applicable since July 1, 2014 and presented in Section 3.4.4.1 above.

He is eligible for a defined benefit pension plan with a theoretical annuity of nil, presented in Section 3.4.4.1 above.

Other benefits

Mr. Antoine Frérot benefits from the collective healthcare and insurance plan in force within the Company under the same conditions as those applicable for the category of employees with which he is assimilated for the setting of social benefits and other ancillary components of his compensation.

Mr. Antoine Frérot enjoys the use of a company car.

3.4.1.1.4 Chief Executive Officer's compensation policy for the period from July 1, 2022 to December 31, 2022

Fixed compensation

The Board of Directors, at the recommendation of the Compensation Committee, decides to set as follows the components of the Chief Executive Officer's compensation policy. This compensation policy was set taking account of (i) Mrs. Estelle Brachlianoff's experience and expertise, (ii) the change in the Group's size and the extension of its activities following the acquisition of Suez, and (iii) the compensation amount but also the positioning of these components compared with executive corporate officers with a comparable profile and in CAC 40 companies, while ensuring the consistency of the Chief Executive Officer's compensation with that of Executive Committee members and compensation practices within the Company.

In this respect, the results of a study conducted by the firm Boracay based on a group of comparable and competitor companies, comprising 13 listed European companies: Centrica, EDP, Enel, Engie, ENI, EON, Iberdrola, Schneider Electric, Vinci, ABB, ACS, Air liquide, Bouygues, were examined.

The companies in the peer group:

- share a common mission: employee and environmental quality with local public authorities;
- conduct several businesses globally and are present on at least four continents;
- report revenue equal to between 50% and 200% of Veolia 's revenue.

The financial quantifiable variable compensation portion will be determined based on the attainment of the 2022 budget objectives, which are consistent with the outlook announced to the market on March 17, 2022:

- For the 30% **non-financial quantifiable portion**:
  - 5% based on the **Health and Safety** indicator: improvement and reduction in the injury frequency,
  - 5% based on the **Ethics and Compliance** indicator: % of positive answers to the engagement survey question "Are Veolia's values applied in my entity" across all respondents,
  - 5% based on the **Climate** indicator (invest in the transition to carbon neutrality to achieve zero facilities powered by coal in Europe by 2030, for facilities where the Group controls investment): completion rate for scheduled investment to reduce greenhouse gas emissions,
  - 5% based on the **Hazardous waste treatment and recovery** indicator: consolidated revenue growth of the "Liquid and hazardous waste treatment and recovery" segment,
  - 5% based on the **Employee commitment** indicator: commitment rate of employees measured by an engagement survey conducted by an external body (clear objectives, meaning and usefulness, work atmosphere, pride in the Group, willingness to recommend Veolia),
  - 5% based on the **Training** indicator: average number of training hours per employee per year (upskilling training actions);

  The non-financial quantifiable variable compensation portion will be determined based on the attainment of the 2022 objectives, that will be audited by an independent third party.
- **with respect to the qualitative criteria**: the qualitative portion (20% of the target bonus) will be based on an overall assessment by the Board of Directors, at the recommendation of the Compensation Committee, based notably on the following individual objectives:
  - strategic aspects,
  - managerial performance.

In addition, the Board of Directors reserves the right to exercise its power of discretion regarding the determination of the Chairman and Chief Executive Officer's compensation, in respect of the French Commercial Code and in accordance with Articles L. 22-10-8 and L. 22-10-34 of the French Commercial Code. It may do so in the event of special and unforeseeable circumstances (such as the current pandemic and its uncertainties) that could justify an exceptional adjustment, upwards or downwards, without exceeding the ceiling set in the compensation policy (*i.e.* 160% of fixed annual compensation), to one or more criteria comprising the Chairman and Chief Executive Officer's annual variable compensation to ensure that application of the criteria described above produces results reflecting the performance of both the Chairman and Chief Executive Officer and the Group, as well the alignment of the interests of the Company and its shareholders with those of the Chairman and Chief Exevutive Officer.

This adjustment may be made to the Chairman and Chief Executive Officer's annual variable compensation by the Board of Directors at the recommendation of the Compensation Committee, after the Board of Directors has provided adequate reasoning for its decision. Any exercise of this discretion will be made public.

2022 Long-term compensation

Mr. Antoine Frérot will not receive any performance shares in 2022.

Compensation awarded as director

Since 2012, Mr. Antoine Frérot has decided to waive the compensation awarded for his duties as director paid by the Company and Group-controlled companies.

Retirement or other similar benefits

Information on pension plans, other benefits and severance payments due in the event of termination of the office of Chairman and Chief Executive Officer, is presented in Section 3.4.2 below.

Exceptional share-based bonus

Exceptionally, to take account of the successful acquisition of the Suez group, shareholders are asked to approve in the 12th resolution, at the recommendation of the Compensation Committee, an exceptional bonus grant of free shares, subject to the approval of the 25th resolution. This exceptional grant would represent 30,000 shares, and would be subject to a vesting period of three years.

The squeeze-out procedure on February 18, 2022 (enabling the Company to acquire 100% of the share capital and voting rights of Suez) and the sale of "new Suez" to the Consortium of investors composed of Meridiam, GIP, CDC and CNP Assurances on January 31, 2022, marked, for the Company, the completion of the merger project launched several months previously, enabling the Group to embark upon its future as a global champion of ecological transformation. They testify to the exceptional performance of certain employees, as well as the Company's executive corporate officer, over a period of several months, that the grants set out in these resolutions aim to reward.

Mr. Antoine Frérot having never received an exceptional bonus in his 13 years of office, the Board of Directors, at the recommendation of the Compensation Committee, decided to present a specific resolution (12th resolution) to shareholders for *ex ante* vote.

3.4.1.1.3 Chairman of the Board of Directors' compensation policy for the period from July 1, 2022 to December 31, 2022

The Chairman of the Board of Directors' compensation policy was approved by the Board of Directors' Meeting of April 5, 2022 at the recommendation of the Compensation Committee. It consists solely of fixed compensation and benefits in kind, excluding all variable or exceptional compensation, grants of share subscription options or performance shares and compensation for his duties as a director.

Fixed compensation

At the recommendation of the Compensation Committee and in accordance with the compensation policy, the Board of Directors' Meeting of April 5, 2022 set the gross annual fixed compensation of the Chairman of the Board at €700,000 from 2022 (or €350,000 for the period from January 1, 2022 to December 31, 2022, inclusive).

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Employment contract, supplementary pension plan and benefits as of December 31, 2021 (AFEP-MEDEF Code Table 11)

Executive corporate officer	Employment contract[1] Yes	Employment contract[1] No	Supplementary pension plan Yes	Supplementary pension plan No	Compensation or benefits payable or likely to be payable in the event of termination or a change of position Yes	Compensation or benefits payable or likely to be payable in the event of termination or a change of position No	Compensation pursuant to a non-compete covenant Yes	Compensation pursuant to a non-compete covenant No
Mr. Antoine Frérot, Chairman and Chief Executive Officer Start date of term of office as Chairman and Chief Executive Officer: November 27, 2009 End date of term of office as Chairman and Chief Executive Officer: 2022 GSM		X[1]	X[2]		X[3]			X

(1) Pursuant to a decision adopted by the Board of Directors on December 17, 2009, the employment contract of the Chief Executive Officer, Mr. Antoine Frérot, was terminated with effect from January 1, 2010.

(2) Mr. Antoine Frérot is a beneficiary of the supplementary defined benefit group pension plan set up for category 8 and higher executives of Veolia Environnement closed with effect from June 30, 2014. Since July 1, 2014, he is a beneficiary of the supplementary defined contribution group pension plan set up notably for category 8 and higher executives.

(3) Pursuant to a decision adopted by the Board of Directors on March 11, 2014, Mr. Antoine Frérot is entitled to compensation in the event of termination of his term of office as Chief Executive Officer, in accordance with the provisions of the AFEP-MEDEF Code (see Section 3.4.2.3 below).

2022 compensation policy

In accordance with the recommendations of the Compensation Committee, the Board of Directors' Meeting of April 5, 2022 decided to set as follows the compensation policy for calculating 2022 fixed and variable compensation, as well as long-term compensation.

Compensation policy for the period from July 1, 2022 to June 30, 2022, Inclusive

It is recalled that, effective January 1, 2019 and at the recommendation of the Compensation Committee, the Board of Directors' Meeting of March 5, 2019 decided to set the review period for the Chairman and Chief Executive Officer's fixed compensation for a new three-year period (fiscal years 2019, 2020 and 2021), in the absence of any major new events or a change in strategic priorities.

Fixed compensation

At the recommendation of the Compensation Committee and in accordance with the new compensation policy, the Board of Directors' Meeting of April 5, 2022 decided to increase the Chairman and Chief Executive Officer's gross annual fixed compensation to €1,030,000 from 2022 (or €515,000 for the period from January 1, 2022 to June 30, 2022, inclusive), compared with €980,000 in 2021. This three-year increase of approximately 5% reflects the average increase in the fixed compensation of Group management employees over the past three years.

Annual variable compensation

The quantifiable objectives for 2022 were determined in the context of the 2022 financial outlook announced to the market on March 17, 2022, and the 2020-2023 strategic plan relative to the implementation of the Company's Purpose and all its performance indicators for stakeholders.

All the criteria are calculated for a scope including Suez, except for three criteria which do not include this scope: **ethics and compliance** and **employee commitment**, as these two criteria are based on the results of the engagement survey and there is no 2021 baseline for Suez; **climate**, as the reduction in greenhouse gas emissions is based on investments powered by coal and there is no such activity in Suez.

In order to integrate the multifaceted performance indicators relating to the Company's Purpose, the Board of Directors' Meeting of April 5, 2022, at the recommendation of the Compensation Committee, determined the calculation method for variable compensation as follows:

- weight of the auditable quantifiable portion (80%) and weight of the qualitative portion (20%) unchanged;
- weight of the auditable quantifiable portion (80%) consisting 50% of financial quantifiable objectives and 30% of non-financial quantifiable objectives unchanged;
- 2022 target variable compensation (in the event of attainment of the objectives set by the Board of Directors) set at 100% of the annual fixed compensation ("Target bonus base");
- variable compensation capped (in the event objectives are exceeded) at 160% of annual fixed compensation for the period January 1, 2022 to June 30, 2022, inclusive, or €824,000.

In addition, the criteria for the 2022 variable compensation were set as follows:

- **with respect to the quantifiable criteria**: in line with the outlook and objectives published on March 17, 2022, the criteria for the quantifiable portion of variable compensation break down as follows. The quantifiable portion is equal to the total of the components resulting from application of each of these criteria separately:
  - For the **50% financial quantifiable** portion:
    - 15% based on the **Profitability indicator (CNIGS)**: Current net Income, Group share[1],
    - 10% based on the **Investment Capacity indicator (free cash flow)**[1]: before financial acquisitions/divestments and dividends but after financial expenses and taxe,
    - 15% based on the **Group Growth indicator (revenue)**[2]: organic Group revenue excluding acquisitions and divestitures of more than €100 million but including acquisitions of privatized public services,
    - 10% based on the **Capital Return indicator (ROCE)**: Group ROCE after tax and including the return on capital employed of joint ventures and companies, after IFRS 16 lease adjustments;

(1) Target free cash-flow used to determine the bonus excludes discretionary investment.

(2) Target revenue used to determine the bonus is calculated at constant exchange rates.

Summary of compensation received by Mr. Antoine Frérot

The following tables notably present a summary of compensation of all kinds paid or awarded to Mr. Antoine Frérot in respect of fiscal years 2020 and 2021 and have been prepared in accordance with the formats recommended by the AFEP-MEDEF Code and AMF recommendation no. 2012-02. The tables presenting performance shares and share subscription and purchase options can be found in Sections 7.4.3.2 and 7.4.3.3 below.

Summary of total compensation, options and shares awarded to Mr. Antoine Frérot (AFEP-MEDEF Code Table 1)

(in euros)	Fiscal year 2020	Fiscal year 2021
Compensation awarded for the fiscal year	2,148,013 *	2,442,900
Value of options granted during the fiscal year	-	-
Value of performance shares granted during the fiscal year	671,020(1)	1,022,222(2)
Value of other long-term compensation plans	-	-
TOTAL	2,819,033	3,465,122*

(1) Value, after adjustment for non-dilution following the share capital increase with retention of preferential subscription rights (PSR) on October 8, 2021, of the 49,376 shares (47,662 shares after adjustment for the economic performance criteria and the reduction in the number of performance shares granted; 51,993 shares initially) (granted to performance conditions covering fiscal years 2020, 2021 and 2022 and expiring in May 2023) under the plan set-up on May 5, 2020, based on the fair value of the share pursuant to IFRS 2 of €13.59 (see Section 3.4.3.1).

(2) Value, after adjustment for non-dilution following the share capital increase with retention of preferential subscription rights (PSR) on October 8, 2021, of the 40,938 shares (39,516 shares initially) (granted subject to performance conditions covering fiscal years 2021, 2022 and 2023 and expiring in May 2024) under the plan set-up on May 4, 2021, based on the fair value of the share pursuant to IFRS 2 of €24.97 (see Section 3.4.3.1).

Summary of compensation paid or payable to Mr. Antoine Frérot (AFEP-MEDEF Code Table 2)

(in euros)	Fiscal year 2020		Fiscal year 2021	
	Amount awarded	Amount paid	Amount awarded	Amount paid
Fixed compensation	980,000	980,000	980,000	980,000
Annual variable compensation	1,166,337(2)	1,206,684	1,461,224(3)	1,166,337
Exceptional compensation	-	-	-	-
Compensation awarded as director				
• Paid by Veolia Environnement	-	-	-	-
• Paid by controlled companies	-	-	-	-
Benefits in kind(1)	1,676	1,676	1,676	1,676
TOTAL	2,148,013	2,188,360	2,442,900*	2,148,013

(1) Provision of a company car.

(2) Variable portion for 2020 paid in 2021 after waiver by the Chairman and Chief Executive Officer of 30% of the financial quantifiable portion of his variable compensation.

(3) Variable portion for 2021 payable in 2022 subject to approval by the General Shareholders' Meeting of June 15, 2022.

In fiscal year 2021, Mr. Antoine Frérot received total compensation of €2,148,013. He received the fixed portion of his 2021 compensation (€980,000) and the variable portion of his 2020 compensation, paid in 2021 (€1,166,337). Finally, he received benefits in kind and waived the 2021 compensation awarded for his duties as director in the Company and other companies of the Group.

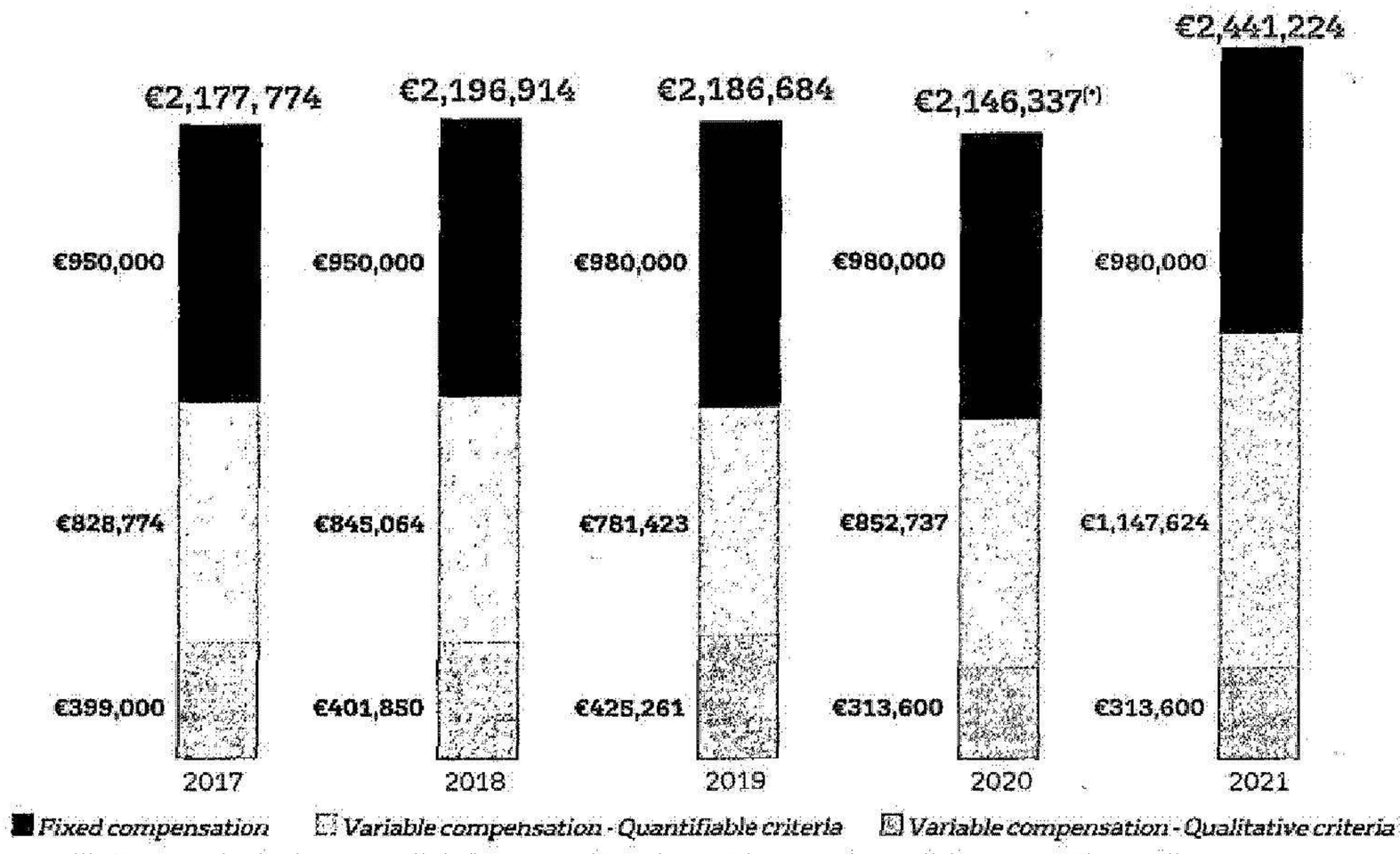
For fiscal year 2021, total compensation payable is €2,442,900, representing a 13.73% increase on fiscal year 2020 and comprising the fixed portion of his 2021 compensation (€980,000), and the variable portion of his 2021 compensation (€1,461,224), as well as benefits in kind. However, pursuant to Article L. 22-10-34 of the French Commercial Code, the variable component of his 2021 compensation is contingent on the approval of the 9th resolution presented for shareholders' vote at the Combined General Meeting of June 15, 2022 (see Section 3.4.4.1 below).

Summary of multi-year variable compensation paid or payable to Mr. Antoine Frérot (AFEP-MEDEF Code Table 10)

(in euros)	Fiscal year 2020	Fiscal year 2021
Mr. Antoine Frérot, Chairman and Chief Executive Officer	-	-
TOTAL	-	-

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Fixed and variable annual compensation trends over the past five years (in euros)



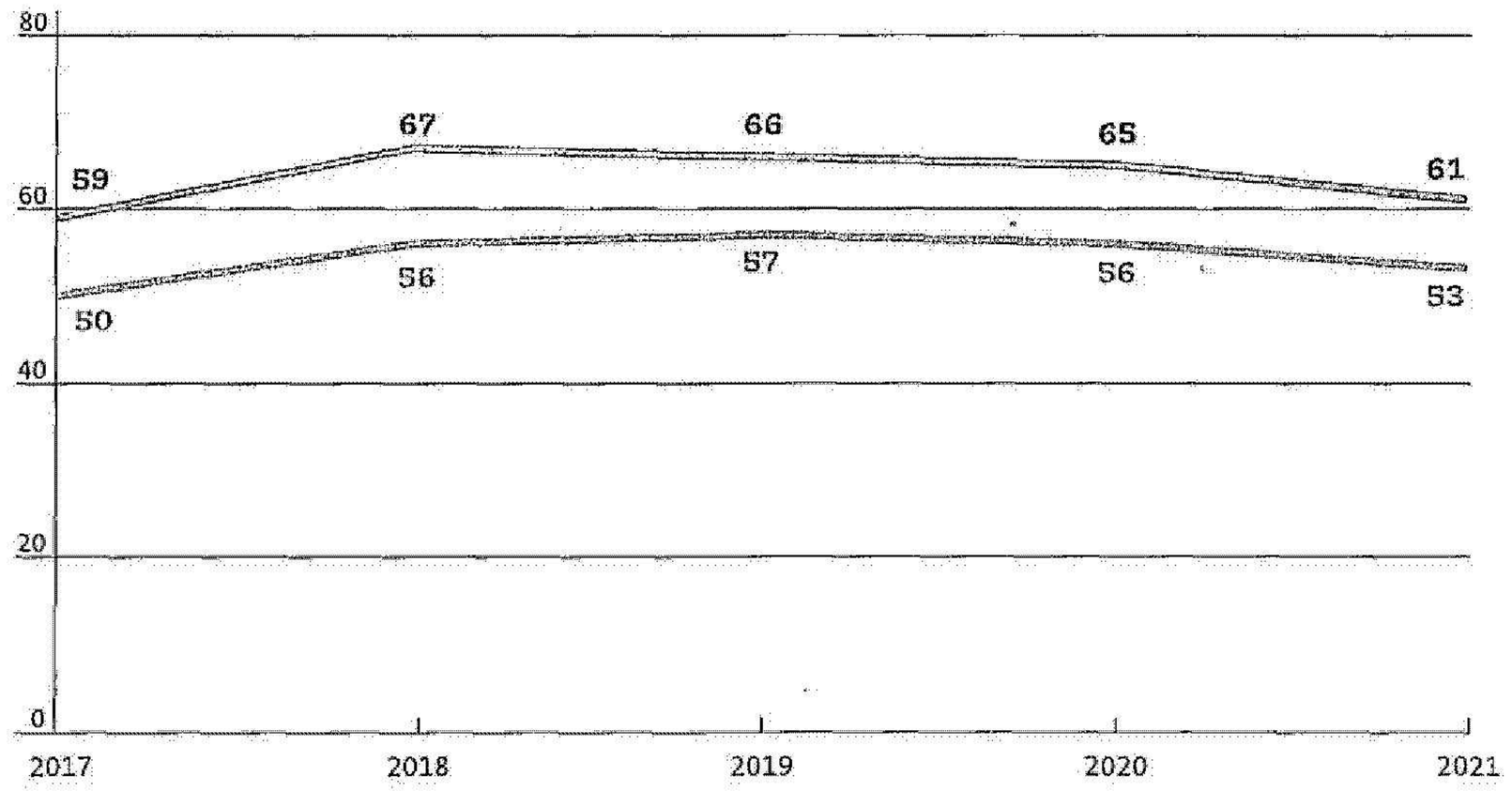
(*) After waiver by the Chairman and Chief Executive Officer of 30% of the financial quantifiable portion of his variable compensation.

Fairness ratio (Chairman and Chief Executive Officer compensation/median and average compensation of Group employees in France)

The fairness ratio measuring the difference between total compensation paid to Mr. Antoine Frérot for his duties as Chairman and Chief Executive Officer (as presented in AFEP-MEDEF Code Table 2 in Section 3.4.1.1.2 below) and the median compensation of employees, is 61 in 2021.

The ratio compared to the average compensation of employees is 53.

The ratios were calculated taking account of employees paid directly by all French Group companies. Nearly 81% of employees, in France are non-management staff. 43% of employees are operators/workers. Account is only taken of permanent employees, that is employees present during the entire year. Equivalent full-time fixed annual compensation is determined for part-time employees.



Long-term compensation

In the 9th, 10th and 11th resolutions, the General Shareholders' Meeting of April 22, 2021 approved the adjustment to the economic performance criteria (Current Net Income, Group share) under the 2018, 2019 and 2020 performance share plans and the corresponding reduction in the number of performance shares granted to the Chairman and Chief Executive Officer as a beneficiary, the other performance criteria for these plans remaining unchanged.

The adjustments to the performance conditions for these plans are detailed in Section 3.4.3.1 below.

Performance share plan no. 1 was implemented on May 2, 2018 by decision of the Board of Directors. This plan expired on May 3, 2021. At the expiry date, 971,827 shares vested to Group executives and employees under this plan.

Performance share grant in respect of fiscal year 2019

Pursuant to the performance share plan authorized by the General Shareholders' Meeting of April 18, 2019 and at the recommendation of the Compensation Committee, the Board of Directors' Meeting of April 30, 2019 decided to grant 47,418 performance shares to Mr. Antoine Frérot (representing approximately 0.01% of the share capital compared with 0.04% authorized by the General Shareholders' Meeting).

The detailed features and performance conditions of this plan are presented in Section 3.4.3.1 below.

Performance share grant in respect of fiscal year 2020

Pursuant to the performance share plan authorized by the General Shareholders' Meeting of April 22, 2020 and at the recommendation of the Compensation Committee, the Board of Directors' Meeting of May 5, 2020 decided to grant 51,993 performance shares to Mr. Antoine Frérot (representing approximately 0.01% of the share capital compared with 0.04% authorized by the General Shareholders' Meeting).

The detailed features and performance conditions of this plan are presented in Section 3.4.3.1 below.

Performance share grant in respect of fiscal year 2021

Pursuant to the performance share plan authorized by the General Shareholders' Meeting of April 22, 2021 and at the recommendation of the Compensation Committee, the Board of Directors' Meeting of May 4, 2021 decided to grant 39,516 performance shares to Mr. Antoine Frérot (representing approximately 0.01% of the share capital compared with 0.04% authorized by the General Shareholders' Meeting).

The detailed features and performance conditions of this plan are presented in Section 3.4.3.1 below.

Compensation awarded as director

Since 2012, Mr. Antoine Frérot has decided to waive the compensation awarded for his duties as director by the Company and Group-controlled companies.

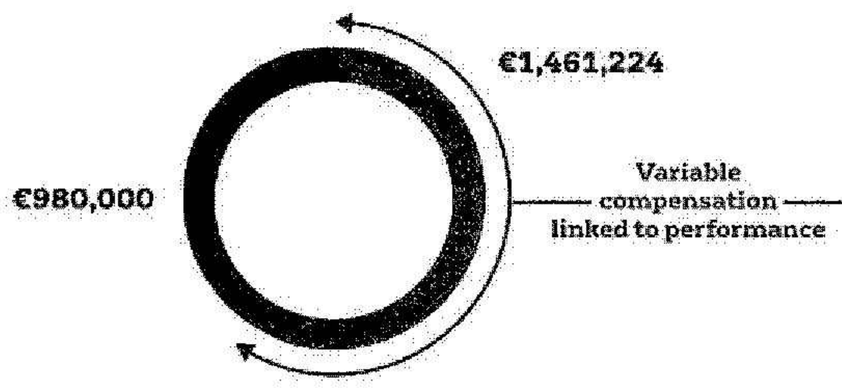
Retirement or other similar benefits

Information on pension plans, other benefits and severance payments due in the event of termination of the office of Chairman and Chief Executive Officer, is presented in Section 3.4.2 below.

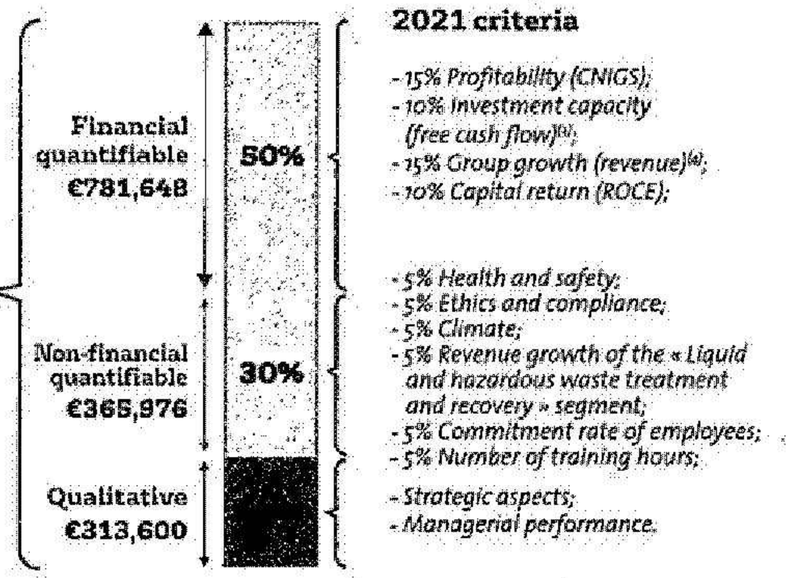
Overview and tables summarizing the compensation of the Chairman and Chief Executive Officer, Mr. Antoine Frérot

Annual compensation for 2021(1)(2)

Fixed and variable compensation(1)



Performance of the variable compensation(2)



€0 (Volontary renonciation)
Director's fees

€1,676
Benefit in kind

Closure and freezing of the defined benefit pension plan

Long-term compensation for 2021

2021 Performance share plan (expiring May 2024):
Grant of 39,516 performance shares (40,938 after adjustment for non-dilution following the share capital increase).

(1) The variable portion ceiling for 2021 was 160% of his target bonus base, or €1,568,000.

(2) The objective attainment level and the amount of the variable compensation portion were determined by the Board of Directors' Meeting of April 5, 2022, at the recommendation of the Compensation Committee.

(3) Target free cash-flow used to determine the bonus excludes discretionary investment.

(4) Target revenue used to determine the bonus is calculated at constant exchange rates.

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Summary of the calculation of 2021 variable compensation

Criteria	Weight	Attainment rate	Percentage of the Target bonus base paid	Amount *(in euros)*
Financial quantifiable	50%	119.3%	159.52%	781,648
Non-financial quantifiable	30%	106.3%	124.48%	365,976
Qualitative	20%	160.0%	160.00%	313,600
TOTAL 2021 VARIABLE COMPENSATION	100%	123.5%	149.10%	1,461,224

Payment percentages for the 50% financial quantifiable variable compensation

Criteria	Weight (base 50%)	Actual	Objective	Attainment rate	Percentage of the quantifiable Target bonus base paid
Profitability (CNIGS)	15%	896 M€	772 M€	116.1%	160.0%
Investment capacity (free cash flow)[1]	10%	1,719 M€	1,103 M€	155.9%	160.0%
Group growth (revenue)[2]	15%	28,396 M€	27,085 M€	104.8%	158.4%
Capital return (ROCE)	10%	8.2%	7.5%	109.3%	160.0%
TOTAL	50%				159.52%

(1) Target free cash-flow used to determine the bonus excludes discretionary investment.
(2) Target revenue used to determine the bonus is calculated at constant exchange rates.

These calculations are based on the following thresholds:

	Threshold attained		
Criteria	Lower limit *(0% payment)*	Central limit *(100% payment)*	Upper limit *(160% maximum payment)*
Profitability (CNIGS)	90%	100%	110%
Investment capacity (free cash flow)	90%	100%	130%
Group growth (revenue)	95%	100%	105%
Capital return (ROCE)	92%	100%	108%

Payment percentages for the 30% non-financial quantifiable variable compensation

Indicator	Weight (base 30%)	Actual	Objective	Attainment rate	Percentage of the quantifiable Target bonus base paid
Health and safety	5%	6.65	6.60	99.24%	67.64%
Ethics and compliance	5%	84%	80%	105.00%	124.00%
Climate	5%	111.8 M€	110 M€	101.64%	104.92%
Hazardous waste treatment and recovery	5%	3,063 M€	2,757 M€	111.11%	148.83%
Commitment	5%	87%	80%	108.75%	142.00%
Training	5%	21.3 hours	19 hours	112.11%	160.00%
TOTAL	30%				124.48%

These calculations are based on the following thresholds:

	Threshold attained		
Criteria	Lower limit *(0% payment)*	Central limit *(100% payment)*	Upper limit *(160% maximum payment)*
Health and safety	20% downturn	10% improvement	20% improvement
Ethics and compliance	72% result	80% result	90% result
Climate	80%	100%	120%
Hazardous waste treatment and recovery	85%	100%	115%
Commitment	70% result	80% result	90% result
Training	16 hours	19 hours	21 hours

- 5% based on the **Employee commitment** indicator: commitment rate of employees measured by an engagement survey conducted by an external body (clear objectives, meaning and usefulness, work atmosphere, pride in the Group, willingness to recommend Veolia); 87% (objective of 80% compared with a utilities benchmark of 73%) representing an attainment rate of 108.75% and a payment rate of 142%;
- 5% for the **Training** indicator: average number of training hours per employee per year (upskilling training actions); 21.3 hours as of December 31, 2021 (objective of 19 hours), representing an attainment rate of 112.11% and a payment rate of 160%.

The non-financial quantifiable variable compensation portion was determined based on the attainment of the 2021 objectives for the indicators concerned as detailed in Chapter 3, Section 3.4 of the 2020 Universal Registration Document.

The non-financial quantifiable variable portion equals €365,976, representing an overall payment rate of 124.48%.

ii) **with respect to the qualitative criteria:** the Board of Directors' Meeting of April 5, 2022 decided to allocate €313,600 to Mr. Antoine Frérot in respect of the qualitative variable portion (20% of the target bonus) of his 2021 compensation, representing a payment rate of 160% of the qualitative portion based on an overall assessment founded on the attainment of the following criteria:

- strategic aspects, with a payment rate of 160%;
- managerial performance, with a payment rate of 160%.

The qualitative portion takes account of the following items:

- several commercial wins and notably:
  - the Miyagi water concession in Japan,
  - 30-year contract for the Tachkent urban heating network in Uzbekistan,
  - water and wastewater services for the Riyadh region of over 9 million people,
  - management of hazardous waste at the Engen refinery in South Africa,
  - green electricity production from biogas from organic waste, meeting the electricity and heating needs of a city of around 42,000 inhabitants in Brazil,
  - wastewater treatment in the city of Rialto, United States, powered using solar and biogas energy,
  - the circular economy, with a project that will enable the manufacture of 400,000 metric tons of cardboard packaging and recycled cardboard with the Fibre Excellence group in France,
  - treatment and recycling of sulfuric acid at the industrial site of the Peruvian company, Petroperu;
- several remarkable innovations and partnerships:
  - alliance with Solvay to recycle end-of-life battery metals in a closed loop,
  - alliance with Thales for the production of SIM cards using recycled materials,
  - alliance with TotalEnergies to develop CO_2-based microalgae cultivation to produce next-generation biofuels,
  - launch of Open Playground, a new open innovation program with start-ups,
  - Waste2glass with EDF for the vitrification of radioactive waste,
  - alliance with L'Oréal to supply high-quality recycled plastic for cosmetic packaging to reduce the carbon footprint;
- successful integration of OSIS into Veolia's activities in the Maintenance, Industry & Building zone;
- a record high subscription rate to the employee share ownership transaction, above that of 2020 (40.31%), making employees a major Veolia shareholder (nearly 5% of the share capital).

After applying all these criteria, Mr. Antoine Frérot's **total variable compensation** (quantifiable and qualitative) for fiscal year 2021 is therefore **€1,461,224**, or 149.10% of his Target bonus base. It is recalled that the cap on variable compensation for 2021 was 160% of his Target bonus base, which in turn is equal to 100% of fixed compensation.

In accordance with Article L. 22-10-34, I of the French Commercial Code, the variable compensation will be paid to Mr. Antoine Frérot only after approval of the 9th resolution presented to the General Shareholders' Meeting of June 15,2022.

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After applying all these criteria, Mr. Antoine Frérot's **total variable compensation** (quantifiable and qualitative) for fiscal year 2020 **is therefore €1,377,150**, or 140.52% of his Target bonus base. Despite attaining and exceeding the ambitious 2020 budget objectives as revised by the Board of Directors' Meeting of July 29, 2020, Mr. Antoine Frérot unilaterally decided to waive 30% of the financial quantifiable portion of his 2020 bonus, adopting a fair treatment approach given the efforts required of the Group's stakeholders and particularly its shareholders. Accordingly, and after taking account of Mr. Antoine Frérot's unilateral decision, total variable compensation (quantifiable and qualitative) **was reduced to €1,166,137**.

Annual variable compensation for fiscal year 2021

In accordance with the recommendations of the Compensation Committee, the Board of Directors' Meeting of March 9, 2021 decided to set the method of calculating the 2021 variable compensation as follows.

The quantifiable objectives for 2021 were determined in the context of 2020-2023 strategic plan and particularly the implementation of the Company's Purpose and all its performance indicators for stakeholders, with the exception of the economic and financial performance indicators adjusted due to the health crisis (multifaceted performance).

Following on from 2020 and the integration of the Purpose criteria, the Board of Directors' Meeting of March 9, 2021, at the recommendation of the Compensation Committee, determined the calculation method for variable compensation for fiscal year 2021 as follows:

- weight of the auditable quantifiable portion (80%) and weight of the qualitative portion (20%) unchanged;
- weight of the auditable quantifiable portion (80%) consisting 50% of financial quantifiable objectives and 30% of non-financial quantifiable objectives unchanged;
- target variable compensation (in the event of attainment of the objectives set by the Board of Directors) set at 100% of the annual fixed compensation ("Target bonus base");
- variable compensation capped (in the event objectives are exceeded) at 160% of annual fixed compensation for 2021, or €1,568,000.

Using this method and based on the attainment of the criteria determining the calculation of the variable portion, the amount of this variable portion for fiscal year 2021 was determined as follows:

i) **with respect to the quantifiable criteria:** in line with the outlook and objectives published on February 25, 2021, equal to the total of the components resulting from application of each of these criteria separately.

For the **50% financial quantifiable portion**:

- 15% based on the **Profitability indicator (CNIGS)**: Current Net Income, Group Share of €896 million as of December 31, 2021 (objective of €772 million), representing an attainment rate of 116.1% and a payment rate of 160%;
- 10% based on the **Investment Capacity indicator (free cash flow)**[1]: before financial acquisitions/divestments and dividends but after financial expenses and taxes; €1,719 million as of December 31, 2021 (objective of €1,103 million), representing an attainment rate of 155.9% and a payment rate of 160%;
- 15% based on the **Group Growth indicator (revenue)**[2]: Group organic revenue excluding acquisitions and divestitures of more than €100 million but including acquisitions of privatized public services; 2021 revenue of €28,396 million (objective of €27,085 million), representing an attainment rate of 104.8% and a payment rate of 158.4%;
- 10% based on the **Capital Return indicator (ROCE):** Group ROCE after tax and including the return on capital employed of joint ventures and companies and after IFRS 16 lease adjustments; 8.2% as of December 31, 2021 (objective of 7.5%), representing an attainment rate of 109.3% and a payment rate of 160%.

These financial indicators are defined in Chapter 5, Section 5.6 of the Universal Registration Document.

The attainment level for each indicator of the financial and non-financial quantifiable variable compensation portion was determined based on the attainment of the 2021 budget objectives which are consistent with the outlook announced to the market on February 25, 2021. The payment rate follows the payout rules established for each indicator based on the requirements defined in the 2020-2023 strategic plan.

The financial quantifiable variable portion equals €781,648, representing an overall payment rate of 159.52%.

For the 30% **non-financial quantifiable portion:**

- 5% based on **the Health and Safety indicator**: improvement and reduction in the injury frequency rate; 6.65 as of December 31, 2021 (objective of 6.60), representing an attainment rate of 99.24% and a payment rate of 67.64%;
- 5% based on the **Ethics and Compliance** indicator; percentage of positive answers to the engagement survey question "Are Veolia's values applied in my entity"; 84% as of December 31, 2021 (objective of 80%), representing an attainment rate of 105% and a payment rate of 124%;
- 5% based on the **Climate** indicator (invest in the transition to carbon neutrality to achieve zero facilities powered by coal in Europe by 2030, for facilities where the Group controls investment): completion rate for scheduled investment to reduce greenhouse gas emissions; €111.8 million as of December 31, 2021 (objective of €110 million), representing an attainment rate of 101.64% and a payment rate of 104.92%;
- 5% based on the **Hazardous waste treatment and recovery** indicator: consolidated revenue growth of the "Liquid and hazardous waste treatment and recovery" segment; €3,063 million as of December 31, 2021 (objective of €2,757 million), representing an attainment rate of 111.11% and a payment rate of 148.83%;

(1) Target free cash-flow used to determine the bonus excludes discretionary investment.

(2) Target revenue used to determine the bonus is calculated at constant exchange rates.

For the **50% financial quantifiable portion**:

- 15% based on the **Profitability indicator (CNIGS)**: Current Net Income, Group Share;
- 10% based on the **Investment Capacity indicator (free cash flow)**(1): before financial acquisitions/divestments and dividends but after financial expenses and taxes;
- 15% based on the **Group Growth indicator (revenue)**(2): Group organic revenue excluding acquisitions and divestitures of more than €100 million but including acquisitions of privatized public services;
- 10% based on the **Capital Return indicator (ROCE)**: Group ROCE after tax and including the return on capital employed of joint ventures and companies and after IFRS 16 lease adjustments.

These financial indicators are defined in Chapter 5, Section 5.6 of this Universal Registration Document.

The financial quantifiable variable compensation portion was determined based on the attainment of the 2020 budget objectives, as revised by the Board of Directors' Meeting of July 29, 2020 and consistent with the revised outlook announced to the market on July 30, 2020.

The financial quantifiable variable portion equals €702,709, representing, an overall payment rate of 143.41%.

For the 30% **non-financial quantifiable portion**:

- 5% based on the **Health and Safety** indicator: improvement and reduction in the injury frequency rate;
- 5% based on the **Ethics and Compliance** indicator: percentage of positive answers to the engagement survey question "Are Veolia's values applied in my entity";
- 5% based on the **Climate** indicator (invest in the transition to carbon neutrality to achieve zero facilities powered by coal in Europe by 2030, for facilities where the Group controls investment): completion rate for scheduled investment to reduce greenhouse gas emissions;
- 5% based on the **Hazardous waste treatment and recovery** indicator: consolidated revenue growth of the "Liquid and hazardous waste treatment and recovery" segment;
- 5% based on the **Employee commitment** indicator: commitment rate of employees measured by an engagement survey conducted by an external body (clear objectives, meaning and usefulness, work atmosphere, pride in the Group, willingness to recommend Veolia);
- 5% for the **Training** indicator: average number of training hours per employee per year (upskilling training actions).

The non-financial quantifiable variable compensation portion was determined based on the attainment of the 2020 objectives for the relevant indicators.

The non-financial quantifiable variable portion equals €360,841 representing an overall payment rate of 122.74%.

ii) **with respect to the 20% qualitative variable portion:** the Board of Directors' Meeting of March 9, 2021 decided to grant **€313,600** to Mr. Antoine Frérot in respect of the qualitative variable portion (20% of the Target bonus base) of his 2020 compensation, representing a payment rate of 160% of the qualitative portion based on the excellent overall assessment of his performance in strategic and management areas:

In this overall assessment, the Board took particular account of the following:

Strategic aspects:

- communication and launch of a robust strategic program (Impact 2023), founded on the contributions of a range of stakeholders. This plan fully integrates Veolia's Purpose which is broken down at all Group levels and notably in the short and long-term variable compensation plans of the Chairman and Chief Executive Officer and Company executives;
- the launch of a major merger project with Suez aimed at creating the world champion in ecological transition by combining Suez with Veolia;
- numerous commercial wins and the development of new businesses (Prague right bank district heating network, creation of a joint venture with Mitsui and Seven Eleven in Japan to build a new PET plastic recycling plant, acquisition of Osis in France, a specialist in the maintenance of sanitation networks and infrastructure, a partnership with Solvay to develop the circular economy for electric vehicle batteries, an agreement with General Electric to recycle on-shore wind turbine blade, etc.).

Managerial performance:

- management of the Covid crisis including the regular monitoring of the impact of this crisis on the Group's activities and service continuity, Group liquidity and treasury, employee protection, the implementation of economic measures for employees and regular communication of information and recommendations to employees;
- with regard to human resources, Veolia did not implement any departure plans and paid **all** French employees on furlough their full salary (around 15,000 employees in France). The Group decided to apply these measures in all countries where they were available (for example furlough in the United Kingdom) and granted bonuses to 25,000 front-line workers in France. Similar exceptional bonuses were distributed in the Group's different regions in line with local practice and frameworks;
- commitment to an additional €250 million savings plan (Recover and Adapt) over the last seven months of 2020, on top of the €250 million annual savings plan. Ambitious budget objectives were proposed to the Board at the end of July 2020, not taking account of a possible second pandemic wave. These objectives were attained and even exceeded for certain, despite a second wave across the globe in the second half of the year;
- strong "record" success of the subscription rate to the employee share ownership transaction, resulting in shareholders becoming a major Veolia shareholder (4% of the share capital at the end of December 2020);
- excellent results of the employee engagement survey with an extended scope (100,000 employees surveyed): overall commitment rate of 87% (utilities benchmark of 79%), manager commitment rate of 94% (utilities benchmark of 82%).

(1) Target free cash-flow used to determine the bonus excludes discretionary investment.

(2) Target revenue used to determine the bonus is calculated at constant exchange rates.

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Proposed 2022 performance share grant plan for fiscal years 2022, 2023 and 2024

At the recommendation of the Compensation Committee, the Board of Directors asks shareholders in the 25th resolution presented to the General Shareholders' Meeting of June 15, 2022, to approve an authorization, for a period of 26 months, to grant performance shares to a group of around 550 to 600 beneficiaries including former Suez employees and comprising top executives, high potential employees and key contributors of the Group, including the Chief Executive Officer. This plan, which is intended to be launched on July 1, 2022 with an expiry date in 2025 following the publication of the 2024 financial statements, would therefore succeed the plan granted in 2021.

At the recommendation of the Compensation Committee, the Board of Directors stipulated that the Chief Executive Officer would receive a performance share grant equal to and capped at 100% of her fixed compensation. As for the annual variable compensation, the proposed changes in performance conditions for this new plan seek to reflect Veolia's commitment to multifaceted performance under the Impact 2023 strategic program, as detailed in the Profile Section above of this Universal Registration Document.

The detailed features and performance conditions of this plan are presented in Section 3.4.3.1 below.

Exceptional share-based bonus

In addition, and exceptionally, to take account of the successful acquisition of the Suez group, shareholders are asked to approve in the 12th resolution, at the recommendation of the Compensation Committee, an exceptional bonus grant of free shares, subject to the approval of the 25th resolution. This exceptional grant would represent 30,000 shares, with a vesting period of three years, subject to the approval of the 12th and 25th resolutions.

The squeeze-out procedure on February 18, 2022 (enabling the Company to acquire 100% of the share capital and voting rights of Suez) and the sale of "new Suez" to the Consortium of investors composed of Meridiam, GIP, CDC and CNP Assurances on January 31, 2022, marked, for the Company, the completion of the merger project launched several months previously, enabling the Group to embark upon its future as a global champion of ecological transformation. They testify to the exceptional performance of certain employees, as well as the Company's executive corporate officer, over a period of several months, that the grants set out in these resolutions aim to reward.

Mr. Antoine Frérot having never received an exceptional bonus in his 13 years of office, the Board of Directors, at the recommendation of the Compensation Committee, decided to present a specific resolution (12th resolution) to shareholders for *ex ante* vote.

Additional components of annual compensation

In addition to his annual compensation, the Chairman and Chief Executive Officer is entitled to a company car and to social security benefits equivalent to those of employees (healthcare and insurance) (see Section 3.4.2 below). Additionally, he is eligible to participate in the supplementary defined contribution group pension plan applicable since July 1, 2014, presented in Section 3.4.2 below.

3.4.1.1.2 Compensation of the Chairman and Chief Executive Officer, Mr. Antoine Frérot, for fiscal years 2020, 2021 and 2022

2020 and 2021 fixed compensation

Mr. Antoine Frérot's annual fixed compensation for his duties as Chairman and Chief Executive Officer was increased to €980,000 in 2019 from €950,000 in 2018 (+3.2%).

Fixed compensation for the period from January 1, 2022 to June 30, 2022

Mr. Antoine Frérot's annual fixed compensation for his duties as Chairman and Chief Executive Officer will be increased to €1,030,000 in 2022 (or €515,000 for the period from January 1, 2022 to June 30, 2022, inclusive) compared to €980,000 in 2021. This three-year increase of approximately 5% reflects the average increase in the fixed compensation of Group management employees over the past three years.

Annual variable compensation for fiscal year 2020

In accordance with the recommendations of the Compensation Committee, the Board of Directors' Meeting of March 10, 2020 decided to set the method of calculating the 2020 variable compensation as follows.

The quantifiable objectives for 2020 were determined in the context of the 2020 budget and the 2020-2023 strategic plan, including notably the implementation of the Company's Purpose and all its performance indicators for stakeholders (multifaceted performance). In order to integrate the multifaceted performance indicators relating to the Company's Purpose, the Board of Directors' Meeting of March 10, 2020, at the recommendation of the Compensation Committee, decided to amend the calculation method for variable compensation as follows:

- increase in the weight of the auditable quantifiable portion to 80% and decrease in the weight of the qualitative portion to only 20%;
- the 80% auditable quantifiable portion will consist 50% of financial quantifiable objectives and 30% of non-financial quantifiable objectives;
- 2020 target variable compensation (in the event of attainment of the objectives set by the Board of Directors) set at 100% of the annual fixed compensation ("Target bonus base");
- variable compensation capped (in the event objectives are exceeded) at 160% of annual fixed compensation for 2020, or €1,568,000.

It is recalled that the Board meeting of April 1, 2020 announced in a communication to the market that the financial quantifiable portion of the Chairman and Chief Executive Officer's compensation would be determined based on the attainment of the 2020 budget objectives, as revised during the Board meeting held to approve the financial statements for the first-half of 2020.

Using this method and based on the attainment of the criteria determining the calculation of the variable portion, the Board of Directors' Meeting of March 9, 2021, at the recommendation of the Compensation Committee, determined the amount of this variable portion for fiscal year 2020 as follows:

i) **with respect to the quantifiable criteria**: in line with the outlook and objectives published on February 28, 2020 and revised on July 30, 2020, the criteria for the quantifiable portion of variable compensation break down as follows. The quantifiable portion is equal to the total of the components resulting from application of each of these criteria separately.

Long-term compensation

Based on the principles and recommendations of the AFEP-MEDEF Code (see Article 25.3.3), in accordance with the rules governing executive corporate officer compensation and at the recommendation of the Compensation Committee, the Board seeks to implement long-term compensation in addition to annual variable compensation, proportionate to annual fixed and variable components and subject to demanding performance conditions to be satisfied over several consecutive years. When drafting a new plan, the performance conditions reflect Veolia's long-term strategic priorities and can include performance conditions that are internal and/or external to the Group. This long-term compensation is not intended to concern only the executive corporate officer, but also senior executives and other employee categories of the Group (*e.g.* high potential employees and key contributors). The scope of beneficiaries is determined on the implementation of each long-term compensation plan. Should the executive corporate officer leave the Group before expiry of the performance criteria assessment period, the multi-year compensation will not be paid, in the absence of exceptional provisions justified by the Board.

In this context, the last three long-term compensation plans implemented by the Board of Directors and the proposed new 2022 performance share plan under which the Chief Executive Officer will receive grants presented to the Shareholders Meeting of June 15, 2022 for approval are detailed below.

It is recalled that, at the recommendation of the Compensation Committee, the Board of Directors' Meeting of March 6, 2018 decided that on the implementation of the performance share plan decided by the Board of Directors' Meeting of May 2, 2018 and authorized by the General Shareholders' Meeting of April 19, 2018, the following holding obligations would apply:

- for the **executive corporate officer**, obligation to hold, until the end of his duties, 40% of total performance shares granted under this plan, net of applicable taxes and social security contributions, until an overall shareholding corresponding to 200% of his gross fixed compensation is ultimately reached;
- for **members of the Company's Executive Committee**, obligation to hold, until the end of their duties within the Executive Committee, 25% of total performance shares granted under this plan, net of applicable taxes and social security contributions, until an overall shareholding corresponding to 100% of their gross fixed annual compensation is ultimately reached.

Performance share grant plan implemented in 2019 for fiscal years 2019, 2020 and 2021

Pursuant to the implementation of the Group's long-term compensation policy and the authorization approved by the Extraordinary General Meeting of April 18, 2019, and at the recommendation of the Compensation Committee, the Board of Directors' Meeting of April 30, 2019 decided to grant 1,131,227 performance shares (*i.e.* approximately 0.2% of the Company's share capital) to 450 beneficiaries, including top executives, high potential employees and key contributors of the Group, including 47,418 performance shares to the Chairman and Chief Executive Officer, Mr. Antoine Frérot (*i.e.* approximately 0.01% of the share capital, compared with 0.04% authorized by the General Shareholders' Meeting).

It is recalled that at the recommendation of the Compensation Committee, the Board of Directors' Meeting of March 5, 2019 decided that the same holding obligations applicable to the performance share grant plan implemented in 2018 would apply should this performance share plan be implemented.

The detailed features and performance conditions of this plan are presented in Section 3.4.3.1 below. In the exceptional context of the Covid-19 epidemic, the Board of Directors' Meeting of March 9, 2021 decided to adjust this plan as detailed in the same Section 3.4.3.1 below, approved by the General Shareholders' Meeting of April 22, 2021.

Performance share grant plan implemented in 2020 for fiscal years 2020, 2021 and 2022

Pursuant to the implementation of the Group's long-term compensation policy and the authorization approved by the Extraordinary General Meeting of April 22, 2020, and at the recommendation of the Compensation Committee, the Board of Directors' Meeting of May 5, 2020 decided to grant 1,109,400 performance shares (*i.e.* approximately 0.2% of the Company's share capital) to 450 beneficiaries, including top executives, high potential employees and key contributors of the Group, including the Chairman and Chief Executive Officer, with 51,993 performance shares granted to the Chairman and Chief Executive Officer, Mr. Antoine Frérot (*i.e.* approximately 0.01% of the share capital, compared with 0.04% authorized by the General Shareholders' Meeting).

It is recalled that at the recommendation of the Compensation Committee, the Board of Directors' Meeting of March 10, 2020 decided that the same holding obligations applicable to the performance share grant plan implemented in 2019 would apply should this performance share plan be implemented.

The detailed features and performance conditions of this plan are presented in Section 3.4.3.1 below. In the exceptional context of the Covid-19 epidemic, the Board of Directors' Meeting of March 9, 2021 decided to adjust this plan as detailed in the same Section 3.4.3.1 below, approved by the General Shareholders' Meeting of April 22, 2021.

2021 performance share grant plan for fiscal years 2021, 2022 and 2023

Pursuant to the implementation of the Group's long-term compensation policy and the authorization approved by the Extraordinary General Meeting of April 22, 2021, and at the recommendation of the Compensation Committee, the Board of Directors' Meeting of May 4, 2021 decided to grant 937,182 performance shares (*i.e.* approximately 0.2% of the Company's share capital) to 450 beneficiaries, including top executives, high potential employees and key contributors of the Group, including the Chairman and Chief Executive Officer, with 39,516 performance shares granted to the Chairman and Chief Executive Officer, Mr. Antoine Frérot (*i.e.* approximately 0.01% of the share capital, compared with 0.04% authorized by the General Shareholders' Meeting).

It is recalled that at the recommendation of the Compensation Committee, the Board of Directors' Meeting of May 4, 2021 decided that the same holding obligations applicable to the performance share grant plan implemented in 2020 would apply should this performance share plan be implemented.

The detailed features and performance conditions of this plan are presented in Section 3.4.3.1 below.

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General structure of the compensation components of the Chairman and Chief Executive Officer

Mr. Antoine Frérot does not have an employment contract with the Group and has waived receipt of the compensation awarded for his duties as director. His compensation does not include any exceptional components.

His annual compensation comprises the following components:

- fixed compensation;
- annual variable compensation tied to annual objectives;
- a benefit in kind, corresponding to a company car.

In addition, Mr. Antoine Frérot is entitled to:

- long-term compensation in the form of performance share grants decided:
  - by the Board of Directors' Meeting of May 2, 2018 pursuant to the 21st resolution approved by the Combined General Meeting of April 19, 2018; this plan expired on May 3, 2021,
  - by the Board of Directors' Meeting of April 30, 2019 pursuant to the 15th resolution approved by the Combined General Meeting of April 18, 2019,
  - by the Board of Directors' Meeting of May 5, 2020 pursuant to the 23rd resolution approved by the Combined General Meeting of April 22, 2020,
  - by the Board of Directors' Meeting of May 4, 2021 pursuant to the 22nd resolution approved by the Combined General Meeting of April 22, 2021;
- severance payments, renewed by the Combined General Meeting of April 19, 2018;
- a supplementary defined contribution pension plan.

Fixed compensation

The fixed compensation reflects the experience and the responsibilities of the Chairman and Chief Executive Officer and acts as a basis for determining the maximum percentage of annual variable compensation.

Mr. Antoine Frérot has received annual fixed compensation of €980,000 for his duties as Chairman and Chief Executive Officer since fiscal year 2019.

In accordance with the three-year compensation policy implemented in since 2016 and at the recommendation of the Compensation Committee, the Board of Directors' Meeting of April 5, 2022 decided to propose to the General Shareholders' Meeting of June 15, 2022 an increase in Mr. Antoine Frérot's gross annual fixed compensation to €1,030,000 from January 1, 2022, that is €515,000 for the period from January 1, 2022 to June 30, 2022, inclusive. This three-year increase of approximately 5% reflects the average increase in the fixed compensation of Group management employees over the past three years.

Annual variable compensation

Variable compensation rewards the Chairman and Chief Executive Officer's contribution to the Group's results and performance in the past year.

From 2003 to 2019, the Chairman and Chief Executive Officer's variable compensation was split between a quantifiable portion (70%) and a qualitative portion (30%).

Since 2020, it is split between a financial quantifiable portion (50%), a non-financial quantifiable portion (30%) and a qualitative portion (20%).

The quantifiable and qualitative objectives and criteria underlying the variable compensation are set at the beginning of each year by the Board of Directors for the current year, at the recommendation of the Compensation Committee and based on the three-year rules governing the Chairman and Chief Executive Officer's compensation and the Group's strategic priorities. The Board of Directors also discusses the amount of the variable compensation for the prior year, based on the attainment of the criteria and objectives set at the beginning of that year. Pursuant to Article L. 22-10-34 of the French Commercial Code, the payment of annual variable compensation for a period is contingent on its approval by the General Shareholders' Meeting called to approve the financial statements for this period.

The Chairman and Chief Executive Officer's annual variable compensation is determined each year based on a target bonus (100% attainment of the objectives set by the Board of Directors) expressed as a percentage of annual fixed compensation (the "Target bonus base") and capped (where objectives are exceeded) at 160% of annual fixed compensation.

From 2020, the compensation policy was changed as follows to reflect the priorities set out in Veolia's Purpose and the Impact 2023 strategic program, as detailed in Chapter 1, Section 1.2.3 above:

- the financial quantifiable portion of variable compensation (50% of the Target bonus base) is based on financial indicators aligned with the outlook published by the Group. The amount depends on actual results compared with budget objectives set by the Board of Directors;
- the non-financial quantifiable portion (30% of the Target bonus base) is determined based on non-financial indicators relating to Veolia's multifaceted performance and in line with the Impact 2023 strategic plan. The amount depends on actual results compared with quantitative objectives set by the Board of Directors;
- the qualitative portion of variable compensation (20% of the Target bonus base) is the subject of an overall assessment by the Board of Directors based on the attainment of qualitative criteria and the recommendations of the Compensation Committee.

All quantifiable indicators are audited annually by an independent third party.

With regard to the 2022 compensation policy, the General Shareholders' Meeting (11th resolution) is asked to renew this annual variable compensation policy:

- for the period from January 1, 2022 to June 30, 2022, for Mr. Antoine Frérot's office as Chairman and Chief Executive Officer;
- for the period from July 1, 2022 to December 31, 2022, for Mrs. Estelle Brachlianoff's office as Chief Executive Officer.

The quantifiable and qualitative criteria for the Chairman and Chief Executive Officer's annual variable compensation for fiscal years 2020, 2021 and 2022 are presented in Section 3.4.1.1.2 below.

3.4 Compensation and benefits

A summary of compensation paid during 2021 or awarded in respect of this fiscal year to the Chairman and Chief Executive Officer, Mr. Antoine Frérot, as well as the 2022 compensation policy presented for shareholder vote at the Combined General Meeting of June 15, 2022, are detailed in Section 3.4.4 below. The information required by Article L. 225-37 of the French Commercial Code in the corporate governance report is presented in this Section.

3.4.1 EXECUTIVE AND DIRECTOR COMPENSATION

The total compensation paid during fiscal year 2021 or awarded in respect of this fiscal year to the Chairman and Chief Executive Officer, Directors and other senior executives by the Company and by controlled companies within the meaning of Article L. 233-16 of the French Commercial Code is detailed below.

It is noted that the Board of Directors of Veolia Environnement, at its meeting on January 7, 2009, confirmed that the AFEP-MEDEF Code would be the reference used by Veolia Environnement, notably in regard to the compensation of executive corporate officers.

This Universal Registration Document and, in particular, the tables in Sections 3.4.1 and 3.4.3 below (share subscription and/or purchase options, free shares, performance shares) have been prepared in accordance with the format recommended by the AFEP-MEDEF Code and the AMF recommendation no. 2012-02.

3.4.1.1 Executive corporate officer compensation

3.4.1.1.1 Compensation policy for the Chairman and Chief Executive Officer

The principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of total compensation and benefits of all kinds that may be awarded to executive corporate officers(1) in respect of their duties, representing the compensation policy for these individuals, are decided by the Board of Directors at the recommendation of the Compensation Committee and presented for shareholder approval at General Shareholders' Meetings ("*ex ante* vote on the compensation policy") in accordance with Article L. 22-10-8 of the French Commercial Code. The 11th and 12th resolution on the executive corporate officer compensation policy for fiscal year 2022 presented for shareholders' vote at the General Shareholders' Meeting of June 15, 2022 are presented in Section 3.4.4.2 below.

In addition, pursuant to Article L. 22-10-34 of the French Commercial Code, the General Shareholders' Meeting votes on: (i) the fixed, variable and exceptional components of total compensation and (ii) benefits of all kinds paid during the fiscal year or awarded in respect of the same fiscal year to executive corporate officers ("*ex post* vote on compensation of the prior fiscal year"). Accordingly, the payment of variable or exceptional compensation components in respect of a period is contingent on their approval by the General Shareholders' Meeting called to approve the financial statements for this period. The 9th resolution on executive corporate officer compensation components for fiscal year 2021 submitted to shareholders' vote at the General Shareholders' Meeting of June 15, 2022 is presented in Section 3.4.4.1 below.

Mr. Antoine Frérot, as the Chairman and Chief Executive Officer, is the sole executive corporate officer as of December 31, 2021.

Policy and general principles applicable to the Chairman and Chief Executive Officer's compensation

In accordance with the provisions of the AFEP-MEDEF Code and at the recommendation of its Compensation Committee, the Board of Directors conducts an annual review of all the compensation components of the Chairman and Chief Executive Officer, based on rules defining the principles and general policy applicable to the Chairman and Chief Executive Officer's compensation components. These rules may be reviewed and amended each year in line with changes in the Group's strategic priorities or in the event of major new events.

In the absence of any major new events or change in strategic priorities, these rules set:

(i) the amount of the annual fixed compensation;

(ii) the criteria for determining the annual variable and long-term compensation;

(iii) the applicable terms and conditions.

These rules were adopted by the Board of Directors for the first time on March 8, 2016, for the period encompassing fiscal years 2016, 2017 and 2018. At the recommendation of the Compensation Committee, the Board of Directors' Meeting of March 5, 2019 decided new rules for a further period of three years encompassing fiscal years 2019, 2020 and 2021.

When implementing these rules and setting the Chairman and Chief Executive Officer's compensation components, the Board of Directors, at the recommendation of the Compensation Committee, ensures in particular that the compensation policy is aligned with the Group's strategy and considers the balance between the different compensation components (fixed and variable annual compensation, long-term compensation plan and other benefits and additional compensation components). Furthermore, the review of the Chairman and Chief Executive Officer's compensation components also takes account of compensation studies and benchmarks covering companies comparable to Veolia Environnement and CAC 40 companies.

(1) Executive corporate officers of a French limited liability company (société anonyme) with a Board of Directors are: the Chairman of the Board of Directors or the Chairman and Chief Executive Officer (if he/she assumes the duties of CEO), the Chief Executive Officer and the Deputy Chief Executive Officers (if any).

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the Company's name, under the conditions described in Section 3.3.2 below, which remain unchanged. In addition, shareholders will be asked to appoint her to the Board of Directors as it is essential that the Chief Executive Officer takes part in the discussions and deliberations of the Board of Directors, which is responsible for defining the Company's strategic direction.

Mrs. Estelle Brachlianoff joined the Executive Committee of the Group in 2013 and was appointed Chief Operating Officer by Mr. Antoine Frérot in 2018. She will be responsible for managing and leading Veolia which, in 10 years, has become the world champion of ecological transformation. In the conduct of hers duties, she can count on the support of an Executive Committee and a renewed Management Committee, comprising some of the world's top experts in the Water, Waste and Energy businesses.

The substantial counter-balances within the Board of Directors remain unchanged (see Section 3.3.1.1 below). Given this separation of duties, the Board of Directors' Meeting of April 5, 2022 decided to adjust its internal regulations with regards to the duties of the Chairman of the Board of Directors and the Vice-Chairman, which will enter into effect from July 1, 2022 (see Sections 3.2.1.5 and 3.2.1.6 below). No substantial changes in governance are planned in the short-term, other than the transfer to the Chairman of the Board of Directors of some of the duties of the Vice-Chairman.

The separation of the duties of the Chairman and the Chief Executive Officer was largely motivated by the desire to retain the expertise and experience of the Chairman and Chief Executive Officer at a decisive moment in the Company's history. Notwithstanding the fact that this corporate governance approach is recognized by investors and proxy advisors as the best governance approach for listed companies to ensure transition during the necessary period in the context of the Chairman and Chief Executive Officer's succession, the Board of Directors will examine the operation of this separated governance method each year and propose, where appropriate, any useful changes to shareholders.

3.3.2 LIMITS ON THE POWERS OF THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

In accordance with the law and as Chief Executive Officer, the Chairman and Chief Executive Officer is fully empowered to act in the name of the Company in all circumstances. He acts within the limits of the corporate purpose.

However, the powers exercised by the Chairman and Chief Executive Officer are limited by the internal regulations of the Board of Directors. The following decisions of the Chief Executive Officer are therefore subject to the prior authorization of the Board of Directors:

- determining the Group's strategic direction;
- Group transactions of an individual amount in excess of €300 million, with the exception of financing transactions;
- Group investment or divestment transactions including a commitment of between €150 million and €300 million per transaction, with the exception of financing transactions, after consultation with and the recommendation of the Accounts and Audit Committee;
- financing transactions, whatever their terms, (including the early redemption or repurchase of debt) amounting to more than €1.5 billion per transaction if carried out in a single tranche and €2.5 billion if the transaction is carried out in several tranches;
- transactions in the Company's shares involving an overall amount in excess of 1% of the Company's total shares.

3.3.3 EXECUTIVE COMMITTEE

The Chairman and Chief Executive Officer is assisted in the performance of his duties by an Executive Committee, a discussion, consultation and general policy decision-making body which seeks to implement the Group's strategic direction. The Committee is also consulted on major issues concerning the Group's corporate life.

The Executive Committee meets monthly.

As of the date of filing of this Universal Registration Document, the Company's Executive Committee comprises 15 members:

- Mr. Antoine Frérot, Chairman and Chief Executive Officer;
- Estelle Brachlianoff, Chief Operating Officer;
- Gavin Graveson, Senior Executive Vice President, Northern Europe;
- Sébastien Daziano(1), Senior Executive Vice President, Strategy and Innovation;
- Philippe Guitard, Senior Executive Vice President, Central and Eastern Europe;
- Éric Haza, Chief Legal Officer;
- Azad Kibarian, Senior Executive Vice President, Italy and Africa/ Middle East;
- Helman le Pas de Sécheval, General Counsel;
- Isabelle Calvez, Senior Executive Vice President, Human Resources;
- Claude Laruelle, Chief Financial Officer;
- Christophe Maquet, Senior Executive Vice President, Asia;
- Jean-François Nogrette, Senior Executive Vice President, France and Special Waste in Europe;
- Laurent Obadia, Senior Executive Vice President, Stakeholders and Communications; Advisor to the Chairman;
- Angel Simon, Senior Executive Vice President, Iberia and Latin America;
- Frédéric Van Heems, Senior Executive Vice President, North America.

In addition, Management Committee meetings bring together, each quarter, all the Group's functions and geographies in order to share and commit to the Group's challenges and outlook. As of the date of filing of this Universal Registration Document, this Committee has 40 members, including the 15 members of the Executive Committee; its composition can be viewed on Veolia's website (www.veolia.com).

(1) Subject to receipt of the derogation requested from the UK Competition and Markets Authority.

3.3 Executive Management and the Executive Committee

3.3.1 ORGANIZATION OF EXECUTIVE MANAGEMENT'S POWERS

3.3.1.1 Current governance structure: combined executive management

The law provides that the Board of Directors elects a Chairman from among its members, who must be a natural person. The duties of the Chairman are presented in Section 3.2.1.5 above. The Board of Directors entrusts the Executive Management of the Company to either the Chairman of the Board of Directors (referred to as the Chairman and Chief Executive Officer), or to another natural person, who may or may not be a director, referred to as the Chief Executive Officer.

As mentioned in the AFEP-MEDEF Code, the law states no preference between those two options. Accordingly, the Board of Directors may choose between these combined or separate forms of Executive Management in accordance with its specific requirements.

In December 2010, following the departure of Henri Proglio, Chairman of the Board of Directors and at the recommendation of the Nominations and Compensation Committee, the Board of Directors decided to combine the duties of Chairman of the Board with those of Chief Executive Officer, by appointing Antoine Frérot, Chief Executive Officer since November 27, 2009, Chairman of the Board. At the recommendation of the Nominations Committee, this choice was reasserted twice by the Board of Directors, at the time of the proposed renewal of Mr. Antoine Frérot's term of office at the General Shareholders' Meetings of April 24, 2014 and April 19, 2018. At its meeting of February 21, 2018 and subject to the renewal of his term of office as director by the Combined General Shareholders' Meeting of April 19, 2018, the Board of Directors decided to retain a combined form of governance for the reasons presented below.

Veolia has a diverse range of business lines and operates in numerous countries in a highly decentralized manner. This combined form of governance, led by the Chairman and Chief Executive Officer who, having spent over 25 years within the Group, has acquired an in-depth knowledge of its activities and businesses, offers the advantages of tighter and more effective control and management, simplifying the decision-making process.

Under the current Impact 2023 strategic program, which notably aims to make Veolia the benchmark company for ecological transformation by building on the Group's transformation achievements in previous periods, this form of governance enabled and continues to enable greater responsiveness in the implementation, by the Business Units, of the strategic direction defined by the Board of Directors and faster escalation to Executive Management of the operating reality.

Substantial counter-balances exist within the Board of Directors, providing all the guarantees necessary to the exercise of this form of governance in accordance with best governance practices:

- the existence of a Vice-Chairman and a Senior Independent Director, whose duties, means and prerogatives are presented in Section 3.2.1.6 above;
- the presence of a significant majority of Independent Directors, two directors representing employees and one Director representing employee shareholders[1] on the Board of Directors;
- the appointment of Independent Directors to chair the majority of Board Committees;
- the organization of an executive session at the end of each Board meeting, without the presence of the Chairman and Chief Executive Officer and led by the Vice-Chairman;
- the organization of governance roadshows by the Senior Independent Director;
- in-depth assessments of the activities of the Board;
- limits on powers set-out in the internal regulations of the Board of Directors providing for approval by the Board of Directors of major decisions of a strategic nature or likely to have a material impact on the Company (see Section 3.3.2 below).
- Furthermore, in addition to the operational reasons for choosing this form of management as specified in this section, the Board strengthened the powers of the Vice-Chairman and the Senior Independent Director on March 6, 2018 (see Section 3.2.1.6 above). The Board of Directors also indicated that it could, in another context, decide to separate the duties of Chairman and Chief Executive Officer, as has been done in the past.

3.3.1.2 Change in governance structure from July 1, 2022: separation of the duties of Chairman of the Board of Directors and Chief Executive Officer

At the recommendation of the Nominations Committee, the Board of Directors' Meeting of January 10, 2022 decided to separate the duties of Chairman of the Board of Directors and Chief Executive Officer from July 1, 2022.

Mr. Antoine Frérot had expressed the wish to cease his duties as Chief Executive Officer, which he has exercised since 2009, on the expiry of his current term of office. He therefore asked the Board of Directors to task the Nominations Committee with conducting, with the assistance of a recruitment firm, an in-depth review of the most appropriate governance structure to lead the company, which has changed scale and is continuing to expand internationally.

The Directors informed Mr. Antoine Frérot of their unanimous wish that he remain Chairman of the Veolia Environnement Board of Directors, to continue benefiting from his successful experience at the head of the Group and his commitment to Veolia's values. To this end, they will ask shareholders to renew his term of office as a Director at the General Shareholders Meeting of June 15, 2022.

At the recommendation of the Nominations Committee, the Board of Directors also decided to appoint Mrs. Estelle Brachlianoff, Chief Operating Officer at the date of filing of this Universal Registration Document, to succeed Mr. Antoine Frérot as Chief Executive Officer of Veolia from July 1, 2022. As Chief Executive Officer, Mrs. Estelle Brachlianoff will have the widest powers to act in all circumstances in

(1) Subject to the approval of shareholders at the Combined General Shareholders' Meeting of June 15, 2022.

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Planned changes in 2022

No changes are currently planned.

Duties of the Committee

The main duty of this Committee is to assess the Group's strategy and policies with regard to research, innovation and sustainable development and to issue an opinion to the Board of Directors.

The Committee is informed of programs and priority actions undertaken in the areas within its remit and assesses the results thereof. In particular, it keeps abreast of the budgets and staff levels and gives its opinion regarding the allocation of means and resources and whether they are appropriate in light of the strategic choices made. As regards, more specifically, the Company's environmental policy and issues, the Committee is informed of the information, objectives, commitments and main indicators concerning sustainable development published by the Company in its management report and familiarizes itself with the non-financial ratings obtained by the Group.

The Committee's main contacts are the Chairman of the Board of Directors and the Company's Executive Management and Executive Committee, the Group's Strategy and Innovation, Business Support and Performance and Sustainable Development departments, as well as any other manager within the Company who has information or opinions that may be of use to the Committee.

The Committee may also interview persons outside the Company if it deems such interviews to be of use in the performance of its duties. In addition, the Committee may consult outside experts.

The Committee seeks to analyze the content of Veolia's service offerings, its potential customers, the size of markets, the Group's competitive advantages, its competitors, its research programs, technologies and the best economic balance for each area addressed.

Activities in 2021

In 2021, the Committee particularly focused on the following matters:

CSR	• Group's CSR performance and non-financial ratings; • extent of roll-out of the Group's sustainable development commitments; • progress report on Veolia offerings for the agricultural sector; • framing of strategic discussions on the energy businesses.
Ecological transition/decarbonization	• annual progress report on Veolia's plan to stop coal-based energy production; • Veolia's positioning with regard to carbon neutrality.

3.2.2.5 Purpose Committee

An *ad hoc* committee dedicated to the "Purpose of the Company" was created in 2021.

Members and activities

According to its internal regulations, approved by the Board of Directors' Meeting of April 5, 2022, the Purpose Committee meets when convened by its Chairman or at the request of the Chairman of the Board of Directors. It is required to hold at least two formal meetings per year.

The Purpose Committee comprises members of the Nominations Committee, the Committee's Chairmen that are not members of the Nominations Committee and one Director representing employees. The Chairman of the Committee is appointed by the Board of Directors at the recommendation of the Chairman of the Board.

At the date of filing of this Universal Registration Document, the Purpose Committee comprises Mr. Louis Schweitzer (Chairman), Mrs. Maryse Aulagnon, Mr. Pierre-André de Chalendar, Mrs. Isabelle Courville, Mr. Franck Le Roux and Mrs. Nathalie Rachou.

Duties of the Committee

The role of this Committee is to place the Board in the best possible conditions to assess the dissemination of Veolia's Purpose to all its stakeholders – employees, customers, suppliers, shareholders, partners and regions where the Group operates – so that they know what it means and can contribute to its practical application.

In this context, the Committee:

- reviews the dissemination of Veolia's Purpose to stakeholders and, more broadly, studies the measures for appropriating the multifaceted performance approach implemented to enable its roll-out;
- studies progress monitoring by the Group and advises the Board of its opinion on measures taken with regard to the Purpose and multifaceted performance;
- conducts an annual assessment of financial and non-financial indicators monitoring the implementation of Veolia's purpose (indicators of the multifaceted performance);
- gives its opinion and issues proposals to the Board regarding, where applicable, any adjustments to the Group's Purpose;
- examines any questions submitted by the Chairman regarding the above points.

In the context, the Committee receives all necessary information to perform its duties and issues all opinions within its scope.

Planned changes in 2022

No changes are currently planned.

- to make proposals to the Board concerning the obligation for the Company's executive corporate officers to hold shares obtained by exercising share purchase and subscription options or, if applicable, as a result of free share grants;
- to present its opinion on the compensation policy for key managers of the Company or of other companies in the Group who are not corporate officers.

As part of its duties, the Compensation Committee may request external technical studies. In this respect, it may notably seek the advice of companies specializing in executive compensation.

Activities in 2021

In 2021, the work of the Compensation Committee focused on preparing proposals and recommendations for the Board of Directors on the following matters, in particular:

Compensation of the executive corporate officer and the Group's top executives	• compensation of the Chairman and Chief Executive Officer paid or payable in respect of 2020; • compensation policy in respect of fiscal year 2021; • examination of the adjustments to the 2018, 2019 and 2020 performance share plans due to the health crisis; • definition of the terms and conditions of the 2021 performance share plan for the Chairman and Chief Executive Officer and top executives.
Directors' compensation	• information on directors' compensation (excluding the executive corporate officer) in respect of 2020; • directors' compensation policy for 2021 *i.e.* review of the budget and allocation of 2021 compensation granted to directors.
Employee share ownership	• review of the proposed 2021 employee share ownership plan and consideration of a proposed 2022 employee share ownership plan; • procedure for appointing a director representing employee shareholders.

3.2.2.4 Research, Innovation and Sustainable Development Committee

Members and activities

	Independence	Position	First appointment	Attendance rate	Number of meetings in 2021
Isabelle Courville*	✦	Chairman	04/20/2017	100%	3
Clara Gaymard	✦	Member	04/20/2017	100%	
Marion Guillou	✦	Member	12/12/2012	100%	
Pavel Páša**	N/A	Member	11/05/2014	100%	
Guillaume Texier	✦	Member	04/20/2017	100%	
INDEPENDENCE RATE	**100%**				

* *Mrs. Isabelle Courville is a member of the Committee since April 20, 2017 and was appointed Chairman from April 22, 2021.*
** *Director representing employees, not taken into account when calculating independence percentages pursuant to Article 9.3 of the AFEP-MEDEF Code.*
✦ *Independent pursuant to AFEP-MEDEF Code independence criteria, as assessed by the Board of Directors.*
N/A: not applicable.

According to its internal regulations, the Research, Innovation and Sustainable Development Committee meets when convened by its Chairman or at the request of the Chairman of the Board of Directors. It is required to hold at least three meetings per year. The Committee met three times in 2021 (as in 2020).

The Research, Innovation and Sustainable Development Committee has between three and five members, who are appointed by the Board of Directors at the recommendation of the Nominations Committee. The Chairman of the Committee is appointed by the Board of Directors at the recommendation of the Chairman of the Board.

Changes in 2021

Date	End of term	Renewal	Appointment
April 22, 2021			Isabelle Courville (as *Chairman*)
May 28, 2021	Jacques Aschenbroich		

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Activities in 2021

In 2021, the work of the Nominations Committee focused on preparing proposals and recommendations for the Board of Directors on the following matters, in particular:

Nominations	• changes in governance notably concerning the separation of the duties of Chairman of the Boad of Directors and Chief Executive Officer and, following this separation, the good coordination between the respective roles of Chairman of the Boad of Directors, Vice-Chairman, Senior Independent Director and Chief Executive Officer; • changes in and a review of the composition of the Board and its Committee; • procedure for appointing a director representing employee shareholders.
Assessment	• assessment procedures and report on the activities of the Board and its Committees; • review of the actions of the Chairman and Chief Executive Officer; • review of the independence of directors.
Succession	• succession plan for key managers (including the Chairman and Chief Executive Officer).

The Chairman and Chief Executive Officer participates in the governance activities of the Committee (appointment and renewal of directors) and works on the succession plan for key managers.

3.2.2.3 Compensation Committee

Members and activities

	Independence	Position	First appointment	Attendance rate	Number of meetings in 2021
Maryse Aulagnon, *Senior Independent Director*	✦	Chairman	12/01/2017	100%	4
Marion Guillou	✦	Member	11/05/2014	100%	
Franck Le Roux*	N/A	Member	11/06/2018	100%	
Louis Schweitzer, *Vice-Chairman*		Member	04/30/2003	100%	
INDEPENDENCE RATE	**66.6%**				

* *Director representing employees, not taken into account when calculating independence percentages pursuant to Article 9.3 of the AFEP-MEDEF Code.*
✦ *Independent pursuant to AFEP-MEDEF Code independence criteria, as assessed by the Board of Directors.*
N/A: not applicable.

In accordance with its internal regulations, the Compensation Committee has between three and six members, who are appointed by the Board of Directors at the recommendation of the Compensation Committee. The Committee members are selected from among the directors who do not hold management positions. The Chairman of the Committee is appointed by the Board of Directors at the recommendation of the Committee.

Changes in 2021

There were no changes in 2021.

Planned changes in 2022

No changes are currently planned.

Duties of the Committee

The duties of this Committee are as follows:

- **to study and make proposals regarding the overall compensation of the Company's executive corporate officers**, in particular with regard to the rules and criteria governing the variable portion of compensation consistent with the annual assessment of their performance and the medium-term strategy and performance of the Company and the Group, and with regard to the granting of in-kind benefits, share subscription or purchase options and the allocation of free shares, pension plans, termination compensation and any other benefits, ensuring that all such components are taken into account in assessing and setting their overall compensation;
- **to recommend to the Board of Directors a total compensation amount** for allocation to directors, as well as the rules for its distribution;
- to present its opinion to the Board of Directors on the general policy and terms and conditions for granting share purchase or subscription options and free shares and the setting-up of employee share ownership plans, as well as Company or Group employee profit-sharing measures;
- to make proposals to the Board concerning the granting of stock options and, if applicable, free shares to the Company's corporate officers, as well as with respect to the performance conditions applicable thereto;

3.2.2.2 Nominations Committee

Members and activities

	Independence	Position	First appointment	Attendance rate	Number of meetings in 2021
Louis Schweitzer, *Vice-Chairman*		Chairman	03/25/2014	100%	3
Maryse Aulagnon, *Senior Independent Director*	✦	Member	03/25/2014	100%	
Pierre-André de Chalendar	✦	Member	04/22/2021	100%	
Isabelle Courville	✦	Member	11/06/2018	100%	
INDEPENDENCE RATE	**75%**				

✦ *Independent pursuant to AFEP-MEDEF Code independence criteria, as assessed by the Board of Directors.*
N/A: not applicable.

In accordance with its internal regulations, the Nominations Committee is comprised of three to six members, who are appointed by the Board of Directors at the recommendation of the Nominations Committee. The Committee members are selected from among the directors who do not hold management positions. The Chairman of the Committee is appointed by the Board of Directors at the recommendation of the Committee.

Changes in 2021

Date	End of term	Renewal	Appointment
April 22, 2021			Pierre-André de Chalendar

Planned changes in 2022

No changes are currently planned.

Duties of the Committee

The duties of this Committee are as follows:

- **nominations:** the Committee is charged with making recommendations regarding the future composition of the Company's management bodies and, more importantly, it is responsible for selecting the Company's corporate officers and developing a succession plan; it also recommends the appointment of directors and of the members, as well as the Chairman of each Board Committee, striving to ensure diversity in experience and points of view, while making certain that the Board of Directors retains the necessary objectivity and independence vis-à-vis any specific shareholder or group of shareholders. The Committee gives its opinion on the succession plan for the Company's key managers who are not corporate officers of the Company. The Committee strives to ensure that Independent Directors account for at least:

  (i) one-half of the directors,

  (ii) two-thirds of the members of the Accounts and Audit Committee, and

  (iii) one-half of the members of the Nominations Committee.

  Each year, the Nominations Committee conducts a case-by-case assessment of each director with regard to the independence criteria set forth in the internal regulations of the Board of Directors and makes proposals to the Board of Directors for the Board's review of the position of each director in question;

- **assessment:** the Nominations Committee assists the Board in its periodic assessments. It prepares the Board's annual assessment of its organization and operation, and leads the formal assessment of the Board that is carried out every three years by an outside organization. Each year, the Committee provides the Board of Directors with a report assessing the performances of the Chairman and of the directors, as well as the actions of Executive Management. Lastly, each year, the key managers who are not corporate officers of the Company meet with each member of the Committee.

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(iv) expressing its opinion on the amount of Statutory Auditor fees,

(v) giving its prior approval to auditors' activities that are strictly ancillary or directly complementary to the audit of the financial statements, and

(vi) being informed of the fees that the Company and the Group pay to the audit firm and its network, ensuring that the amount of these payments or the share of these payments in the firm's and the network's revenue does not call into question the independence of the Statutory Auditors, and reviewing together with the Statutory Auditors the risks threatening their independence and the precautionary measures taken to reduce such risks.

Activities in 2021

The Accounts and Audit Committee organized its activities, as before, within the framework of a program drawn up for the year and approved by the Committee. Minutes are taken of the meetings and the Committee Chairman produces a report for the Board of Directors.

The Committee may interview persons outside the Company if it deems such interviews useful for the performance of its duties. In addition, the Committee may consult outside experts. It may also interview the Company's financial officers or the Statutory Auditors without the presence of the Chairman and Chief Executive Officer. During the past year, the Chairman of the Accounts and Audit Committee and/or the Committee members interviewed and met: the Chairman and Chief Executive Officer, the Chief Financial Officer, the General Counsel and secretary of the Committee, the Director of Financial Control, the Legal Director, the Group Audit Director, the Group Risk, Insurance and Internal Control Coordination Director, the Compliance Officer, the Information Systems Director, the Tax Director, the Chairman of the Ethics Committee, the Financing and Treasury Director, and the Company's Statutory Auditors.

In 2021, the Accounts and Audit Committee considered, in particular, the following issues:

Process of preparing accounting and financial information	• review of the main accounting options, the annual and interim half-year financial statements and the associated business reports; • review of impairment tests; • familiarization with financial information and business reports for the first and third quarters of 2021; • review of draft financial communications.
Internal audit	• examination of summaries of internal audits conducted in 2020 and the first half of 2021, and approval of the internal audit program for 2022; • review of the external auditors' report on the Group's savings program.
Effectiveness of internal control and risk management systems	• review of at-risk contracts and the main tax risks to which the Company is exposed; • review of the implementation of the tax policy; • familiarization with the summary of the internal control self-assessment for fiscal year 2020 and the Statutory Auditors' opinion; • review of reports on fraud and action plans, as well as the report on the activities of the Ethics Committee; • review of the risk management system including the risk mapping, the risk materiality matrix (including CSR issues) and the Group's insurance program; • examination of the Company's cybersecurity, including its place in Group policy, its organization, the cyber risk mapping and related actions plans and training programs; • review of the program and action plan for the Group's compliance system and the Compliance Department's report on its work.
Statutory Auditors	• review of the Statutory Auditors' assignments for 2021; • review of the Statutory Auditors' fee budget for 2021, non-audit services (NAS) and the distribution of assignments between the joint auditors, as well as of their independence, how they organized their tasks and their recommendations; • supervision of the process and conditions for the renewal of the offices of the Statutory Auditors on their expiry.
Other	• €2.5 billion share capital increase with retention of preferential subscription rights in the context of the financing of the Suez acquisition, with settlement-delivery on October 8, 2021; • examination of the process of integrating companies acquired by the Group; • familiarization with the planned divestitures and acquisitions and progress with Group restructuring transactions; • review with Company management of the following key processes contributing to its duties: the financial policy and planned financing transactions, changes in internal control, investment and divestment procedures and processes, the legal reporting of major disputes.

The Committee's work is assessed annually as part of the annual assessment of the Board and its Committee.

Duties of the Committee

The duties of the Accounts and Audit Committee, according to its internal regulations adopted by the Board, include the tasks assigned by the regulations governing the internal control of financial and accounting information stipulated by the Order of December 8, 2008 enacting into French law the Eighth Directive on the Statutory Audit of Accounts (Directive 2006/43/EC) and the AMF recommendations.

In general, the Accounts and Audit Committee is responsible for monitoring matters concerning the preparation and control of accounting and financial information and, in particular, for monitoring:

(i) the integrity of the Group's financial statements and the process for preparing financial information;

(ii) the effectiveness of internal control systems concerning financial and accounting information and the Group's management system for risks expressed in the accounting statements or identified by Executive Management that may affect the financial statements;

(iii) the Group's compliance with statutory and regulatory requirements where these are relevant to financial reporting or internal control;

(iv) the assessment of the Statutory Auditors' capabilities and independence; and

(v) the performance by the Group's Internal Audit Department and the Statutory Auditors of their duties with respect to auditing the parent company and consolidated financial statements.

In this regard, the Committee monitors more particularly the following activities:

- **Process of preparing accounting and financial information:**

(i) together with the Statutory Auditors, reviewing the relevance and consistency of the accounting methods used to prepare the parent company and consolidated financial statements, examining whether major transactions are adequately processed on a Group-wide level,

(ii) reviewing the scope of the consolidated companies and the procedures for collecting financial and accounting information and seeking the explanations and comments of the Statutory Auditors in this respect, where necessary,

(iii) giving an opinion on the draft interim and annual parent company and consolidated financial statements prepared by Executive Management before those statements are presented to the Board,

(iv) interviewing the Statutory Auditors, the members of Executive Management and financial officers, particularly on the off-balance sheet commitments, depreciation/amortization, provisions, goodwill and principles of consolidation; such interviews may be conducted without the presence of the Company's Executive Management, and

(v) acquainting itself with, and expressing an opinion on the process of preparing press releases on the publication of the annual or interim financial statements and the quarterly information; and in the context of the Board's examination of the press releases concerning, in particular, the annual and interim financial statements, making sure that the presentation of this financial information to the market is consistent with the information in the financial statements, according to the information in its possession;

- **Internal audit**

(i) acquainting itself with the Company's Audit Charter,

(ii) examining the Group's annual internal audit program on a yearly basis,

(iii) periodically receiving information from the Company with regard to progress with the audit program and self-assessment of the internal control and risk management system, summaries of the audit assignments carried out and, once a year, an overall analysis of the main lessons learned from the auditing year, and

(iv) interviewing the head of the Internal Audit Department and giving the Committee's opinion on the organization of the work of this department;

- **the effectiveness of internal control and risk management systems**, particularly in the context of Article L. 823-19 of the French Commercial Code:

  • concerning the monitoring of the effectiveness of internal control systems:

(i) periodically receiving information from the Company about the organization and procedures of internal control relating to financial and accounting information,

(ii) interviewing the head of internal control and giving the Committee's opinion on the organization of the work of this department, and

(iii) hearing an annual report from the Ethics Committee on the whistle blowing system available to employees with respect to accounting, finance, management control and audit and all ethics issues; having significant matters referred to it by the Ethics Committee in such fields and ensuring the follow-up of those cases with this Committee,

  • concerning the monitoring of the effectiveness of the management system for risks expressed in the accounting statements or identified by Executive Management that may have an impact on the financial statements, financial reporting and, where appropriate, non-financial reporting:

(i) periodically examining the mapping of the main risks identified by Executive Management that may impact the financial statements, including notably risks of an ethical and non-compliance nature,

(ii) acquainting themselves with the main characteristics of the procedures for managing those risks and their results, based in particular on the work of the Risk, Insurance and Internal Control Coordination Department, the Compliance Department, the Internal Audit Department and the Statutory Auditors in relation to internal control procedures, and

(iii) following up on the implementation of corrective actions in relation to any identified weaknesses that might have an impact on the financial statements;

- **Statutory Auditors:**

(i) reviewing the Statutory Auditors' planned work on an annual basis,

(ii) interviewing the Statutory Auditors and the executives in charge of finance, accounting and treasury, in certain cases without the presence of members of the Company's Executive Management,

(iii) supervising and making recommendations in respect of the Statutory Auditor selection process,

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3.2.2 COMPOSITION AND ACTIVITIES OF THE BOARD COMMITTEES

Since April 30, 2003, when the Company adopted the governance method of a public limited company with a Board of Directors (*société anonyme à conseil d'administration*), the Company's Board of Directors has been assisted by:

- an Accounts and Audit Committee;
- a Nominations Committee;
- a Compensation Committee;
- a Research, Innovation and Sustainable Development Committee.

In addition, an *ad hoc* committee dedicated to the "Purpose of the Company" was created in 2021 and became a permanent Board committee from April 5, 2022.

3.2.2.1 Accounts and Audit Committee

Members and activities

	Independence	Position	First appointment	Attendance rate	Number of meetings 2021
Nathalie Rachou	✦	Chairman	12/01/2017	100%	5
Isabelle Courville	✦	Member	12/01/2017	100%	
Franck Le Roux*	N/A	Member	11/06/2018	100%	
Caisse des dépôts et consignations, represented by Olivier Mareuse	✦	Member	04/22/2021	0%**	
Guillaume Texier	✦	Member	04/18/2019	80%	
INDEPENDENCE RATE	100%				

* *Director representing employees, not taken into account when calculating independence percentages pursuant to Article 9.3 of the AFEP-MEDEF Code.*
** *This individual attendance rate is due to the temporary decision by Caisse des dépôts, represented by Mr. Olivier Mareuse, from May 4, 2021, to abstain from deliberations and decisions of the Board and its Committees during the period of the Suez combination project.*
✦ *Independent pursuant to AFEP-MEDEF Code independence criteria, as assessed by the Board of Directors.*
N/A: Not applicable

The Accounts and Audit Committee meets at the initiative of its Chairman or at the request of the Chairman of the Board of Directors at least five times a year to review the periodic and annual financial statements before their submission to the Board of Directors and periodically assesses its own work. The Accounts and Audit Committee has between three and six members appointed by the Board of Directors from among the directors (excluding those in management positions) on the basis of recommendations made by the Nominations Committee. The Committee's Chairman is appointed by the Board.

According to the internal regulations of the Accounts and Audit Committee, its members are selected for their financial or accounting expertise, and at least one Committee member must have specific financial or accounting expertise and be independent according to the criteria specified in the Board of Directors' internal regulations. The Board of Directors has classified, at the recommendation of the Accounts and Audit Committee and pursuant to prevailing regulations, Mrs. Nathalie Rachou, Mrs. Isabelle Courville, Mr. Guillaume Texier and Mr. Guillaume Texier as financial experts since April 30, 2019. The Board considered that these Accounts and Audit Committee members had the required expertise and experience.

Changes in 2021

Date	End of term	Renewal	Appointment
April 22, 2021			Caisse des dépôts et consignations, represented by Olivier Mareuse
May 28, 2021	Jacques Aschenbroich		

Planned changes in 2022

The Board of Directors' Meeting of March 16, 2022 took due note of the resignation of Caisse des dépôts et consignations, represented by Mr. Olivier Mareuse, as a Director and member of the Accounts and Audit Committee from January 30, 2022 and launched consideration of its replacement on the Accounts and Audit Committee.

- with regard to the share bonus granted in April 2018 to Mr. Antoine Frérot under the long-term incentive plan known as the Management Incentive Plan, the Board of Directors' Meeting of March 6, 2018, at Mr. Antoine Frérot's proposal to the Compensation Committee, took due note of his decision to hold until termination of his duties, 40% of the total share bonus granted under this plan, net of applicable social security contributions and taxes, until a total shareholding equal to 200% of his gross annual fixed compensation has been reached;
- with regard to the grant by the Board of Directors' meeting of May 2, 2018 of performance shares to a group of approximately 700 top executives, high potential employees and key contributors of the Group, including the Chairman and Chief Executive Officer, authorized by Combined General Meeting of April 19, 2018 (21st resolution), the Board of Directors' Meeting of May 2, 2018 confirmed pursuant to the implementation of this plan:

(i) the executive corporate officer will be required to hold, until the end of his duties, 40% of total performance shares granted under this plan, net of applicable taxes and social security contributions, until an overall shareholding corresponding to 200% of his gross fixed compensation is ultimately reached;

(ii) members of the Company's Executive Committee will be required to hold until the termination of their duties, 25% of total performance shares granted under this plan, net of applicable social security contributions and taxes, until they have reached a total shareholding equal to 100% of their gross fixed compensation;

- this same obligation to hold a portion of performance shares granted will apply to the executive corporate officer and Executive Committee members for any new performance share plans implemented in the future. This is the case for the 2019, 2020 and 2021 performance share plans approved by the Combined General Meetings of April 18, 2019 (15th resolution), April 22, 2020 (23rd resolution) and April 22, 2021 (21st resolution) and the plan submitted to the Combined Shareholders' Meeting of June 15, 2022 (25th resolution).

In accordance notably with the AFEP-MEDEF Code to which the Company refers, the Chairman and Chief Executive Officer and Executive Committee members receiving shares may not enter into risk hedging transactions until the end of the share retention period set by the Board of Directors.

3.2.1.8 Other information on the operation of the Board

This section summarizes mainly the corresponding sections of the Board of Directors' internal regulations.

Rights and obligations of directors

According to the Board's internal regulations, its members are subject to the following obligations:

- to act in the Company's best interests;
- to inform the Board of any conflict of interest, even potential, and to abstain from voting on any decisions in which they may have a conflict of interest;
- to perform their duties in accordance with statutory provisions, notably those concerning limits on the number of offices, and to regularly attend Board and Committee meetings;
- to stay informed in order to be able to deal effectively with the agenda items;
- to consider themselves bound by professional secrecy and by a duty of loyalty;
- to comply with the Company's Code of conduct with respect to securities transactions;
- to promptly report to the Chairman of the Board any agreement signed by the Company in which they have a direct or indirect interest or which was concluded through an intermediary on their behalf.

Information provided to directors

The Chairman provides directors, in a timely manner, with the necessary information for them to fully perform their duties. In addition, the Chairman provides the members of the Board with all significant information concerning the Company on an ongoing basis. Each director receives and has the right to request all necessary information to perform his/her duties, and may also request additional training concerning specific aspects of the Company and the Group.

In order to fulfill their duties, the directors may meet with the key management personnel of the Company and Group, subject to giving prior notice to the Chairman of the Board.

At the request of the Chairman or of a director, the heads of the Group's divisions may be invited to any Board meeting devoted to the outlook and strategy for their business sector.

Meeting attendance by electronic means of communication

Directors may participate in Board discussions by videoconference or other electronic means of communication, in the manner and on the terms set out in Articles L. 225-37 and R. 225-21 of the French Commercial Code and as provided for by the internal regulations of the Board of Directors. In such case, directors are deemed to be present for the purpose of calculating quorum and majority, except with regard to the vote on certain major decisions as provided by law and by the Board's internal regulations (in particular, the approval of the annual financial statements and the preparation of the management report and the consolidated financial statements).

Charter and procedure for assessing everyday agreements entered into at arm's length

Pursuant to the provisions of Article L. 22-10-12 of the French Commercial Code, the Board of Directors' meeting of February 26, 2020 implemented a procedure to assess agreements concerning everyday transactions entered into at arm's length in order to identify any potential regulated agreements requiring prior authorization by the Board. This procedure (known as the "internal charter") (i) clarifies the concept of "everyday agreement entered into at arm's length" by referring notably to the study produced by the French Institute of Statutory Auditors (*Compagnie Nationale des Commissaires aux Comptes*, CNCC) in 2014; (ii) provides for the set-up of an internal assessment committee comprising representatives of the Company's Legal and Finance Departments, charged with collecting and analyzing the agreements that may enter into the scope of the regulation in order to issue an opinion and determine their classification and (iii) indicates that a report will be submitted to the Board (or one of its Committees) annually on the implementation of this procedure; the Board (or the appointed Committee) may, where applicable, instruct any internal or external audit measures and/or update the internal charter if necessary.

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composition, these executive sessions notably allow the directors to express their comments and wishes and discuss improvements to the Board's activities. During the annual assessment of the activities of the Board and its Committees, directors considered these executive sessions to be essential to the proper functioning of the Board.

Following the amendment of the internal regulations decided by the Board of Directors' Meeting of April 5, 2022, the Vice-Chairman of the Board, who until then chaired all executive sessions, will chair from July 1, 2022 and once a year, an executive session bringing together members of the Board without the presence of the Chairman and the Chief Executive Officer to assess the operation of the governance method segregating these duties.

Role of the Senior Independent Director

The Senior Independent Director's duties include:

- helping the Chairman ensure that the Company's governance bodies are running smoothly. The Board can task him with specific governance assignments;
- considering conflicts of interest that may arise within the Board of Directors. He examines, in particular, conflicts of interest, including potential conflicts of interest that may concern the Chairman of the Board with regard to the interests of the Company, whether they arise in connection with operational projects, strategic policies or specific agreements. He submits recommendations to the Chairman and the Board, after any necessary consultation with the other Independent Directors;
- obtaining an understanding of the concerns of major shareholders not represented on the Board regarding governance matters and ensuring that such concerns are addressed;
- adding points to the agenda of Board meetings;
- assisting the Nominations Committee with its assessment of the performance of the Chairman of the Board as part of the assessment of the Board's activities in accordance with its internal regulations.

In January 2022, as in previous years and since the end of 2016, the Senior Independent Director held a series of annual meetings, in Paris and by videoconference, with proxy advisors and the governance departments of certain major investors. These meetings enabled the Senior Independent Director to identify the expectations of these advisors and investors, to discuss with them a range of issues concerning governance and the compensation policy and report back to the Board of Directors' Meeting of April 5, 2022.

In 2021, the Senior Independent Director investigated the risk of conflict of interest tied to Caisse des Dépôts' stake in the Consortium formed to acquire new Suez, following the agreement reached with the Suez Board of Directors on April 12, 2021. Caisse des Dépôts abstained from deliberations and decisions of the Board and its Committees during the period of the Suez combination project. It did not attend Board of Directors or Committee meetings and did not receive the documentation presented to these meetings.

With regard to relations with major shareholders, she also managed the consequences of the late communication of a proxy advisor's report, not presented in advance to Veolia for review and containing negative recommendations either based on inaccurate information or presented in a way that was at least biased. The amending letter sent by her to the top one hundred shareholders helped partially to reestablish better market information prior to the vote on the resolutions.

3.2.1.7 Securities trading by corporate officers

Reporting obligations and ban on securities trading

According to the Board's internal regulations, each director and non-voting member (*censeur*) must report all transactions in the Company's securities to the AMF (the French Financial Markets Authority) and to the Company and comply, in particular, with the provisions of Article L. 621-18-2 of the French Monetary and Financial Code and Section 5 of the AMF's general regulations (a table detailing transactions in Veolia Environnement securities carried out by directors in 2021 is presented in Section 3.5.1 below). The members of the Board of Directors and Company executives or key senior management, or any person with close ties to them, shall report all acquisitions, sales, subscriptions or trades in the Company's securities and financial instruments to the AMF, within three working days of completion.

In addition, directors and executive corporate officers are also subject to French regulations on breach of duty and insider trading, which penalize the use or disclosure of insider information. In accordance with Regulation (EU) no. 596/2014 and Commission Implementing Regulation (EU) 2016/347 of March 10, 2016, the Company prepares and updates a list of insiders, which is made available to the AMF.

The Company's directors and executive corporate officers are required to comply with the provisions of the Company's Code of conduct with respect to securities transactions (see Chapter 4, Section 4.6.5.4 below). In that respect, the members of the Board of Directors and of the Executive Committee in particular, may not buy or sell the Company's securities, directly or through a third-party intermediary, during certain periods: during the five-week period up to and including the date of publication of the annual financial statements, the four-week period up to and including the publication of the interim financial statements, and the two-week period up to and including the date of publication of quarterly financial information, or even outside of those periods so long as they possess inside information. In order to prevent any difficulties relating to the application of the Code of conduct, the individuals in question should consult with the Group's Legal Department or the General Counsel and refer, where appropriate, to the decisions of the Inside Information Committee, whose role is to determine the classification of any event or information that could potentially be classified as inside information (see Section 4.6.2.2 below).

Obligation to hold shares and ban on hedging transactions applicable to executive corporate officers and members of the Executive Committee

Pursuant to the AFEP-MEDEF Code (see Article 23), which requires the Board of Directors to set a minimum quantity of shares to be held by executive corporate officers in registered form until the termination of their duties, and the provisions of Article L. 225-197-1 II, paragraph 4 of the French Commercial Code applicable in the event of performance share grants to executive corporate officers, it was decided during the Board meetings of March 6, 2018 and April 30, 2018 to apply the following share retention rules:

3.2.1.5 Role of the Chairman of the Board of Directors

The internal regulations of the Board set out the role of the Chairman of the Board of Directors.

The Chairman of the Board of Directors organizes and directs the work of the Board, on which he reports to General Shareholders' Meetings. He is responsible for preparing reports on the organization of the Board's work, internal control and risk management. He chairs General Shareholders' Meetings.

More generally, the Chairman of the Board of Directors ensures the proper operation of the Company's corporate bodies and compliance with good governance principles and practices, in particular regarding the Board Committees. He ensures that the directors are capable of performing their duties and that they are adequately informed. He devotes the time necessary to questions concerning the Group's future and, in particular, those relating to the Group's strategy.

In accordance with the internal regulations, the directors are required to promptly inform the Chairman and the Board of all conflicts of interest, even if only potential, and of all proposed agreements that may be entered into by the Company in which they may have a direct or indirect interest.

The Chairman of the Board chairs Board meetings and prepares and coordinates the Board's work.

In this regard, he:

- convenes Board meetings in accordance with the timetable of meetings agreed upon with the directors and decides if it is necessary to convene Board meetings at any other time;
- prepares the agenda for meetings, supervises the preparation of documentation to be provided to the directors and ensures that the information contained in them is complete;
- ensures that certain subjects are discussed by the Committees in preparation for Board meetings and ensures that the Committees perform their duty of making recommendations to the Board;
- leads and directs the Board's discussions;
- ensures that directors comply with the provisions of the internal regulations of the Board and of the Committees;
- monitors the implementation of the Board's decisions;
- prepares and organizes the periodic assessment of the Board's activities in conjunction with the Nominations and Compensation Committees.

The Chairman has all the means required for the performance of his duties.

Following the amendment of the internal regulations decided by the Board of Directors' Meeting of April 5, 2022, the Chairman of the Board, in addition to his current duties:

- will chair the sessions bringing together members of the Board without the presence of the Chief Executive Officer (executive sessions), as well as discussions assessing the performance and setting the objectives and compensation of the Chief Executive Officer and potentially renewing her appointment;
- may attend or be a member of any Board Committee from July 1, 2022.

3.2.1.6 Vice-Chairman/Senior Independent Director

Appointment of a Vice-Chairman/Senior Independent Director

On October 21, 2009, the Board of Directors decided to create the position of Vice-Chairman to assist the Chairman with his duty to ensure the proper operation of the Company's governing bodies, based on the British model of the Senior Independent Director. In accordance with the internal regulations of the Board, the Senior Independent Director is chosen from among the directors classified as independent for the duration of his/her term of office as a director. The Board appointed the Independent Director Mr. Louis Schweitzer to assume this position of Vice-Chairman, effective November 27, 2009.

At the recommendation of the Nominations and Compensation Committee, the Board decided to appoint him, with effect from the Annual General Meeting of May 16, 2012, as Senior Independent Director responsible for performing duties relating to the smooth running of the Company's governance bodies for the duration of his term of office, insofar as he remains an Independent Director as determined by the Board. At the meeting of May 14, 2013 and after approval by the General Shareholders' Meeting of the same day of the amendment to Article 12 of the Company's Articles of Association, increasing the maximum age for a Vice-Chairman from 70 to 75 years, the Board of Directors approved, at the recommendation of the Nominations and Compensation Committee, the renewal of Mr. Louis Schweitzer's appointment as Vice-Chairman, which he previously held up to the 2012 General Shareholders' Meeting. From this date, Mr. Louis Schweitzer exercised the duties of Vice-Chairman and Senior Independent Director.

From December 1, 2017, in order to strictly apply the AFEP-MEDEF Code independence criteria and at the recommendation of the Nominations Committee, the Board of Directors, at its meeting of November 6, 2017, **appointed Mrs. Maryse Aulagnon, Independent Director, as Senior Independent Director, to replace Mr. Louis Schweitzer, who continues to exercise the duties of Vice-Chairman for his term of office as director**, renewed at the General Shareholders' Meetings of April 22, 2015 and April 18, 2019.

Mrs. Maryse Aulagnon, for the term of her office as director, which was renewed by the Shareholders' Meeting of April 18, 2019 and of her appointment as Senior Independent Director as determined by the Board, is responsible for performing duties relating to the smooth running of the Company's governance bodies.

The Board of Directors' Meeting of March 6, 2018 adjusted the duties of the Vice-Chairman and the Senior Independent Director in its internal regulations.

Role of the Vice-Chairman

The Vice-Chairman chairs the meetings of the Board and organizes and directs its work when the Chairman is absent or unable to do so.

In 2021, at the end of nearly all Board meetings, the Vice-Chairman chaired seven executive sessions attended by the Chairman and Chief Executive Officer and six executive sessions not attended by the Chairman and Chief Executive Officer (out of a total of 12 Board meetings in 2021). In addition to two executive sessions mainly focusing on the Company's governance and potential changes in the Board's

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Main conclusions of the assessments presented during Board Meetings between 2020 and 2022

It was generally considered each year that the conditions surrounding the Board's work clearly support the finalization of its operating conclusions.

Date of Board Meeting	Strengths	Improvements desired by directors
March 10, 2020	• good organization of the Board's activities; • high quality of presentations produced by Executive Management; • usefulness of executive sessions; • high quality of discussions enabling a good understanding of key strategic issues; • good cohesion and strong commitment of Board members; • quality of discussions and monitoring of the Group's Purpose; • better dynamic in the collective work of the Board following a reduction in its size; • presence of directors who are or were leaders of global companies.	• spend more time on the human resources policy and the management of Group risks and particularly cyber risks; • consider in more depth new trends that could impact the Group's businesses and changes in competition.
March 9, 2021	• strong commitment to the company's project and Veolia's Purpose; • good dynamic and good cohesion within the Board of Directors despite the distance due to the health crisis; • strong involvement in monitoring the Group; • quality of the Board of Directors composition thanks to the diversity of its members and their experience; • quality of discussions, both among Directors and with Executive Management; • quality of discussions and debates leading to clear options; • transparency of discussions among Directors.	• improve the diversity of the Board in addition to the gender parity; • increase the number of non-French Directors; • spend more time on the expectations expressed by the external stakeholders.
April 5, 2022	• highly satisfactory adaptation of the Board's activities to the consequences of the health crisis; • good momentum and strong cohesion within the Board, particularly with regard to the Suez merger; • satisfactory composition of the Board in terms of the number of women and the independence of members; • overall satisfactory composition of the Board committees; • quality of services delivered by the Chairman and Chief Executive Officer to the Board and particularly those communicated during the strategic seminar; • good involvement of the Board in the key decisions taken by Executive Management; • transparent and seamless discussions between directors; • quality of the process implemented for the Chairman and Chief Executive Officer succession.	• improve the international diversity of the Board's composition; • increase the number of directors with international experience, executive management experience in global companies and sustainable development experience; • strengthen the Accounts and Audit Committee with a new member; • spend more time on climate issues, ecological transition and innovation.

Role of the non-voting member (*censeur*)

The duties of non-voting members (*censeurs*) in public limited companies are not recognized by law. Within Veolia Environnement, the Board of Directors may appoint one or more non-voting members (*censeurs*) pursuant to Article 18 of the Articles of Association. Pursuant to the Articles of Association, the Board of Directors sets the duration of their term of office, which they may terminate at any time.

The role of a non-voting member (*censeur*) is to attend the Board of Directors' Meetings in an advisory capacity, and the Board may freely ask their opinion.

In addition, this position also offers a way to integrate one or more director candidates before proposing their appointment to a General Shareholders' Meeting. This technique was adopted with Mrs. Isabelle Courville, who performed these duties prior to her appointment as a director by the General Shareholders' Meeting of April 21, 2016.

As of the date of filing of this Universal Registration Document, the Board of Directors has no non-voting directors (*censeurs*).

At the recommendation of the Nominations Committee, the Board of Directors' Meeting of April 5, 2022 decided to appointed Mr. Enric Amiguet y Rovira, a former director representing employees on the Suez Board of Directors, as a non-voting member (*censeur*), as soon as the necessary legal authorizations are obtained. This appointment is for a period of three years, six months.

In 2021, the Board of Directors was regularly informed of key commercial developments and the initiatives planned by Executive Management. The Board of Directors, mainly through the reports of the Accounts and Audit Committee, was periodically informed of changes in the Group's financial and cash position and off-balance sheet commitments, as well as changes in significant litigation. The Chief Operating Officer, the Chief Financial Officer and the General Counsel attended Board meetings in 2021. The directors receive a monthly report on the Company's share price and a review of analysts' recommendations. Every six months, Executive Management provides the directors with detailed documentation regarding the Group's business activities, research and innovation initiatives, internal matters (appointments and social policy), corporate activities (initiatives with various institutions in France, Europe and abroad, and updates on regulatory changes) and CSR and sustainable development actions.

In line with the expectations expressed during the 2017 annual assessment of the Board's activities, the directors meet, since their May 3, 2017 meeting, in an executive session without the presence of the Chairman and Chief Executive Officer. During these sessions, the directors hold informal discussions on specific topics and news issues.

A digital platform is available to directors for the performance of their duties since 2014. This "BoardVantage" platform can be accessed *via* an application on tablets provided by the Company to all Board members. The platform provides secure access to documents for Board of Directors' and Committee meetings.

Assessment of the Board of Directors and Executive Management actions

Once a year, the Board devotes one point on its agenda to an assessment of how it operates, to be prepared by the Nominations Committee, and arranges a discussion about the way in which it operates in order to:

- improve its effectiveness;
- check that major issues are suitably prepared and discussed by the Board; and
- measure the effective contribution of each member to the Board's work.

Furthermore, the Board's internal regulations provide that a formal assessment be performed every three years by an external organization under the supervision of the Nominations Committee, with the aim of checking that the operating principles of the Board have been complied with and identifying possible improvements in its operation and effectiveness. Each year, the Nominations Committee produces an annual report for the Board of Directors, which the directors discuss, assessing how the Chairman and directors have performed, as well as the actions taken by Executive Management [1].

Each year, the Chairman of the Nominations Committee reports to the Board of Directors' meeting on the results of the **formal assessment** of the Board, its Committees and Executive Management action, conducted with the assistance of an independent external firm and using a questionnaire sent to each director, completed by individual interviews.

(1) In accordance with Article 10.3 of the AFEP-MEDEF Code, "a formal assessment must be performed at least every three years. It may be conducted under the leadership of the appointments or nominations committee or an independent director, with the assistance of an external consultant."

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Work of the Board of Directors in 2021

In 2021, the Board of Directors examined the following points in particular:

Health crisis	• impact on activity, service continuity (continuation of business continuity plans, Recover and Adapt plan) and Group liquidity (cash position, state of short- and mid-term financing markets); • employee protection (vaccination campaign, etc.); • organization of the Combined Shareholders' Meeting held behind closed doors.
Proposed merger with Suez	• €2.5 billion share capital increase with retention of preferential subscription rights in the context of the financing of the Suez acquisition, with settlement-delivery on October 8, 2021; • ongoing work of the special purpose commission of independent directors to monitor the proposed merger with Suez; commission members in 2021: Maryse Aulagnon, Nathalie Rachou, Jacques Aschenbroich until May 28, 2021, Louis Schweitzer from May 31, 2021 and Guillaume Texier; • 15 commission meetings in 2021 in addition to the Board meetings which focused on this project; • regular reporting by the commission to the Board on its work on and issue of recommendations.
Financial and cash positions and commitments of the Group	• review of the 2020 annual financial statements and the 2021 first-half financial statements; • accounting information for the first and third quarters of 2021; • corresponding draft financial communications, including the Impact 2023 strategic program; • renewal of the financial and legal authorizations granted to the Chairman and Chief Executive Officer, notably with regard to financing transactions and off-balance sheet commitments and authorization of the Group's significant guarantee transactions; • dividend policy, proposed appropriation of net income and payment of the dividend; • Group financing policy; • internal control self-assessment and review; • examination of the summaries and reports issued by its Chairman on the work of the Accounts and Audit Committee concerning notably the tax review, legal reporting, the Group's insurance programs and fraud reporting and review of the Company's cyber security including, in particular, the cyber risks mapping (see Section 3.2.2.1 below); • examination of the statutory auditor renewal process.
Monitoring of the Group's strategic direction and major transactions and CSR policy	• review of the 2021 budget and the long-term plan; • review of several Group activities and particularly Waste Solutions (Recyclage & Valorisation des Dechets, RVD) in France; • review of the program and action plan concerning the Group's compliance system with regard to the report of the Accounts and Audit Committee; • review of the risk mapping and the materiality matrix of CSR issues; • review of the Group's non-financial ratings and the extent of roll-out of its sustainable development commitments; • consideration of Veolia's positioning in building energy efficiency in the Middle East and Spain; • review of the Group's human resources policy and in particular the management policy for executives and talent, the diversity and gender equality policy in management bodies, employee relations and the health and safety prevention policy; • examination of the summaries and reports issued by its Chairman on the work of the Research, Innovation and Sustainable Development Committee (see Section 3.2.2.4 below); • review of Group investment and divestment projects.
Corporate governance	• approval of the Chairman and Chief Executive Officer compensation policy and amount for 2020 and 2021 at the recommendation of the Compensation Committee; • examination of an employee share ownership plan and a performance share grant plan; • examination of the adjustments to the 2018, 2019 and 2020 performance share plans due to the health crisis; • review of the selection of directors when renewing the composition of the Board; • review of the Group's compliance and ethics actions; • assessment of the independence of directors; • allocation of directors' compensation; • assessment of the organization and operations of the Board and each of its committees; • review of succession plans for Executive Committee members and the Chairman and Chief Executive Officer; • review of the procedure for appointing a director representing employee shareholders; • examination and proposals regarding indicators monitoring the implementation of Veolia's Purpose (multifaceted performance indicators); • examination of the summaries and reports issued by their Chairmen on the work of the Nominations Committee (see Section 3.2.2.2 below) and Compensation Committee (see Section 3.2.2.3 below); • review of compliance with the corporate duty of care and the vigilance plan; • regarding the prevention of severe impacts on human rights and fundamental freedoms, on people's health and safety, and on the environment.
Other	• review of multi-year regulated agreements and commitments and related-party transactions and implementation of an everyday agreements procedure in accordance with the PACTE law; • monitoring of changes in the Company's share ownership and report by Executive Management on the road shows held following publication of the accounts.

3.2.1.4 Powers and work of the Board of Directors

Powers of the Board of Directors

In accordance with the law, the Board of Directors establishes the policies concerning the Company's business and supervises their implementation. Subject to the powers expressly granted to General Shareholders' Meetings and within the limits of the corporate purpose, the Board of Directors has the authority to consider all matters concerning the proper operation of the Company and, by its deliberations, resolves matters that concern the Board.

In addition to the powers conferred on the Board of Directors by law, its internal regulations impose an internal requirement that certain major decisions of the Chairman and Chief Executive Officer be submitted to the Board of Directors for prior approval. These internal limits on powers are detailed below (see Section 3.3.2 below).

Meeting frequency, duration and attendance

According to its internal regulations, the Company's Board of Directors must meet at least four times a year.

In 2021, the Board of Directors met twelve times, including six meetings which focused on the proposed merger with Suez. The meetings lasted an average of around two and a half hours. In addition, on December 9 and 10, the Board members attended a seminar dedicated to the Group's strategy during which they reviewed and discussed strategic issues presented by management over two half-days. Based on the expectations expressed during the annual assessment of the Board's activities and those collected from directors, this seminar primarily focused on the upcoming operational phase of the Suez merger aimed at creating the world champion of ecological transformation. The strategic, organizational and cultural, managerial, governance and financial implications were examined successively, in order to assess the impact:

- on the objectives set by the Group when drafting the Impact 2023 strategic plan, in terms of the breakdown of activities by customer type and geography;
- on the ability to stand out from the competition;
- on the Group's ability to innovate to address the challenges of ecological transformation.

The average attendance rate at Board meetings in 2021 was over **94%**. Due to the health crisis, the Board of Directors primarily conducted its work using electronic means of communication, with nine meetings held remotely compared to fourteen in 2020.

Individual attendance rates are presented in Section 3.1.1.2 above.

Date of Board of Directors' meeting (Fiscal year 2021)	Attendance rate
February 1	100%
February 7	92.3%
February 24	100%
March 9	100%
April 11	100%
April 22	92.3%
May 4	92.3%
May 14	92.3%
June 29	91.7%
July 28	83.3%
September 14	100%
November 3	91.7%

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Accordingly, as of the date of filing of this Universal Registration Document, the Company's Board of Directors therefore has **7 independent members out of a total of 9 Directors** (the Directors representing employees are not taken into account when determining these percentages), representing a rate of **77.7%**, above the AFEP-MEDEF Code recommendation(1).

The following table presents the compliance of each director with the independence criteria defined by the AFEP-MEDEF Code. The criteria corresponding to the numbers in the following table are presented on the preceding page in the section "Director independence criteria".

	Criterion 1 Employee or Executive Officer during the course of the previous five years	Criterion 2 Cross directorships	Criterion 3 Significant business relationships	Criterion 4 Family ties	Criterion 5 Statutory Auditor	Criterion 6 Directorship of more than 12 years	Criterion 7 Status of non-executive corporate officer	Criterion 8 Status of major shareholder	Classification
Antoine Frérot		✦	✦	✦	✦	✦	N/A	N/A	Not independent
Louis Schweitzer	✦	✦	✦	✦	✦		N/A	N/A	Not independent
Maryse Aulagnon	✦	✦	✦	✦	✦	✦	N/A	N/A	**Independent**
Pierre-André de Chalendar	✦	✦	✦	✦	✦	✦	N/A	N/A	**Independent**
Isabelle Courville	✦	✦	✦	✦	✦	✦	N/A	N/A	**Independent**
Clara Gaymard	✦	✦	✦	✦	✦	✦	N/A	N/A	**Independent**
Marion Guillou	✦	✦	✦	✦	✦	✦	N/A	N/A	**Independent**
Franck Le Roux, Director representing employees	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pavel Páša, Director representing employees	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Nathalie Rachou	✦	✦	✦	✦	✦	✦	N/A	N/A	**Independent**
Guillaume Texier	✦	✦	✦	✦	✦	✦	N/A	N/A	**Independent**

✦ *Indicates compliance with the AFEP-MEDEF Code in relation to the independence criteria.*
N/A: Not applicable

At the end of the General Shareholders' Meeting:

(i) subject to approval of the renewal of the term of office of Mr. Antoine Frérot and the appointment of Mrs. Estelle Brachlianoff(2) as a Director and Mrs. Agata Mazurek-Bąk as a Director representing employee shareholders proposed to the General Shareholders' Meeting of June 15, 2022, and

(ii) considering the resignation of Caisse des dépôts et consignations, represented by Mr. Olivier Mareuse, as a Director and member of the Accounts and Audit Committee from January 30, 2022,

the Board of Directors would have 7 independent Directors out of a total of 10 Directors (excluding the 2 Directors representing employees and the Director representing employee shareholders), representing a rate of 70%, above the AFEP-MEDEF Code recommendation.

(1) Pursuant to Article 9.3 of the AFEP-MEDEF Code, "the Independent Directors should account for half the members of the Board in widely-held companies without controlling shareholders. In controlled companies, Independent Directors should account for at least one third of Board members. Directors representing employee shareholders and directors representing employees are not taken into account when determining these percentages."

(2) Mrs. Estelle Brachlianoff, who will exercise her duties as Chief Executive Officer from July 1, 2022, was classified as non-independent by the Board of Directors' Meeting of April 5, 2022.

3.2.1.3 Independence of directors

Director independence criteria

According to the internal regulations of the Board of Directors, regularly updated to incorporate legal and regulatory changes, members are considered independent if they have no relationship with the Company, its Group or its management that might compromise their ability to exercise their judgment objectively. The internal regulations adopt the Independent Director criteria set-out in the AFEP-MEDEF Code:

Criterion 1	**Employee or Executive Officer during the course of the previous five years** Not to be and not to have been during the course of the previous five years: • an employee or executive corporate officer of the Company; • an employee, executive corporate officer or director of a company consolidated by the Company; • an employee, executive corporate officer or director of the Company's parent company or a company consolidated by this parent company.
Criterion 2	**Cross directorships** Not to be an executive corporate officer of any company in which the Company directly or indirectly holds a directorship, or in which an employee appointed as such or an executive corporate officer of the Company (current or within the past five years) is a director.
Criterion 3	**Significant business relationships** Not to be a customer, supplier, investment banker, commercial banker or consultant: • that is significant to the Company or its Group; • or for which the Company or its Group represents a significant portion of its business. The evaluation of the significance or otherwise of the relationship with the Company or its Group is debated by the Board, and the quantitative and qualitative criteria that led to this evaluation (continuity, economic dependence, exclusivity, etc.) explicitly stated in the annual report.
Criterion 4	**Family ties** Not have any close family ties with a director or corporate officer.
Criterion 5	**Statutory Auditor** Not have been a Statutory Auditor of the Company within the past five years.
Criterion 6	**Directorship of more than 12 years** Not have been a director of the Company for more than twelve years. Loss of the status of Independent Director occurs on the date when this period of twelve years is reached.
Criterion 7	**Status of non-executive corporate officer** A non-executive officer cannot be considered independent if he or she receives variable compensation in cash or in the form of shares or any compensation linked to the performance of the Company or the Group.
Criterion 8	**Status of major shareholder** Directors representing major shareholders of the Company or its parent company may be considered independent, provided these shareholders do not take part in the control of the Company. In the case of directors holding 10% or more of the Company's share capital or voting rights, the Board, based on a report from the Nominations Committee, shall systematically consider whether or not they are independent, taking into account the composition of the Company's share capital and the existence of any potential conflicts of interest.

The criteria are assessed and weighted by the Board of Directors, which may decide that a director who does not meet the criteria defined in the internal regulations may nevertheless be described as independent in light of his/her particular situation or that of the Company, given its shareholding structure or any other reason, or *vice versa*.

The internal regulations also stipulate that each year, before publishing the Universal Registration Document, the Board of Directors must assess the independence of each of its members based on the criteria set out in the aforementioned regulations, any special circumstances, the situation of the person in question, of the Company and of the Group and the opinion of the Nominations Committee.

Assessment of the independence of directors

The Board of Directors' Meeting of April 5, 2022 carried out its annual review of the independence of directors after hearing the opinion of the Nominations Committee. The Board strictly applies the independence criteria set out in the AFEP-MEDEF Code and particularly the criterion concerning the length of time a director has been on the Board.

After conducting a quantitative and qualitative analysis of criterion 3 relating to significant business relationships, the Board concluded that there were no business relationships and classified the following 7 directors as independent (out of a total of 9 directors excluding the 2 directors representing employees): Maryse Aulagnon, Pierre-André de Chalendar, Isabelle Courville, Clara Gaymard, Marion Guillou, Nathalie Rachou and Guillaume Texier.

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Diversity policy - Selection criteria for directors

In addition to increasing the number of female directors, the Board is striving to diversify the profiles of its members, of both French and non-French nationality, while ensuring the balanced representation of the Company's various stakeholders. As of the date of filing of this Universal Registration Document, the Board has two non-French directors (Mrs. Isabelle Courville, a Canadian citizen, and Mr. Pavel Pâsa, a Czech citizen), representing about 18% of total Board members.

Based on the following expertise chart, the Nominations Committee advises the Board of Directors on the selection of candidates, where appropriate with the assistance of an independent external firm, for the purpose of renewing the composition of the Board of Directors primarily based on the following criteria:

- management skills acquired in major French and non-French international corporations;
- familiarity with the Group and its industry;
- professional experience;
- financial and accounting expertise;
- CSR, R&D and digital skills;
- sufficient availability.

	Experience in Veolia's businesses	International experience	Public affairs	Industry	R&D	Bank Finance	CSR	Digital
Antoine Frérot	●	●	●		●	●	●	
Louis Schweitzer		●	●	●		●	●	
Maryse Aulagnon	●	●	●	●		●		
Caisse des dépôts et consignations, represented by Olivier Mareuse[1]			●	●		●		
Pierre-André de Chalendar	●	●	●	●	●	●	●	
Isabelle Courville	●	●	●	●		●	●	
Clara Gaymard		●	●	●		●	●	●
Marion Guillou		●	●		●		●	
Franck Le Roux, Director representing employees	●						●	
Pavel Páša, Director representing employees	●						●	
Nathalie Rachou		●	●			●		
Guillaume Texier	●	●	●	●		●		
RATE PER CRITERION	58%	75%	83%	58%	25%	75%	67%	8%

(1) The Board of Directors' Meeting of March 16, 2022 took due note of the resignation of Caisse des dépôts et consignations, represented by Mr. Olivier Mareuse, as a Director and member of the Accounts and Audit Committee from January 30, 2022.

Training and integration of directors

At the request of the Board of Directors, the Company organizes training for new directors on the specific aspects of the Group's businesses to facilitate their integration, particularly through site visits. Moreover, to facilitate their integration, new Board members may meet the Group's key Executive Officers.

Thus, in the context of the integration of two directors representing employees at the end of 2014, the Company organized in 2014 and 2015 an internal training session for them and enrolled them in an outside training program designed by the IFA and Sciences Po which led to the issue of a Corporate Director's Certificate. This training program was repeated in 2019 for Mr. Franck Le Roux.

In addition, since 2015, the Company has organized meetings between directors and economic and political leaders and director visits to Group operating sites, including exchanges with Group operating teams, notably in the Czech Republic, the United Kingdom, China and Hungary.

These annual visits, which were interrupted during the health crisis, contribute to a better understanding of Veolia's businesses and their many challenges in the different geographies.

The Company also regularly devotes an agenda item at Board of Directors' meetings to the detailed presentation of one of its businesses and its challenges. Also interrupted during the health crisis, these presentations were restarted in 2021 with sessions on building energy efficiency and waste recycling and recovery.

3.2 Activities of the Board of Directors and its Committees

3.2.1 ACTIVITIES OF THE BOARD OF DIRECTORS

3.2.1.1 Corporate Governance principles and the AFEP-MEDEF Code

The Company applies a Corporate Governance Code in accordance with the provisions of the French Commercial Code and as part of the listing of its shares on the Euronext Paris regulated market.

The Company's Board of Directors confirmed that the Company follows the AFEP-MEDEF Corporate Governance Code of listed corporations (hereinafter the "AFEP-MEDEF Code") http://www.afep.com/publications/code-afep-medef/).

In accordance with the "comply or explain" rule introduced by the AFEP-MEDEF Code, the Company notes that no recommendations of this Code were disregarded in fiscal year 2021.

3.2.1.2 Change in the composition of the Board of Directors

In accordance with the AFEP-MEDEF Code, Article 11 of the Company's Articles of Association provides for a four-year term of office for directors and the renewal of the offices of one quarter of Board members.

Changes in 2021

The Combined General Meeting of April 22, 2021 renewed the terms of office as director of Caisse des dépôts et consignations, represented by Mr. Olivier Mareuse, and Mrs. Marion Guillou and appointed Mr. Pierre-André de Chalendar for a period of four years expiring at the end of the 2025 General Shareholders' meeting called to approved the financial statements for the year ending December 31, 2024.

Date	End of term of office	Renewal	Appointment
GSM of April 22, 2021	Paolo Scaroni	Caisse des dépôts et consignations, represented by Mr. Olivier Mareuse Marion Guillou	Pierre-André de Chalendar
May 28, 2021	Jacques Aschenbroich		

Planned changes in 2022 (1)

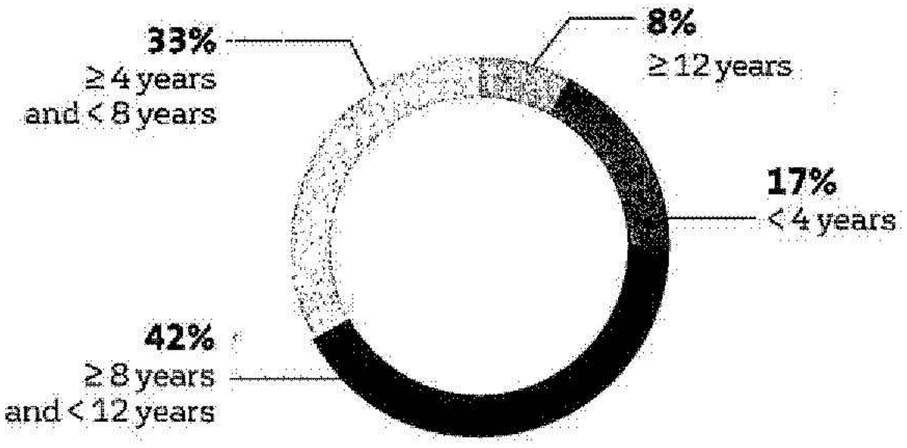
As part of the annual renewal of the Board of Directors, the Board of Directors' Meeting of January 10, 2022 formally noted the expiry of the term of office of Mr. Antoine Frérot at the end of the General Shareholders' Meeting of June 15, 2022. At the recommendation of the Nominations Committee, the Board of Directors decided to recommend the renewal by the Combined General Meeting of June 15, 2022 of the term of office as director of Mr. Antoine Frérot and the appointment of Mrs. Estelle Brachlianoff as Director for a period of four years expiring at the end of the 2026 Ordinary General Meeting held to approve the financial statements for the year ending December 31, 2025.

In addition, the Veolia Environnement Board of Directors' meeting of March 16, 2022 took due note of the resignation of Caisse des dépôts et consignations, represented by Mr. Olivier Mareuse, as a Director and member of the Accounts and Audit Committee from January 30, 2022.

Finally, during its meeting of April 5, 2022, at the recommendation of the Nominations Committee and the Compensation Committee, the Board of Directors also decided to propose to the Combined General Meeting of June 15, 2022, the appointment of Mrs. Agata Mazurek-Bąk as a Director representing employee shareholders and Mr. Romain Ascione as her replacement for a period of four years expiring at the end of the General Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2025.

Following this resignation and these proposed renewals and appointments, and subject to their approval by the General Shareholders' Meeting of June 15, 2022, the Board of Directors would have 13 members, including 2 Directors representing employees, 1 Director representing employee shareholders, and 6 women (*i.e.* 60%(2)(3)).

Length of service of directors as of December 31, 2021



(1) Subject to the approval of shareholders at the Combined General Shareholders' Meeting of June 15, 2022.

(2) In accordance with Articles L. 225-18-1 and L. 22-10-3 of the French Commercial Code and excluding (i) Directors representing employees pursuant to Articles L. 225-27-1 and L. 22-10-7 of the French Commercial Code and (ii) the Director representing employee shareholders pursuant to Article L. 225-23 of the French Commercial Code.

(3) Excluding Directors representing employees in accordance with the AFEP-MEDEF Code.

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3.1.2 RENEWALS AND APPOINTMENT PROPOSED TO THE GENERAL SHAREHOLDERS' MEETING OF JUNE 15, 2022

At the recommendation of the Nominations Committee, the Board of Directors' Meeting of January 10, 2022 decided, in the context of the separation of the duties of Chairman of the Board of Directors and Chief Executive Officer from July 1, 2022, to propose to the Combined General Meeting of June 15, 2022 the renewal of the term of office as Director of Mr. Antoine Frérot and the appointment of Mrs. Estelle Brachlianoff as a Director for a period of four years expiring at the end of the 2026 Ordinary General Meeting called to approve the financial statements for the year ending December 31, 2025.

In addition, during its meeting of April 5, 2022, at the recommendation of the Nomination Committee and the Compensation Committee, the Board of Directors also decided to propose to the Combined General Meeting of June 15, 2022, the appointment of Mrs. Agata Mazurek-Bąk as a Director representing employee shareholders and Mr. Romain Ascione as her replacement for a period of four years expiring at the end of the General Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2025.

3.1.3 CONVICTIONS, BANKRUPTCIES, CONFLICTS OF INTEREST AND OTHER INFORMATION

Based on statements made by the members of the Board of Directors to Veolia Environnement, there are, to the best of the Company's knowledge, no family ties among the members of the Company's Board of Directors and, during the last five years: (i) no member of the Board of Directors of Veolia Environnement has been convicted of fraud; (ii) no member of the Board of Directors has been involved in a bankruptcy, receivership or liquidation proceedings; (iii) no authority (including professional organizations) has made any official public accusation and/or imposed a penalty on these persons; and (iv) no director has been forbidden by a court decision from holding a position as a member of a Board of Directors or of a Management or a Supervisory Body of a company or from participating in the management or business operations of a company.

To the best of the Company's knowledge, no member of the Board of Directors has an actual or potential conflict of interest with Veolia Environnement other than Caisse des dépôts et consignations[1], represented by Mr. Olivier Mareuse, whose position in the context of the Suez combination project led it to temporary decide, from May 4, 2021 to abstain from deliberations and decisions of the Board and its Committees during the period of the combination project. In addition to the provisions of the French Commercial Code concerning regulated agreements, the Board of Directors' internal regulations provide that directors must inform the Board of Directors of any existing or potential conflicts of interest and abstain from voting in any situation where such a conflict of interest exists. No service agreement, financial relationship and/or business relationship providing for the grant of benefits exist between a director or the Chief Executive Officer and the Company or its subsidiaries.

No arrangement or agreement has been signed with the Company's principal shareholders, customers, suppliers or other party pursuant to which a member of the Board of Directors has been selected as director or to hold an Executive Management position in the Company.

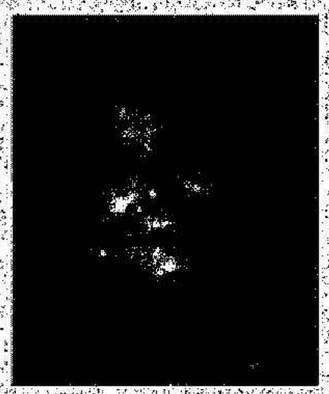
Finally, to the best of the Company's knowledge, the members of the Board of Directors have not agreed to any restrictions on their ability to transfer any stake they may hold in the share capital of Veolia Environnement, with the exception of:

- the provision in the Articles of Association stipulating that each director must own at least 750 registered shares of the Company;
- the decisions involving the retention of a portion of the share bonus vested to Mr. Antoine Frérot under the long-term incentive plan known as the Management Incentive Plan (MIP), a portion of the shares vested under the performance share plans of May 2, 2018 and a portion of the shares that would vest under the performance share plans of April 30, 2019, May 5, 2020 and May 4, 2021 (see Section 3.4.1.1 below).

(1) The Veolia Environnement Board of Directors' Meeting of March 16, 2022 took due note of the resignation of Caisse des dépôts et consignations, represented by Mr. Olivier Mareuse, as a director and member of the Accounts and Audit Committee from January 30, 2022.

NATHALIE RACHOU

Independent Director of Veolia Environnement*; Chairman of the Accounts and Audit Committee



64 years old
French

Date of first appointment:
May 16, 2012

Date of reappointment:
April 22, 2020

Expiry of current office:
2024 GSM

Number of shares held:
3,656

Qualifications:

Nathalie Rachou graduated from the École des Hautes Études Commerciales (HEC) in 1978 and spent the first part of her career at Banque Indosuez (now Crédit Agricole). After working as a foreign exchange dealer for clients in London and Paris from 1978 to 1982, she was head of Asset and Liability Management and Market Risk Management until 1986, and then set up the bank's business on MATIF and the bank's derivatives broking subsidiary. From 1991 to 1996, she was General Counsel for Banque Indosuez, then served from 1996 to 1999 as head of Global Foreign Exchange and Currency Options worldwide. In November 1999, she founded Topiary Finance, a United Kingdom based asset management company, which she led until 2015. She was also, up to 2020, a director of Société Générale from 2008 (Chairman of the Risks Committee and member of the Nominations Committee) and of Altran Technologies from 2012 (Chairman of the Audit Committee and member of the Nominations and Compensation Committee) *and Senior* Advisor of Rouvier Associés from 2015. She is currently a *non-executive director of* UBS Group AG*.

Principal positions held outside the Company - Other offices	Positions or offices expired in the last five years
Principal position held outside the Company: • Member of the Board of Directors and of the Risk Committee of UBS Group AG*. **Other offices and positions exercised in any company/entity:** **Outside France:** • Member of the Supervisory Board, Chairman of the Compensation Committee and member of the Nominations and Corporate Governance Committee of Euronext N.V* (Netherlands).	**In France:** • Senior Advisor of Rouvier Associés; • Director, Chairman of the Risks Committee and Member of the Nomination and Corporate Governance Committee of Société Générale*; • Director, Chairman of the Audit Committee and member of the Nominations and Compensation Committee of Altran Technologies*; • Foreign trade advisor. **Outside France:** • Director and member of the Audit Committee and the Nominations Committee of Laird Plc* (United Kingdom); • Trustee of Dispensaire Français (United Kingdom);

GSM: General Shareholders' Meeting called to approve the financial statements for the year then ended.
**: listed company. VE: Group company.*

International experience *Public affairs* *Bank Finance*

GUILLAUME TEXIER

Independent Director of Veolia Environnement*; Member of the Accounts and Audit Committee; Member of the Research, Innovation and Sustainable Development Committee



48 years old
French

Date of first appointment:
April 21, 2016

Date of reappointment:
April 22, 2020

Expiry of current office:
2024 GSM

Number of shares held:
894

Qualifications:

Guillaume Texier is a graduate of École Polytechnique and Corps des Mines. He started his career with the French civil service, notably as an Advisor to the Minister of the Environment and the Minister for Industry. He joined the Saint-Gobain group in 2005 as Vice-President of Corporate Planning in Paris and was successively appointed General Manager of gypsum activities in Canada, Vice-President of the roofing materials activity in the US and Vice-President of the ceramic materials activity worldwide. He was Chief Financial Officer of Compagnie de Saint-Gobain* from 2016 to 2018. From January 1, 2019 to September 2021, he was Senior Vice-President, CEO of the France, Southern Europe, Middle East and Africa Region at Saint-Gobain*. He is Chief Executive Officer of Rexel* since September 1, 2021.

Principal positions held outside the Company - Other offices	Positions or offices expired in the last five years
Principal position held outside the Company: • Chief Executive Officer and Director of Rexel*. **Other offices and positions exercised in any company/entity:** **In France:** • Chairman of the Board of Institut Mines Telecom Atlantique.	**In France:** • Senior Vice-President, CEO of the France, Southern Europe, Middle East and Africa Region at Saint-Gobain*; • Chief Financial Officer of Compagnie de Saint-Gobain*.

GSM: General Shareholders' Meeting called to approve the financial statements for the year then ended.
**: listed company. VE: Group company.*

Experience in Veolia's businesses *International experience* *Public affairs* *Industry* *Bank Finance*

2022111800329

FRANCK LE ROUX

Director representing employees of Veolia Environnement*; Social Protection Officer; Member of the Accounts and Audit Committee; Member of the Compensation Committee



57 years old
French

Date of first appointment:
October 15, 2018

Expiry of current office:
October 15, 2022

Number of shares held(1):
N/A

Qualifications:

Franck Le Roux joined the Compagnie Générale des Eaux[VE] as a drinking water network technician on August 31, 1983 for the Syndicat des Eaux d'Île-de-France (SEDIF) contract. He passed the inspector's examination in June 1986. In 1984, he joined the Confédération Générale du Travail (CGT) and his first term as staff delegate was in 1985. Elected to the Executive Board of the public services CGT Federation and leader of the federal water collective section, he acted as negotiator on the collective agreement for water and sanitation between 1997 and 2009. He has been the central union delegate for the Compagnie Générale des Eaux and then the Veolia Eau economic entity since 1999. He has also been the Veolia Group CGT union representative since its creation (Vivendi Environnement) and negotiated the first agreement with the Group in 2002.
He currently works as Social Protection Officer within the Veolia Eau-Compagnie Générale des Eaux[VE] Human Resources Department.

Principal positions held outside the Company - Other offices	Positions or offices expired in the last five years
Principal position held outside the Company: • None **Other offices and positions exercised in any company/entity:** • None	• None

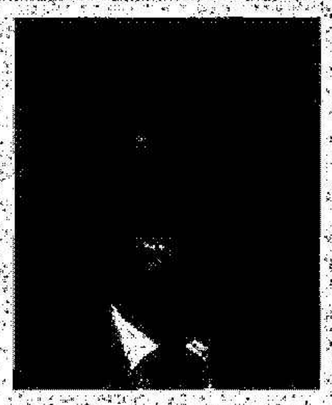
*: listed company. [VE]: Group company. N/A: not applicable.

Experience in Veolia's businesses CSR

(1) In accordance with legal provisions and the Articles of Association, Directors representing employees are not required to hold shares in the Company in their capacity as director. Franck Le Roux holds units in company investment funds invested in Veolia Environnement shares (FCPE Sequoia Classique and the Plus 2018, Plus 2019, Plus 2020 and Plus 2021 sub-funds of FCPE Sequoia Plus).

PAVEL PÁŠA

Director representing employees of Veolia Environnement*; Member of the Research, Innovation and Sustainable Development Committee



57 years old
Czech

Date of first appointment:
October 15, 2014

Date of reappointment:
October 15, 2018

Expiry of current office:
October 15, 2022

Number of shares held(1):
N/A

Qualifications:

Pavel Páša has been a Veolia employee since 1995. He is the health and safety expert for the Czech company, Veolia Česka Republika a.s[VE], a specialist in wastewater treatment.

Principal positions held outside the Company - Other offices	Positions or offices expired in the last five years
Principal position held outside the Company: • None **Other offices and positions exercised in any company/entity:** • None	• None

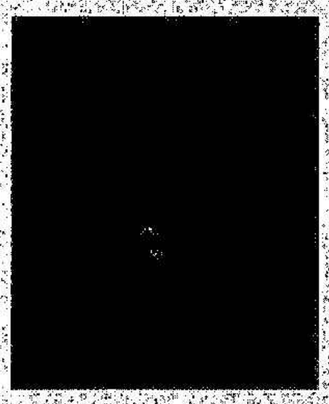
*: listed company. [VE]: Group company. N/A: not applicable.

Experience in Veolia's businesses CSR

(1) In accordance with legal provisions and the Articles of Association, Directors representing employees are not required to hold shares in the Company in their capacity as director. Pavel Páša holds units in company investment funds invested in Veolia Environnement shares (FCPE Sequoia Classique and the Plus 2018, Plus 2019, Plus 2020 and Plus 2021 sub-funds of FCPE Sequoia Plus).

MARION GUILLOU

Independent Director of Veolia Environnement*; Member of the Compensation Committee; Member of the Research, Innovation and Sustainable Development Committee



67 years old
French

Date of first appointment:
December 12, 2012

Date of reappointment:
April 22, 2021

Expiry of current office:
2025 GSM

Number of shares held:
1,170

Qualifications:

Marion Guillou is a graduate of the École Polytechnique (class of 1973), holds a Ph.D. in Food Sciences, and is a General Engineer in bridges, water and forestry engineering, and a member of the Academy of Technology. She headed the Ministry of Agriculture food safety directorate from 1996 to 2000. She led the National Institute of Agronomic Research (INRA) for four years (2000-2004) before being appointed as its Chairman and Chief Executive Officer (2004-2012), where she helped guide research on agriculture, food, the environment and international openness (2004-2012). She also chaired the French National Consortium for agriculture, food, animal health and the environment (2010-2015) and Agreenium, the French Institute of Agronomics, Veterinary Science and Forestry (2015-2020). Finally, she was a Special State Advisor from June 2017 to 2020.

Principal positions held outside the Company - Other offices

Principal position held outside the Company:
- Independent Director.

Other offices and positions exercised in any company/entity:

In France:
- Director, Member of the Corporate Governance, Ethics, Nominations and CSR Committee and the Remuneration Committee of BNP Paribas*;
- Member of the Board of Directors of IFRI (French Institute of international relations);
- Vice-Chairman of the Board of Directors of Care-France;
- Member of the French High Council for the Climate (Haut Conseil pour le climat);
- Chairman of the Endowment Fund for the preservation of the biodiversity of cultivated species and their wild relatives.

Outside France:
- Chairman of the ASPAC Strategic Committee;
- Member of the Board of trustees and Chairman of the Strategy Committee of Alliance (merger of Bioversity and CIAT);
- Member of the Board of Bioversity;
- Member of the Board of CIAT.

Positions or offices expired in the last five years

In France:
- Member of the National Council of the Legion of Honor;
- Special State Advisor;
- Director of Imerys*;
- Member of the Board of Directors of Universcience;
- Chairman of the Board of Directors of Agreenium, the French Institute of Agronomics, Veterinary Science and Forestry;
- Member of the Board of Directors of IHEST.

Outside France:
- Member of the Independent Steering Committee of the CCAFS program.

GSM: General Shareholders' Meeting called to approve the financial statements for the year then ended.
**: listed company.*
VE: Group company.

International experience *Public affairs* *R&D* *CSR*

2022111800330

CLARA GAYMARD



62 years old
French

Date of first appointment:
April 22, 2015

Date of reappointment:
April 18, 2019

Expiry of current office:
2023 GSM

Number of shares held:
750

Qualifications:

Independent Director of Veolia Environnement*; Member of the Research, Innovation and Sustainable Development Committee

Clara Gaymard is a graduate of the Institut d'Études Politiques (IEP) in Paris and of the École nationale d'administration (ENA). She held several senior civil service positions between 1982 and 2006. Before entering ENA, Clara Gaymard started her career at Paris City Hall in the mayor's office between 1982 and 1984. On leaving ENA, she joined the French Court of Accounts as an auditor and was promoted to Senior Audit Commissioner in 1990. She was then Deputy head of Economic Expansion Services in Cairo (1991-1993), followed by head of the European Union office (Europe North-South Department) in the External Economic Relations Department (DREE) of the French Economy and Finance Ministry. In June 1995, she was asked by Colette Codaccioni, the Minister of Solidarity, to become her chief of staff. Clara Gaymard was then Deputy Director of SME Support and Regional Action in the DREE (1996-1999) followed by head of the SME mission (1999-2003). In 2003, she was appointed Ambassador-at-large for international investment and President of the Invest in France Agency (AFII). In 2006, Clara Gaymard joined General Electric (GE) as Chairman of GE in France and then of the North-West Europe region from 2008 to 2010. While remaining Chairman and Chief Executive Officer of GE France, she was appointed Vice-Chairman of GE International for Government Sales and Strategy in 2009 and then in 2010, Vice-Chairman for Governments and Cities under the Chairmanship of Jeffrey R. Immelt. Since 2013, she has participated in the acquisition of Alstom's energy business and played a major role in its completion. On February 1, 2016, she joined RAISE, as a co-founding partner with Gonzague de Blignières.

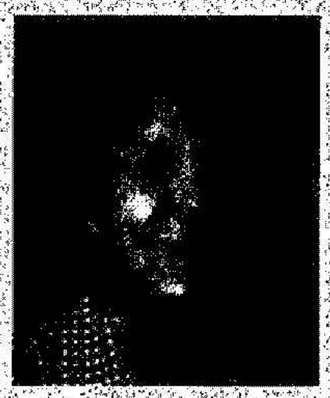
Principal positions held outside the Company – Other offices	Positions or offices expired in the last five years
Principal position held outside the Company: • Co-founder of RAISE. **Other offices and positions exercised in any company/entity:** **In France:** • Director and member of the Governance Committee of Danone*; • Director and member of the Performance Audit Committee of LVMH Moët Hennessy - Louis Vuitton*; • Director, Member of the Audit Committee and Member of the Ethics, CSR and Patronage Committee of Bouygues*; • Director of Sages.	**In France:** • Member of the Veolia Environnement* Compensation Committee; • Vice-Chairman of the Board of Directors of Fondation du Collège de France.

GSM: General Shareholders' Meeting called to approve the financial statements for the year then ended.
**: listed company.*
VE: Group company.

International experience *Public affairs* *Industry* *Bank Finance* *CSR* *Digital*

ISABELLE COURVILLE

Independent Director of Veolia Environnement*; Chairman of the Research, Innovation and Sustainable Development Committee; Member of the Accounts and Audit Committee; Member of the Nominations Committee



59 years old
Canadian

Date of first appointment:
April 21, 2016

Date of reappointment:
April 22, 2020

Expiry of current office:
2024 GSM

Number of shares held:
1,000

Qualifications:

Isabelle Courville graduated in engineering physics from École Polytechnique Montréal and in civil law from McGill University. She was active for 20 years in the Canadian telecommunications industry. She served as President of Bell Canada's Enterprise group and as President and Chief Executive Officer of Bell Nordiq. From 2006 to 2013, she joined Hydro-Québec where she served as President of Hydro-Québec TransEnergie and then President of Hydro-Québec Distribution. She was Chairman of the Laurentian Bank of Canada from 2013 to April 9, 2019 and was then appointed Chairman of the Board of Directors of Canadian Pacific Railway*. She also sits on the Board of Directors of SNC Lavalin* and is a member of the Board of Directors of the Institute for Governance of Private and Public Organizations.

Principal positions held outside the Company - Other offices	Positions or offices expired in the last five years
Principal position held outside the Company: • Chairman of the Board of Directors of Canadian Pacific Railway* (Canada). **Other offices and positions exercised in any company/entity:** **Outside France:** • Member of the Audit Committee, the Governance Committee, the Compensation Committee and the Risk Committee of Canadian Pacific Railway* (Canada); • Director, Chairman of the Human Resources Committee and Member of the Governance and Ethics Committee of SNC Lavalin* (Canada).	**In France:** • Director of Gecina*. **Outside France:** • Chairman of the Board of Directors of Laurentian Bank of Canada.

GSM: General Shareholders' Meeting called to approve the financial statements for the year then ended.
**: listed company.*
VE: Group company.

Experience in Veolia's businesses *International experience* *Public affairs* *Industry* *Bank Finance* *CSR*

2022111800331

PIERRE-ANDRÉ DE CHALENDAR

Independent director of Veolia Environnement*; Member of the Nominations Committee



63 years old
French

Date of first appointment:
April 22, 2021

Expiry of current office:
2025 GSM

Number of shares held:
894

Qualifications:

Pierre-André de Chalendar is a graduate of ESSEC Business School and École Nationale d'Administration. A former civil servant (Inspecteur des Finances), he served as deputy to the Director General for Energy and Raw Materials within the French Ministry of Industry.
Mr. Pierre-André de Chalendar joined Compagnie de Saint-Gobain in 1989 as Vice-President, Corporate Planning. He was subsequently Vice-President of Abrasifs Europe (1992-1996) and President of the Abrasifs division (1996-2000), before being appointed Senior Vice-President of Compagnie de Saint-Gobain in charge of the Building Distribution Sector in 2003.
Appointed Chief Operating Officer of Compagnie de Saint-Gobain in May 2005 and elected to the Board in June 2006, he was appointed Chief Executive Officer in June 2007 and Chairman and Chief Executive Officer in June 2010. He was appointed Non-Executive Chairman from July 1, 2021.
Mr. Pierre-André de Chalendar is also a director of BNP Paribas. He is Vice-President of Entreprises pour l'Environnement, which he chaired from 2012 to 2015 and has been Joint Chairman of La Fabrique de l'Industrie since July 2017 and Chairman of ESSEC Business School's Supervisory Board since February 2019.

Principal positions held outside the Company & other offices	Positions or offices expired in the last five years
Principal position held outside the Company: • Chairman of Compagnie de Saint-Gobain*. **Other offices and positions exercised in any company/entity:** **In France:** • Director of BNP Paribas*; • Joint-Chairman of La Fabrique de l'industrie; • Chairman of the Supervisory Board of ESSEC; • Vice-Chairman of Entreprises pour l'Environnement.	**In France:** • Chief Executive Officer of Compagnie de Saint-Gobain.

GSM: General Shareholders' Meeting called to approve the financial statements for the year then ended.
**: listed company.*
VE: Group company.

Experience in Veolia's businesses *International experience* *Public affairs* *Industry* *R&D* *Bank Finance* *CSR*

CAISSE DES DÉPÔTS ET CONSIGNATIONS[1]

Independent director of Veolia Environnement*; Member of the Accounts and Audit Committee

Date of first appointment:
March 15, 2012

Date of reappointment:
April 22, 2021

Expiry of current office:
2025 GSM

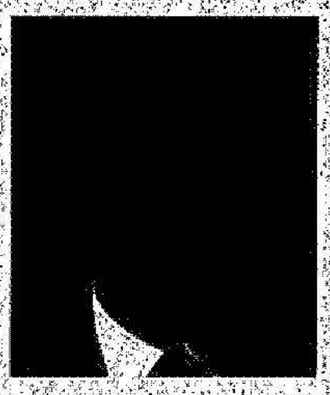
Number of shares held:
42,278,706**

Caisse des dépôts et consignations, established in 1816, is a public establishment carrying out tasks of general interest. As such, it is a long-term investor seeking to contribute to the growth of companies.

Principal positions held outside the Company - Other offices	Positions or offices expired in the last five years
Principal position held outside the Company: • None **Other offices and positions exercised in any company/entity:** **In France:** • Director of CNP Assurances*; • Director of Compagnie des Alpes*; • Director of Egis SA; • Director of Bpifrance; • Director of Icade*; • Director of La Poste; • Member of the Supervisory Board of SNI; • Director of Transdev Group.	In France: • Director of Oseo SA.

OLIVIER MAREUSE

Permanent representative of Caisse des dépôts et consignations on the Board of Directors of Veolia Environnement*



58 years old
French

Qualifications:

Olivier Mareuse graduated from the Institut d'Études Politiques (IEP) in Paris in 1984 and from the École nationale d'administration in 1988. He joined CNP Assurances in 1988 as an assistant director in the Financial Institutions Department. In 1989, he was named Technical and Financial Vice-President in the Collective Insurance Department and subsequently worked as a special assistant to the Chief Executive Officer of CNP Assurances between 1991 and 1994. From 1993 to 1998, he worked as Vice-President of Strategy, Management Control and Shareholder Relations and was responsible for the Company's initial public offering. He was then appointed Vice-President of Investments, a post he held until 2010. In 2010, he was appointed Chief Financial Officer of the Caisse des dépôts group. He is director of Savings Funds at Caisse des dépôts group since September 2016. He is also Director of Asset Management at Caisse des dépôts group since 2018. He is a member of the Executive Committee of Caisse des dépôts group.

Principal positions held outside the Company - Other offices	Positions or offices expired in the last five years
Principal position held outside the Company: • Director of Asset Management and Savings Funds at Caisse des dépôts group. **Other offices and positions exercised in any company/entity:** **In France:** • Member of the Executive Committee of Caisse des dépôts group; • Director of GRT Gaz; • Director and member of the Audit Committee of La Poste; • Director and member of the Risk and Audit Committee of Icade*; • Director and Chairman of the Nominations and Compensation Committee of Société forestière de la CDC; • Director of CDC Investissement Immobilier; • Director and Vice-Chairman of the French Association of Institutional Investors (AF2i); • Permanent representative of CDC on the chairmanship and strategic committee of ISALT; • Chairman of the Board of Directors and the Nominations and Compensation Committee of CDC Croissance.	In France: • Director and member of the Audit Committee of CNP Assurance*; • Director of AEW Europe; • Director of CDC Infrastructure; • Permanent representative of CDC on the Board of Directors of Qualium Investissement; • Director of CDC International Capital.

(1) The Veolia Environnement Board of Directors' Meeting of March 16, 2022 took due note of the resignation of Caisse des dépôts et consignations, represented by Mr. Olivier Mareuse, as a director and member of the Accounts and Audit Committee from January 30, 2022.

GSM: General Shareholders' Meeting called to approve the financial statements for the year then ended.

**: listed company.*

***: Including 11,206,131 and 77,200 shares held indirectly through CNP Assurances and LBP Prévoyance, respectively, based on the notification by Caisse des dépôts et consignations on January 25, 2022 that it had crossed a bylaws reporting threshold.*

VE: Group company.

Public affairs · Industry · Bank Finance

2022111800332

MARYSE AULAGNON



72 years old
French

Date of first appointment:
May 16, 2012

Date of reappointment:
April 18, 2019

Expiry of current office:
2023 GSM

Number of shares held:
12,308**

Qualifications:

Independent Director of Veolia Environnement*; Senior Independent Director; Chairman of the Compensation Committee; Member of the Nominations Committee

Maryse Aulagnon was the Founder and Chairman of Affine group, consisting of two property companies listed in Paris and Brussels specializing in commercial real estate. She currently manages MAB-Finances (Finestate), an investment company dedicated to investment in managed residential property *(coliving)*. She holds a Master's degree in economics and is a graduate of the Institut d'Études Politiques (IEP) and of the École nationale d'administration (ENA). She is an honorary Maître des Requêtes of the Conseil d'État (1975 to 1979). After holding various positions at the French Embassy in the United States (1979-1981) and on the staff of several French ministers (Budget and Industry), she joined the Compagnie Générale d'Électricité group (now Alcatel) in 1984 as Director of International Affairs. She then joined Euris as Deputy Chief Executive Officer when it was created in 1987. She founded the Affine group in 1990. She was a director of Air-France KLM* (Chairman of the Audit Committee) from July 2010 to May 2021 and has been Chairman of the Fédération des Sociétés immobilières et foncières (FSIF) since April 2019. Finally, she is active in a number of professional associations (including Fondation Palladio, founding member of Cercle 30, etc.), as well as cultural and university organizations (including Fondation des Sciences-Po, Le Siècle, etc.).

Principal positions held outside the Company. Other offices	Positions or offices expired in the last five years
Principal position held outside the Company: • Chairman and CEO of MAB Finances (Finestate). **Other offices and positions exercised in any company/entity:** **In France:** • Chairman of Fédération des Sociétés immobilières et foncières (FSIF); • Director of the Théâtre National de l'Opéra Comique; • Member of the MEDEF Executive Board. **Outside France:** • Director of Holdaffine BV, MAB-Finances group (Netherlands).	**In France:** • Director of Air-France KLM*; • Member of the Supervisory Board of BPCE (Banques Populaires Caisses d'Epargne) group; • Chairman and Chief Executive Officer of Affine R.E.*; • Representative of Affine R.E.* and MAB-Finances (Finestate) on the Boards of various entities of the Affine group. **Outside France:** • Representative of Affine R.E., Chairman of Banimmo*, Affine group (Belgium).

GSM: General Shareholders' Meeting called to approve the financial statements for the year then ended.
**: listed company.*
***: Including 8,740 shares held by MAB-Finances (Finestate). Maryse Aulagnon is the majority shareholder of MAB-Finances (Finestate).*
VE: Group company.

Experience in Veolia's businesses *International experience* *Public affairs* *Industry* *Bank Finance*

LOUIS SCHWEITZER

Director of Veolia Environnement*; Vice-Chairman of the Board of Directors; Chairman of the Nominations Committee; Member of the Compensation Committee



79 years old
French

Date of first appointment:
April 30, 2003

Date of reappointment:
April 18, 2019

Expiry of current office:
2023 GSM

Number of shares held:
37,064

Qualifications:

Louis Schweitzer is a graduate of the Institut d'Études Politiques (IEP) in Paris. A graduate of the École nationale d'administration (ENA) and Inspector of Finance, he was chief of staff for Laurent Fabius (who was successively junior Budget Minister, Minister for Industry and Research and Prime Minister) from 1981 to 1986. In 1986, he joined Renault's senior management team and then successively held the positions of Head of Planning and Management Control, Chief Financial and Planning Officer and Deputy Chief Executive Officer. He was appointed Chief Executive Officer of Renault in December 1990, then Chairman and Chief Executive Officer in May 1992 until May 2005, when he was appointed Chairman of the Board of Directors of Renault. Mr. Schweitzer did not seek to renew his term of office as a Director of Renault at the May 6, 2009 Annual General Meeting. After being appointed Vice-Chairman of the Veolia Environnement* Board of Directors on November 27, 2009, he was Senior Independent Director of the Company from May 16, 2012 to November 30, 2017 and was again appointed Vice-Chairman on May 14, 2013. He served as Commissioner General for Investment from April 23, 2014 to January 8, 2018. In addition, he has been the special representative of the Minister for Europe and Foreign Affairs for France-Japan relations since 2013.

Principal positions held outside the Company - Other offices

Principal position held outside the Company:

- Chairman of the Fondation Droit Animal Éthique et Sciences.

Other offices and positions exercised in any company/entity:

In France:

- Chairman of the Supervisory Board of Tallano Technologie SAS;
- Chairman of the Fontainebleau School of American Fine Arts and Music Foundation;
- Chairman of the Adrienne and Pierre Sommer foundation;
- Chairman of the Board of Directors of Maison de la culture MC 93;
- Vice-Chairman of the Société des Amis du Musée du quai Branly-Jacques Chirac.

Positions or offices expired in the last five years

In France:

- Interim Chairman of the National Political Science Foundation;
- Chairman of Initiative France;
- Chairman of the Board of Directors of Festival d'Avignon;
- Commissioner General for Investment;
- Senior Independent Director of Veolia Environnement* until 11/30/17;
- Chairman of the Veolia Environnement* Compensation Committee until 11/30/2017;
- Member of the Board of Musée du Quai Branly;
- Chairman of the French Foreign Affairs Council;
- Member of the Board of Directors of BPI France.

GSM: General Shareholders' Meeting called to approve the financial statements for the year then ended.
**: listed company.*
VE: Group company.

International experience *Public affairs* *Industry* *Bank Finance* *CSR*

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3.1.1.3 Positions held by Directors

The positions and offices held by directors stated below are current as of December 31, 2021 based on updated or known information as of the date of filing of this Universal Registration Document with the French Financial Markets Authority (AMF):

ANTOINE FRÉROT

Chairman and Chief Executive Officer and Director of Veolia Environnement*



63 years old
French

Date of first appointment:
May 7, 2010

Date of reappointment:
April 19, 2018

Expiry of current office:
2022 GSM

Number of shares held:
79,694

Qualifications:

Born on June 3, 1958 in Fontainebleau (France), **Antoine Frérot** is a graduate of the École Polytechnique (class of 1977), engineer at the Ponts et Chaussées corps and holds a doctorate from the École Nationale des Ponts et Chaussées.
He started his career in 1981 as a research engineer at the Central Research Office for French Overseas Departments and Territories. In 1983, he joined the Center for Study and Research of the École Nationale des Ponts et Chaussées as a project manager and then served as assistant director from 1984 to 1988. From 1988 to 1990, he was Head of Financial Transactions at Crédit National. In 1990, Antoine Frérot joined Compagnie Générale des Eaux as a project manager and, in 1995, became Chief Executive Officer of CGEA Transport. In 2000, he was appointed Chief Executive Officer of CONNEX, the Transport Division of Vivendi Environnement, and a member of the Executive Committee of Vivendi Environnement. In January 2003, he was appointed Chief Executive Officer of Veolia Eau, the Water Division of Veolia Environnement*, and Senior Executive Vice-President of Veolia Environnement*. In November 2009, he was appointed Chief Executive Officer, and in December 2010, Chairman and Chief Executive Officer of Veolia Environnement*.

Principal positions held outside the Company - Other offices	Positions or offices expired in the last five years
In France: • Co-Managing Director of Veolia Eau - Compagnie Générale des Eaux[VE]; • Director of Société des Eaux de Marseille[VE]; • Chairman of the Veolia Environnement Foundation[VE]; • Permanent representative of Veolia Environnement* on the Board of Directors of Institut Veolia Environnement[VE]; • Director of the Société des Amis du Musée du quai Branly-Jacques Chirac; • Chairman of the non-profit organization Anvie; • Chairman of the non-profit organization Centre d'Arts Plastiques de Royan; • Director of CNER, the Federation of French investment and economic development agencies; • Chairman of Institut de l'entreprise; • Director of the non-profit organization Anciens élèves de l'École Polytechnique (l'AX).	**In France:** • Director of the non-profit organization Amis de la Bibliothèque Nationale de France; • Director of Transdev Group until January 9, 2019; • Vice-Chairman of the Strategy Board of Institut de l'Entreprise (non-profit organization);

GSM: General Shareholders' Meeting called to approve the financial statements for the year then ended.
**: listed company.*
[VE]: Group company.

Experience in Veolia's businesses *International experience* *Public affairs* *R&D* *Bank Finance* *CSR*

3.1.1.2 Members of the Board of Directors as of December 31, 2021

	Age	Gender	Nationality	Number of shares	Number of officers in non-VE listed companies[1]	Independence	Start of office Expiry of current office	Number of years on the Board	Individual Board attendance rate	Committees: Accounts and Audit	Nominations	Compensation	Research, Innovation and Sustainable Development
Antoine Frérot Chairman and Chief Executive Officer	63	M	French	79,694	0		May 7, 2010 2022 GSM	11	100%				
Louis Schweitzer Vice-Chairman	79	M	French	37,064	0		04/30/2003 2023 GSM	18	100%		●	●	
Maryse Aulagnon Senior Independent Director	72	F	French	12,308[2]	0	✦	05/16/2012 2023 GSM	9	100%		●	●	
Caisse des dépôts et consignations[3], represented by Olivier Mareuse	58	M	French	42,278,706[4]	3	✦	03/15/2012 2025 GSM	9	58.33%[5]	●			
Pierre-André de Chalendar	63	M	French	894	2	✦	04/22/2021 2025 GSM	1	100%		●		
Isabelle Courville	59	F	Canadian	1,000	2	✦	04/21/2016 2024 GSM	5	100%	●	●		●
Clara Gaymard	62	F	French	750	3	✦	04/22/2015 2023 GSM	6	91.67%				●
Marion Guillou	67	F	French	1,170	1	✦	12/12/2012 2025 GSM	9	100%			●	●
Franck Le Roux[6] ✪	57	M	French	N/A	0		10/15/2018 10/15/2022	3	100%	●		●	
Pavel Páša[6] ✪	57	M	Czech	N/A	0		10/15/2014 10/15/2022	7	100%				●
Nathalie Rachou	64	F	French	3,656	2	✦	05/16/2012 2024 GSM	9	100%	●			
Guillaume Texier	48	M	French	894	1	✦	04/21/2016 2024 GSM	5	91.67%	●			●
Number of meetings in 2021								12		5	3	4	3
AVERAGE ATTENDANCE RATE IN 2021									95.13%[7]	100%	100%	100%	100%

● *Chairman* ● *Member* ✪ *Director representing employees.*
✦ *Independent pursuant to AFEP-MEDEF Code independence criteria, as assessed by the Board of Directors.*
N/A: not applicable.

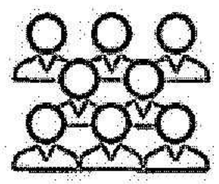
(1) VE: Veolia Environnement
(2) Including 8,740 shares held by MAB-Finances (Finestate). Maryse Aulagnon is the majority shareholder of MAB-Finances (Finestate).
(3) The Veolia Environnement Board of Directors' Meeting of March 16, 2022 took due note of the resignation of Caisse des dépôts et consignations, represented by Mr. Olivier Mareuse, as a director and member of the Accounts and Audit Committee from January 30, 2022.
(4) Including 11,206,131 and 77,200 shares held through CNP Assurances and LBP Prévoyance, respectively, based on the notification by Caisse des dépôts et consignations on January 25, 2022 that it had crossed a bylaws reporting threshold.
(5) This individual attendance rate is due to the temporary decision by Caisse des dépôts et consignations, from May 4, 2021, to abstain from deliberations and decisions of the Board and its Committees during the period of the Suez combination project. Excluding the meetings that Caisse des dépôts et consignations did not attend, the individual attendance rate is 100%.
(6) Director representing employees, not taken into account when calculating independence percentages pursuant to Article 9.3 of the AFEP-MEDEF Code (see Chapter 3, Section 3.2.1.1 below).
(7) The option to participate by electronic means of communication was used nine times by directors in 2021.

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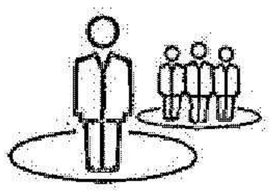
3.1 Members of the Board of Directors

3.1.1 MEMBERS OF THE BOARD OF DIRECTORS AND POSITIONS AND OFFICES HELD BY DIRECTORS

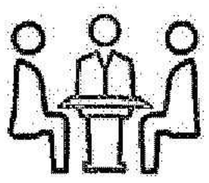
3.1.1.1 Profile of the Board of Directors as of December 31, 2021



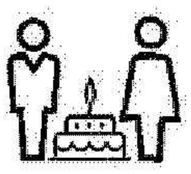
12
Directors



80%
Independent Directors(1)



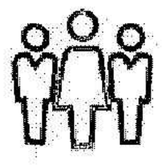
2
Directors representing employees



62
Average age of Directors



2
Non-French Directors



50%
Female Directors(2)

With the exception of the Directors representing employees, the members of the Board of Directors are elected individually by shareholders at Ordinary General Meetings at the recommendation of the Board, which, in turn, receives proposals from the Nominations Committee. Board members may be removed at any time pursuant to a decision of the General Shareholders' Meeting. With the exception of Directors representing employees, each director must hold at least 750 registered shares in the Company.

Finally, the Company's Board of Directors also includes a representative from the Company's Social and Economic Committee, who attends the Board of Directors' meetings in a non-voting advisory capacity.

Changes in the composition of the Board of Directors and its Committees are presented in Section 3.2.1.2 and Section 3.2.2 below.

(1) Excluding Directors representing employees in accordance with the AFEP-MEDEF Code.

(2) Excluding Directors representing employees in accordance with Articles L. 225-27-1 and L. 22-10-7 of the French Commercial Code (Code de commerce).

3

CORPORATE GOVERNANCE AFR

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Information from the Annual Financial Report is clearly identified in the table of contents by the pictogram AFR

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Risks relating to long-term contracts

Risk identification

Description of the risk	Potential effects for the Group
As the majority of the Group's activities are performed under long-term contracts, this can hinder its ability to react rapidly and appropriately to new situations with an adverse financial impact. The initial circumstances or conditions under which the Company enters into a contract may change over time, which may result in adverse economic consequences. In addition, the Company and/or its subsidiaries may not be free to adapt their compensation to reflect changes in their costs or demand, regardless of whether this compensation consists of a price paid by the customer or a fee levied on end users based on an agreed-upon scale. Contracts with public authorities generate a significant percentage of the Group's revenue. In numerous countries, including France, public authorities may amend or terminate contracts under certain circumstances, unilaterally but with compensation paid to the co-contracting party. This may not be true in all cases, however, and the Company and/or its subsidiaries, despite their best efforts, may not be able to obtain compensation should the relevant public authority unilaterally terminate or amend a contract.	• Economic balance of contracts compromised **Correlated risks** • No correlated risks

Risk management

Veolia's business model is based on a variety of contractual models, including various contract durations, enabling it to limit the potential negative effects associated with long-term contracts. The Group is particularly diligent in the contractual prevention of these risks.

The Group Legal Department ensures effective management of legal risks in liaison with operating teams in the field and in compliance with the Group's overall risk management process. The specific nature of the Group's activities (management of local public services, multitude of geographic locations, representatives and counterparties) has led the Company to adopt compliance rules to guide its employees in their activities and in the preparation of legal documents and to ensure that these rules are observed.

In the event of developments that may impact the expected profitability, contractual mechanisms may be applied in order to restore the financial equilibrium initially desired. The implementation of such mechanisms may be triggered more or less automatically by the occurrence of events identified in the contract (for instance, price indexing clauses), or they may require revision or amendment of the contract necessitating the agreement of both parties or of a third party.

Human rights risks

Risk identification

Description of the risk	Potential effects for the Group
Due to the geographic spread of its activities, the Group is exposed to non-compliance by stakeholders with the principles set out in the Group's human rights policy, notably external stakeholders (subcontractors, suppliers, partners).	• Group's image • Difficulty in gaining new market share • Loss of public and industrial contracts • Renewal of public and industrial contracts

Correlated risks

- Risks relating to employee health and safety
- Risks relating to subcontractor health and safety

Risk management

The Group has been working hard for years to uphold the human rights not only of its employees, subcontractors and suppliers, but also of the communities living in the areas where it operates.

The Veolia Human Rights program seeks, within the strict application of the Group's values, to retain the trust of internal and external stakeholders, reinforce appeal and commercial differentiation and protect the Group's reputation. This program is fully in line with Veolia's Purpose. This dedication to human rights is reflected in its sustainable development commitments (see Section 4.1.1 below) and its fundamental values and principles set out in its Ethics Guide (see Section 4.6.1.1 below).

The system for managing Human Rights risks is described in detail in Chapter 4, Section 4.6.4 below.

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Corruption and business integrity risks

Risk identification

Description of the risk	Potential effects for the Group
Actions by employees, corporate officers or external stakeholders which contravene the principles set out by the Group in its compliance programs could expose Group companies to criminal and/or civil penalties as well as harm to its reputation. Preventing corruption and other unethical business practices is a major issue for the Group and all its employees. The Group must be particularly vigilant regarding these risks, particularly due to the nature of its contracts, the investments made and the difficulties unique to certain countries where it operates.	◦ Group's image ◦ Difficulty in gaining new market share ◦ Loss of public and industrial contracts ◦ Renewal of public and industrial contracts
Correlated risks	
◦ *Risks relating to the business climate* ◦ Risks relating to the selection and integration of acquisitions	

Risk management

The Compliance Department is responsible for strengthening the compliance culture within the Group and in its relations with *third parties and detecting any non-compliance and dealing with it appropriately, so as to protect the Group against ethical and* non-compliance risks.

The Group therefore implements compliance programs notably comprising norms, procedures, a whistleblowing system and training, as well as assessment and control measures.

Managing third parties (customers, suppliers, partners, etc.) represents a key compliance challenge, as they constitute a non-negligible potential source of exposure to compliance risks for the Group. Veolia deals with this issue through a third party comprehensive assessment process, implemented by key functions, such as the Security, Purchasing and Compliance Departments.

The design office of the Security Department participates in the evaluation of third parties (except suppliers) by carrying out reputation studies. In addition, the Security Department in consultation with the Compliance Department can call on an external service provider to conduct an in-depth study.

The Purchasing Department is responsible for the evaluation process for the main suppliers. A more comprehensive assessment process for high-risk third parties (customers, suppliers, partners, etc.), led by the Compliance Department, was implemented in 2021. This system is based in part on a digital tool, also acquired in 2021.

The system for managing these corruption and business integrity risks is described in detail in Chapter 4, Section 4.6.3 below.

2.2.2.4 Regulatory, ethical and legal risks

Risks relating to regulatory changes, particularly in the area of health or the environment

Risk identification

Description of the risk	Potential effects for the Group
The majority of the Group's activities require operating permits or authorizations that define the rules governing the operation of facilities. These operating permits are issued by public authorities pursuant to authorization procedures encompassing the performance of specific studies presenting, in particular, the environmental footprint of the facilities. In particular, these risks concern water discharges, drinking water quality, waste processing, soil and ground water contamination, the quality of smoke emissions and gas emissions. If Veolia is unable to recover this investment or expenditure through higher prices, its operations and profitability could be affected. Environmental laws and regulations are constantly being amended and tightened. These amendments can generate significant compliance expenditure or investment, which cannot always be anticipated, despite the observation systems implemented. Pursuant to European Regulation EU/2020/852 of June 18, 2020, the "Taxonomy Regulation", the Group has taken steps so as to be able to qualify its eligible activities.	• Difficulty in gaining new market share • Time needed to obtain operating permits or authorizations • Change in consumption volumes (Water and Energy activities) • Renewal of municipal contracts **Correlated risks** • Third-party liability risks and particularly health and environmental risks • Risks relating to long-term contracts

Risk management

In accordance with legal, regulatory and administrative requirements (see Chapter 1, Section 1.6 above), including specific precautionary and preventive measures, Veolia is required to incur expenditure or invest to bring facilities under its responsibility into compliance.

Veolia continues to commit the necessary means to comply with its environmental, health and safety obligations and to manage sanitary risks. If it has no investment responsibility, Veolia advises its customers to ensure they undertake the necessary regulatory compliance work themselves.

Believing that mere compliance with regulatory requirements is not sufficient to ensure adequate control of health and environmental risks, Veolia has also voluntarily implemented a number of measures based on strict prevention and control procedures as part of a global approach, particularly with respect to its multi-service contracts (for example, hazard studies, impact assessments and checkpoint controls and inspections).

The Group also actively monitors research on subjects like emerging biological parameters, household toxicity and the environmental consequences of climate change. It develops research projects, alone or in partnership with research centers or French or foreign specialized bodies, on certain subjects that are deemed to be priorities.

To implement the taxonomy, Veolia took action from the end of 2020, under the impetus of the Executive Committee, so as to be able to provide all the required information. The technical and financial teams (at head office and in the Business Units, close to the installations) implemented a protocol aimed at defining the means of applying the Delegated Regulations to Veolia's activities (see Chapter 4, Section 4.5 below).

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Currency risk

Risk identification

Description of the risk	Potential effects for the Group
The Group presents its financial statements in euros and must translate certain of its assets, liabilities, income and expense items into euros at the applicable exchange rates. Consequently, fluctuations in the exchange rate of other currencies against the euro can affect the value of these items in the financial statements, even if their intrinsic value is unchanged in the original currency. An increase in the value of the euro may therefore result in a decrease in the reported value, in euros, of the Company's investments held in foreign currencies. Currency risk is linked to the Group's international business conducted outside the euro area, which generates cash flows in numerous currencies. A 10% appreciation in the main currencies of the countries used by the Group against the euro would increase net assets by €449 million, while a 10% depreciation in these currencies would reduce net assets by €367 million.	• Group's results and equity **Correlated risks** • No correlated risks

Risk management

The Group Financing and Treasury Department manages currency risk centrally within the limits defined by the Chief Financial Officer.

Residual transaction exchange risk can be hedged using derivatives (forward purchases or sales, swaps). For the risk arising on the accounting translation of net assets (also known as asset exchange risk) the Group favors the implementation of foreign currency financing or derivatives for the most material assets.

For further information, please refer to Chapter 6.1, Note 9.3.1.3 to the consolidated financial statements below.

Counterparty risks relating to operating activities

Risk identification

Description of the risk	Potential effects for the Group
The Group's activities expose it to the risks of failure of its counterparties (main customers, suppliers). Counterparty risk is the risk that an entity is unable to respect its financial commitments (debt repayment, breach of guarantees, offset under a derivative transaction, etc.). Trade receivables mainly correspond to services invoiced by Group subsidiaries. Trade receivables had a gross value of €8,489.6 million and a net value of €7,458.1 million as of December 31, 2021, *i.e.* €1,031.5 million in impairment losses on customer receivables.	• Non-payment or late payment by customers • Economic balance of contracts compromised • Decrease in investments by customers **Correlated risks** • Risks relating to long-term contracts

Risk management

The Group anticipates the occurrence of counterparty risks related to its operating activities by assessing potential volumes of receivables.

The Group carries out an upstream analysis of the creditworthiness of its customers in order to assess potential volumes of receivables and anticipate the occurrence of risks. Credit risk on operating financial assets is appraised *via* the rating of primarily public customers. The risk on other operating receivables is assessed through the analysis of customer late payments/failures, taking into account their nature (public/private).

In addition, the Group limits its exposure to the risk of default by its counterparties through the diversity and number of its customers.

Liquidity risks

Risk identification

Description of the risk	Potential effects for the Group
The Company's gross liquidity is defined as all available cash and confirmed bank lines. Net liquidity corresponds to gross liquidity less current financing requirements. The Group could be exposed to liquidity risk and not have sufficient financial resources to meet its contractual commitments.	• Difficulty in gaining new market share **Correlated risks** • No correlated risks

Risk management

The operational management of liquidity and financing is managed by the Financing and Treasury Department.

This management involves the centralization of major financing and material excess cash balances to optimize liquidity and cash.

The Group has a commercial paper program for short-term financing, with a ceiling of €6 billion; the spreading of payments over 12 months helps reduce short-term liquidity risk.

The Group has a multi-currency syndicated credit facility for a total undrawn amount of €3 billion as of December 31, 2021 and bilateral credit facilities for a total undrawn amount of €1.0 billion as of December 31, 2021. These credit lines enable the Group to reduce liquidity risk.

Finally, the Group refinances in advance its major bond maturities to reduce liquidity risk; in 2021 the only bond repayment was refinanced at the end of 2020 and several financing operations in 2021 also strengthened the Group's net liquidity (bond debt of €0.7 billion, hybrid debt of €0.5 million, share capital increase of €2.5 billion) enabling it to meet its upcoming scheduled finance payments. Gross liquidity is therefore €15.5 billion as of December 31, 2021 (compared with €10.7 billion at end-2020), and net liquidity is €6.2 billion (compared with €2.9 billion at end-2020).

For further information, please refer to Chapter 6.1, Note 9.3.2.2 to the consolidated financial statements below.

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Risks relating to tax developments

Risk identification

Description of the risk	Potential effects for the Group
Veolia operates throughout the world in numerous countries with different tax regimes. Tax risk is the risk associated with changes in laws and regulations (potentially with retroactive effect), the interpretation of those laws and regulations and changes in case law concerning the application of tax rules. These rules in the different countries where the Group operates are constantly changing and the tax regimes and tax rates applicable may be subject to interpretation and/or amendment. The Group cannot provide an absolute guarantee that its interpretations will not be challenged, with negative consequences for its financial situation or results. Furthermore, the Group is involved in standard tax audits and appeals. The main current tax audits and disputes are disclosed in Chapter 6.1, Note 12.3 to the consolidated financial statements below.	◦ Economic balance of contracts compromised ◦ Pressure on the selling price of services **Correlated risks** ◦ Risks relating to long-term contracts ◦ Risks inherent to fluctuations in the price of energy and commodities

Risk management

In order to comply with local tax laws and regulations, Veolia calls on the Tax Department and a network of tax professionals to ensure compliance with tax obligations and thereby reduce the tax risk to a reasonable and normal level.

The tax authorities have carried out various tax audits in Group companies that are both consolidated and not consolidated for tax purposes. To date, none of these reviews have led to liabilities to the tax authorities materially in excess of amounts estimated during the review of tax risks. In estimating the risk as of December 31, 2021, the Group took account of the expenses that could arise as a consequence of these audits, based on a technical analysis of the positions defended by the Group before the tax authorities. The Group periodically reviews the risk estimate in view of developments in the audits and legal proceedings.

2.2.2.3 Financial risks

Risks inherent to fluctuations in the price of energy and commodities

Risk identification

Description of the risk	Potential effects for the Group
Purchases of energy, consumables and raw materials represent a major operating expense in the Group's activities. In particular: • diesel for waste collection activities; • coal and gas for energy service activities; • electricity for water treatment and distribution activities. Group contracts generally contain indexing mechanisms. However, these mechanisms do not always enable these costs to be covered (existence of a time lag between price increases and the moment the Group is authorized to increase its prices to cover its additional costs or an inappropriate update formula given the cost structure, including taxes). Any steady increase in purchase prices and/or taxes could, by increasing costs and reducing profitability, undermine the Group operations, insofar as it would be unable to increase its prices sufficiently to cover such additional costs. The sorting, recycling and trading activities are particularly exposed to changes in the price of secondary raw materials (paper, plastic, scrap and non-ferrous metals). A significant and long-term drop in the price of recycled materials, potentially combined with the impact of the economic environment on volumes, could affect the Group's operating results. Group activities also include the production of electricity in Central Europe, Asia, Germany, the United Kingdom and France. A significant portion of these sales concerns "waste" energy production, co-generated with heat. The Group is also exposed to price volatility in the electricity market and price changes imposed by the regulator, in countries where the price of electricity is regulated. A significant long-term decline in the market price of electricity in these countries could therefore impact the Group's operating performance. For further information, please refer to Chapter 6.1, Note 9.3.1.3 to the consolidated financial statements below.	• Economic balance of contracts compromised • Change in consumption volumes (Water and Energy activities)
	Correlated risks
	• Economic risks • Risk relating to market changes

Risk management

Most contracts have clauses, including indexation formulas, that allow any changes in the price of energy, consumables and commodities to be passed on.

The Group has a commodity risk management policy, which seeks to establish a progressive hedge over three years (where possible) in order to limit results volatility. Most of the contracts entered into by the Group include clauses aimed at passing on any fluctuations in energy, commodity and secondary raw material prices to the Group's revenue sources, particularly by means of indexation formulas. Furthermore, in certain countries and for certain energy sources, the supply of energy may be the subject of long-term supply contracts.

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Risks of skills availability

Risk identification

Description of the risk

The Group conducts a range of businesses, requiring a variety of constantly changing skills.
To accompany this evolution and the deployment of service offerings in new markets, the Group must acquire new expertise and encourage employee mobility. Also, the shortage of skilled labor in certain countries may have an impact on the Group's operating conditions.

Accordingly, the need to constantly seek out and be attractive to new profiles, but also to continuously train existing staff, exposes the Group to risk if it is unable to harness in a timely manner the skills required at its locations.

In particular, Brexit could affect the future recruitment of employees (in particular low-qualified workers) under the new points-based immigration system that came into force in 2021 in the United Kingdom.

Potential effects for the Group

- Difficulty in gaining new market share
- Competitive pressure from certain sectors
- Operating performance of facilities
- Continuity of services

Correlated risks

- Risks relating to the selection and integration of acquisitions

Risk management

The role of the Human Resources Development Department is to define and promote the Group's policies relating to mobility, career management, and talent identification and management at all of the Group's establishments.

Veolia strives to attract, train, develop and retain its staff at all levels of qualification and in all areas of employment in which it operates.

In a context of rapid changes in work techniques and organizations, Veolia ensures that there is a balance between the skills and expertise available and those needed in new business lines. This is in line with the Provisional Management of Jobs and Careers policy, in particular for the industrial market.

An agreement was therefore signed in the form of a letter of commitment with the European Works Council in 2018, on changes in the businesses and skills, notably with regard to the Company's strategic direction. Through this agreement, Veolia focuses on anticipating changes in its businesses in line with the Group's transformation, supporting and encouraging career development and offering the right training solutions.

This skills management is made operational through the work of the campuses, which propose a diverse offering that is constantly adapted to the Group businesses (see Chapter 4, Section 4.4.4 below).

The Group's considerable efforts in the area of talent management (identification, dedicated training programs, roll-out of the manager's Code of conduct, manager commitment survey), and commitments to diversity and internationalization serve to strengthen the loyalty and professionalism of Group talents (see Chapter 4, Section 4.4.4 below).

With regard to the Covid-19 health crisis and the conflict in Eastern Europe, the Group is taking all measures to ensure the continuity of its drinking water, sanitation, waste management and energy services.

Transformation risks related to multifaceted performance

Risk identification

Description of the risk	Potential effects for the Group
As part of the implementation of its Impact 2023 strategic plan, the Group adopted an ambitious Multifaceted Performance plan aligned with its Purpose. This Multifaceted Performance is founded on five performance pillars: human resources performance, corporate social performance, environmental performance, commercial performance and economic and financial performance. A commitment is associated with each performance and broken down into objectives, with quantified indicators for 2023. In total, there are 18 objectives, 19 indicators and 19 targets that the Group must reach by 2023. The attainment of these targets is subject to the Group's ability to transform its organization and internal operating methods and processes. Applying the same level of requirement to the five performance pillars by 2023 could be challenging for the Group. In addition, constant dialogue with stakeholders is a major factor in appropriating the Multifaceted Performance principles. Failure to achieve the Multifaceted Performance targets could negatively affect the Group's credibility in deploying its Purpose, damaging its image with stakeholders and weakening employee commitment.	• Group's image Correlated risks • No correlated risks

Risk management

To address its 2023 strategic challenges and, in particular, its Multifaceted Performance commitments, the Group has implemented a management system at the highest level of the organization and launched a campaign for the appropriation of its Purpose and Multifaceted Performance challenges by all Group employees.

This system is supported by:

- the Board of Directors, which controls the proper implementation of the Impact 2023 strategic program;
- a "Purpose" Committee, created in 2021;
- the Group's Executive Committee, which is responsible for its monitoring;
- a Purpose steering committee, in charge of coordination and comprising members of the Executive Committee and operating departments;
- the Strategy and Innovation Department, which steers Veolia's strategy with a multifaceted performance perspective, aligned with the Group's Purpose;
- a two-person team comprising an Executive Committee sponsor and a Group "Objective Officer", responsible for steering each Multifaceted Performance objective;
- a network of Purpose Officers in the BUs, supporting managers and accelerating the roll-out of Veolia's Purpose and Multifaceted Performance in their entities.

Finally, the Risk Department assists the departments responsible for managing each objective with assessing the risks and the level of risk control.

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Personal security risks

Risk identification

Description of the risk	Potential effects for the Group
The protection of the Group's employees is subject to extremely strict constraints and particularly regulatory constraints, which could expose a Group company to liability. Given the nature of the Group's activities and its geographic spread, its employees could be the target of malicious or terrorist acts. Veolia employees work or travel in countries where the political, geopolitical or social climate can expose them to criminal, malicious or terrorist acts or violent situations. The deterioration in international security and the multiplication of information and media-based attacks (facilitated by new information and communication technologies such as social networking) compound the risks relating to the security of persons.	• Group's image **Correlated risks** • No correlated risks

Risk management

In order to anticipate and guard against international security risks, the Security Department constantly monitors and analyses the international security context in each of the high-risk countries where the Group operates.

A classification of high-risk areas is prepared each month and distributed throughout the Group. A travel procedure has also been implemented for high-risk countries. This procedure involves the case-by-case examination by the Security Department of all travel requests to those countries considered as presenting the highest levels of risk. Each travel request is accompanied by specific security guidelines tailored to the risks associated with the country or countries in question and the traveler's profile. In 2021, almost 1,094 travel requests for high-risk countries were processed by the Security Department.

In order to train and inform employees on the rules and behavior of prevention and protection to adopt when traveling in high-risk countries, an e-learning course has been implemented. It is mandatory for all travel to these countries. Face-to-face training sessions can also be provided depending on the specific needs of the teams and the duration of the missions in the destination country.

Security plans are drawn-up for the most sensitive countries where the Group operates, to facilitate the reactivity of the Group and in particular local staff in the event of a crisis. A safety correspondent has also been identified in each of these countries. This individual acts as the Security Department's representative and is the preferred point of contact in his or her scope.

In addition, the Security Department intervenes upstream of projects in the countries most at risk to perform a technical and budgetary assessment of security measures to be implemented.

- the environmental management strategy, one of the cornerstones of this approach, particularly through validation by external certification (ISO 14001, sector guidance, etc.);
- internal and external audits, conducted regularly to identify and prevent industrial risks (fire, machine breakdown, environmental damage, etc.);
- the purchase of insurance covering public liability and liability resulting from unavoidable or accidental pollution and material damage policies (see Section 2.1.6 above).

All of these actions are implemented by the Group's Business Units in coordination with the various departments (Legal, Business Support and Performance, Sustainable Development and Insurance). The activities also benefit from the support of the Strategy and Innovation Department and Veolia Environnement's office in Brussels, which monitors changes in regulation. When the Group provides services at a "Seveso" facility or its foreign equivalent, it complies with the different health and safety measures implemented at these sites.

Group employees are required to undergo mandatory training and participate in Health, Safety and Working Conditions Committee meetings at industrial customers' sites and comply with the Major Accident Prevention Policies (MAPP) implemented by its customers. Seveso facilities are also subject to specific internal measures that seek to prevent accidents and protect employees, the public and the environment. In addition to MAPPs, Internal Operational Plans (IOP) also apply to these facilities, as well as crisis intervention measures coordinated with public authorities in the event of an incident (Emergency Response Plan, ERP).

Risks relating to changes in business lines

Risk identification

Description of the risk	Potential effects for the Group
The Group's Impact 2023 strategic program identifies fundamental challenges for the world, in relation to which the Group proposes to set up new service offerings: health and new pollutants, new material loops, the food chain, etc. (see Chapter 1, Section 1.2.3 above). Due to their strong potential for innovation, these fields are particularly subject to automation, digitization, the use of artificial intelligence, but also to the adaptation of certain skills. In its objective to position itself in an efficient and unique way on these challenges, Veolia is subject to changes in certain labor markets and must therefore adapt the business models of certain Business Units, while keeping a forward-looking watch on the development of service offerings and skills in all these sectors.	• Difficulty in gaining new market share • Competitive pressure from certain sectors • Operating performance of facilities • Group's image
	Correlated risks
	• Risks of skills availability • Competition risks

Risk management

The Group has set up a strategic program, Impact 2023, in connection with the definition of new expertise and skills requirements for its new development challenges.

In a context of rapid change in business lines and subsequent working methods, Veolia has strengthened its ability to anticipate emerging markets and business lines, particularly in the context of its Impact 2023 strategic program. In addition to this analytical work, the Group is strengthening its network of partnerships with companies in the industrial and service sectors, both with a view to outsourcing certain services and seeking innovative technological solutions to accompany the development of certain business lines (see Chapter 1, Section 1.3 above).

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Third-party liability risks and particularly health and environmental risks

Risk identification

Description of the risk	Potential effects for the Group
Failure by the customer to meet its compliance obligations could be prejudicial to the Group as operator and damage its reputation. This compliance concerns regulatory and contractual obligations, in particular on water emissions, drinking water quality, waste processing, soil and ground water contamination, the quality of smoke emissions and gas emissions. While regulatory changes offer new market opportunities for the Group's businesses, they also generate a number of risks. Veolia is constantly required to incur expenditure or invest to bring facilities under its responsibility into compliance. If it has no investment responsibility, Veolia advises its customers to ensure they undertake the necessary compliance work themselves. Regulatory bodies have the power to launch proceedings which could lead to the suspension or cancellation of permits or authorizations held by the Group or injunctions to suspend or cease certain activities. These measures may be accompanied by fines and civil or criminal sanctions which could have a significant negative impact on the Group's reputation, activities, financial position, results or outlook. Environmental laws and regulations are constantly changing. These changes can generate significant compliance expenditure or investment, which cannot always be anticipated, despite the observation systems implemented. Company subsidiaries conduct activities at certain environmentally sensitive sites known as high or low threshold Seveso sites (section 4,000 of the French "Installations Classified for the Protection of the Environment" (ICPE) system) or the foreign equivalent, operated by industrial customers (particularly petrochemical industry sites). In these instances, service management requires even greater care due to the more dangerous nature of the products, waste, effluents and emissions to be treated, as well as the close proximity of installations managed by the Group to customer sites. The regulatory regime governing Seveso facilities applies only within the European Union, but the Group operates several similar sites outside of this region that are often subject to the same level of stringent regulation.	• Group's image • Loss of municipal contracts • Difficulty in gaining new market share • Renewal of municipal contracts **Correlated risks** • Competition risks

Risk management

The environment, health and safety are central concerns for Veolia. The Group is committed to providing full professional guarantees covering the quality of its products and services, as well as compliance with safety and environmental standards, especially relating to emissions into the air and discharges into water and soil.

Given the nature of Veolia's business, regulatory compliance measures for facilities and services mainly involve air pollution control (smoke from heat generation plants and waste incineration facilities, exhaust fumes from transportation vehicles and legionnaires disease), water quality management (in respect of wastewater treatment plants, drinking water networks and the disposal of wastewater) and the protection of soils and biodiversity. In order to better manage its environmental risks, the Group has implemented an Environmental and Industrial Management System (see Chapter 4, Section 4.2.1.2 below) which seeks to achieve continuous improvements in the environmental performance of all its Business Units.

It is the Group's general policy to contractually limit its liability, implement the necessary prevention and protection measures, and take out insurance policies that cover its main accident and operational risks (see Section 2.1.6 above).

Moreover, in accordance with current standards and taking account of the recommendations of internal and external experts, Veolia implements control, maintenance and improvement measures with customers when they assume responsibility for investments relating to the facilities. When Veolia designs new facilities, it strives to meet technical specifications that are sometimes more stringent than current prevailing standards.

For older facilities, Veolia systematically carries out renovations or strongly recommends that owners do the same. At European level, the REACH, CLP (Classification, Labeling and Packaging) and Biocides regulations are monitored and applied in accordance with the relevant timelines.

Faced with the risk of being held jointly liable with its customers in the event of serious contamination or accidents, the Group strives to satisfy its own obligations while helping to ensure that customers do the same. At operating sites (waste processing centers, landfill sites, incineration facilities, heat generation plants, drinking water production facilities, wastewater treatment plants, etc.), an analysis of the various industrial accident scenarios is regularly performed enabling appropriate prevention plans to be established and a business continuity plan to be developed. Given the nature and potential seriousness of all of the risks mentioned above, the Group has implemented four principal types of actions to help control and manage these risks:

- the prevention of accidents that may damage property and as a consequence cause harm to people or the environment through the implementation of procedures aimed at ensuring the compliance of installations and monitoring their operation and also ensuring improved risk management;

Risk management

The Group is implementing an integrated acquisition strategy and is strengthening its system for selecting and integrating acquisitions (procedures, training, etc.).

The merger and acquisition process is strategic for the Group. Acquisition projects result from an individual analysis for each Business Unit of the opportunity to grow externally in light of the growth challenges of its business, its potential market, its competitive environment and an examination of potential targets.

Acquisition projects are subject to the review and approval of Country, Zone and Group Commitment Committees according to financial thresholds and particularly investment thresholds. These projects are subject to systematic, comprehensive review (strategic, technical, operational, financial, legal, human resources, ethical, etc.) in which all risks are analyzed and assessed. Development procedures have been strengthened to detail acquisition procedures, both upstream and downstream.

In addition, a procedure for integrating acquisitions and post-acquisition follow-up has been established and published on the Group's Intranet. Post-acquisition audits are carried out to enable better monitoring of projects approved by the Commitment Committees and to encourage the sharing of experience within the Group. For projects that do not meet the objectives of the initial business plan, action plans are drawn up and new investments are deferred in the Business Unit concerned.

Finally, best practices on the identification and integration of targets have been established on the basis of feedback, within the framework of the Business Development Center of Excellence (2018). The sharing of these practices within the community of development directors contributes to the appropriation of acquisition-related issues by operational teams in the upstream and downstream phases of acquisitions.

Veolia- Suez combination project

The context and the reasons for this transaction, as well as the terms and conditions of the tender offer, are described in the draft offer document filed with the AMF and available on Veolia's website dedicated to the merger project (www.suez-merger.veolia.com) and the AMF's website (www.amf-france.org). Investors and shareholders are strongly recommended to familiarize themselves with the documentation on the tender offer and, where applicable, any amendment or addition to these documents as they contain important information for Veolia, Suez and the proposed transaction.

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Risks relating to the selection and integration of acquisitions

Risk identification

Description of the risk

The Group's development is based on organic growth and external growth through acquisitions. The integration procedure and the procedure for reviewing major projects allows risks relating to merger or acquisition projects to be anticipated. The operational and financial performance of acquired companies may deviate from forecasts, with this risk present from the initial stage of company selection.

These acquisitions could give rise to certain risks related to synergy with the new companies acquired, in particular concerning integrating employees and the adequacy of information systems which could lead to difficulties in achieving the expected savings.

Veolia- Suez combination project

On January 7, 2021, the Group announced it had sent to the Suez Board of Directors the draft Public Tender Offer it intended to file for the 70.1% of Suez shares not yet in its possession. This formal proposal describes all the components of the industrial project, social project and financial conditions that Veolia will propose when the offer is effectively filed.

On May 14, 2021, Veolia and Suez signed a combination agreement to enable Veolia to create a global champion in ecological transformation, thanks to a solid management team, post-merger revenue of around €37 billion, including strategic assets, as well as industrial synergies enabling significant value creation, shared among the stakeholders. This combination will have a unique, long-term impact for employees, whose commitment is key for a successful integration.

On July 20, 2021, the AMF declared the Public Tender Offer for the Suez shares filed by Veolia on June 30, 2021 to be compliant. The project obtained 17 out of 18 authorizations from the main competition authorities. On December 21, 2021, the UK Competition and Markets Authority (CMA) opened an in-depth investigation.

While the acquisition of Suez is major, it is one of many acquisitions performed by the Group. However, the Veolia/Suez merger comprises specific risks. Firstly operational risks, subject to authorization by the UK Competition and Markets Authority, that is: (i) the assumptions underlying the business plans supporting the valuations may prove inaccurate, particularly with regard to expected synergies and commercial demand; (ii) risks relating to failure to attain the performance levels expected of the new scope; (iii) risks relating to the transfer of responsibility for acquired or merged companies; (iv) risks relating to the realization schedule for expected synergies for acquired or merged companies, with regard to technologies, services, products and employees; (v) risks relating to the commitment of new employees and retaining employees, customers and key suppliers of acquired or merged companies; (vi) the need or desire by our customers and key suppliers to terminate pre-existing contractual relationships, which could prove costly and/or be performed under unfavorable conditions; (vii) certain tax risks relating to the transaction (including those relating to disposals). In addition, there are risks relating to the procedure to obtain the authorization of the UK Competition and Markets Authority, that is: (viii) risks of potential remedies demanded by the authority.

Potential effects for the Group

- Difficulty in gaining new market share
- Competitive pressure from certain sectors
- Operating performance of facilities

Correlated risks

- Risks of skills availability
- Risks related to tangible and intangible property, and information systems

Risks relating to employee health and safety

Risk identification

Description of the risk	Potential effects for the Group
Constant vigilance, particularly with regards to health and safety, is essential, given the range of business sectors, geographic zones and working environments in which Veolia operates. The management of employee health and safety is particularly important, considering the labor-intensive requirements of the Group's businesses, their nature, the wide geographic spread of Veolia's employees in the field (in particular, on public roads and at customer sites), as well as difficult working conditions. Despite the Group's specific focus on this issue (see Chapter 4, Section 4.4.3 below), an increase in injury frequency and severity rates and a surge in occupational diseases remains a risk. Due to the geographic spread of its activities, Veolia faces the Covid-19 health crisis in its operations. The health and safety of employees has been a Group priority since the beginning of the crisis; it requires particular vigilance and the implementation of health measures that are proportionate to the situation in each country and the nature of service activities.	• Operating performance of facilities • Difficulty in gaining new market share • Group's image **Correlated risks** • No correlated risks

Risk management

The Group's most valuable resource and consequently its primary asset is the employees working at Veolia. Sustainably protecting the health and safety of employees, and all service providers, sub-contractors or third-parties present on its sites while protecting customers and communities served by the Group is an absolute priority.

Given the nature of its operations and aware that solid performance in workplace health and safety is synonymous with increased performance for the Company, Veolia has made prevention, health and safety a daily priority in all its activities.

The occupational risk prevention approach is based on the involvement of the entire managerial line and the diligence of suppliers in applying the measures taken by the Group to their employees, as well as on a system of continuous improvement that makes it possible to meet the commitments made and achieve the objectives set.

Veolia's health and safety management system is based on five strategic pillars (see Chapter 4, Section 4.4.3.1 below). The prevention, health and safety center of excellence brings together 25 experts who, based on performance indicators, develop and coordinate policies to improve synergy between businesses and disseminate the good practices identified to all Group entities (see Chapter 4, Section 4.4.3.1 below). The Group's commitment is also reflected in the signature of international agreements and joint commitment letters between management and employee representatives.

With a view to setting up a solid, continuous prevention system, the Group relies on numerous awareness-raising and training tools for staff, and robust accident prevention analyzes (see Chapter 4, Section 4.4.3.1 below). The structural themes include systematic accident analysis, reinforcement of prevention in occupational health and improved communication with employees on health and safety topics.

From the beginning of the Covid-19 crisis, the Group set up crisis units (at Group and Business Unit level) and then a variant monitoring unit from September 2021, to protect the physical and mental wellbeing of its employees. Decisions made by the Group and Business Unit crisis units are notably based on pandemic monitoring indicators covering nearly all countries where Veolia operates. These weekly monitoring tools mainly consist of dashboards to assess the health situation in each country, as well as check-lists (three levels of country exposure have been defined) to be applied based on the dynamics and phase of the epidemic in the geographies where Veolia operates. In addition, the Group crisis unit introduced a specific phone line for employees to reduce psychosocial risks exacerbated by the Covid-19 epidemic.

The Group introduced health guidelines and procedures to support the Business Units in the roll-out of their business continuity plans. The Group adopted a proactive approach to protecting the health of employees, introducing several measures (temperature taking at the entry to sites, PCR testing, supply of face masks, facilitating working from home, Covid officers to track contact cases, etc.). The Group's vigilance encouraged the early adoption of health measures by teams, based on the specific health situation in each country.

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Annual self-assessments are conducted with all entities to control application, using a questionnaire called "Fix the basics". In addition, audit and assistance assignments are carried out by specialist external partners using international standards (e.g. NIST) in entities presenting the highest risk and on the most exposed systems. Actions plans approved and validated by the Information Systems Department and the BU director are then defined and implemented. Monitoring & Assistance assignments are organized annually to help BUs with low maturity and facilitate the roll-out of their action plans. The resulting actions plans are presented to and monitored by the cybersecurity steering committee. An awareness-raising program for all employees and a training program for certain specific functions have been defined and represent another key aspect of cybersecurity. These actions are carried out by means of IT charters, distributing information on best cybersecurity practices and specific actions targeting the various communities exposed to specific risks such as accountants, CFOs and treasury managers. Awareness-raising and training e-learning courses are being drafted and will be published in 2022. Certification is in process and certain Group entities are ISO 27001 or NIST certified or have an equivalent certification.

Due to the current geopolitical situation, an operating crisis unit focusing on cybersecurity risk has been set-up. The aim of this crisis unit is to assess the Group's exposure to a certain number of identified cyberattack scenarios and to strengthen the resilience capacity of entities in the event of cyberattacks.

2.2.2.2 Operational risks

Risks related to tangible and intangible property, and information systems

Risk identification

Description of the risk	Potential effects for the Group
The protection of the Group's tangible and intangible property and information systems is subject to extremely strict constraints and particularly regulatory constraints, which could expose a Group company to liability. The Group may be the target of malicious or terrorist acts targeting tangible and intangible property and information systems, due to the nature of its activities and its geographical locations. These risks may have a decisive impact on the continuity of its activities and for several stakeholders. The drinking water sector is an activity of vital importance due to the related public health considerations. The Group's businesses (Water, Waste and Energy) may be subject to malicious acts on the Group's industrial facilities. Information systems are indispensable tools for carrying out the Group's operational activities and managing its functional departments (Finance, Human Resources, etc.). Information system downtime resulting from a disaster or a malicious act involving one or more of these information systems could have major consequences for the quality or even the continuity of the service delivered and for the availability, integrity and confidential and strategic nature of the Group's data, and could thus potentially have an impact on the activity of its customers. The deterioration in international security and the multiplication of information and media-based attacks (facilitated by new information and communication technologies such as social networking) compound the risks relating to the security of tangible and intangible property and information systems.	• Operating performance of facilities • Business continuity at facilities • Continuity of services • Data leakage, loss, theft • Group's image **Correlated risks** • Third-party liability risks and particularly health and environmental risks

Risk management

Due to the nature of its businesses and the scope and diversity of its sites, the Group pays close attention to the security of its tangible and intangible property and information systems.

The primary roles of the Security Department are to avert security threats potentially affecting the Group and its employees and to manage violations possibly impacting employees, tangible and intangible property, including information systems, and securities of the Group in France and abroad. The Security Department is also responsible for coordinating warning and crisis management systems. A network of security officers has been set-up in all countries where the Group operates, in order to tailor the management of these risks to specific local conditions. It provides advice and assistance to country managers on security-related issues within the framework of current laws and regulations. The organization of crisis management at Veolia revolves around two separate but complementary arrangements that come together to deal rapidly and efficiently with any deteriorated or critical situation that the Company or its entities may encounter.

A warning system that operates 24 hours a day and is deployed across all the Group's locations, escalates information quickly up the line to the Company's Executive Management on any critical or delicate situation. This process has been updated, primarily to take account of changes in the Group's organizational structure. It then moves into crisis management mode and, if the situation is critical enough, operational cells can be quickly mobilized bringing together all the necessary functional skills and the departments concerned. Predetermined objective criteria are used to assess the seriousness of the situation. This process is constantly refined on the basis of feedback and post-crisis evaluations of each of the situations that have been managed.

An information systems security organization (ISS, cybersecurity) was set up in 2013 and updated in 2016. Managed by the Information Systems Security Officer (ISSO), a member of the Group Security Department and in conjunction with head office and local Group departments, the ISS is also supported by a network of local officers spanning all countries where the Group operates. In 2020, the Group's cybersecurity strategy was based on a normative framework with risk reduction and Group business resilience objectives. At Group level, the Cybersecurity Steering Committee validates and monitors the implementation of the general cybersecurity policy. It meets once a month, chaired by the Group's General Counsel and brings together the central departments (finance, risk and assurance, internal control, technical, safety, information systems) and the ISSO. The General Counsel and the Information Systems Security Officer (ISSO) report at least one annually to the Group Executive Committee and the Accounts and Audit Committee to present the Group's approach to risks and the cybersecurity strategy and provide an update on measures taken. In order to integrate the emergence of risks relating to an increasingly connected industrial environment, the ISSO facilitates, together with the Business Support and Performance Director and the Information Systems Director, the Industrial Cybersecurity Steering Committee implemented in 2021. A cybersecurity industrial policy was implemented in this context.

The Information Systems Security Policies (ISSP), including for the industrial sector (ISSP-I) are implemented in all Veolia entities under the oversight of the ISSO and the local Security Officers.

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Risks relating to natural disasters

Risk identification

Description of the risk	Potential effects for the Group
Due to the geographic spread of its operations and sites, the Group could easily be exposed to natural disasters such as floods, earthquakes, extreme droughts, landslides, cyclones or tsunamis. This risk is exacerbated by climate change, which has a direct impact on the frequency and severity of these events. Very large-scale or recurring natural disasters can also lead to exceptional disruption in external infrastructures and roads and means of communication on which Veolia depends for the conduct of its business and may cause damage to the infrastructures for which it is responsible. Veolia could thus be temporarily unable to perform services under the terms and conditions of its contracts. The Group may, for example, be required to compensate for the unavailability of resources initially planned to provide the solutions (due to business disruption), with resources that cost more than forecast.	• Operating performance of facilities • Business continuity at facilities • Continuity of services • Cost of insurance coverage relating to changes in the insurance and reinsurance market. **Correlated risks** • Risks related to tangible and intangible property, and information systems • Third-party liability risks and particularly health and environmental risks

Risk management

Through the Group's climate policy, actions taken (see Chapter 4, Section 4.2.3.2 below) and the geographic spread of its operations, Veolia limits the impacts of the risk of natural disaster on its results.

The implementation of services essential to the activities of public authorities and industrial companies requires constant vigilance and anticipation: the management of risks delegated by customers, particularly with regards to natural disasters, is at the heart of Veolia's expertise.

Over and above regulatory requirements, Veolia proposes active management solutions for risks relating to natural disasters through:

- the implementation of prevention and control measures for its facilities;
- the identification and assessment of the exposure of sites exposed to natural disasters;
- the introduction of solutions to assist clients reduce their vulnerability.

The risk relating to natural disasters is mitigated by: (i) the choice of a site's location in order to limit exposure, (ii) analyses of the various scenarios to enable the implementation of tailored prevention plans and (iii) the development of business continuity plans. Site audits and insurance coverage completes management measures for this type of risk.

Seasonality risks

Risk identification

Description of the risk	Potential effects for the Group
Climate change affects the frequency, severity and impact of climatic conditions on the Group's activities, in particular: • conditions of access to resources (exceptionally low or high rainfall, drought, etc.); • changes in domestic water consumption; • change in volumes related to Energy activities during mild winters. The Energy and Water activities are particularly exposed to seasonality risks: • for the former, most of the results are achieved in the first and fourth quarters of the year corresponding to the heating periods in Europe; • for the latter, domestic water consumption is higher between May and September in the northern hemisphere. Climatic conditions that are significantly different from seasonal norms may impact these two activities and consequently the Group's results.	• Increase in the cost of access to the resource (water) • Operating performance of facilities • Decrease in sales volume • Change in consumption volumes (Water and Energy activities) **Correlated risks** • Risks relating to natural disasters • Risks relating to market changes

Risk management

The Group limits its exposure to seasonality risk through the diversity of its locations and the implementation of contractual models that include a sharing of value created for the customer.

Aware that natural resources are becoming scarcer while needs are increasing in regions that are increasingly confronted with climate change and its effects on seasonality, the Group maintains a diversified portfolio of activities in the countries in which it operates in order to compensate for the negative impacts on its facilities. By focusing on its three complementary activities, Veolia is moving from a logic of volume to one of resource use and development, by offering solutions for access, preservation and renewal of the resource. The Group offers contractual models that are independent of volumes, such as performance contracts that include a sharing of value created for the customer, regardless of volume-related consumption. In addition, the Group provides cutting-edge solutions to the most complex issues encountered by customers and offerings founded on attractive business models such as performance-based payment terms, to mitigate the risks relating to seasonal factors.

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Risks relating to the business climate

Risk identification

Description of the risk	Potential effects for the Group
The Group may be exposed to risks related to the country's business conditions for companies, sometimes aggravated by the absence of legal enforcement measures or restrictions on the repatriation of funds. Other factors that may impact the Group's operating conditions in certain countries are: the lack or limited development of the legal and social structures required to conduct business, administrative delays, a lack of visibility over future regulatory or tax measures, adverse measures or restrictions imposed by governments.	• Time needed to obtain operating permits or authorizations • Challenge of contractual commitments • Renewal of municipal contracts • Competitive pressure in certain sectors
	Correlated risks
	• Risks relating to long-term contracts • Competition risks • Corruption and business integrity risks • Risks related to tax developments

Risk management

The diversity of the Group's locations, the multiplicity of its business models, the proactive management of contractual risks as well as the Risk Management Department's "country risk and opportunities" program enable the Group to reduce its exposure to risks related to the business climate.

Legal monitoring enables the Group to maintain a good knowledge of its regulatory and legislative environment. When Veolia is not responsible for investments related to regulatory compliance, Veolia advises its customers. The Group also implements proactive actions beyond regulatory requirements, based on strict prevention and control procedures, particularly for regulatory risks related to the environment and health risks.

Business climate risk assessments are an integral part of the "country risk and opportunities" program analyses. Memorandums are drafted by the Risk Management Department for projects in new (or high-growth) countries and in certain sensitive countries, in order to inform the Group or Zone Commitment Committee in its decision-making process. The deployment of international risk managers allows an even finer assessment of the risks linked to the business climate and how they are managed in the regions. The distribution of the various analyses produced and the provision of information on the Group's Intranet contribute to raising awareness and the appropriation of these business climate risks.

Risks relating to climate change

Risk identification

Description of the risk	Potential effects for the Group
The information presented in this section concerns the financial risks relating to the effects of climate change as referred to in Article L.22-10-35 of the French Commercial Code. Climate change poses physical risks to which Veolia and its customers must adapt. The necessary transition to a low-carbon economy, while generating significant business opportunities for the Group, may also include risks related to this transition. These risks may have a negative impact on the Company due to the consequences that natural disasters may have on its sites or facilities, the impact of weather conditions on its activities, particularly in the Water and Energy businesses, or changes in regulations, particularly on energy production and CO_2 allowance markets. In 2020, the Group studied the resilience of its business model and its *related strategy*. To target risks and opportunities, the study was performed for two physical scenarios, RCP2.6 (2°C scenario) and RCP8.5 (over 4°C scenario), and two low-carbon transition scenarios (in particular the scenario voted by the European Union in 2020) over the periods to 2030 and 2050. This study identified and characterized the risks relating to climate change. In line with TCFD recommendations, these risks are physical (*e.g.* global warming, heat waves, flooding, water stress, etc.) and tied to transition to a low-carbon economy (*e.g.* carbon markets, withdrawal from thermal coal, reduction in landfilling, heat production, electrification, reduction in certain activities, etc.). Based on this set of climate scenarios, annual financial impacts were estimated for the period to 2030 at between several hundreds of thousands of euros (*e.g.* withdrawal from certain high-carbon activities) and several millions of euros (*e.g.* direct impact of higher temperatures). The strategic study was completed by field case studies. In addition, as a combustion plant operator, the Group is exposed to the risks inherent to the Emissions Trading Scheme (EU ETS) introduced by the European Union in 2005 (see Chapter 1, Section 1.6.2 above). Phase 4 (2021-2030) has commenced, with the main change being the increase in the linear reduction factor (from -1.74% to -2.2% per year), enabling a greater annual reduction in the total quantity of allowances delivered. In addition, free allocations of allowances to the heat production sector should be known by next March and involve a significant reduction. It is recalled that the overall objective of the European Union is to achieve a 55% reduction in greenhouse gas emissions by 2030 (compared with 1990 levels). In this context, the risk for Veolia is twofold. Firstly, the Group may produce higher levels of emissions than anticipated, either for technical or business reasons, which would require it to incur additional expenses, and secondly, the Group may not be able to fully pass on the additional cost of purchasing allowances in its pricing formulas. European Regulation EU/2020/852 of June 18, 2020, the "Taxonomy Regulation", is part of the European Union's sustainable finance policy. It defines a framework intended to promote sustainable investment through improved reporting by financial market players. The first two objectives detailed in the taxonomy concern climate change mitigation and adaptation. The risk lies in Veolia's ability to satisfy the criteria enabling certain financing to be accessed.	• Operating performance of facilities • Change in consumption volumes (Water and Energy activities) • Business continuity at facilities • Group's image **Correlated risks** • Risks relating to natural disasters • Seasonality risks • Risks relating to regulatory changes, particularly in the area of health or the environment

Risk management

Veolia was very quick to adopt an active strategy in order to manage its greenhouse gas emissions and allowances, by implementing an appropriate structure and creating a special-purpose legal entity to purchase, sell and price different types of greenhouse gas allowances.

In the context of its Purpose and the Impact 2023 strategic program, Veolia has committed to fighting pollution and accelerating ecological transition (see Chapter 4, Section 4.2.2.2 below). This commitment comprises several objectives, including combating climate change. To illustrate this objective, the Group defined two 2023 targets: a GHG emissions reduction target, the main pillar of its commitment validated by the Science Based Targets Initiative, and higher GHG emissions avoided thanks to its activities. Deeply committed to combating climate change, Veolia develops resource use models that are more restrained and efficient and primarily founded on the principles of the circular economy.

Through its Energy businesses, the Group allocates a significant share of its investment each year to reducing greenhouse gas emissions. In particular, these investments are designed to modernize the Group's plants, which today are mostly either gas-fired or coal-fired, by transitioning to facilities using biomass or combining gas and biomass so as to increase energy recovery and encourage reduced consumption.

The Group also supports measures favoring the large-scale development of a low-carbon and resilient economy based on a CO_2 polluter-payer and subsidized clean-up principle, *i.e.* the setting and application of a robust and predictable carbon price.

Furthermore, with regard to greenhouse gas emissions with a short lifespan and a high global warming potential, the Group plans to equip waste storage centers to capture methane, particularly in Latin America. Lastly, Veolia makes every effort to negotiate pricing schemes with its customers that enable it to recover its entire production costs, including the purchase at market price of greenhouse gas emission allowances.

A benchmark company in ecological transformation, Veolia acts in the context of European Regulation EU/2020/852 of June 18, 2012, the "Taxonomy Regulation". In implementing its Impact 2023 strategic program, the Group undertakes to transform its coal-based activities in Europe by replacing coal with other less-polluting and most often renewable energy sources, such as natural gas, by 2030 (see Chapter 1, Section 1.2.1.4 above).

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Geopolitical and political risks

Risk identification

Description of the risk	Potential effects for the Group
Veolia generates a significant portion of its revenue outside France, with activity mainly focused in Europe, the United States, Australia and China. The Group also conducts business in emerging countries. Given the Group's activities and the duration of its contracts, the results may be partially dependent on external operating conditions and changes therein. This may include the geopolitical, economic, social and financial situation, but also the level of development and labor and environmental conditions. The setting of public utility fees and their structure may depend on political decisions that could impede increases in fees over several years. These fees could therefore no longer cover service costs and provide a return for the Company or its subsidiaries. Major changes to regulations or inadequate regulatory enforcement, political opposition to the conduct of the Group's activities in public markets and local authority challenges to the application of contractual provisions could stop the Group from obtaining or renewing certain contracts. The Group may find it is unable to defend its rights before a court of law in certain countries should it come into conflict with their governments or other local public entities.	• Challenge of contractual commitments • Economic balance of contracts compromised • Time needed to obtain operating permits or authorizations • Difficulty in gaining new market share • Decrease in existing market share • Renewal of municipal contracts • Decrease in sales volume

Correlated risks

- Risks relating to the business climate
- Risks relating to tax developments
- Corruption and business integrity risks
- Risks inherent to fluctuations in the price of energy and commodities

Risk management

The Group's business model is based on a diversification of its geographic footprint and contractual models and is supported by a "country risk and opportunities" program, enabling it to proactively manage its exposure to geopolitical and political risks.

The Group benefits from the diversification of its portfolio and is present in all major geographic areas. Each area represents less than 22% of Group revenue. Potential operations in new countries are subject to prior in-depth country risk analyzes. Business models are also adopted based on exposure to geopolitical and political risks. In recent years, the Group's development has accelerated in the industrial and service sector markets, which are less exposed to the risks of political and regulatory instability. In its municipal activities, the Group works with local partners to reduce the risks associated with political instability. In addition, the Group limits the use of its equity in countries with significant risks. The Group may also be required to take out "political risk" insurance coverage depending on the risk profile of the project.

Finally, for activities in sensitive countries, project review files include a detailed analysis of geopolitical and political risks, accompanied by a plan to reduce exposure to these risks adapted according to certain criteria. Political risk assessments (*via* the country risk and opportunities program) are conducted and memorandums are drafted by the Risk Management Department for projects in new (or high-growth) countries and in certain sensitive countries, in order to inform the Group or Zone Commitment Committee in its decision-making process. The deployment of international risk managers allows an assessment of risks and their geopolitical management in the different regions. The distribution of the various analyzes produced and the provision of information on the Group's Intranet contribute to raising awareness and the appropriation of these political risks by all employees.

As early as 2016, the Group set up a Brexit Steering Committee to assess the related risks and opportunities for British activities. The Brexit transition period is now over and a new trade agreement was signed between the United Kingdom and the European Union, effective from the beginning of 2021, with zero customs duties and quotas on goods traded. Customs controls have been introduced at the European Union's borders and in the United Kingdom.

Economic risks

Risk identification

Description of the risk	Potential effects for the Group
The economic impact of the Covid-19 health crisis is tending to wane, notably through access to vaccination and a decrease in case numbers and mortality due to the emergence of new variants, such as Omicron. Nonetheless, there is a risk that current geopolitical tension will significantly impact the global economy. In this highly uncertain context, global economic growth is expected to be impacted, falling from 5.9% in 2021 to 3.6% in 2022. Due to higher energy prices and disruption to supply, exacerbated by geopolitical tension, inflation is higher and more widespread than forecast. The growth outlook has also been impacted by the downturn in the Chinese real estate sector and the slower than expected recovery in private consumption. Economic slowdowns in many countries and the consequences for global trade will continue to negatively affect the global economic environment, impacting production, investment, supply chains and consumer expenditure and therefore the activities of the Group, its customers and counterparts. Certain Group businesses (especially waste) are sensitive to this type of economic shock, which could have major consequences for the Group's results.	• Decrease in investments by customers • Pressure on the selling price of services • Decrease in sales volume • Non-payment or late payment by customers • Economic balance of contracts compromised
Correlated risks	
• Counterparty risks relating to operating activities • Currency risk • Risks inherent to fluctuations in the price of energy and commodities • Liquidity risks	

Risk management

The Group's resilience to a global economic slowdown is managed through debt control actions, active management of efficiency efforts, management of investments and Group performance.

Veolia operates in a portfolio of activities, business models and regions, which supports its resilience to potential economic shocks. In order to anticipate such economic conditions, initiatives were taken in the context of favorable market conditions.

Since 2020, the Group has continued the work of the anticipation unit to assess health and economic impacts. The aim is to implement specific operating processes, in line with the pace and phase of the crisis in each country. In order to adapt the Impact 2023 strategic program, prospective studies were conducted (jointly by the Risk Department and the Strategy and Innovation Department) to measure country resilience to economic risks and thereby assess the consequences of Covid-19 on the business environment.

Following the prudent management of its liquidity due to economic uncertainties in 2020, the Group continued this policy in 2021. The only bond repayment due in 2021 (€0.6 billion paid in January 2021), was refinanced in advance at the end of 2020. In addition, the Group performed a new six-year €0.7 billion bond issue in January 2021 and issued a new €0.5 billion hybrid debt in November 2021. The Group also performed a €2.5 billion share capital increase in October 2021, in the context of the combination with Suez. Finally, the Group has a €6 billion commercial paper program and undrawn credit lines totaling €4 billion. Its gross liquidity is therefore €15.5 billion as of December 31, 2021 (compared with €10.7 billion at end-2020), and its net liquidity is €6.2 billion (compared with €2.9 billion).

The Group is also continuing its efficiency actions with a strong commitment to savings in the strategic program. Synergies and efficiency levers are anticipated in investment projects. Finally, Capex management and the monitoring of financial performance are ensured through monthly activity reviews between the Business Units and head office.

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Competition risks

Risk identification

Description of the risk	Potential effects for the Group
The main competition risks are embodied by large international companies, "niche" companies and companies whose overheads or profitability requirements are lower than those of Veolia (see Chapter 1, Section 1.3.4.2 above). In addition, the desire of certain public authorities to resume the direct management of water or waste services (particularly under management contracts) may lead to the non-renewal of certain contracts. The use or development of new, more competitive information technologies by the Group's competitors could reduce or eliminate the Group's competitive advantage.	• Decrease in existing market share • Pressure on the selling price of services • Difficulty in gaining new market share
Correlated risks	
• Risks relating to market changes • Risks relating to the selection and integration of acquisitions	

Risk management

The Group deploys a development strategy based on anticipating and listening to its customers, concentrating on the best development opportunities in each region, innovation and the professionalization of its sales sector.

Veolia works with its customers to help them grow. Its goal is to provide cutting-edge tailored solutions, through offerings based on attractive business models (remuneration based on the performance of its solutions, innovative financing, etc.)

Veolia's sales and marketing approach is also founded on the creation of industrial partnerships and a network of key account managers, mass roll-out of high-potential offerings, and the development of innovative business models, closely coordinated with the zones and operational teams.

To support its new service offerings, the Group continues to invest in research and innovation (see Chapter 1, Section 1.2.1.2 above). Research programs reflecting the Group's strategic focus are geared to addressing priority customer issues and seek to enhance offerings based on the specific expertise and added value of the Group's operational teams.

2.2.2 DESCRIPTION OF RISK FACTORS

2.2.2.1 Risks relating to the business environment in which the Group operates

Risks relating to market changes

Risk identification

Description of the risk	Potential effects for the Group
In a context of changing markets, the Group may face contract losses and difficulties in renewing existing contracts, with a potential loss of profitability. Declines in volume demand could reduce the size of the traditional market with increased competition and lower prices. Thus, in certain mature regions (in Europe for example), we are witnessing a change in household consumption behavior and habits, encouraging greater sobriety. In this context, the Group may not be in a position to defend its current market share, particularly in the municipal sector, or gain new market share, or may even see its margin decrease.	• Decrease in existing market share • Pressure on the selling price of services • Difficulty in gaining new market share • Loss of municipal contracts • Renewal of municipal contracts
Correlated risks	
	• Competition risks • Risks of skills availability • Risks relating to the selection and integration of acquisitions

Risk management

The Group has to carefully select its projects in its traditional markets, offer innovative business models and steer its activities towards the industrial markets and the most dynamic regions.

The Group is continuing to transform its cost structure in order to increase its competitiveness compared to competitors, while controlling the costs associated with its reorganization. The transformation of the Group's organization and its business has already enabled Veolia to leverage its competitive advantage in growth markets where its expertise sets it apart from its competitors and to become a growth partner for its customers.

The signature on May 14, 2021 of the Veolia-Suez Combination Agreement enabled Veolia to create a global champion in ecological transition and thereby promote shared value creation and development potential in complementary geographies (see Chapter 1, Section 1.2.5 above).

The Strategy and Innovation Department has a development plan to accelerate the Group's growth. Veolia is therefore strengthening and transforming its salesforce and has implemented a strategic program, Impact 2023, organized around priority markets identified by the Group and high added value service offerings (see Chapter 1, Section 1.2.1 above).

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Finally, the risk factors rated "CSR" have a dual materiality (see Section 2.2.1.2 Methodology below).

As defined at the head of this chapter, in each category, the risk factors are presented in decreasing order of importance as determined by the Company at the date of this Universal Registration Document. Veolia may change its assessment of this order of importance at any time, notably as a result of new external events or events specific to the Company.

Group risk matrix

IMPACT				
	High	• **Corruption and business integrity risks (CSR)** • ***Human rights risks (CSR)***	• Risks related to tangible and intangible property, and information systems • Risks relating to market changes • **Risks relating to employee health and safety (CSR)** • Competition risks	
	Moderate	• Personal security risks • Transformation risks linked to multifaceted performance (CSR) • Risks of skills availability (CSR)	• Economic risks • Geopolitical and political risks • Risks relating to the selection and integration of acquisitions • Risks relating to the business climate • Seasonality risks • Third-party liability risks and particularly health and environmental risks (CSR) • Risks relating to changes in business lines • Counterparty risks relating to operating activities	• Risks inherent to fluctuations in the price of energy and commodities • Risks relating to regulatory changes, particularly in the area of health or the environment • Risks relating to climate change (CSR)
	Low	• Currency risk	• Risks relating to natural disasters (CSR) • Risks relating to tax developments • Liquidity risks	• Risks relating to long-term contracts
		Low	Moderate	High
		PROBABILITY OF OCCURRENCE		

2.2.1.2 Methodology

Risk mapping process

The Group's risk mapping was updated using the methodology described in Section 2.1.1 above.

The risk mapping process changes each year, in order to constantly improve the assessment and quantification of risks.

In 2020, the risk assessment methodology was changed to optimize the assessment of the level of risk control. Five criteria were defined (governance, organization, processes and controls, training, assessment) in order to prepare a more detailed appraisal of the net risk and strengthen the effectiveness of action plans.

Dual materiality

The dual materiality of risks defines, on the one hand, "risks which are specific to the issuer [...] and which are material for taking an informed investment decision" (Article 16 of Regulation (EU) 2017/1129, known as *Prospectus 3* of June 14, 2017), and, on the other hand, the main risks related to the activity of the Company or of all companies, including the risks created by its business relationships, products or services (Article R.225-105 of the French Commercial Code) identified in the summary information for the Non-Financial Performance Statement (see Chapter 4, Section 4.7 below).

Veolia's business model is built around this dual materiality, with the Group's performance linking the financial and economic dimension to the issues of social, corporate and environmental responsibility (detailed in Chapter 4 below) as an inseparable whole.

Thus, the risk factors mentioned in this Chapter 2 may have a twofold impact:

- a significant negative impact on the business, *i.e.* on the Group's financial situation and results, its image, its prospects or on the Company's share price;
- as part of the Group's impacts on its ecosystem and stakeholders.

Conflict in Eastern Europe

As the duration of the crisis related to the conflict in Eastern Europe and its impact on the global economy are not yet fully known, the precise consequences on the Group's activities and results remain, at this stage, difficult to assess. The main risk factors identified at the date of filing of this Universal Registration Document are: i) geopolitical and political risks, ii) economic risks, iii) risks relating to the business climate, iv) risks inherent to fluctuations in the price of energy and commodities.

2.1.6.3.2 Property damage and business continuity

All the Group's subsidiaries are covered by a property damage insurance program, insuring the installations and equipment that they own as well as those that they operate on behalf of customers. This Group program provides either "business interruption" coverage or "additional operating cost" coverage depending, in particular, on each subsidiary's ability to implement rapid substitution solutions to ensure service continuity after an incident. The Group program is deployed through standard policies available on the various insurance markets in the countries where the Group operates. The Group's property damage insurance program was renewed on January 1, 2020 for two years. The coverage terms and conditions (limits, sub-limits and deductibles), and particularly the conditions governing the coverage of exceptional or catastrophic events, such as natural disasters or terrorist acts, as well as premium levels, reflect the structure of the program negotiated with the insurance and reinsurance market and the conditions proposed or sometimes imposed by the markets where the policies are taken out. Group insurance coverage carries a limit per event of €430 million per claim. Some of this coverage includes additional sub-limits per claim or per year. On January 1, 2022, the Group also renewed its Construction-Comprehensive Assembly and Test insurance policy covering all worksite operations up to €125 million and for a period of 48 months (specific polices are taken out on an individual case basis for contracts exceeding these limits) throughout the world, for all subsidiaries.

2.1.6.3.3 Self-insurance and retained risks

For any insured claim or loss, Group companies remain liable for the deductible amount set out in the policy. This amount may range from several thousand euros to more than one million euros. The Group's self-insurance system is based mainly on its reinsurance subsidiary, Veolia Environnement Services-Ré, which retains a self-insured risk of €1.5 million per claim for third-party liability and €20 million per claim for property damage and resulting financial losses, thereby limiting the accumulation risk. For both property damage and third-party liability, Veolia Environnement Services-Ré has set up reinsurance contracts to limit its exposure to frequency risk (excess of loss-type contracts).

2.1.7 DISCLOSURE COMMITTEE

Created in 2002, the Disclosure Committee has the following main duties:

- overseeing the implementation of internal procedures for gathering and verifying information to be made public by the Company;
- defining the procedures for preparing and drafting reports and communications;
- reviewing recent regulatory developments that could impact information intended for the market;
- reviewing information communicated and approving, in particular, the content of the Universal Registration Document to be filed with the French Financial Markets Authority (AMF).

It is assisted by a Proofreading Committee responsible for validating the draft Universal Registration Document.

It is chaired by the Chairman and Chief Executive Officer and comprises certain members of the Company's Executive Committee, including the Chief Financial Officer, as well as several of the Group's main functional or operational managers.

The Committee meets once a year to launch the process of gathering information and drafting the annual reports.

2.2 Risk factors

2.2.1 SUMMARY AND METHODOLOGY

2.2.1.1 Main risk factors and management measures

The main risks that Veolia faces are subject to an annual mapping process involving all of the Group's subsidiaries and functions. In April 2021, Veolia updated this risk map, which is transcribed and summarized in the risk matrix presented below: risks are classified here according to their potential impact and probability of occurrence, and ranked within each unit.

This risk matrix reflects the Group's exposure to risks, integrating the control actions in place to reduce their impact and probability. Furthermore, in its internal rules and procedures, the Group is uncompromising with regard to the application of safety at work, ethics and compliance internal rules and standards. These rules and standards are qualified as "non-negotiable". The related risk factors are indicated in bold below. The Group strengthens its control system over the long-term, as part of a preventive approach, to minimize the probability of this type of risk occurring.

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Procedures

In addition to the Group processes manual covering the preparation and processing of Group financial information, an instruction memorandum is sent by the Group's Financial Reporting Department to the Finance Departments of the Business Units, entities and zones, prior to each accounts closing. It identifies all of the information necessary for preparing the published financial documents. It also sets out the new accounting regulations and texts and details their application procedures.

Upon receipt of the financial statements, review meetings are organized between the Group and Business Unit Finance Departments. Their purpose is to verify that the financial statements were prepared according to the rules, to understand changes in the main aggregates and indicators in relation to the previous accounting year and budget forecasts as well as to analyze the substantiation of the main balance sheet components. The Statutory Auditors also have access to the analyses performed by the Group Finance Department through attendance at review meetings at Group and operational level.

Entity CEOs and CFOs submit representation letters to Veolia Environnement's Executive Management attesting, in particular, to the accuracy of the financial and accounting information communicated to the Company and to compliance with prevailing laws and regulations.

In addition, a finance manager Code of conduct was drawn-up by the Chief Financial Officer in November 2011. Under this Code, finance managers report to both functional and line management and the responsibility and autonomy of finance managers in the effective performance of their operational control function is formally reiterated. The Code was updated in 2018 to strengthen the detection and prevention of corruption risk and signed again by all finance managers. Each year, the Financial Internal Control Department confirms the signatories of this Conduct of Conduct are updated.

2.1.6 INSURANCE

2.1.6.1 Organization

The Insurance Department is responsible for protecting the Group's interests against insurable risks by:

- taking out common insurance policies to implement a consistent risk transfer and coverage policy designed to maximize economies of scale, while taking into account the specific characteristics of the Group's businesses and legal or contractual constraints;
- optimizing thresholds and the means of accessing the insurance or reinsurance markets through the use of appropriate deductibles.

The process of covering risks through insurance is implemented in coordination with Veolia's overall risk management policy. This takes into account the insurability of risks associated with the Group's activities, the availability of insurance and reinsurance coverage on the market and the premiums proposed compared with the level of coverage, exclusions, limits, sub-limits and deductibles.

The Risk Department and the Insurance Department are supported by a joint, international network of risk managers organized by country to take into account changes in the Group's organization.

2.1.6.2 Insurance policy

The insurance policy continues to be updated in response to the ongoing appraisal of risks, market conditions and available insurance capacity. Veolia Environnement ensures that the main accidental and operational risks brought to its attention are covered by the insurance market, when insurance is available on the market and it is economically feasible to do so.

The Group's insurance policy involves:

- defining the overall insurance coverage policy for the Group's business activities particularly based on the expression of needs of Business Units;
- selecting and entering into contracts with outside service providers (brokers, insurers, loss adjusters, etc.);
- managing the consolidated subsidiaries specializing in insurance or reinsurance services;
- facilitating and coordinating the network of insurance managers for the main Business Units.

2.1.6.3 Main insurance policies covering all Business Units and Group subsidiaries

5.1.6.3.1 Third-party liability

The general third-party liability and environmental damage program was renegotiated effective January 1, 2020 for a three-year period for worldwide coverage (excluding the United States and Canada). Initial coverage of up to €100 million per claim was subscribed. In the United States and Canada, several contracts cover third-party liability and environmental damage for Group subsidiaries, up to a maximum of USD 50 million per claim and per year.

For all Group subsidiaries worldwide, an insurance program provides additional excess coverage of up to €400 million per claim outside the United States and Canada, and of up to €450 million per claim in the United States and Canada. This program encompasses liability resulting from environmental damage sustained by third parties as a result of a sudden and accidental event. Certain activities, such as maritime transport, automotive and construction, have their own specific insurance policies.

2.1.4 INTERNAL AUDIT

The Internal Audit Department comprises 20 individuals in 2021, and performs assignments throughout the entire Group, according to a charter and an annual program. It is certified by the French Audit and Internal Control Institute (IFACI) since 2006. This certification - which was formerly renewed in November 2021 - is based on international professional standards.

The objectives of the Internal Audit Department are:

- to assess the company's risk management procedures, governance and internal control processes;
- to help improve these procedures using a systematic and methodical approach.

This approach covers all aspects of internal control and in particular the accuracy and integrity of financial information, the effectiveness and efficiency of operations, the protection of assets and compliance with laws, regulations and contracts.

The Internal Audit Department implements an annual audit program approved by the Accounts and Audit Committee. It uses dedicated tools to prepare assignments upstream and to organize the assignments themselves, as well as to monitor recommendations after the audit.

The department may also be tasked with occasional assignments, primarily to investigate suspected or identified frauds during the year.

The Audit Director:

- reports to the Chairman and Chief Executive Officer of Veolia Environnement;
- attends meetings of the Accounts and Audit Committee and periodically presents an activity report summarizing audit missions performed, the follow-up of recommendations as well as the annual audit program;
- has direct access at all times to the Chairman of the Accounts and Audit Committee.

In 2021, the Internal Audit Department conducted 39 assignments, a similar level to last year, in an environment that remains affected by the health crisis and travel restrictions preventing access, in practice, to a certain number of countries. In this context, these assignments concerned internal control efficiency and the assessment of other risks and primarily risks relating to development, strategy, governance, information systems and operations.

2.1.5 PROCEDURES RELATING TO THE PREPARATION AND PROCESSING OF FINANCIAL AND ACCOUNTING INFORMATION

Organization

The Group Finance Department is responsible for preparing the Group's forecast and actual consolidated financial statements and financial documentation, and for defining and implementing its accounting policies.

To this end, the Finance Department is supported by:

- the Zone Financial Supervision, that serves as a link between Zone Directors, the Group Finance Department, the Reporting, Analysis and Financial Planning Department and the Chief Financial Officers for each country (corresponding to the Business Units);
- the Reporting, Analysis and Financial Planning Department, that is responsible for preparing the forecast and actual consolidated financial statements, analyzing operating financial performance and Group strategic financial planning;
- the Financial Internal Control and Finance Transformation Departments, that assist the Business Units with the implementation of Group financial processes;
- the Standard and Balance Sheet Valuation Department, that ensures the correct valuation in the Group's balance sheet of all transactions impacting the Company's assets.

In addition, the Group's Tax Department contributes to the definition of consistent procedures for the management of taxes within the Group. Organized by zone, it is responsible for applying tax procedures.

The Financing and Treasury Department, which reports to the Group's Finance Operations Department, helps set up management rules and procedures for arranging financing, managing cash surpluses and managing interest and foreign exchange rates within the Group.

The Development Department, which reports to the Group's Finance Operations Department, supervises mergers and acquisitions and oversees investments and major projects.

The Group's control structures are deployed by Business Unit, country and zone. Several Group procedures have been revised and implemented at country level.

Specific procedures may be implemented in each subsidiary, particularly with respect to the activity or the breakdown of the Company's share ownership.

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2.1.3 FUNCTIONAL DEPARTMENTS

Each functional department of the Group is responsible for its area of expertise and the functions that contribute to mitigating risks and controlling their activities and notably:

- defining applicable rules, processes and policies and Group procedures, in conjunction with the other departments concerned;
- assisting their networks with complex issues or issues common to several Business Units;
- encouraging the sharing of best practices and developing appropriate training programs where necessary;
- analyzing failings and the results of internal control self-assessments and audits to improve existing processes.

Functional Department	Primary role
Finance Department	◦ protect the Group's assets ◦ implement a financial control framework for transactions and financial operations ◦ steer the Group's financial performance ◦ prepare the financial statements (see Chapter 6.1 and Section 2.1.5) ◦ ensure compliance with prevailing tax regulations and legislation
Legal Department	◦ serve customers ◦ control transactions ◦ protect the Group's employees and assets
Compliance Department	◦ strengthen, roll-out and monitor compliance programs within the Group ◦ control adherence to compliance principles and procedures and deal with non-compliance
Security Department	◦ identify and prevent threats ◦ manage malicious acts against employees, tangible and intangible property, securities and information systems to help maintain the continuity of the Group's activities
Insurance Department	◦ protect the Group against insurable risks by taking-out centralized insurance policies ◦ manage the various liability and property damage insurance policies protecting the Company, its agents, employees and assets ◦ steer the management of insured claims and Group prevention measures
Human Resources Department	◦ manage and develop Veolia's human resources and social model to meet the needs of the activities ◦ accompany the Group's growth by guaranteeing constant improvement in prevention, health and safety ◦ define Group policies setting collective ambitions for the development and management of human resources
Business Support and Performance Department	◦ ensure technological development and the industrial scale-up of innovations ◦ provide operational support to entities and monitor Group performance ◦ assist with the implementation and better execution of the Group's strategic program by the Business Units, with regard to both growth and efficiency
Purchasing Department	◦ define and deploy purchasing strategies to reduce the Group's cost base ◦ share methods and procedures contributing to strengthened control of purchasing processes and risks
Communications Department	◦ define, implement and steer the Group's overall communication strategy, ensure its consistency and monitor compliance in all geographies
Strategy and Innovation Department	◦ contribute to the definition, steering and application of the growth strategy in accordance with historical business models and also through the emergence and communication of innovative solutions, technologies and business models
Information Systems and Technology Department	◦ accompany digital transformation, while rationalizing IT structures and operations to improve service quality and operating performance within the Group
Sustainable Development Department	◦ define and facilitate the roll-out of Veolia's sustainable development commitments ◦ report and highlight the Group's CSR actions and performance ◦ contribute to multi-actor dialogue on environmental and societal issues

Main components of the internal control systems

The Internal Control Department facilitates the controls systems implemented by the functional departments, the zones and the Business Units, by ensuring their clarity, efficiency and consistency. It therefore interacts with all the Group's functions and Business Units.

In 2021, collective work facilitated by the Internal Control Department and conducted by each of the Group's functional departments, in conjunction with front-line correspondents, enabled the clarification and ranking of Veolia's operating principles and key rules. These components are grouped together in the "Veolia Essentials" guidelines, validated by the Group's Executive Committee and representing both a reference guide for the management of organizations and guidance for the conduct of activities.

The Veolia Essentials guidelines summarize the Group's rules applicable to all, in addition to regulations and our contractual commitments, and are organized into 13 sectors. For Group managers it serves as guidance to understanding and taking account of:

- responses to major activity risks in all areas;
- the Group's organization structure for high-impact decisions;
- Group procedures, to which the guidelines link to and direct the user.

The financial sector is especially structured in terms of internal control. It defined, standardized and rolled out the process control framework covering the preparation of financial information. The parent company and the companies consolidated in the Group's consolidated financial statements fall within its scope. Financial Internal Control and its network of internal controllers in the zones and Business Units ensure in particular:

- the organization of delegations of authority and signature and the application of the segregation of duties principle within their activity scope;
- the standardization and roll-out of key control activities covering financial transaction processes and processes for the production of financial and accounting information. A common process modeling tool was implemented and is shared by the network of internal controllers in the zones and Business Units. It enables a common framework of control processes and activities to be standardized and facilitates its breakdown and roll-out within the main Group entities.

In 2021, Financial Internal Control in particular:

- updated new procedures for financial cycles, to take account, in particular, of changes in and the strengthening of the Group compliance program;
- continued to raise awareness of corruption risks in the internal control network and finance functions and support them accordingly;
- continued two anomalies query projects in accounting applications (big data technology), to improve detection and control of fraud and corruption risks and dysfunctions. Both these projects are now operational in three Group Business Units and are being roll-out in two further Business Units;
- maintained links with the network of internal controllers in the health context and made sure that the necessary internal control processes were applied;
- continued to share best internal control practices through centers of excellence.

Self-assessments are conducted annually by the Business Units to measure the efficiency of the internal control systems they have implemented, using tests that demonstrate the traceability of controls performed. These self-assessments are deployed in a scope covering around 89% of the Group's revenue for the major cycles and are supplemented by controls performed by the internal and external auditors. This work is performed in conjunction with managers in the relevant functional departments or Business Units and in collaboration with the Statutory Auditors, under the supervision of the Accounts and Audit Committee.

Until 2020, the internal control self-assessment campaign mainly focused on financial and transactional activities. It is currently being extended to other processes. In 2021, the IS&T and purchasing questionnaires were overhauled jointly with the respective departments, to more broadly cover the main operational risks and challenges for these cycles. A self-assessment of cybersecurity risks was also defined and implemented.

Based on the results of the self-assessment, Internal Control asks the Business Units to draw-up actions plans to improve their control of processes and risks. In this way, Internal Control incorporates its actions in a continuous improvement process.

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2.1.2 COORDINATED INTERNAL CONTROL SYSTEM

Objectives

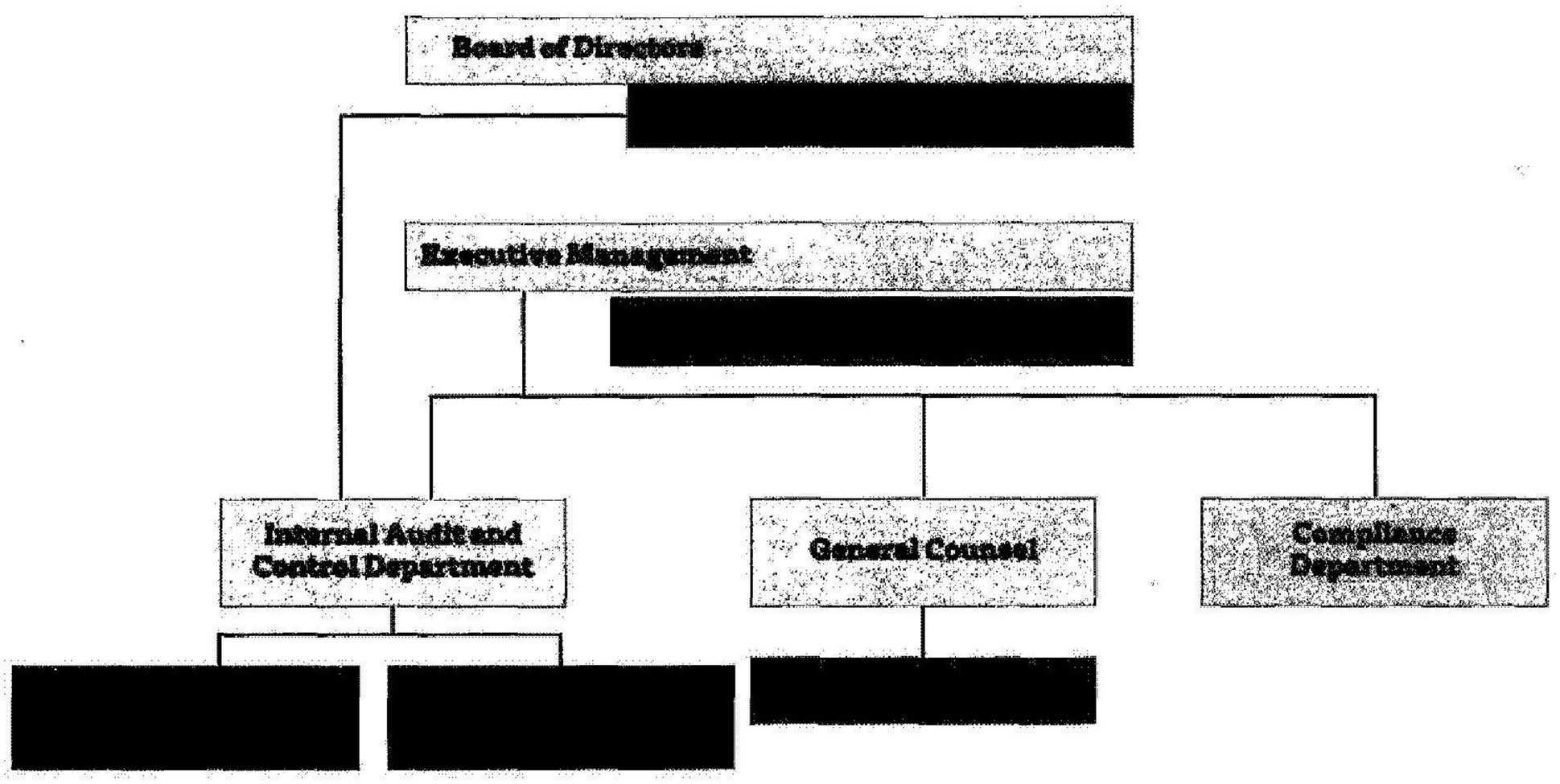
Internal control provides reasonable assurance that a company's primary financial, compliance and operational risks are contained within acceptable limits defined by general management and governing bodies. It ensures that management acts fall within the framework defined by applicable laws and regulations and the Group's values and rules, and that the accounting, financial and management information communicated to the corporate decision-making bodies fairly reflects the activity and position of the Group.

In addition, the internal control system implemented by the Group seeks to contribute to the efficiency of processes and improve the reliability of attaining strategic objectives and multifaceted performance objectives. It also enables the Group to create and protect value. Since end-2020, internal control is part of a wider approach encompassing all activities, beyond financial and transactional processes, and adopts an operational and continuous improvement rationale.

Organization

In line with the internal control reference framework, the application guidance recommendations published by the French Financial Markets Authority (AMF), and the principles of the Committee Of Sponsoring Organizations (COSO), the Group's internal control organization evolved in 2020 to strengthen its transversal positioning and the consistency of the general process encompassing all Group functions and activities.

The Internal Control Department is organized as follows:



Internal control is coordinated as follows:

- **the Accounts and Audit Committee** ensures that the structures and processes are in place to provide reasonable assurance that the Group's objectives will be attained and risks controlled;
- **the Executive Committee** supervises the overall system. It reviews and validates progress with the internal control systems;
- **the Internal Control Department** coordinates and supports all operational departments in defining their control environment. It ensures the comprehensive nature of rules and procedures with regard to the main risks and the overall consistency of the system. It communicates on this system and coordinates its assessment, in particular through self-assessments conducted annually by the Business Units.

The Internal Control Department works closely with:

- **the Risk Department**, to ensure that control activities focus on identified risks;
- **the Internal Audit Department**, to share with it the results of self-assessment campaigns and to take into consideration areas of improvement identified by this department when verifying the application of the control environment.

To improve cooperation and consistency between the functional departments contributing directly to risk management, a coordination committee was set up at the end of 2020 between the risk, compliance, internal control and internal audit departments, and with the strategy department in charge of multifaceted performance.

Committee, establishing a direct link between the Group's strategy and the risk management process. It is facilitated by the Chief Risk and Insurance Officer and chaired by the Group's General Counsel.

The Group Risk Committee meets to examine the Group's risk mapping and the management systems to mitigate these risks. Risk Committees by zone and/or country meet to monitor and approve the risk mappings for their scope of activities and the implementation of the related action plans.

The Risk Department works with all functional departments and more particularly with:

- the Internal Control Department, to link up the identified risks and Veolia's organizational rules, processes and principles, and propose changes where appropriate (see Section 2.1.2 below);
- the Compliance Department, to strengthen the Group's compliance programs (see Chapter 4, Section 4.6 below);
- the Internal Audit Department, to contribute to defining its annual audit program. Audits carried out serve to enhance the risk assessments already conducted within the Group. By verifying the Company's key processes, the Internal Audit Department provides assurance that internal control and risk management procedures have been implemented and are effective. These procedures are regularly assessed within the Group to ensure that the Group has the appropriate risk management tools and processes: risk identification, implementation of action plans, updated risk mapping and deployment of the risk management function throughout the Group.

Main programs

Veolia's Risk Department has implemented an integrated risk management system covering far-reaching issues regarding (i) strategy, (ii) performance and (iii) compliance. It is supported by a network of risk managers and deploys its risks management system in the functional departments and special-purpose committees, as well as in the zones and Business Units.

The main activities of the Risk Department and its network are:

Risk mapping

Together with its network, the Risk Department has developed a common process designed to identify and prioritize events that may prevent the Group from reaching its objectives. It is founded on a common methodology and a Governance Risk and Control (GRC) digital tool, enabling the consolidation of major risks by zone and Business Unit. After consolidating the risks, interviews are held with head office functional directors to complete the identification and assessment of Group risks. Members of the Board of Directors also participate in the risk mapping, providing an external perspective of Veolia's risks.

The Group's risk mapping is updated each year in accordance with this methodology.

Zones and Business Units have a risk mapping, prepared in compliance with the main market benchmarks (notably COSO - Committee of Sponsorship Organizations of the Treadway Commission) and in accordance with ISO 31000 on risk management. The identified risks are assessed in terms of their impact and frequency, taking account of risk control measures. The "risk owners" are in charge of designing and implementing action plans in liaison with the risk managers for their zone and/or country and/or head office, so as to limit and manage risk exposure. The network of risk managers contributes to defining the corresponding action plans and steering the overall process. It also plays a role of warning and coordination for emerging risks.

Mapping of multifaceted performance risks

The Risk Department assists the Strategy Department and the head office functional departments with the Group's transformation to attain the multifaceted performance objectives (see Chapter 1, Section 1.2.1.6 above). In 2021, workshops were organized for each performance area in order to identify and rank the risks of not achieving the target objectives and to determine the priority actions to be taken. The approach and the initial results were presented to the Purpose steering committee in March 2021.

Country risk and opportunities program

Since 2013, the Risk Department has conducted specific analyses by country and region, through its "country risk and opportunities" program (see Section 2.2.2.1 below). This program assesses, in particular, political risks, economic risks, the risk of institutional instability and corruption risks and provides Commitment Committees with the information necessary to assess external factors potentially impacting Group and zone investment projects. In 2021, this program enabled the anticipation unit (see Section 2.2.2.1 below) to implement dashboards monitoring the spread of Covid-19 and the emergence of variants in the geographies where Veolia operates.

Corruption risk mapping

The Group's first corruption risk mapping in 2018 and its update in 2020, were presented by the Chief Risk Officer to the Executive Committee (meeting as the Risk Committee), the Management Committee and the Board of Directors' Accounts and Audit Committee. Since 2019, the roll-out of corruption risk mappings continues in new entities and several Business Units (see Chapter 4, Section 4.6.3 below). In 2021, it was continued in particular in industrial maintenance businesses in France.

Analysis of human rights risks

Since 2014, the Risk Department conducts analyses of the Group's human rights risks. To this end, it analyzes external risk factors in the geographies where the Group operates and surveys managers in the zones and Business Units. The conclusions of this work were used to adapt the Human Rights management system to take account of risk factors, with an approach founded on prevention and awareness-raising (see Section 2.2.2.4 and Chapter 4, Section 4.6.4 below).

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Systems supervision	◦ The **Board of** Directors defines the composition, roles and operating methods of the Accounts and Audit Committee and approves the information required by Article L.225-100-1 of the French Commercial Code and contained in the management report. ◦ The **Accounts and Audit Committee is notably** responsible for monitoring the efficiency of the Company's risk management and internal control systems, in accordance with Article L.823-19 of the French Commercial Code. ◦ Executive **Management implements** the Group's strategic direction and ensures the roll-out of risk management and internal control systems.
1st line of defense: conduct of operations	Consisting of **operational managers**, this first line of defense is responsible for assessing, preventing and controlling risks, notably by implementing an appropriate control system covering processes under their responsibility. The operating managers control activities and operations on a daily basis, by implementing the most effective risk management practices at process level.
2nd line of defense: risk management and internal control	Coordinated by the risk management and internal control system (see Sections 2.1.1. and 2.1.2 below) and the functional departments (see Section 2.1.3 below), responsible for their areas of expertise. Its goal is to structure and maintain the system controlling the organization's activities, particularly by: ◦ assisting operating staff in the identification and assessment of the main risks within their scope of expertise; ◦ proposing Group policies and procedures by area of activity; ◦ contributing, with operating staff, to designing the most relevant controls; ◦ developing exchanges on best practice, by observing and reporting on the effectiveness of processes.
3rd line of defense: internal audit	The independent internal audit function is certified since 2006 and reports to the highest level of the organization. This third line of defense provides the Company's Board of Directors and Executive Management with reasonable assurance, through a risk-based approach (see Section 2.1.4 below).

2.1.1 COORDINATED RISK MANAGEMENT SYSTEM

Objectives

The Group has established an integrated risk management policy aimed at providing a comprehensive overview of the risk portfolio, using the same tools and methodologies across all Business Units and functional departments. Veolia also builds long-lasting relationships with its customers based, in particular, on its ability to manage risks delegated by them. The Group responds to this challenge, which is of fundamental importance to its development, by setting up a coordinated risk prevention and management system.

The risk management system has the following objectives:

- **identify and anticipate**: ensure the constant oversight of the Group's major risks so that no risk is overlooked or underestimated, understand and monitor the environments in which the Group operates and anticipate changes in the nature or intensity of those risks;
- **organize**: ensure that the main identified risks are effectively addressed at the most appropriate level within the Group. Numerous operational risks are managed at Business Unit level. Others, which require specific expertise or are of a primarily transversal or strategic nature, are handled directly at head office;
- **process**: ensure that the structure and resources employed are effective so as to control as best as possible the identified risks, in line with the Group's values and strategy;
- **raise awareness and inform**: communicate on risks to the various financial and non-financial stakeholders.

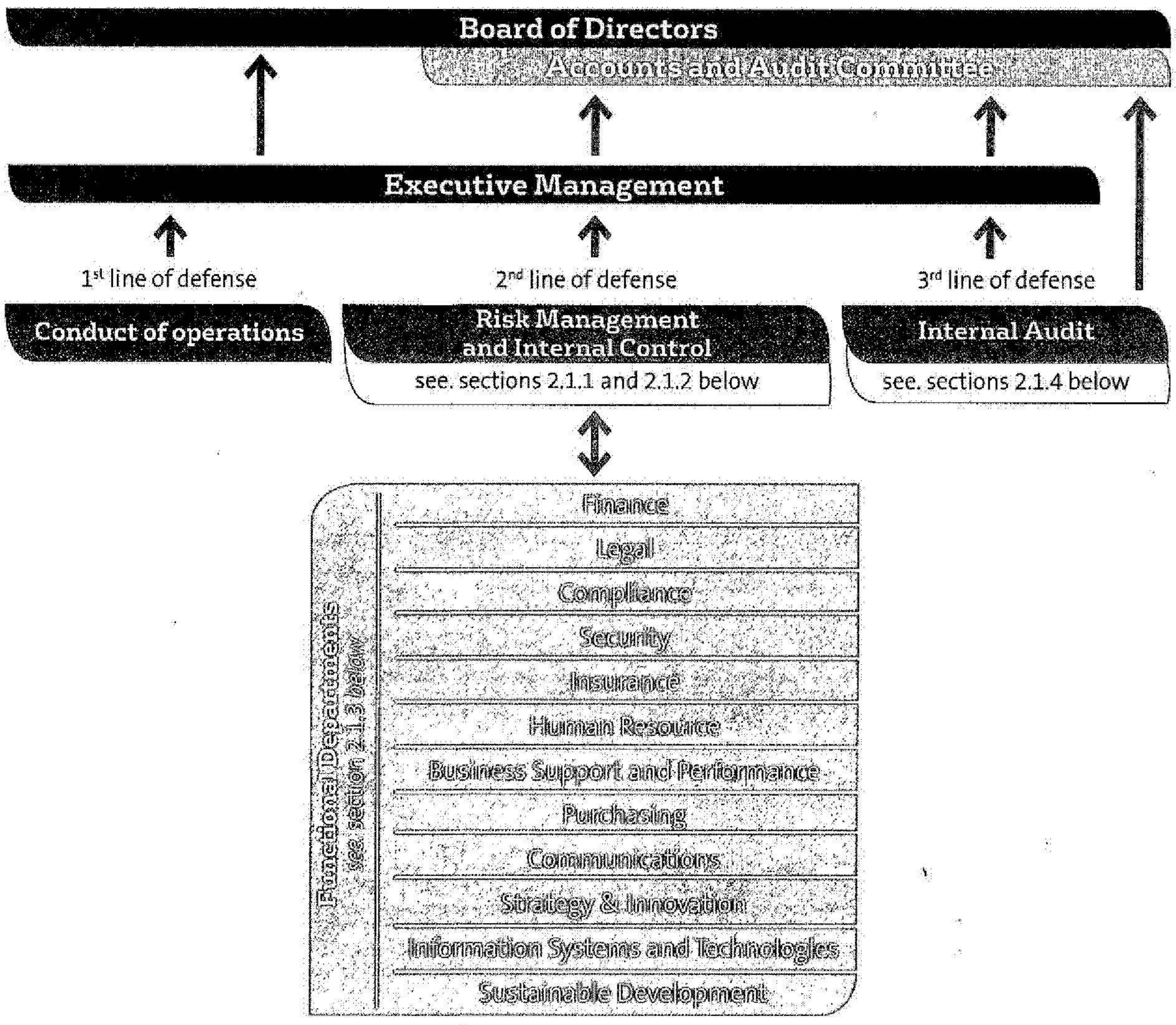
Organization

Within the Risk and Insurance Department that reports to the Group's General Counsel, the Risk Department coordinates and serves as the entry point for the Group's strategic risks and facilitates the risk management system through its network of risk managers in the zones and Business Units. During the past two years, the Risk Department has organized monthly meetings with its network of risk managers in the zones and Business Units. The aim of these meetings was to communicate key Group information, share feedback and consider issues in greater depth by setting up working groups on specific topics.

The Risk Committee is responsible for validating and monitoring the effectiveness of the action plans covering the major risks identified in the risk mapping. It ensures and supports the proper functioning of the risk management systems and may also decide on which risks are unacceptable within the context of the business. The Risk Committee brings together members of the Veolia Executive

2.1 Risk management, internal control and internal audit

The various parties involved in managing and controlling Group risks are presented below and can be illustrated using the three lines of defense model defined by IFACI (French Institute of Auditors and Internal Controllers).



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As a major player in the development, preservation and renewal of resources through the diverse nature of its activities, sites and development, Veolia is exposed to various types of risk (see Section 2.2 below).

The Group operates in constantly changing environments, potentially generating exogenous risks with an impact on Veolia's risk profile.

The main risks presented below and developed in Section 2.2 are those identified by Veolia, at the date of this Universal Registration Document, as capable of materially impacting the Group's business activities, financial position or results or of generating a significant drop in the Company's share price. However, other risks not considered material or as yet unidentified could also impact the Group, its financial position, reputation, outlook or the Company's share price.

Investors are therefore invited to closely consider the risks presented below before making their investment decision.

In each category, the risk factors are presented in decreasing order of importance as determined by the Company at the date of this Universal Registration Document. Veolia may change its assessment of this order of importance at any time, notably as a result of new external events or events specific to the Company.

Category	Risk factors	Section
Risks relating to the business environment in which the Group operates	Risks relating to market changes; competition risks; economic risks; geopolitical and political risks; risks relating to climate change; risks relating to the business climate; seasonality risks; risks relating to natural disasters	2.2.2.1
Operational risks	Risk risks related to tangible and intangible property, and information systems; risks relating to employee health and safety; risks relating to the selection and integration of acquisitions; third-party liability risks and particularly health and environmental risks; risks relating to changes in business lines; personal security risks; transformation risks linked to multifaceted performance; risks of skills availability	2.2.2.2
Financial risks	Risks inherent to fluctuations in the price of energy and commodities; risks relating to tax developments; counterparty risks relating to operating activities; liquidity risks; foreign exchange risks	2.2.2.3
Regulatory, ethical and legal risks	Risks relating to regulatory changes, particularly in the areas of health or the environment; corruption and business integrity risks; human rights risks; risks relating to long-term contracts	2.2.2.4

These risks are managed within the Group in accordance with the three lines of defense model (see Section 2.1 below), through a coordinated risk management (see Section 2.1.1 below) and internal control (see Section 2.1.2 below) process and internal audit (see Section 2.1.4 below). Special attention is also given to compliance with ethical rules, which are constantly strengthened within the Group and the roll-out of compliance programs (see Chapter 4, Section 4.6 below).

In 2021, the Group identified seven priority actions in line with its strategy:

- implementation of the Impact 2020-2023 strategic program;
- creation of the world champion in ecological transformation;
- proactive management of Covid-19 pandemic risks;
- transformation of the Company to achieve multifaceted performance objectives;
- commercial performance efficiency;
- updating and strengthening of compliance programs in view of regulatory changes (see Chapter 4, Section 4.6 below);
- specific actions to strengthen information systems.

2

RISK FACTORS AND CONTROL AFR

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China

China has passed several environmental protection texts and particularly:

- the 1989 Environmental Protection law (EPL) (amended in 2014);
- the 1984 Water Pollution law (amended most recently in 2017);
- the 2002 Impact Study law (amended most recently in 2018);
- the 1987 Air Pollution law (amended most recently in 2018);
- the 2018 Soil Pollution Prevention and Control law;
- the 1995 Solid Waste law (amended most recently in 2020);
- and the1996 Noise Prevention and Control law (amended most recently in 2021).

The Chinese Ministry for the environment and its counterparts at provincial and city level and the environmental protection offices are responsible for applying and administering environmental regulations.

In 2016, Chine implemented a pollution **discharge permit system** which sets specific limits on the amount and the concentration of each pollutant that may be emitted.

China has established **local carbon emission rights trading schemes** in 8 pilot provinces and cities from 2013 to 2020. In 2021, China moved forward in improving the national carbon emission rights trading scheme by (i) opening a nation level trading market; ii) issuing an administrative measure for carbon emission right trading, and (iii) adopting three administrative rules to govern the registration of carbon emission rights, the trading of carbon emission rights, and the settlement of carbon emission rights respectively.

The **Administrative Sanctions law** amended in 2021 would have a great impact on the penalty imposed on environmental violations. New kinds of penalties such as qualification downgrade and shut down have been added in the amendment.

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1.6.4 AMERICAN, AUSTRALIAN AND CHINESE REGULATIONS

Outside Europe, the United States, Australia and China report the highest revenue. The relevant environmental regulations are therefore presented below.

United States

With regard to **water**, the main federal laws concerning the distribution of water and wastewater treatment services are the Water Pollution Control Act of 1972, the Safe Drinking Water Act of 1974 and related regulations enacted by the Environmental Protection Agency (EPA). These laws and regulations establish standards for drinking water and liquid discharges. Each US state has the right to introduce criteria and standards that are stricter than those set up by the EPA, and a number of states have done so.

The main statutes governing the Group's **waste** management activities include the Resource Conservation and Recovery Act of 1976, the Clean Water Act, the Toxic Substances Control Act, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended (also known as CERCLA or Superfund), and the Clean Air Act. all of which are administered either by the EPA, or state agencies to which the EPA delegates enforcement powers. Each state in which the Group operates also has its own laws and regulations governing the production, collection and processing of waste, including, in most cases, the design, operation, maintenance, closure and post-closure maintenance of landfill sites and other hazardous and non-hazardous waste management facilities.

With regard to **energy**, the federal government has jurisdiction over inter-state commercial activities (involving parties from different federal states), including in the electricity wholesale market. Accordingly, as an owner of electricity production facilities, the Group is subject to Federal Energy Regulatory Commission (FERC) regulations pursuant to the Federal Power Act, the Public Utility Regulatory Policies Act of 1978 and the Public Utility Holding Company Act of 2005. With regard to its US thermal energy activities, the Group is subject to the laws of the several states in which it operates, including regulations issued by certain public service local commissions. Applicable local law varies from state to state and may comprise no specific regulations related to thermal energy or, conversely, set-out a precise regime including the setting of rates. Finally, energy activities involve atmospheric emissions and the consumption of water for industrial purposes and as such require the Group to comply with the majority of the above water and waste regulations.

Australia

Federal, state and local governments jointly administer environmental protection laws through bilateral agreements.

The 1999 Environment Protection and Biodiversity Conservation (EPBC) Act is the keystone of the Australian government's environmental legislation. It provides a legal framework protecting and controlling plants, wildlife and the environment in the widest sense, at national and international level. Nonetheless, the most critical environmental regulations are administered at state level by the Environmental Protection Authorities. State and Territory laws apply to specific economic activities and are administered by the State and local authorities through licenses and permits.

Overall, Australia has more than 300 laws (and numerous associated application regulations) governing environmental issues. Environmental legislation regulates the way land may be acquired and used. Federal and state legislation also requires the performance of an environmental impact assessment for all major projects. The construction of buildings, pollution, contamination and waste production and tracking is also regulated. The authorities ensure compliance with legislation by applying fines and penalties or by imposing the strict liability of companies or management at a personal level.

Each state and territory has legislation establishing an Environmental Protection Authority (EPA) which is the statutory decision-maker for environmental regulations and policy issues. The EPA administers legislation covering air and water quality, waste, contaminated land, noise, pesticides and hazardous waste. The EPA and industrial companies also play a role in the drafting of voluntary codes of practice concerning the impact of industry on the environment.

The 2007 **Water** Act, enacted at federal level, is the keystone of legislation governing the treatment of water and wastewater. However, in terms of controls on the quality of water, it is the EPA in each state or territory that is responsible for enforcing water quality regulations. In New South Wales, for example, the 1997 Protection of the Environment Operations (POEO) Act defines the legal framework for the management of water pollution and quality. It is supplemented by the 2009 Protection of the Environment Operations Regulation, which among other things, lays down certain points for the definition of water pollution.

The EPA of each state and territory is responsible for **waste** and landfill regulations. In New South Wales, waste is regulated by the Environment Protection Authority (NSW EPA) using tools and programs to prevent pollution, reduce the use of resources, improve material recovery from waste flows and ensure the appropriate elimination of waste. The NSW EPA also controls the regulatory framework which establishes a level playing field for waste and recycling operators. This framework includes the obligation to hold an environment protection license, if certain thresholds are reached and the obligation to register and inform the EPA of the type and quantity of waste that transits *via* the facilities.

The National Greenhouse and **Energy** Reporting Act 2007 (NGER) established the legal framework of the NGER scheme, a national framework for the reporting of greenhouse gas emissions and projects as well as energy consumption and production by Australian companies.

WATER (afterpart)

The Grenelle 2 law confirmed the responsibilities of municipalities with regard to the distribution of drinking water and sought to improve knowledge of networks and reduce network losses. The law on the modernization of territorial public action and affirmation of metropolitan areas of January 27, 2014 (known as the "MAPAM" law) gave municipalities and EPCIs (public establishments for cooperation between local authorities) new powers in relation to the management of aquatic environments and the prevention of flooding (known as "GEMAPI"), while providing them with new tools (taxes and easements). The law on the new territorial organization of the French Republic of August 7, 2015 (the "NOTRE" law) extends the responsibilities of inter-communal associations: from January 1, 2020, water and wastewater treatment are a mandatory responsibility of all EPCIs. The GEMAPI law no. 2017-1838 of December 30, 2017 introduces a number of adjustments to this obligation. Likewise, under law no. 2018-702 of August 3, 2018, this obligation may be postponed from 2020 to 2026.

The Law no. 2019-1461 of December 27, 2019 on commitment to local life and proximity to public action, introduces social tariffs for water, relaxes the implementation of GEMAPI responsibilities and organizes the transfer of water and wastewater responsibilities to the EPCIs.

Special attention is paid to protecting catchment areas and regulation covers pollutants such as nitrates, pesticides and micro-pollutants.

Autonomous wastewater treatment is subject to strict regulation to protect the quality of the receiving environment, sanitary conditions and public health.

Depending on their size, treatment plants are subject to increasing requirements and, particularly for the largest plants, reporting obligations such as an annual declaration of polluting emissions and waste.

The reuse of treated wastewater is regulated to a limited extent and only with respect to the irrigation of crops and green areas (Order of August 2, 2010, as amended).

To be used in agriculture, sludge produced at wastewater treatment plants must comply with strict traceability regulations in respect of the organic materials and trace metals it is likely to contain (heavy metals such as cadmium, mercury or lead). To be recovered as biogas that is likely to be injected into natural gas networks, it must also comply with a list of authorized inputs.

Decree no. 2020-828 of June 30, 2020 introduced major reforms concerning IOTA wastewater installations.

WASTE (afterpart)

The Waste Framework Directive of November 19, 2008 was enacted by Order 2010-1579 of December 17, 2010. This enactment clarified certain definitions, introduced a hierarchy of waste processing methods (reuse, recycling, recovery and disposal) and clarified the responsibilities of producers and holders of waste.

Chapter 4 of the law of August 17, 2015 on energy transition for green growth focuses on combating wastage and promoting the circular economy. It amends waste law principles by introducing new objectives with quantified targets into the national waste policy and enshrines the definition of the circular economy in the major principles of environmental law.

It amends the law governing environmental bodies and creates new Extended Producer Responsibility (ERP) sectors. The application texts for these new provisions, and particularly those concerning the ERP sectors, were subsequently published.

Law no. 2020-105 of February 10, 2020 on fighting waste and the circular economy (the "AGEC law") seeks to accelerate the change in production and consumption models in order to limit waste and preserve natural resources, biodiversity and the climate. The AGEC law is a product of the circular economy roadmap published on April 23, 2018 and is part of a European framework strengthened by the adoption, on May 30, 2018, of Circular Economy Package directives.

It focuses on several objectives: (i) reducing waste and the end of disposable plastic, (ii) better consumer information, (iii) fighting waste and inclusive reuse, (iv) producer responsibility and (v) fighting fly-tipping.

Order no. 2020-920 of July 29, 2020 on waste prevention and management further enacts the Circular Economy Package in French law and implements certain provisions of the circular economy roadmap.

As the AGEC law significantly modified the extended producer responsibility system and waste prevention and management provisions, numerous implementation decrees were published in 2020 and 2021.

ENERGY (afterpart)

Ministerial orders clarify the technical requirements applicable to combustion facilities according to their size.

Veolia also contributes to the French capacity market via its electricity production facilities in line with Decree 2012/1405 of December 14, 2012. Certain facilities are also impacted by Decree 2016/682 on the power purchase obligation and the market-based premium for renewable energies.

Similarly, the conditions for marketing, using, recovering and destroying substances used as refrigerating fluids in refrigerating and air-conditioning equipment are also regulated.

The legal arsenal of French regulations is completed by numerous other orders clarifying the means of quantifying and handling fluids and the set-up of training and recovery sectors.

Order no. 2020-866 of July 15, 2020 together with three decrees and six orders enact the energy efficiency, renewable energy and energy performance of buildings directives and group together building and heating and cooling network issues.

Three orders issued on March 3, 2021 (no. 2021-235, no. 2021-236 and no. 2021-237) enacted Directive 2018-2001 (known as "RED II") into French law by setting sustainability and GHG emission reduction requirements for bioenergy sectors and imposing provisions relating to guarantees of origin and self-consumption and setting new rules for the domestic electricity market.

The production and sale of biogas are strictly regulated by numerous texts.

Finally, with regard to the production of domestic hot water, the Group is particularly concerned by European Directive 2020/2181 of December 16, 2020 on the quality of water intended for human consumption, which now includes obligations regarding legionnaires' disease.

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the majority of facilities operated by the Group fall under the scope of the **"ICPE" regime (Facilities Classified for Environmental Protection)**. This central regime for environmental law lists facilities that are likely to present disadvantages or dangers to the environment as a result of their activities or the substances handled and subjects them to a range of different requirements (such as declarations, registration and authorizations);

after environmental assessment reforms (impact study) and public information and consultation initiatives (public inquiry) launched in 2016 and implemented in 2017, the single environmental permit reform (Order no. 2017-80 and Decrees of January 26, 2017) substantially changed ICPE legislation. It merged the different environmental procedures and decisions concerning projects requiring permits pursuant to ICPE regulations or the Water Act (IOTA see below);

to learn the lessons of the Lubrizol fire in September 2019, a series of two decrees and five decisions were issued on September 24, 2020 strengthening the regulations applicable to Seveso sites, as well those applicable to ICPE facilities with regards to the state of stored materials, warehouses and the storage of combustible materials and inflammable and combustible liquids. These measures were supplemented and strengthened by three decisions issued on September 22, 2021;

ASAP law (**Law 2020-1525 of December 7, 2020 on accelerating and simplifying public action**): polluted soil and cessation of activity measures were overhauled by Decree 2021-1096 of August 19, 2021: a certified research office will now be required to attest to the implementation of safety control measures and the cessation of activities is redefined. Decree 2021-1000 of July 30, 2021 reduces environmental authorization procedures by making the public inquiry procedure exceptional and public participation by electronic vote the standard;

"**Climate and Resilience**" law no. 2021-1104 of August 22, 2021: draws from the work of the Citizen Climate Convention and supplements provisions already introduced by the 2019 "Energy Climate" law and the 2020 "AGEC" law. It seeks to change lifestyles through its titles (consumption, production and work, transport, housing and food). It also introduces advances relating to the fight against soil artificialization and numerous measures to promote energy efficiency and creates new criminal offenses in the environment code: environmental endangerment, violation of natural environments and ecocide;

the management of the risk of **Legionnaires' disease** is governed at global level by the WHO, as well as at European level and within several countries. In France, for example, prevention primarily involves the regulation of cooling towers;

"PACTE" law no. 2019-486 of May 22, 2019 on company growth and transformation: this law modifies the French Civil Code by establishing that "the company is managed in its corporate interest, taking account of the social and environmental issues of its business";

it also introduces the ability for a company to adopt a purpose, with the objective of rethinking the place of companies in society. The Group has adopted a Purpose (see Chapter 1.1.2 above).

Regulations specific to each business line:

WATER

Many laws and regulations govern the production of drinking water, wastewater treatment and water pollution.

Certain discharges, disposals and other actions with a potentially negative impact on the quality of surface or groundwater sources require administrative authorization or notification. This is known as the "IOTA" (facilities, structures, works and activities) system and is subject to the water policy. For instance, public authorities must be notified of any facility that pumps groundwater in amounts that exceed specified volumes and of the release of certain substances into water.

Law no. 2006-1772 of December 30, 2006 on water and aquatic environments (LEMA) addressed EU requirements for high-quality water and significantly amended French water legislation. In addition, water development and management plans (SDAGE) take specific account of this water quality objective and the administrative order of January 25, 2010, as amended, sets out a water quality oversight program.

WASTE

The majority of hazardous and non-hazardous waste processing facilities are subject to the regulations governing facilities classified for the protection of the environment (ICPE). A number of decrees and ministerial and administrative orders establish rules applicable to these sites (design, construction, operation, etc.).

Hazardous waste is subject to strict monitoring at all stages of the processing cycle and is tracked using a waste monitoring slip (bordereau de suivi des déchets, BSD). Since July 1, 2012, producers/holders of non-hazardous waste, unless exempt, are subject to a traceability requirement and must keep a chronological register in the same way as for hazardous waste.

Waste-to-energy plants are subject to numerous restrictions, including limits on pollutant emission levels.

The Grenelle 2 law strengthened and widened the Extended Producer Responsibility (EPR) scheme and specific recovery and associated processing sectors. Finally, it provided for the planning of construction and public works waste management and the performance of a pre-demolition appraisal.

ENERGY

The French Energy Code and the French Environmental Code define the regulatory framework governing energy policy.

The majority of installations are subject to the regulations governing facilities classified for the protection of the environment (ICPE) set out in the French Environment Code.

The Grenelle 2 law boosted the development of energy efficiency and renewable energies.

This continued with the law of August 17, 2015 on energy transition for green growth which seeks to balance the different energy supply sources in France. Chapter 5 of this law on renewable energies introduces a new purchase contract regime for electricity produced by facilities using renewable energies, while slightly modifying the regime governing anaerobic digestion plants and the law governing hydroelectric concessions. Chapter 8 introduces two major documents for the energy policy: the national low carbon strategy and the energy multi-annual planning document. It modifies the steering and production of electricity and covers energy transition in the territories. Numerous application texts for these new measures were subsequently published.

1.6.3 FRENCH REGULATIONS

European regulations significantly influence French law. They are enacted into law through legislative texts and regulations, codified in particular in the French Environmental Code, the French Public Health Code, the French Energy Code and the French General Local Authorities Code.

French regulations are constantly being reformed due to the enactment of European laws and the roll-out of national environmental policy.

In France, the administrative authorities (DREAL - Regional Departments for the Environment, Planning and Housing) are responsible for the monitoring and control of facilities.

For all the areas presented below, violation of most of these laws is punishable under both administrative and criminal law and a company may even be found criminally liable.

To strengthen the criminal justice response to environmental crimes, Law no. 2020-1672 of December 24, 2020 on the European public prosecutor's office, environmental justice and specialized criminal justice, set-up specialized environmental regional divisions, created an environmental public interest judicial convention and strengthened the powers of environmental inspectors.

In 2021, the Council of State (July 1, 2021, "Grande-Synthe" case) and the Paris Administrative Court (October 14, 2021, "Affaire du Siècle") issued major and unprecedented decisions ordering the French government to reduce GHG emissions by two different deadlines (March 31, 2022 and December 31, 2022, respectively). The "Climate and Resilience" law of August 22, 2021 was notably presented as a response to these injunctions.

Regulations common to the three business lines

Environment Charter: promulgated by Constitutional law 2005-205 of March 1, 2005, this charter has constitutional standing. It forms part of the body of constitutional rules of French law, acknowledging the fundamental rights and duties relating to the protection of the environment;

Grenelle 1 law (August 3, 2009) **and Grenelle 2 law** (July 12, 2010): the first is a planning law aimed at implementing the *Grenelle de l'environnement* decisions, supplemented by the second law comprising national environmental commitments. These laws seek to implement six major projects, which have significant implications for each of the Group's business line (construction, transport, health, waste, water and biodiversity, energy, environmental governance and information transparency);

law of August 17, 2015 on energy transition for green growth: significantly amends French environmental legislation and seeks to enable France to contribute more efficiently to the fight against climate change and to strengthen its energy independence through a better balance between supply sources. The eight chapters cover the main energy transition objectives: renovating buildings to save energy, clean and sustainable transport to reduce air pollution, waste recycling and the circular economy, renewable energies, nuclear energy, simplifying and clarifying procedures and empowering citizens, businesses, regions and the government;

In application of this law, the national low-carbon strategy (NLCS) contains guidelines for the implementation of the greenhouse gas emissions reduction policy. These documents apply to the government, local authorities and legal entities under public law which must take account of the NLCS in their planning and scheduling documents having a material impact on greenhouse gas emissions. Carbon budgets are national greenhouse gas emission caps set for the periods 2019-2023, 2024-2028 and 2029-2033. The objectives of the NLCS are presented by major sector (transport, construction, agriculture, industry, energy, waste);

energy multi-annual planning document (EMAPD), another major energy policy document: defines priority actions for public authorities covering the management of different types of energy and sets objectives for the period 2019-2028;

new EMAPD, NLCS and national carbon budgets: adopted by two decrees on April 21, 2020, these documents were revised with the aim of achieving carbon neutrality in 2050;

energy-climate law of November 8, 2019: raises France's ambitions by including a carbon neutrality objective by 2050, (i) target decrease of 30% to 40% in fossil energy consumption compared with 2012 by 2030, (ii) ban on electricity production using coal by 2022, (iii) framework more favorable to the development of renewable energies and own use. In addition, it modifies the system introduced by the law of 2015 by providing for the adoption of a five-year law that will set the objectives and priority actions of the national energy policy and with which the EMAPD and NLCS will have to be compatible. Finally, the law institutionalizes the existence of the High Council for the Climate, which has a significant institutional role;

biodiversity, Nature and Landscape law (August 8, 2016): amendment of environmental law and biodiversity protection principles (introducing principles of ecological solidarity and non-regression) and inclusion of compensation for ecological prejudice into the French Civil Code. It introduced a mechanism governing access to genetic resources and the fair and equitable sharing of benefits (in accordance with the Nagoya protocol) and a new compensation system for damage to biodiversity. The main change at institutional level after the creation of the French Agency for Biodiversity, was the merger of this agency with the National Agency for Hunting and Wildlife to create the French Office for Biodiversity on January 1, 2020. This agency contributes, in land, aquatic and marine environments, to the oversight, protection, management and restoration of biodiversity and to the balanced and sustainable management of water in coordination with the national policy to combat global warming;

national plan to reduce emissions of atmospheric pollutants (**PREPA**) (Order and Decree of May 10, 2017): these texts set the national emission reduction targets for 2020, 2025 and 2030 and the actions to be taken;

WATER (afterpart)

Directive 2008/105/EC of December 16, 2008, amended by Directive 2013/39 of August 12, 2013, sets out environmental quality standards for 45 priority substances, including priority dangerous substances that present a major risk to the environment or to public health in the water sector. These texts provide for the elimination of priority dangerous substances in 2021 and other dangerous substances in 2028 from continental and coastal surface water.

To protect the receiving environment, the collection, treatment and discharge of urban, industrial and commercial wastewater is governed by **Directive 91/271 of May 21, 1991,** as amended, concerning the treatment of urban wastewater. The objectives of this directive were confirmed and extended by the Water Framework Directive.

The treatment of wastewater is also directly affected by Directive 2008/56/EC of June 17, 2008, which establishes a framework for community action in the field of marine environmental policy and Directive 2006/7/EC of February 15, 2006 concerning "bathing water" which imposes new restrictions on the monitoring and management of bathing water and information provided to the general public.

Regarding flood risks, Directive 2007/60/EC of October 23, 2007 on the assessment and management of flood risks requires Member States to identify and map high-risk river basins and coastal areas and to produce management plans.

In the face of increasing pressure on water resources leading to scarcity and a deterioration in quality, the reuse of treated water is a solution consistent with circular economy principles. Regulation (EU) no. 2020-741 of May 25, 2020 therefore seeks to promote the reuse of treated urban wastewater for agricultural irrigation.

The 1998 directive on the quality of water intended for human consumption was revised and replaced by Directive (EU) no. 2020-2181 of December 16, 2020 which covers access to drinking water, its monitoring, monitoring parameters, user information and materials in contact with water.

WASTE (afterpart)

With respect **to the cross-border transportation of waste,** Regulation 1013/2006 of June 14, 2006 sets out conditions for monitoring and inspecting waste transfers and clarifies current procedures for monitoring the transfer of non-hazardous waste for recycling. It was amended by the Regulation of May 15, 2014, which required Member States to implement inspection plans by January 1, 2017 at the latest, with a view to ensuring more effective inspections.

In December 2015, the European Commission published the Circular **Economy Package comprising** (i) an action plan of measures aimed at "closing the loop" of product life cycles, from production and consumption to waste management and the development of a market for secondary raw materials, and (ii) proposed revisions to waste legislation.

Four directives of May 30, 2018 (2018/851, 2018/850, 2018/852 and 2018/849) amended the Waste Framework Directive, the Landfill Directive, the Packaging and Packaging Waste Directive, the End-Of-Life Vehicle Directive, the Waste Batteries and Accumulators Directive and the Waste Electrical and Electronic Equipment Directive. The new regulations seek to prevent waste production and its adverse impacts, promote waste reuse, recycling and recovery and gradually reduce landfill waste.

In August 2018, the Best Available Techniques conclusions for the waste management sector were published. These were obtained following a review of the Best Available Techniques reference documents on waste processing.

2018 was marked by discussions on plastic: the Commission published its **plastic** strategy in January 2018 and Directive 2019/904/EU of June 5, 2019 on the reduction of the impact of certain plastic products on the environment imposed bans on the commercialization of certain single use plastics.

In December 2019, the decision establishing Best Available Techniques for waste incineration was published.

In December 2021, the Best Available Techniques conclusions for large combustion plants were published, extending, for procedural reasons the conclusions of July 31, 2017.

ENERGY (afterpart)

With regard **to energy efficiency**, Directive 2012/27/EU of October 25, 2012 was recently revised by Directive (EU) 2018/2002 of December 11, 2018, which defines the EU energy saving targets for 2030 (32.5%).

With regard to **renewable energy**, a target of 32% renewable energy in the European energy mix by 2030 was set (with a clause for an upwards revision by 2023). Directive 2018/2001/EU of December 11, 2018 is the primary legislative framework governing heating networks and recognizing waste heat. This review of renewable energy regulations enabled the adoption of a harmonized framework for biomass sustainability criteria.

Likewise, Regulation (EU) 2018/1999 on the Governance of the Energy Union of December 11, 2018 defines for member countries the ways and means of achieving the targets set for 2030 in the previous directives and requires them **to draw up National Energy and Climate Plans (NECPs).**

These developments supplement the agreements reached in December 2017 which resulted in the revision of the Building Energy Efficiency Directive by Directive (EU) 2018/844 of May 30, 2018.

In December 2021, the Best Available Techniques conclusions for large combustion plants were published, extending, for procedural reasons the conclusions of July 31, 2017.

- July 2021: the European Commission presented its plan to reduce CO_2 emissions by at least 55% by 2030 as compared to 1990 levels ("Fit for 55 package"). This plan provides for the phasing-out of free allowances by 2036, the implementation of a carbon tax at the EU's borders and the extension of ETS mechanisms to the land transport and building sectors,
- in addition, the marked increase in the price of natural gas in the second-half of the year made certain coal-fired electricity plants more competitive (but with higher emissions) than gas-powered plants. This created additional demand for CO_2 allowances and maintained upward pressure on market prices, which attained record levels of nearly €90/metric ton in December 2021;
- following the repeal of Regulation (EC) 2037/2000, Regulation (EC) 1005/2009 of September 16, 2009 requires the strict management of substances that destroy the ozone layer and, in particular, CFC and HCFC **refrigerating fluids** used in cooling plants. It sets, *inter alia*, rules for the recovery and destruction of fluids and a timetable for the elimination of certain substances,
- as a result of the Kyoto Protocol, Regulation 842/2006/EC of May 17, 2006 introduced strict management and traceability measures for fluorinated greenhouse gases for both HFC refrigerating liquids and SF6 electrical insulation. Regulation 517/2014 of April 16, 2014 reformed this provision by repealing Regulation 842/2006 with effect from January 1, 2015. This regulation seeks to reduce fluorinated greenhouse gas emissions by two-thirds by 2030, as compared with current levels. Three regulations were issued on November 17, 2015 in application of this regulation, setting new labeling, training and certification requirements for these gases;
- **pressure equipment**: Directive 97/23/EC of May 29, 1997 (DESP) establishes design and manufacturing requirements for pressure equipment and imposes an inspection of the compliance of this equipment and their housing units;
- **european Climate law**: Regulation (EU) 2021/1119 of June 30, 2021 establishes the framework for reducing GHG emissions for the Union by 2050. It establishes two binding objectives: climate neutrality in the Union by 2050, with a view to achieving the long-term temperature objective set by the Paris agreement and reducing net greenhouse gas emissions in the Union by at least 55% by 2030 as compared to 1990;
- **fit for 55 package**: presented by the Commission on July 14, 2021, it contains proposals aimed at attaining the objectives set in the European Climate law. These proposals will lead to the amendment of many directives and regulations.

Regulations specific to each business line:

WATER

The objective underlying regulation is the availability of drinking water which complies with directives, and a satisfactory chemical, ecological and quantitative status for groundwater and surface water, and a wastewater treatment system that protects the receiving environment.

The objective of attaining a satisfactory chemical state of water is the result of several European legislative texts, particularly Directive 2000/60/EC of October 23, 2000, which establishes a framework for community action in the field of water policy (the **"Water Framework Directive"**) that concerns the quality of water (surface and groundwater) more generally. Directive 2006/118/EC of December 12, 2006 on the protection of groundwater (daughter directive of the framework directive) sets up oversight and restrictions on chemical substances in water by 2015.

The framework directive set objectives for 2015 but the implementation timetable covers the period to 2027.

WASTE

Directive 2008/98/EC of November 19, 2008 (the **"Waste Framework Directive"**) establishes a hierarchy of different waste management measures and favors (i) the prevention of production, primarily by requiring Member States to draft national programs, (ii) re-use, (iii) recycling, by defining new objectives to be achieved by Member States by 2020, (iv) other forms of recovery and (v) safe disposal.

It also clarifies the concepts of recovery, elimination, end-of-waste status and byproducts. The aim of this directive is to promote recycling, composting and waste-to-energy recovery of household waste.

With respect to ship recycling, Regulation (EU) 1257/2013 of November 20, 2013 seeks to better monitor their recycling in accordance with hazardous waste standards.

ENERGY

Large combustion plants (with a thermal output of 50 MW or more) are governed since January 1, 2016 by the **IED Directive** of November 24, 2010 on industrial emissions, which imposes, inter alia, the systematic application of Best Available Techniques. Directive 2015/2193 of November 25, 2015 **regulating medium combustion plants** (*i.e.* with a thermal output of between 1 and 50 MW) set emission caps for certain atmospheric pollutants.

In December 2018, the European Commission voted a Clean **Energy Package revising** European regulations on renewable energy, energy efficiency, the energy performance of buildings, electricity markets and consumer rights. It prioritizes energy efficiency and the development of renewable energy and promotes a fair deal for electricity consumers and flexible conditions.

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Regulations common to the three business lines

- **assessment of the effects of certain public and private projects on the environment**: Directive 2011/92/EU of December 13, 2011 revised. For certain projects, it introduced minimum requirements with regard to the type of projects subject to assessment, the main obligations of developers, the content of the assessment and the participation of the competent authorities and the public;
- **reducing pollution**: Directive 2010/75/EU of November 24, 2010 on industrial emissions (known as the IED Directive). This directive recast the 1996 Integrated pollution prevention and control directive (IPPC) and six sector-based directives. The scope of this directive was extended to new activities, and administrative permits should be issued based on the implementation of "Best Available Techniques" (BAT) for reducing pollution and on an integrated approach, taking into account emissions into air, water and soil, waste management and energy efficiency. Obligations to monitor emissions likely to contaminate soil and groundwater have been introduced (new emission limit values). The IED Directive also provides for the preparation of a "baseline report" on the state of the site before the commissioning of the facilities or before a permit for facilities is updated for the first time, and redefines the requirements to restore the site once activities cease;
- **chemical products**: Regulation (EC) 1907/2006 of December 18, 2006 concerning the Registration, Evaluation, Authorization and Restriction of Chemicals (REACH). This regulation seeks to reduce the health and environmental risks associated with the manufacture and use of chemical substances and improve the management of these risks throughout the life cycle of the chemicals, in order to ensure better health, safety and environmental protection. For the Group, as a user and producer of such substances, this involves greater cooperation and a better exchange of information with suppliers and customers. With the same purpose as the REACH regulation, Regulation (EC) 1272/2008 of December 16, 2008 on Classification, Labeling and Packaging (CLP), harmonized the existing provisions and criteria concerning the classification, packaging and labeling of hazardous substances taking account of the adoption of the United Nations' Globally Harmonized System (GHS). The relevant legal entities are in compliance with the schedule set by the REACH Regulation for chemicals requiring registration within the Group. After the systematic pre-registration of all substances that may be concerned, various deadlines are being monitored along with changes to the regulation and updates to its annexes;
- **biocides**: Regulation (EU) 528/2012 of May 22, 2012 concerning the making available on the market and use of biocidal products. This regulation strengthened the control of biocides and harmonized authorization procedures;
- **biodiversity**: the Rio Convention (1992) on Biological Diversity sought to protect the diversity and wealth of ecosystems. In 2010, the 10th Conference of Parties (COP) to this convention adopted the Nagoya Protocol. This protocol provides for the adoption of a strategic plan covering the 2011-2020 period and an agreement to create the IPBES (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services). In order to guarantee the application of this protocol at European level, Regulation 511/2014 of April 16, 2014 established new rules governing compliance with obligations concerning access to genetic resources and the sharing of benefits arising from their utilization;
- **major risks**: Directive 2012/18/EU of July 4, 2012 on the control of major accident hazards involving dangerous substances (Seveso 3). This directive repeals the Seveso 2 Directive and establishes new prevention rules primarily integrating the changes introduced by the Classification, Labelling & Packaging (CLP) regulation;
- **fight against atmospheric pollution**: Directive 2016/2284 of December 14, 2016. The directive sets emission reduction commitments for sulfur dioxide, nitrogen oxides, non-methane volatile organic compounds, ammonia and fine particulate matter;
- **greenhouse gases (GHG) in the atmosphere**: their increase has led certain countries, as well as the international community, to implement regulatory measures in order to limit this trend;
  - the Kyoto Protocol set a 2008-2012 greenhouse gas reduction target of 8% for the European Union, based on 1990 emission levels. Directive 2003/87/EC of October 13, 2003 created a community-wide emissions trading system (EU ETS) that came into force in 2005 and resulted in the creation of national allowance allocation plans (NQAPs) for the period 2005-2007 and then 2008-2012, corresponding to the commitment period of the Kyoto Protocol. Directive 2009/29/EC of April 26, 2009 extended the EU ETS to cover a third period (2013-2020), with a gradual reduction in allowances allocated and new allocation procedures in order to achieve a 20% reduction in greenhouse gas emissions by 2020 (compared with 1990 levels). The Kyoto Protocol was not extended by recent COPs (Conference of the Parties), with only an obligation to limit global warming to 2°C included in the 2015 Paris Agreement;
  - Directive 2018/410/EU of March 14, 2018 extends and redefines European Union emission trading system rules for a fourth period (2021-2030 - phase IV). Combustion facilities with a thermal output greater than 20 MW and certain industrial companies falling within the scope of the directive are subject to the European Union emission trading system and registered in the national allowance allocation plans introduced since 2005 in all EU Member States. As from 2021, the allowances available in the European Union emission trading system will be reduced on a linear basis by 2.2% per year and Member States shall auction at least 57% of allowances. The free allocations stipulated for the heating sector will also be gradually reduced, except for district heating networks which will still receive free allocations of 30% of their allowances until 2030. The calculation and benchmark methodologies for estimating required allowances based on past pollution levels were also adjusted for phase IV. A cross-sector correction factor may also be applied by the European Union to adjust any over or under allocation of allowances;
  - to support a robust price signal, a stability reserve was implemented in early January 2019 in accordance with decision 2015/1814 and the revision of phase IV. This withdrew the surplus accumulated in previous periods that resulted in an excess supply in the European Union emission trading system. Between 2014 and 2020, 900 million allowances were also withdrawn from the market through a backloading scheme. The arrival of phase 4 and the reserve had a major impact on the European Union emission trading system, with early January 2020 prices of up to €25/t CO_2 and the participation of new speculative players;
  - December 2020: the EU Member States agreed to a greenhouse gas emissions reduction target of 55% by 2030 (compared with 1990 levels), as opposed to 40% previously (it is recalled that Europe aims to achieve carbon neutrality by 2050). Following this agreement, a consultation was launched by the European Commission to revise the European CO_2 allowance market with the aim of attaining the new GHG emissions reduction target. The market price for CO_2 allowances increased significantly to €35/metric ton in January 2021;

1.6 Environmental regulation

The Group's activities are subject to extensive, evolving and increasingly stringent environmental regulations. These regulations are generally technical and complex and impose significant constraints, the most important of which are presented below.

The majority of the Group's activities require operating permits or authorizations that define the rules governing the operation of facilities. These operating permits are issued by public authorities pursuant to authorization procedures encompassing the performance of specific studies presenting, in particular, the environmental footprint of the facilities.

1.6.1 INTERNATIONAL REGULATIONS

At international level, there are no binding general environmental regulations applicable to all countries, but rather a great many international agreements that are often sector-based as well as statements of principles. It was in this context that the draft Global Pact for the environment was proposed in 2017, seeking to assemble the principles of environmental law within a single regulation.

World Health Organization Directives on health and water are issued for countries to help them draft internal regulations governing water quality. They set guidelines for the quality of drinking water and emphasize the importance of the preventive management of health risks. In September 2021, WHO published new air quality guidelines. The right of access to water is recognized by the majority of countries, and access to clean water and sanitation was recognized by the United Nations as a human right on July 28, 2010.

1.6.2 EUROPEAN REGULATIONS

Environmental regulation in European Union (EU) countries is primarily tied to European Directives and regulations.

On December 11, 2019, the European Commission presented the European Green Deal in its communication to the European Parliament and the Council (ref. COM(2019)640 final). This European Green Deal represents the new sustainable growth strategy in all EU areas of action, aimed at guaranteeing a fair and inclusive transition. It provides a roadmap of actions aimed at promoting the efficient use of resource notably by moving to a circular economy, and reducing greenhouse gas emissions, biodiversity loss and air, water and soil pollution. It details the investment necessary and the financing instruments available.

The European Green Deal represents a new transversal framework for the adoption of concrete measures in the short to medium term. It will lead to the revision of numerous European directives and regulations.

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1.5.2.5 New structure following the combination with Suez

Since the combination with Suez, and subject to obtaining the necessary authorizations, the Group is organized into eight zones.

The France and Europe special waste zone groups together the France delegated water, Waste Solutions and Environmental Maintenance, Industry & Building zones: "MIB" (SARP-OSIS and Veolia Solutions pour l'Énergie et l'Industrie), as well as Europe hazardous waste activities (SARPI and certain former Suez IWS activities), Sede environnement, Veolia Nuclear Solutions and SADE.

The Central and Eastern Europe zone groups together, in addition to existing Veolia activities, the following former Suez activities: packaging recycling (Belland Vision environmental body) in Germany, non-hazardous and hazardous waste collection, recovery, processing and incineration in the Czech Republic, municipal waste in Serbia and a 5.5% stake in Eyath (Thessalonique water company) in Greece.

The Northern Europe zone (United Kingdom, Belgium, Luxembourg, Netherlands and Nordic countries) includes the following former Suez activities: municipal and industrial waste collection, recovery and processing in Belgium and plastic recycling in the Netherlands (QCP - Quality Circular Polymers through a joint venture with LyondellBasell). It will also include, subject to the approval of the UK's Combination and Markets Authority, Suez's municipal and industrial waste collection, recovery and processing activities in the United Kingdom.

The Asia-Pacific zone includes the Group's activities in Asia (China, Macao, Hong Kong, Taiwan, Japan, South Korea, South-East Asia and India), as well as activities in the Australia-New Zealand delegated zone. In Asia, Suez mainly contributes hazardous waste activities in China, waste processing and water treatment activities in Hong Kong, waste collection and processing activities in Macao, waste recovery and processing activities in Taiwan and Thailand and water treatment activities in Indonesia; in Australia, the acquisition of Suez will contribute additional waste collection, landfill and waste-to-energy activities, through the recycling and recovery of municipal and industrial waste.

In the Iberia and Latin America zone (Spain, Portugal, Latin America countries) Veolia activities are boosted by municipal water activities in Spain (Agbar), regulated water activities in Chile (Aguas Andinas), as well as municipal water contracts and service activities for the mining and petroleum industries in Columbia, Mexico and Peru.

The scope of activities in the North America zone (United States, Canada) is extended to include Suez's regulated and unregulated water activities, as well as Suez Advanced Solutions' activities in the United States and hazardous and non-hazardous waste activities in Canada (Alberta and Quebec).

The Italy and Africa-Middle East zone encompasses Suez's activities in Saudi Arabia (hazardous waste processing), the United Arab Emirates (commercial, industrial and medical waste collection, urban cleaning services and industrial sites), Jordan (drinking water conveyance and wastewater treatment in Amman), Oman (construction/operation of landfills, seawater desalination), Qatar (water and waste management), Lebanon (operation of wastewater treatment plants) and Turkey (municipal waste management).

The Water Technologies zone groups together global water treatment activities: Veolia Water Technologies and Suez Water Solutions & Technologies (owned 70% by Veolia and 30% by Caisse de Dépôt et Placement du Québec).

1.5.3 OTHER ACTIVITIES

1.5.3.1 Intellectual property

The Group is committed to protecting its intellectual property rights - particularly trademarks and patents - and its know-how, as they set it apart from the competition and contribute to its reputation as a benchmark for environmental services.

The Company owns a number of trademarks including the "Veolia" brand, which is protected in France and internationally. The Group applies a brand strategy that brings together the Water, Waste and Energy businesses under a common brand name, "Veolia".

Innovation is a key factor in the growth and profitability of Veolia. Veolia capitalizes on its know-how primarily through the creation of tools combining the expertise of the Group's business lines and new technologies, as well as of innovative processes and systems. Veolia seeks to protect these innovations by appropriate means.

In Veolia's opinion, its business is not dependent on the existence or validity of one or more of these patents, or on any contract covering one or more intellectual property right(s).

Veolia Solutions pour l'Énergie et l'Industrie (VSEI)

VSEI was created in March 2021 following the merger of the activities of Veolia Industries Global Solutions and Veolia Énergie France. The objective of this new entity is to become a reference in the French energy and on-site services sector, by supporting industrial, service-sector and public authority customers in their ecological transition through decarbonization solutions and reducing their environmental footprint.

Veolia Industries Global Solutions (VIGS) carries on-site multi-business service contracts with industrial companies. VIGS proposes low carbon energy solutions and multi-technical and energy performance services for industrial utilities. This subsidiary also offers solutions for the optimal managements of the water cycle and comprehensive waste management performance contracts based on reducing the carbon footprint, the circular economy and digitalization of services. Finally, production support multi-services complete the VIGS service range, enabling it to propose integrated offerings to industrial companies to support them in improving the environmental performance and competitiveness of their sites. These offerings have been adapted to different industrial sectors and particularly the automobile, pharmaceutical, defense and aeronautics, steel, food and beverage and chemicals sectors. VIGS operates the production assets and utilities of industrial companies on their behalf and provides a wide range of services representing over 30 different businesses (see Section 1.3.1.4 above).

The acquisition of SUDAC Air Service in 2021 completes the VSEI range of offerings. SUDAC offers a complete range of compressed air and nitrogen production and distribution services meeting the needs of industrial companies: audit, design, rental, maintenance of installations, as well as performance contracts through the supply of compressed air in m³.

Énergie France offers comprehensive energy services to its public and private service sector customers and public authorities. The Énergie France offering is structured around four main solutions: 1) Energy, maintenance and operations management of thermal and climate engineering facilities and multi-technical maintenance 2) energy efficiency through comprehensive energy performance managements solutions that can be associated with building renovation projects through specialist engineering and construction subsidiaries 3) maintenance and performance management of HV/LV electrical installations in service sector and industrial buildings, as well as maintenance of generators and solar power plants, 4) management of heating/cooling networks through low carbons solutions to support public authorities in the decarbonization of their territories: biomass, geothermal energy, heat recovery from wastewater, etc.

Main Global Business contracts signed in 2021:

Municipality or company and location thereof	Month of signature of contract	New contract, or extension or renewal	Contract term *(years)*	Estimated cumulative revenue *(in € million)* (1) (2)	Services provided
Iren Spa Italy	January	New	2	11	Construction of a wastewater treatment plant
City of Lausanne Switzerland	December	New	3	28.7	Industrial multi-services

(1) Revenue from the contracts indicated represents the portion due to Veolia under these contracts. Accordingly, the sums indicated may differ from the figures provided in the press releases issued by the Group.
(2) Aggregate revenue is estimated based on the contract amount translated into euro at the 2021 average closing exchange rate.

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1.5.2.4 Global businesses (Global Enterprises)

The Global Enterprises bring together the Veolia business lines that need to be run and managed from an operational standpoint on a worldwide scale. These include the following Group activities: water and network engineering and construction, hazardous waste activities, sludge treatment and recycling and multi-business line activities.

As of December 31, 2021

Revenue (€ million)	% Group revenue	EBITDA (€ million)	% Group EBITDA
4,629	16.2%	426	10.1%

1.5.2.4.1 Veolia Technologies & Contracting (VTC)

The VTC zone brings together water technology and network activities and special waste activities managed at European and global level.

Veolia Water Technologies

Veolia Water Technologies (VWT) is responsible for the Group's design and execution offerings dealing with water treatment. The subsidiary develops technology and designs drinking water production and wastewater treatment plants around the world for a range of industrial and municipal customers. VWT also offers solutions and services, equipment and technologies tailored to water treatment, as well as services including after-sales services for the installed equipment base, the supply of chemical products, mobile intervention solutions and digital monitoring solutions for water treatment equipment or installations.

Under the Impact 2023 strategic program, Veolia Water Technologies will now focus its development on the sale of technologies and related recurring services and significantly reduce its exposure to construction risk.

SADE

SADE specializes in the design, construction, renovation and maintenance of networks and facilities for the conveyance and distribution of drinking water for its public sector customers. This subsidiary has expanded its activities to industrial customers to supply their production sites with raw and drinking water.

SARP Industries

SARP Industries (SARPI) specializes in the processing and recovery of hazardous waste, landfilling and soil remediation.

The hazardous materials processing market has considerable development potential, and Veolia has acquired very innovative recovery processes allowing it to produce high quality raw materials while controlling the health and environmental risks relating to hazardous waste. The Group possesses the technologies, know-how and unique organization necessary to drive its growth in the processing of hazardous waste.

In 2021, SARPI acquired a hazardous waste incinerator at the Chempark site in Germany operated by Evonik, a global leader in specialty chemicals, with the aim of increasing treatment capacity in Europe and becoming a major player in hazardous waste in Germany.

Nuclear Solutions

Veolia grouped together its activities in the nuclear sector in a Business Unit: Nuclear Solutions. This entity notably includes Kurion, Veolia ES Alaron and Asteralis.

The Group announced its objectives in the nuclear clean-up sector in 2013 with the signature of a collaboration agreement with the French Alternative Energies and Atomic Energy Commission (CEA) and the creation of Asteralis. This was further strengthened by the signature of an agreement with EDF in 2018, for the dismantling of graphite nuclear plants. The acquisition in 2016 of Kurion, specializing in nuclear clean-up technologies, was supplemented in 2018 by the integration of the activities of Wastren Advantage Inc. (WAI), specialized in US federal government contracts and in 2019 by the activities of SAFE, a specialist in nuclear measurement. The Group is now able to provide all existing solutions and notably characterization, robotics, the separation of radioactive components, decontamination and stabilization by vitrification or cementation, as well as know-how in both nuclear facility clean-up and the processing of low and medium-level radioactive waste.

In 2021, Graphitec, a Veolia and EDF joint structure, through their respective subsidiaries, Cyclife Holding and Asteralis, continued its developments to address the challenges of decommissioning nuclear reactors that incorporate graphite technology.

Sede Environnement

Sede Environnement offers a range of sludge treatment and recovery services producing organic and mineral bi-products, primarily *via* spreading, composting, anaerobic digestion and dehydration. Its subsidiary Angibaud has developed a wide range of organic fertilizers and expertise in sustainable fertilization.

1.5.2.4.2 Environmental Maintenance Industry & Building (MIB)

The MIB zone brings together Veolia's expertise in industrial sites and buildings and aims to be the benchmark in the environmental and health performance of Veolia customer assets.

SARP

SARP specializes in wastewater systems and industrial maintenance *via* its subsidiary SODI. It operates primarily in France. In May 2021, it completed the acquisition of Suez RV OSIS, a Suez group subsidiary, which also specializes in the maintenance of sanitation networks and structures and in industrial maintenance and cleaning services. The merger of SARP and OSIS will enable the Veolia group to position itself as a major player in this area and, due to their complementary nature, offer new, high added value services to public, tertiary and industrial customers, covering the whole of France. For organizational consistency reasons, SARP also took over the management of the four Eaux de Marseille sanitation companies (SPGS, Bondil, Farina, TEP) in 2021.

Main contracts signed in 2021 in the Rest of the world:

Municipality or company and location thereof	Month of signature of contract	New contract, or extension or renewal	Contract term *(years)*	Estimated cumulative revenue[1][2] *(€ million)*	Services provided
Braskem S.A. Brazil	May	New	20	645.9	Industrial multi-services
KCC Landfill South Korea	June	New	7	30	Waste processing
City of Naugatuck (Connecticut) United States	July	Renewal	20	255	Wastewater treatment and drinking water distribution
Circular PET Japan	August	New	7	732	Waste processing
City of Brockton (Massachusetts) United States	September	Renewal	10	83.7	Wastewater treatment and drinking water distribution
National Water Company Saudi Arabia	September	New	7	82.6	Sanitation and drinking water supply
Buenos Aires city government Argentina	September	Renewal	4	235.8	Waste processing
Miyagi Prefecture Japan	December	New	20	718.9	Drinking water production and distribution
Chiayi (Lutsao) county government Taiwan	December	Renewal	20	473.9	Waste processing
Kaohsiung (Renwu) city government Taiwan	December	New	15	312	Waste processing
City of Kaohsiung Taiwan	December	New	1.2	46.6	Processing of hazardous liquid waste

(1) Revenue from the contracts indicated represents the portion due to Veolia under these contracts. Accordingly, the sums indicated may differ from the figures provided in the press releases issued by the Group.
(2) Aggregate revenue is estimated based on the contract amount translated into euro at the 2021 average closing exchange rate.

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In China, the Group holds traditional concession contracts through joint ventures for drinking water production and wastewater systems (e.g. Shanghai Pudong, Kunming, Changzhou) and hazardous waste management activities throughout the country. For the last two years, Veolia has been developing plastic recycling activities in China. The Group is also involved in the energy sector through heating networks (Harbin, Jamusi) and industrial utilities contracts as well as energy services for buildings under development.

In Hong Kong, the Group is historically present in waste processing (landfills, hazardous waste incinerators) and more recently in optimizing energy services for buildings.

In Taiwan, Veolia provides waste processing (incineration) and soil remediation services.

In South-Korea, Veolia is primarily focused on the industrial services market, historically on water treatment and supply and more recently on the processing of industrial waste. Veolia is also developing building services.

In Singapore and South-east Asia, Veolia is developing waste processing and recycling activities and services for industrial companies.

In India, Veolia is present in municipal water and industrial services, and notably hazardous waste processing.

Veolia's Asian markets are driven by economic growth, a growing middle class tied to urbanization (64% of the population will live in urban areas by 2025), and increasingly strict regulatory policies (e.g. China's 14th Five-Year Plan sets outs ambitious environmental goals, particularly in terms of carbon impact and carbon neutrality by 2060).

Pacific

In Australia and New Zealand, 60% of Veolia's activities are in waste management, primarily for commercial and industrial customers, 20% in the municipal water sector and 20% in industrial and energy services. The main growth markets are oil and gas industries, mining, water treatment and recovery and waste. In New Zealand, Veolia is present in municipal water and is developing industrial contracts with new services. Veolia offers solutions meeting the growing needs of this region and new policies and regulations by focusing, in particular, on digitalizing services, cyber security management and new waste processing and water treatment solutions in response to the climate emergency.

Africa/Middle East

Africa and the Middle East are dynamic regions driven by very strong demographic growth, rapid urbanization and growing environmental awareness.

Improving the coverage of essential services remains necessary to the development of the African continent and therefore significantly structures the municipal market. Veolia's presence in Africa is focused in Morocco and two regional clusters, one in Western Africa (Niger, Côte d'Ivoire and Ghana), and the other in Southern Africa (South Africa, Namibia and Botswana). In Morocco, Veolia provides electricity and water distribution services and wastewater treatment services for the agglomerations of Rabat, Tangier and Tetouan through three concession contracts. It is also developing solutions for reusing treated waste water. It is also developing solutions for reusing treated waste water. In Niger, Veolia supplies the country's urban centers with drinking water under a lease contract. In Namibia, Veolia supplies water to the city of Windhoek from wastewater made fit for human consumption. Activity recently started in South Africa (industrial waste, on-site services for industrial companies, water supply to public authorities and industrial companies) and in Côte d'Ivoire (municipal water and waste). Veolia is also particularly attentive to the emergence on the continent of new methods of accessing basic services, alongside traditional centralized network solutions.

The mining industry offer potential for diversifying Veolia's activities in this region, where it intends to replicate its first references in Ghana in on-site services.

In the Middle East, the Group is present in its three business lines in all Gulf States, with municipalities, industrial companies and the service sector.

Pressure on water demand remains high in the region, where desalination projects continue and are often for extremely high capacity plants. The same is true for wastewater treatment plants. Sustainable operation and maintenance contracts for waste and wastewater services are also emerging. Veolia has a historical presence in these market segments and recently strengthened its position as co-leader, notably in Saudi Arabia where it was awarded a management contract for water and wastewater services for the Riyadh region of 9 million people in 2021 and in the United Arab Emirates and Oman.

At the same time, Veolia continues to penetrate the industrial market targeting leading local petrochemical players, which call on the Group for the treatment of their effluents and hazardous waste, as well as the supply of process water.

The service sector accounts for over half Veolia's activities in the Middle East through its subsidiary ENOVA, a joint venture with Majid-Al-Futtaim. In 2021, Enova strengthened its position as regional leader in energy services, notably by winning emblematic contracts in the Transport sector (Abu Dhabi International airport, Dubai subway).

1.5.2.3 Rest of the world

The Rest of the world segment consists of five zones: North America, Latin America, Asia, Pacific, Africa/Middle East.

As of December 31, 2021

Revenue (€ million)	% Group revenue	EBITDA (€ million)	% Group EBITDA
7,067	24.8%	1,002	23.7%

North America

Serving agglomerations, cities, public authorities, hospitals, university campuses and industry, Veolia is active in water, energy and waste management in North America.

The Group is a leading provider of operations management and maintenance services for drinking water and wastewater networks and plants in the North American sector *via* public-private partnerships with agglomerations, cities and public bodies. Capital Project Management (CPM) activities are high-growth complementary services proposed by Veolia North America to its municipal water customers.

For industrial customers, Veolia is primarily involved in the Water and Waste business lines, in the oil and gas industry (primarily refineries: regeneration services, processing of oil sludge, hazardous waste processing, etc.), chemicals, mining and metals and the pharmaceutical industry. Veolia turns industrial customers' environmental challenges into circular economy solutions, by viewing waste disposal as an opportunity to create an energy source, or making new products through industrial by-product reclamation processes and beneficial reuse programs.

These solutions, and particularly resource recovery and regeneration activities, are some of Veolia's primary areas of development in North America following its recent success in potash recovery and the treatment and recycling of wastewater. With the expansion of its regeneration offerings, elemental sulfur, spent sulfuric acid and sulfur gases are now used to produce clean fuming and non-fuming sulfuric acids and other high-value sulfur derivative (HVSD) products for use in a wide range of industrial activities across the United States.

Veolia also has a strong presence in the hazardous waste market in North America and notably accompanies pharmaceutical and petrochemical companies, electronic companies for semi-conductors, as well as companies in the defense and health sectors and universities and public authorities. In particular, the Company operates four incineration facilities at two sites in Texas and Illinois.

In addition, Veolia took over Alcoa USA Corporation's hazardous waste processing site in 2020, located in Gum Springs, Arkansas. With this acquisition, Veolia continues the global expansion of its hazardous waste processing and recycling activity and adds a flagship site to its existing portfolio.

Veolia offers operation and maintenance solutions in the energy sector to service sector customers, as well as energy efficiency services and consulting solutions.

Latin America

In Latin America, Veolia operates its Water, Waste and Energy business lines in Brazil, Argentina, Uruguay, Chile, Colombia, Peru, Mexico, Ecuador and Panama. Business in these countries was initially geared towards public authorities. Since its total takeover of Proactiva in 2013, Veolia's aim has been to roll out high added-value solutions, such as hazardous waste management in Mexico, Colombia, Ecuador, Peru and Chile. In 2019, Veolia acquired companies operating in the hazardous waste sector, and particularly medical waste, in Ecuador and Chile.

The confirmed intent for "green" growth on the part of many countries in the zone has meant a tightening of environmental restrictions, leading industrial companies to implement recycling and recovery solutions and control their environmental footprint more effectively. In addition, Latin American metropolitan authorities are working to support urban growth by developing high-performing, efficient and sustainable public services. The main focus areas for progress are: optimizing public services, creating waste recovery solutions, rational water resource management and protecting the natural environment.

Veolia's current portfolio of activities provides an excellent basis for development, to continue supplying the Group's traditional range of offerings to public authorities (e.g. extending the water concession for Monteria in Colombia, or the waste management contract for Sao Paulo in Brazil). It is also well placed to provide industrial activities to the food and beverage, chemicals and oil and gas sectors in particular, by providing offerings with significant added value to players in these segments. Veolia is also rolling-out its energy efficiency offerings, particularly for the industrial sector and buildings, such as hotels or hospitals.

Asia

In Asia, Veolia operates in its three major business lines. The main drivers of development in Asia are hazardous waste processing, the circular economy, services in the oil and gas industries, chemicals and soil rehabilitation services.

In Japan, Veolia is primarily focused on concession-model water services and performance contracts, energy production from renewable resources and the production of recycled plastic.

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Main contracts signed in 2021 in Europe excluding France:

Municipality or company and location thereof	Month of signature of contract	New contract, or extension or renewal	Contract term *(years)*	Estimated cumulative revenue *(in € million)*[1][2]	Services provided
Ministerstvo zdravotnictví Czech Republic	February	New	1	15.5	Local energy loop
Palermo Court of Appeal Italy	February	New	6	20	Energy services for buildings
Petroperú Peru	April	New	10	96	Treatment and recycling of sulfuric acid
University of Parma Italy	May	New	15	145.5	Energy services for buildings
Apa-Canal Ilfov Sa Romania	May	New	2.3	13.6	Water-related multi-services
Fiume Veneto municipality Italy	July	New	18	13.8	Energy services for buildings
Dúbravka (Bratislava city district) Slovakia	September	Renewal	19	52	Local energy loop
Tachkent Uzbekistan	September	New	30	13.4	Operation and management of the urban heating network
ATC North Piemonte Italy	September	New	9	12	Energy services for buildings
Zarzad Dróg Miejskich w Warszawie Poland	October	New	1	14	Local energy loop
City of Kraljevo Serbia	December	New	3	17.6	Water-related technological services
Burlo Garofolo Children's Institute Italy	December	New	6.9	18	Energy services for buildings
City of Senec Slovakia	December	Extension	9	13	Local energy loop
Město Roudnice nád Labem Czech Republic	December	Renewal	10	19	Energy services for buildings
Pkp Polskie Linie Kolejowe S.A. Poland	December	New	2	54	Local energy loop

(1) Revenue from the contracts indicated represents the portion due to Veolia under these contracts. Accordingly, the sums indicated may differ from the figures provided in the press releases issued by the Group.
(2) Aggregate revenue is estimated based on the contract amount translated into euro at the 2021 average closing exchange rate.

In the Netherlands, Veolia's activities are divided equally between managing heating networks and utilities at industrial sites and plastic and paper recycling.

In Nordic countries, following the sale in 2021 of its waste collection and recycling and industrial cleaning activities in Sweden, Veolia is primarily present in Finland through industrial ecology contracts: supply of steam and electricity to the Neste refinery and the Borealis petrochemical plant in Porvoo; construction and operation of a trigeneration plant (steam, water and compressed air) to deliver industrial utilities to the Harjavalta industrial park, where BASF has established a cluster to produce raw materials for electric vehicle batteries.

In Northern Europe, Veolia proposes a wide and varied range of offerings relating to the circular economy - recycling, waste-to-energy recovery, sludge recovery, biogas, Water and Energy performance contracts (e.g. building energy efficiency), multi-business line contracts for municipalities or industrial sites intended to reduce their environmental footprint. Veolia's regional coverage enables the combination of the three businesses associated with Veolia Water Technologies' Global businesses, which have a strong presence in the countries in this zone.

Other European countries

Veolia's activities in Portugal and Spain are managed by the Latin America zone.

In Portugal, Veolia is a major environmental services player, present in water, waste and energy. Waste activities range from municipal waste collection to waste-to-energy recovery and include the processing and recycling of commercial and industrial waste, notably as refuse-derived fuels. In energy, Veolia Portugal proposes energy efficiency solutions for thermal systems in public and private buildings and at industrial sites and operates cogeneration systems for specialized buildings such as hospitals. In water, Veolia operates industrial water treatment plants and provides water and wastewater management and treatment services to municipalities.

A leader in energy efficiency **in Spain**, Veolia is progressively diversifying into the Group's traditional businesses. In the energy sector, Veolia manages nearly 8,000 facilities, ranging from the operation of heating and cooling networks (including EcoEnergies in Barcelona powered by biomass) to building energy efficiency (notably hospitals in Bilbao, Madrid and Vigo) and utilities management at industrial sites (L'Oréal, Indra, Soria Natural). In order to guarantee its industrial and municipal customers the best possible performance, Veolia opened an energy management center in Spain, Hubgrade, from which it can remotely control all its facilities on a real time basis. Veolia develops renewable energy solutions in Spain through its subsidiaries Veolia Solar (specialist in the installation and maintenance of solar panels) and Veolia Biomasse (specialist in the preparation of woodchips for biomass boilers). Veolia also manages a mechanical and biological processing, composting, waste-to-energy and anaerobic digestion plant (in Matoro in the Maresme region in Catalonia), the Saragossa wastewater treatment plant and one of the county's largest desalination plants in Almeria. Veolia also provides management and maintenance services at industrial wastewater treatment plants.

In Italy, Veolia is active, through its subsidiary SIRAM, in energy efficiency integrated management services, water operation concessions and contracts and waste management (sludge and medical waste). In the energy sectors, SIRAM manages over 5,000 thermal plants for public and private customers. Veolia offers multi-service and energy performance contracts for the service sector with a strong market presence in hospitals (e.g. Bergame hospital and Milan Polyclinic), public administration (e.g. the University of Parma, public buildings in Milan) and the industrial sector (e.g. multi-technical contracts with Peroni and Leonardo). In the water sector, Veolia manages 400 wastewater treatment plants and is the country's fourth largest water concession operator (with the main concessions in the south of Italy). In waste, SIRAM manages hospital waste for around 100 customers. It has also developed a decarbonization offering integrating energy, water and waste services.

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1.5.2.2 Europe excluding France

The Europe excluding France segment consists of three zones: Central and Eastern Europe, United Kingdom and Ireland and Northern Europe. Spain, Portugal and Italy are included in "Other European countries".

As of December 31, 2021

Revenue *(€ million)*	% Group revenue	EBITDA *(€ million)*	% Group EBITDA
10,942	38.4%	1,730	40.9%

Central and Eastern Europe

For over 20 years, Veolia has been present in several Central and Eastern European countries, where its businesses have enjoyed steady and sustained growth. Mainly present in the water and energy markets, the Group manages municipal drinking water and/or wastewater systems for major cities including the capital cities Prague, Sofia, Budapest and Bucharest. Veolia teams also manage all water distribution activities in Armenia. In the energy market, the Group has a strong presence in the operation of heating networks (production and/or distribution), in particular in Poland (dominant position due to its presence in Warsaw, Poznan and Lodz), the Czech Republic (Prague and Ostrava), Slovakia (Bratislava and Levice) and Hungary (Budapest, Dorog, Pecs and Szakoly).

In Germany (now included in the Central and Eastern Europe region), the Group is present in the three business lines - Water, Waste and Energy - through partnerships with public authorities, industrial customers and service companies. In Germany, Veolia actively participates in reducing CO_2 emissions, notably through its subsidiary, BS Énergie, which continued in 2021 its program to replace the Braunschweig coal-fired power plant with a plant powered by biomass.

In September 2021, the city of Tachkent (capital of Uzbekistan) awarded Veolia a 30-year contract for the operation, maintenance and management of its urban heating network. The largest urban heating network in the country, it provides heating and domestic hot water to nearly half the city's population, *i.e.* 1.2 million people. This is Veolia's first contract in this country and forms part of the strategy to support public authorities in their transition to sustainable growth and ecological transformation.

Most of Veolia's activities are public service concessions for local authorities carried out under concession contracts, infrastructure leasing/operation contracts or institutionalized public/private partnerships at prices regulated by local authorities. Veolia also provides services to industrial companies in Central and Eastern European countries. For all customers, Veolia's involvement accelerates the improvement and modernization of services and infrastructures, notably through the development of digital solutions and the Internet of Things.

In Central Europe, the Group's actions are driven by European policies and associated regulations relating to the environment and energy (energy efficiency, support for renewable energies and high-efficiency cogeneration) and climate change mitigation or adaptation solutions.

Northern Europe

In the United Kingdom, despite budgetary pressure on local authorities (investment cut by 40% between 2010 and 2018), the 25-year environmental plan and the 2020 environmental law offer a favorable framework for the development of Veolia's activities. These texts define ambitious objectives to move towards a more circular economy and reduce CO_2 emissions in order to attain carbon neutrality by 2050.

As a long-term partner of UK local authorities, Veolia proposes bespoke waste processing solutions aimed at optimizing the use of resources and reducing waste. Under household waste infrastructure contracts (PPP - PFI), Veolia develops and operates innovative sorting and recycling facilities for recyclable household waste, waste-to-energy facilities producing electricity and heat from residual household waste and facilities transforming organic matter to compost to be applied to land. Veolia also provides waste collection services on behalf of local authorities as well as commercial customers, developing bespoke collection solutions aimed at minimizing waste sent to landfill.

Veolia offers a comprehensive range of innovative solutions to develop the circular economy and transform recycled materials into resources. These recovery activities generate high quality secondary raw materials from recycled plastic and glass.

Veolia also provides services to regulated water companies to reduce their water consumption and produce energy from wastewater.

Veolia provides industrial customers in the United Kingdom and Ireland with integrated energy, water and waste solutions, aimed at reducing resource consumption and CO_2 emissions, while securing supply in the context of demanding industrial processes. To achieve this, Veolia develops bespoke solutions focusing on resource efficiency, low carbon emissions and circular processes. Veolia also proposes industrial cleaning, decontamination and dismantling services, as well as the collection, processing and recovery of hazardous waste through a major network of dedicated infrastructure.

In Benelux, Veolia is active in the Energy and Waste business lines as well as industrial services, particularly at the Antwerp petrochemical site. The Group is actively involved in the implementation of innovative solutions for energy management in buildings and local heating distribution networks, thereby contributing significantly to CO_2 emission reductions by its customers and partners.

- strengthening support to our customers to help them increase recycling and recovery and thereby reduce landfill waste: development of new eco-design services and full circular loops and strengthening of industrial management of material flows to improve traceability, produce higher quality recycled materials and promote the reuse of these materials in production cycles;
- developing the production of green energy from waste that cannot be recycled, in particular through strengthening the industrial performance of installations and developing new energy production facilities powered by refuse-derived fuel with majority biogenic content;
- developing new waste collection systems for our customers. Rail or water transport, or even more virtuous road transport could therefore meet industrial and municipal customer requirements depending on their region. New technologies, new performance-based contractual terms and innovative partnerships will renew collection services.

This strategy is reflected in the organizational structure, which aims to offer customers a more local service and increased expertise. Veolia's Waste Solutions activities are organized into eight regions, each with business departments serving the three strategic objectives detailed above: Hauts-de-France, Greater Paris, Normandy, Center-West, Grand-East, Burgundy-Auvergne-Rhône Alpes, South-West, South PACA.

Main Waste Solutions contracts signed in 2021:

Municipality or company and location thereof	Month of signature of contract	New contract, or extension or renewal	Contract term *(years)*	Estimated cumulative revenue[1] *(€ million)*	Services provided
Waste Solutions					
SMITOM-LOMBRIC	January	Renewal	8	21.5	Waste collection
Rennes Metropolitan area	February	Renewal	10	120	Waste processing, recycling and recovery
Ponthieu-Marquenterre Community of Communes	April	Renewal	5	18	Waste processing, recycling and recovery
Agence Métropolitaine des Déchets Ménagers (SYCTOM)	May	Renewal	2	25	Waste processing, recycling and recovery
Angers Loire Metropolitan Urban Area	June	Renewal	4.3	23	Waste processing, recycling and recovery
Aire-Cantilienne Community of Communes	July	Renewal	6	11	Collection and supply of household waste containers
Clermont Auvergne Metropolitan area	July	Renewal	8.4	50.6	Household waste collection
Nice Côte d'Azur Metropolitan area	August	New	20	878	Waste processing, recycling and recovery
Toulon-Provence-Mediterranean Metropolitan area	October	New	6	16.7	Waste collection and processing

(1) Revenue from the contracts indicated represents the portion due to Veolia under these contracts. Accordingly, the sums indicated may differ from the figures provided in the press releases issued by the Group.

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Main contracts signed in 2021 by France Water:

Municipality or company and location thereof	Month of signature of contract	New contract, or extension or renewal	Contract term *(years)*	Estimated cumulative revenue* *(€ million)*	Services provided
France Water					
Lens-Liévin Urban Community	January	Renewal	7	82.9	Wastewater treatment and rainwater management
Choletais Urban Community	February	New	10.75	76.6	Production and distribution of drinking water
Grand Montauban Urban Community	March	Renewal	14.75	134.9	Production and distribution of drinking water
Pays de Fontainebleau Urban Community	October	Renewal	8	28	Wastewater treatment and rainwater management
Toulon Provence Mediterranean Metropolitan area	November	Renewal	12	282	Production and distribution of drinking water
SMAEP de la Goële	November	Renewal	8	22	Production and distribution of drinking water
Pas des Bêtes Drinking Water Conveyance Joint Authority	November	Renewal	12	16	Production and distribution of drinking water
Seine Eure Urban Community	November	Renewal	7	23.5	Production and distribution of drinking water
Rodez Urban area	December	Renewal	12	42.9	Wastewater treatment and rainwater management
Dieppe Region Urban Community	December	Renewal	12	33.6	Wastewater treatment
Dieppe Region Urban Community	December	Renewal	12	33	Production and distribution of drinking water
Hénin-Carvin Urban Community	December	Renewal	6	30	Wastewater treatment and rainwater management
Port Commune	December	Renewal	4	24	Production and distribution of drinking water

(*) Revenue from the contracts indicated represents the portion due to Veolia under these contracts. Accordingly, the sums indicated may differ from the figures provided in the press releases issued by the Group.

Waste Solutions

The Waste Solutions activity:

- is conducted by Veolia Propreté and certain of its French subsidiaries;
- reported revenue of €2,897.5 million in 2021(1), *i.e.* 10.2% of Group revenue for the year ended December 31, 2021.

In a mature French waste market, legal and regulatory developments offer a favorable framework for the transition to a circular economy.

The circular economy roadmap and the law for energy transition and green growth establish ambitious goals for reducing the tonnage of waste taken to landfills (-50% between 2010 and 2050) and replacing it with recycling and the use of waste as a resource and a source of energy. In addition, in France, the law on the new territorial organization of the French Republic (the "NOTRe" law) led to the regrouping of public authorities and the overhaul of the scope of waste collection and processing (public administrative area groupings (EPIC), metropolitan areas, urban communities, joint agencies, etc.). Law no. 2020-105 of February 10, 2020 on fighting waste and the circular economy seeks to accelerate the change in the production and consumption model in order to limit waste and preserve natural resources, biodiversity and the climate. Therefore, while looking for economically-efficient collection and recovery services, market players (local authorities and industrial companies) commit to production and consumption methods using less non-renewable resources.

The Waste Solutions business is implementing a new customer strategy to give effect to ecological transformation. It is prioritizing the development of recycling and the production of renewable energy, by placing collection activities at their service. This approach focuses on three defining objectives:

(1) Comments on revenue trends and results of this business unit may be found in Chapter 5, Section 5.3.2 below.

1.5.2.1 France

France is Veolia's historical market and represents a major part of the Group's water and waste activities. The two Business Units in France are Water France and Waste Solutions (*Recyclage et Valorisation des Déchets*).

As of December 31, 2021

Revenue *(€ million)*	% Group revenue	EBITDA *(€ million)*	% Group EBITDA
5,868	20.6%	1,075	25.3%

Veolia Énergie France revenue is included in the Global businesses segment (see Section 1.5.2.4 below).

France Water

The Water France activity:

- is conducted by Veolia Eau - Compagnie Générale des Eaux and certain of its French subsidiaries;
- is the leading French operator in water services(1);
- supplies drinking water to around 25.5 million people and wastewater services to 17.1 million people;
- reported revenue of €2,970.8 million in 2021(2), *i.e.* 10.4% of Group revenue for the year ended December 31, 2021.

In France, Veolia is a major player in the management of water and wastewater services on behalf of public authorities. Veolia Water teams in France have significant expertise in the treatment and monitoring of water quality at all stages of the water cycle, from abstraction of the natural resource to discharge into the environment. In addition to this expertise, Veolia Water in France innovates daily to improve the performance of services, treatment processes and installations and ensure a high quality of water and wastewater.

Through its various missions, Veolia Water in France assists local authorities and companies with regional development that respects all and the environment.

A range of integrated services also allows Water France to meet every requirement of the large water cycle:

- the resource and its conservation;
- large-scale management and operation of water production and treatment plants;
- recovery of materials or products contained in effluents;
- reuse of treated effluents;
- environment conservation.

The water sector continues to undergo major changes that modify the activities of all regional development and large water cycle players (NOTRe law). To meet requirements for reactivity, transparency, performance and innovation, Veolia Water in France wishes to continue to build jointly, through partnerships, new public-private models, around "Public Service Contracts".

Veolia Water in France rolled out its "Impact Eau France" corporate project in line with the "Impact 2023" strategic program, which seeks to give Water its rightful place in ecological transformation. It aims to be the uncontested trusted partner of public authorities and support them with their ecological transformation plans. Its local roots are reflected by its presence in 66 area bases across nine regions, placing responsibility and decision-making as close as possible to field level and tasked with rolling out the Group strategy. Water France's corporate project aims to sustainably create value through an organizational structure adapted to market opportunities.

Revenue generated by the main municipal contracts in France to be renewed or renegotiated during the period 2022-2023:

City	Estimated annual revenue *(€ million)*	Contract expiry date
Sedif (drinking water)	302	2023
Lyon metropolitan area (drinking water)	91	2022
Lille European Metropolitan area - ILEO (drinking water)	62	2023

(1) According to the BIPE 2019 report.

(2) Comments on revenue trends and results for the various segments may be found in Chapter 5, Section 5.3.2 below.

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1.5.2 GEOGRAPHICAL ORGANIZATION

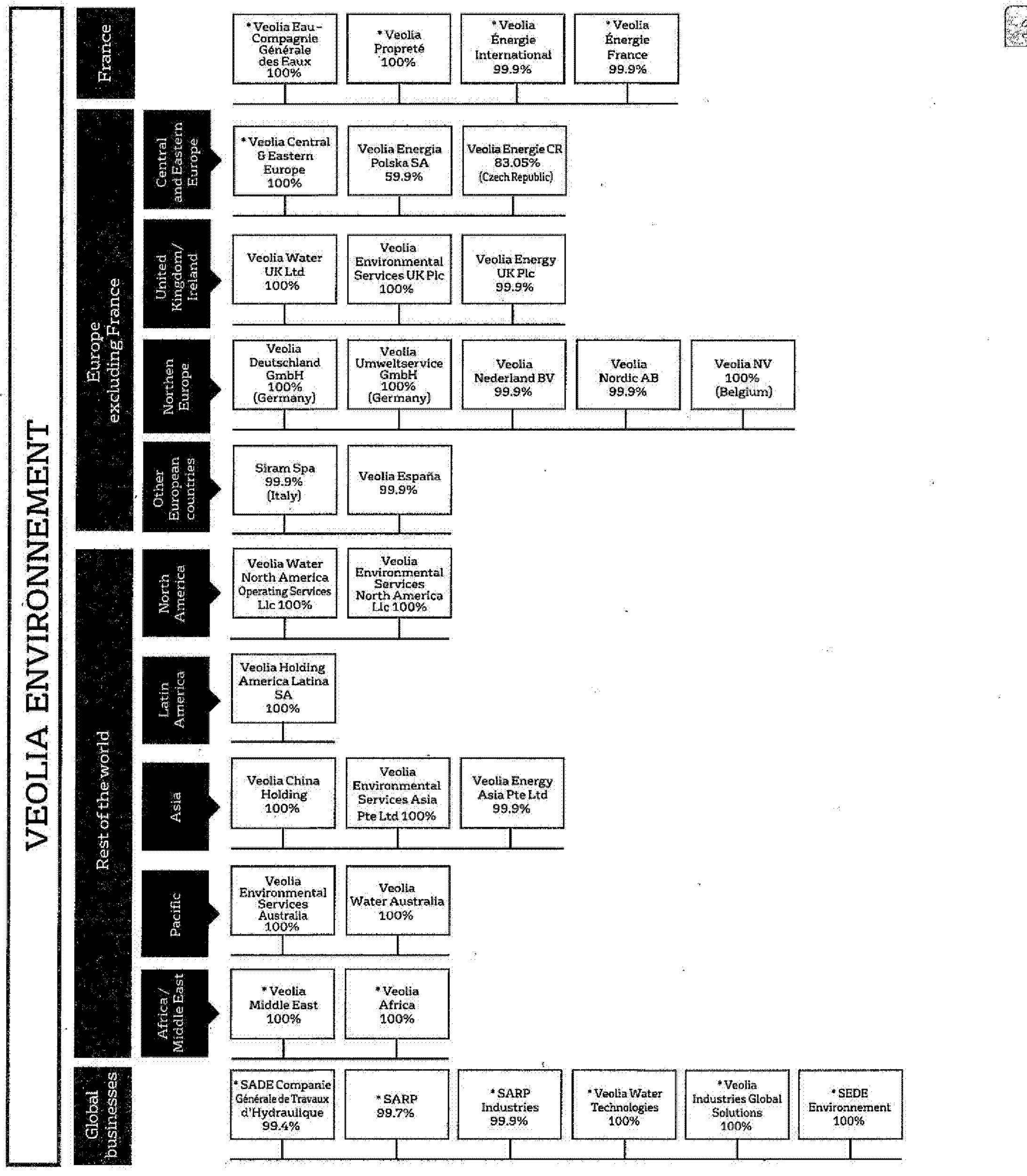
The following table sets out the geographic spread of Veolia's 2021 revenue by operating segment.

Following the application of IFRS 10, 11 and 12, the Group's joint ventures are consolidated using the equity method. Therefore, their revenue (and particularly the revenue of the main joint ventures, that is, the Chinese Water concessions) are not included in the table below.

2021 revenue

(€ million)	Total
France	5,868
France Water	2,971
Waste Solutions (Recyclage et Valorisation des Déchets)	2,897
Europe, excluding France	10,942
Central and Eastern Europe	4,241
United Kingdom and Ireland	2,423
Northern Europe	2,873
Iberia	551
Other Europe excluding France	854
Rest of the world	7,067
North America	1,784
Latin America	839
Asia	2,132
Pacific	1,115
Africa/Middle East	1,196
Global businesses	4,629
Veolia Water Solutions and Technologies	1,506
SADE CGTH	998
Hazardous waste	1,572
Énergie France	135
Veolia Industries - Global Solutions	418
Other	2
TOTAL GROUP	**28,508**

Comments on revenue trends and results for the various segments may be found in Chapter 5, Section 5.3.2 below.


VEOLIA ENVIRONNEMENT
France
Europe excluding France
Central and Eastern Europe
* Veolia Central & Eastern Europe 100%
Veolia Energia Polska SA 59.9%
Veolia Energie CR 83.05% (Czech Republic)
United Kingdom/ Ireland
Veolia Water UK Ltd 100%
Veolia Environmental Services UK Plc 100%
Veolia Energy UK Plc 99.9%
Northen Europe
Veolia Deutschland GmbH 100% (Germany)
Veolia Umweltservice GmbH 100% (Germany)
Veolia Nederland BV 99.9%
Veolia Nordic AB 99.9%
Veolia NV 100% (Belgium)
Other European countries
Siram Spa 99.9% (Italy)
Veolia España 99.9%
Rest of the world
North America
Veolia Water North America Operating Services Llc 100%
Veolia Environmental Services North America Llc 100%
Latin America
Veolia Holding America Latina SA 100%
Asia
Veolia China Holding 100%
Veolia Environmental Services Asia Pte Ltd 100%
Veolia Energy Asia Pte Ltd 99.9%
Pacific
Veolia Environmental Services Australia 100%
Veolia Water Australia 100%
Africa / Middle East
* Veolia Middle East 100%
* Veolia Africa 100%
Global businesses
* SADE Companie Générale de Travaux d'Hydraulique 99.4%
* SARP 99.7%
* SARP Industries 99.9%
* Veolia Water Technologies 100%
* Veolia Industries Global Solutions 100%
* SEDE Environnement 100%
* Veolia Eau – Compagnie Générale des Eaux 100%
* Veolia Propreté 100%
* Veolia Énergie International 99.9%
* Veolia Énergie France 99.9%
Key:
* Company with its registered office in France
% Veolia Environnement's direct and indirect percentage holding as of December 31, 2021

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1.4.4.5 Open Innovation - VIA by Veolia

Water resources: benchmarking of satellite monitoring solutions for water bodies

To meet the recurring needs of BUs, the Open Innovation team works with the "Access to water and sanitation" segment of the BSP department to source and assess ready-to-use satellite monitoring services, not requiring a development phase, around three operational challenges:

- detecting algae blooms in water bodies;
- monitoring water catchment protection areas;
- monitoring agricultural practices in catchment areas.

The aim is to assess and conduct a comparative analysis of a selection of services available on the market, adapted to one or more uses, to assist the BUs in a proof of concept (POC).

On completion of this POC, the advantage of satellite monitoring, compared with current monitoring, for the environmental monitoring of water bodies, its complementarity with a standard approach and its added value for water resource managers, will be validated. Satellite monitoring could be included in the water resource monitoring offering for the production of drinking water.

Benchmarking and qualification tests for sensors monitoring open waste container fill rates

The Open Innovation team worked with the Waste Solutions activity in France to identify solutions for monitoring waste container's fill rates at waste collection centers. Among the 15 connected, energy-autonomous solutions that could be rapidly deployed at an acceptable total cost identified by sourcing, one sensor met Veolia's waste management expectations and could find other uses in different BUs.

Selection of protection equipment for operators handling hospital waste

The Open Innovation team worked with Veolia in Colombia to identify innovative protection solutions for operators (gloves, textile) which resist accidental puncture associated with hazardous hospital waste (needles, syringes, etc.).

Two solutions meeting the desired technical specifications were selected, out of 44 previously identified and analyzed. They are currently undergoing testing and qualification to assess their performance once included in prototype work clothing.

1.5 Organization of the Group and other information relating to its operations

1.5.1 ORGANIZATIONAL CHART

The following organizational chart is a simplified chart of the main subsidiaries owned by Veolia Environnement, directly and/or indirectly, on December 31, 2021, categorized by geographic zone.

Its purpose is to present the organization of the Group by geographic zone through the main subsidiaries controlled directly and/or indirectly by Veolia Environnement, and not to reflect the Group's organizational structure in legal terms.

The list of the main companies included in the 2021 consolidated financial statements is presented in Chapter 6, Section 6.1, Note 16 below.

The main changes in the consolidation scope and Group structure in 2021 are presented in Chapter 5, Section 5.2.2 below.

Companies are included in the geographic area where the majority of their activities are conducted.

Building management: publication of two scientific articles in the Energy and Buildings journal

Studies conducted by S&TE led to the development of new modules for the energy management of buildings, which were integrated into the digital suite developed by the Group's Information Systems and Technologies Department. Articles were published on the model for estimating the energy consumption of buildings, the building thermal model and the module for optimizing heating and cooling systems, highlighting Veolia's know-how and innovative capacity in the energy management of buildings.

Heating network: validation of acoustic correlation technology to locate leaks

Under the HEATLEAKS project, the teams of Veolia in Warsaw and S&TE teams teams demonstrated the relevance of using acoustic correlation technology, already used in drinking water networks, to remotely detect and locate leaks in the Warsaw heating network. This acoustic technology is deployed in other Polish heating networks (Poznań et Łódź).

Heat islands: installation and testing of a cooling platform on the Paris La Défense esplanade

After providing technical assistance for urban cooling installations in Bordeaux, Nice and Toulouse, S&TE worked with Seureca, a Group company, to install an urban cooling area in Paris La Défense. In the summer of 2021, a cooling system comprising a regulated platform was installed by Seureca as part of a call for experimentation launched by the local public institution Paris La Défense and Efficacity, the French research and development center dedicated to urban energy and ecological transition.

CO_2 capture and recovery: TotalEnergies and Veolia join forces to develop CO_2-based microalgae cultivation to produce next-generation biofuels

Under a four-year research project, the two partners will pool their know-how to study and develop biofuel production from algae biomass absorbing CO_2. A test platform set-up at the La Mède biorefinery, operated by TotalEnergies, will enable the comparison of different innovative systems for growing microalgae to identify the most efficient ones.

Green hydrogen: wastewater treatment plant biogas reforming trial

Since January 2021, S&TE and Veolia Water in the Mediterranean region take part in the trials of a biogas reforming pilot solution at the Almanarre wastewater treatment plant in Hyères, France. This solution will produce hydrogen at a rate of 10 kg per day, to be used in Veolia vehicles and by the Toulon Provence Méditerranée metropolitan area. The use of this process to produce hydrogen from wastewater treatment plant biogas is a first within Veolia.

1.4.4.4 Transversal activities

Société française de génie des procédés (SFGP) renews its confidence in Veolia

Veolia remains chairman of SFGP with the objective of developing circular engineering by supporting emblematic reindustrialization projects for better societal acceptance of industrial sites. Veolia is particularly involved in SFGP's thematic groups and notably those dedicated to energy, water and air treatment and the recovery and recycling of waste derived resources.

Artificial Intelligence (IA): Veolia participates in the meet-up of signatory companies to the manifesto for AI serving industry

Organized by the 14 signatories to the manifesto for artificial intelligence (IA) serving industry, this meet-up is part of the national strategy AI for Humanity. Its objective is to establish a coordinated action plan with the French AI ecosystem and make AI a source of growth and employment in the industrial sectors concerned. During the meet-up, S&TE researchers and the Group's Human Resources Department co-facilitated with Orange a roundtable entitled "Data and societal challenges". This initiative enables Veolia to connect with the French AI ecosystem.

Hackathon: S&TE provides technical support for the implementation of the PlankThon Challenge

The S&TE teams worked jointly with the Group's Information Systems and Technologies Department teams to create the tools necessary for the success of the PlankThon Challenge: the first ecological hackathon organized by Veolia and the Tara Ocean Foundation in July 2021.

They developed a web platform for exchanges between participants and an automatic system to assess technical performance and the environmental impact of the proposed solutions. This guaranteed the smooth running of the challenge and the near instantaneous assessment of models developed by each team, particularly with regard to energy consumption.

Raising general public awareness of eco-gestures to protect the oceans

S&TE contributed to the special edition Oceans published by ELLE magazine. The teams participated in the production of an awareness-raising video presenting eight simple eco-responsible actions to perform daily at home, to limit water consumption and protect the resource.

Viva Technology International Exhibition: DEST expertise present on the Veolia stand

Among Veolia's leading solutions addressing the challenges of ecological transformation, the scientific and technological experts presented form S&TE: the production of 3D printing filaments from recycled plastic; CO_2 capture through microalgae production; green hydrogen production from biomethane.

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Development of an innovative process for eliminating phosphorus and nitrogen

Phosphorus and nitrogen, the main causes of water eutrophication, are a major challenge for wastewater treatment plants. The development of ecologically sustainable and energy-efficient biological processes is key to addressing the challenge of reducing the carbon footprint of the Group's wastewater treatment plants.

In early 2021, the teams from S&TE and the Water technologies, treatment infrastructure and networks segment of the Business Support and Performance department, together with AnoxKaldnes, from VWT, worked jointly on improving the energy efficiency of a biological process which simultaneously eliminates phosphorus and nitrogen.

Water access: supporting the NGO "1001fontaines"

S&TE placed its know-how at the service of a social entrepreneurial project led by Veolia's sustainable development department.

Alongside the Veolia Foundation, S&TE provided technical support and expertise to optimize the current operation of water kiosks, decentralized water purification units provided by the NGO "1001fontaines" in rural areas of Cambodia. This approach is part of Veolia's multifaceted performance objective regarding access to essential services. S&TE was particularly involved in developing and implementing a diagnostic approach for water resources, adapted to the local context. Regarding digital aspects and kiosk connectivity, S&TE also contributed its expertise to evaluating requirements and the final selection of the partner GreenCityZen.

1.4.4.2 Waste

Residual organic products: thesis on regional recovery of organic waste

This thesis, written in conjunction with CIRAD (French Agricultural Research Center for International Development) and the engineering school, Ecole des mines d'Alès (France), considers the development of a regional recovery approach for residual organic products, involving many players and integrating circular economy challenges. The objective is to understand how regional synergies can be identified between all players, founded on recycling opportunities and energy or agricultural needs in a region.

Eco-design: ECOLOOP project initial deliverables

Launched in 2021, this project seeks to structure the technical offering that the Waste Solutions activity in France wishes to propose to support industrial customers with their eco-design activities. It is underpinned by S&TE's expertise in materials engineering, data processing and environmental assessment tools. Initial studies on recycling feasibility were conducted for companies introducing household packaging onto the market. The possibility of labelling the ECOLOOP approach is currently being considered.

Household packaging recycling feasibility: assessing the sorting quality of waste items at an automated sorting center

In the context of the ECOLOOP project, sorting quality trials were conducted at an automated selective collection sorting center using Radio Frequency Identification (RFID) technology, which studies the path followed by a waste item through the various sorting machines.

The aim is to assess the ability of an object or waste item to be correctly sorted in the existing channel and study the sorting errors that could impact sorting quality and performance. These trials were conducted in conjunction with the Group's customers. They respond to growing demand from industrial companies to be certain of the recycling feasibility of their product's packaging.

Virtual reality: creation of a gamification tool for waste sorting

S&TE worked with the Institute of Computer Innovation of the EPITA School of Engineering and Computer Science on the development of a virtual reality interface to annotate waste images in a fun way. Gamification consists in combining a serious intention with playful interfaces. Equipped with a virtual reality headset, the users are immersed in a 3D universe where they can scroll through images of waste and assign categories by shooting at targets using a gamepad, making the labelling phase less tedious. This proof of concept, as applied to waste, could be of interest to other sectors that label images.

FUTURE FOR FOAM: Recycling end-of-life mattress foam

The technical feasibility of producing packaging cushioning from foam was successfully demonstrated by work conducted in partnership by Netra, a Group company, the FCBA Technology Institute and the consulting firm, *In Extenso Innovation Croissance*.

Alternative energies for the Veolia truck fleet scientific keynote

This note presents an overview of Veolia's current truck fleet, regulations and initiatives and solutions proposed by the Group to progressively green the heavy vehicles fleet.

1.4.4.3 Energy

Indoor air quality: assistance with selecting new air purifier technology

The Covid-19 pandemic highlighted numerous technologies and innovations able to purify air. To help operational teams in their choice, the AIR expertise cluster of the Group's Strategy and Innovation Department and S&TE combined their air quality expertise and the results of technology sourcing rounds under the Open Innovation approach, to build an e-catalogue pre-assessing air purifiers available on the market. The aim is to meet the needs of Business Units looking to identify and qualify air purification technologies.

Veolia has high-performance technical resources to develop and experiment these innovations:

- four sites dedicated to research on wastewater, drinking water, industrial water and pure water; on energy production and efficiency; and on waste management, including the sorting and characterization of secondary raw materials; These sites include 30 laboratories which specialize in analyzing solid, liquid and gas matrices;
- numerous demonstration equipments to validate the technologies and ensure their reliability. These pilots are located at research sites and within Veolia operating sites.

1.4.3 PRIVILEGED ACCESS TO AN INNOVATION ECOSYSTEM

To become the benchmark company for ecological transformation and accelerate innovation processes, Veolia relies not only on its internal expertise, but also on an ecosystem of players working together to promote innovation.

This ecosystem includes:

- a network of more than 200 partners around the world: academics recognized for their scientific excellence and industrial customers and public authorities at the forefront of their areas of activity;
- *VIA by Veolia*, an Open Innovation approach to identify and integrate innovations from outside the Group. It assists the Group's functional departments (Business Support and Performance Department, Information Systems and Technologies Department, etc.) and Business Units (BUs) that are seeking innovative solutions. *VIA by Veolia* services include:
  - seeking innovations in response to an identified need when no internal solution is available (compliance, performance, offer development, etc.),
  - selecting the most appropriate technologies with the Group's experts,
  - qualifying the selected technology before setting up a contractual commitment,

In 2021, the *VIA by Veolia* team responded to 53 requests for innovative technological solutions.

1.4.4 2021 SCIENTIFIC AND TECHNOLOGICAL SOLUTIONS - SUCCESS AND PROGRESS

The achievements presented below, at the cutting-edge of technological advances, are concrete actions of Veolia Research and Innovation in serving customers and Group growth and contributing to Veolia's ecological innovation.

1.4.4.1 Water

Covid-19: Cergy wastewater treatment plant, pilot plant for monitoring SARS-CoV-2

Since the beginning of the Covid-19 crisis, Veolia has developed innovative solutions helping public authorities better anticipate epidemic trends in their region.

In February 2021, Mr. Antoine Frérot visited the Cergy-Pontoise (France) wastewater treatment plant, one of the pilot plants where S&TE teams focused efforts to develop the RT-qPCR method enabling the detection of SARS-CoV-2 in wastewater. This method is integrated in the VIGIE COVID 19 PLUS offering commercialized by Veolia Water.

Micro plastics: presentation of the results of the MEDITPLAST project at Polytech Montpellier

In February 2021, Veolia participated in the seminar organized by the Water Sciences and Technologies department of Polytech Montpellier, to present an overview of the presence of micro plastics in wastewater treatment plants, the legislative context and current and future detection and treatment methods for this new type of pollution.

Veolia Water in the French Mediterranean region and S&TE presented the results of the MEDITPLAST project covering three wastewater treatment plants in the Toulon area, which inventoried the presence of micro plastics at these plants. The results highlighted excellent micro plastics' elimination rates (on average in excess of 99%), primarily obtained through pre-treatment and primary decantation.

Treatment of petrochemical industry wastewater

Veolia in Asia and S&TE developed a new technology to eliminate hard-biodegradable organic compounds present in industrial wastewater from petrochemical activities. Pilot trials produced promising results and enabled the main design parameters to be established for the development of future tertiary treatment solutions.

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1.4 Research and Innovation

Manifesto of Ecological transformation

Driving ecological innovation, with and for all our stakeholders, is Veolia's pathway to addressing ecological challenges transformation (climate change, resource scarcity, multiple pollution, threats to biodiversity and food security) and allowing everyone to meet their biological, human and social needs with the aim of improving quality and sustainability of life on our planet.

Veolia develops innovations and solutions meeting three different timescales.

- innovating to repair the consequences of ecological debt in the **short term**, such as treating pollution, recycling waste and restoring biodiversity;
- innovating to adapt to extreme weather conditions in the **medium term**, while anticipating the future imbalances and disruptions that could potentially be caused by adaptation solutions, such as the soaring growth of the electric vehicle market;
- innovating to transform the Group's social and business models, and guarantee their "net zero impact" in the **long term**, including eco-design, bioconversion of waste, CO_2 capture and storage, etc.

Innovation relies on dialogue and consultation with all stakeholders, including the Group's customers, industry professionals and local authorities, scientific communities, partners and citizens.

Veolia's approach to ecological innovation features several aspects, such as scientific, technological, commercial, social and business dimensions, to create the new services and markets required to move the ecological transformation agenda forward.

For Veolia, innovation is everyone's concern. The Group counts on an internal innovation ecosystem which is not limited to research and development centers, but encompasses all Business Units.

1.4.1 RESEARCH AND INNOVATION SUPPORTING THE GROUP'S ECOLOGICAL TRANSFORMATION

Veolia relies on the excellence and scientific and technological expertise of its Research and Innovation teams (R&I) to innovate in the following areas: water ressource and cycle management; improvment of water treatment processes, wastewater treatment and recovery; detection and treatment of new pollutants (in water, waste and air); waste reduction, recycling and recovery; secondary raw materials; green energy production from water and waste; energy optimization of facilities; decarbonizing customer activities.

Research actions are coordinated by Veolia Recherche et Innovation (VERI), which is integrated into the department of Scientific and Technological Expertise (S&TE) part of Business Support and Performance Department (BS&P).

In 2021, Veolia's R&I activities involved over 250 researchers and technicians in the dedicated structure, as well as experts present in all Group entities.

The total budget for research and innovation was approximately €66 million in 2021.

1.4.2 THE GROUP'S SCIENTIFIC AND TECHNOLOGICAL BENCHMARK SERVING VEOLIA'S BUSINESSES

Grouped within the department of Scientific and Technological Expertise (S&TE), the research teams support all of the Group's business lines: Water, Waste, Energy. They are organized into eight expertise units: Biotechnologies; Design Engineering; Digital Solutions; Environmental Sciences & Footprint; Fluids Science & Engineering; Materials Science & Engineering; Monitoring, Characterization & Diagnostic; Air & Sustainable Energy.

Through their internationally scientific and technological expertise, Veolia's R&I activities serve the operational excellence of both the Group and its customers, by offering innovative solutions which address their challenges and needs, notably with regard to improving economic and environmental performance.

Veolia sets itself apart from all these companies through its very broad positioning on the value chains of the Water, Waste and Energy business lines, through synergies between these three, and through its ability to guarantee its customers long-term reliability and performance, thanks to its combined engineering/construction and operational capabilities.

1.3.4.2.3 Local or regional specialists

Unlike global specialists, local or regional specialists have a geographic footprint limited to one country or region of the world. They set the standard in their market, with a range of expert offerings positioned in specific business lines. This category remains perhaps the largest in the market. In fact, Veolia faces a multitude of local specialists in the various countries of the world, such as:

- in the United States, Veolia's main competitors in Waste are: Waste Management and Republic Services, which are developing circular economy offerings; Clean Harbors, which specializes in services to industrial firms and processing hazardous waste; US Ecology and Heritage, hazardous waste specialists; Stericycle, which specializes in hospital waste;
- In France, Idex and Dalkia (EDF group) are positioned in local energy loops and energy efficiency services; Saur concentrates on water activities; Paprec focuses on waste recycling and recovery;
- in the majority of countries, there are municipalities managing Water, Waste or Energy within well-defined geographic boundaries.

An emerging category of new players is leveraging new digital technologies to optimize services to the end customer: broking platforms, advanced algorithm software solutions (e.g. Rubicon Global (United States), BH Technologies, Trinov (France), Takadu (Israel).

Veolia sets itself apart from these companies through the effects of scale linked to its size, its ability to offer comprehensive services (multi-site and multi-business), the synergies between its business lines, and its ability to integrate construction and operation, thereby guaranteeing long-term reliability.

1.3.4.2.4 Local/regional multi-service companies

In some developing countries, private or public/private companies have a large local footprint and are the leading players in local markets where Veolia also operates. Accordingly, the Singapore-based Sembcorp Group is a competitor of Veolia in the Water and Energy businesses, and focuses on construction and operation in emerging countries.

Veolia sets itself apart from these companies through the effects of scale linked to its size, its ability to offer comprehensive services (multi-site and multi-business) and the synergies between its business lines.

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Management of end-of-life industrial facilities and equipment

The increase in the number of industrial facilities and obsolete equipment that have either reached the end of their service life, sustained damage as a result of natural disasters or industrial accidents or pose a risk of contamination offers significant opportunities for growth for Veolia. Management of the end-of-life of these industrial assets (oil rigs, ships, trains, aircraft, power stations and brownfield sites) must comply with various restrictions or goals: preventing contamination risk (presence of asbestos, oil, chemicals, etc.), optimizing materials recycling and equipment reuse, and remediating polluted soil so the land can be put to new use.

The Group offers a full range of services, comprising waste processing (including hazardous waste), recycling to maximize asset value, soil remediation, minimizing safety and environmental risk (back fitting facilities), and turnkey management of projects to decommission facilities throughout the value chain (inventory and characterization of the elements to be decommissioned, demolition, and recovery or disposal of waste, including its traceability).

Industrial customers must prevent the risk of contamination, recycle materials and reuse equipment as much as possible, locally and at low cost and may even be required to decontaminate sites before new business activities can be started. Veolia is expanding its operations in this new area by focusing on key accounts and positioning itself throughout the entire value chain, from dismantling services to upgrading equipment to ensure that it complies with current regulations and materials recovery. The Group is renowned for its skills and cutting-edge technologies for soil decontamination, recycling waste and processing hazardous pollution (such as nuclear waste and asbestos), as well as for its ability to offer high-quality project management throughout the entire value chain, thereby guaranteeing, among other things, traceability and responsible waste management. In this area, Veolia is active in the dismantling of offshore oil platforms, trains and ships, as well as the characterization of nuclear waste.

1.3.4.2 **Competition**

Most markets for environmental services are very competitive, and are characterized by increasing technological challenges due to changes in regulation, as well as by the presence of experienced competitors. The competitive landscape is very diverse, but there are few players that are comparable to Veolia at global level.

Veolia's competitors can be broken down into four broadly homogeneous categories, in terms of their geographic footprint and extent of their range of services.

1.3.4.2.1 Global multi-service companies

Global multi-service companies have both a global geographic footprint and an extensive range of services in the Water, Waste and Energy business lines. Veolia belongs to this category, as do Suez, FCC and Remondis, although none of these three have a presence outside Water and Waste. These different players share the same springboards for growth: emerging economies, industrial markets, the circular economy, new technologies and high value-added services. New players, primarily Chinese, are developing global activities in Water, Waste and Energy, through strategies founded on sustained external growth (Beijing Group, China EverBright International).

What sets Veolia apart are its larger geographic footprint; its more extensive range of services, including Energy; the synergies between its Water, Waste and Energy business lines; its portfolio of technologies enabling it to tackle all water treatment problems; and its huge portfolio of industrial customers.

1.3.4.2.2 **Global specialists**

Global specialists are companies that specialize in one of Veolia's business lines and have a worldwide geographic presence. This category includes, in particular, major players in the energy market, such as Engie and E.on, global equipment manufacturers, such as Evoqua Water Technologies, Doosan and Schneider Electric, oil and gas specialists, and specialists in energy efficiency and facility management (Vinci FM, Sodexo):

- in a context of energy sector transformation, particularly in Europe, energy companies have been repositioning themselves in the renewable energy sector in recent years, as well as in energy efficiency services. Moreover, these companies are professionalizing their approach through digital innovations (control centers, network optimization, the Internet of Things, etc.);
- the major equipment manufacturers and suppliers of water packaging products, such as Evoqua Water Technologies, Xylem, Ecolab, Kurita, Solenis, Itron and Doosan, have a presence in both the municipal and industrial markets. Their growth strategies are mainly based on developing digital offerings, such as control centers and the Internet of Things. In emerging countries, Veolia faces off against Spanish and Brazilian civil-engineering firms (ACS, Sacyr, Acciona, Odebrecht, etc.), particularly in seawater desalination projects, or Asian equipment manufacturers, such as Hyflux (based in Singapore) and Wabag (based in India), which are gradually moving into operations;
- in the field of oil and gas, the competition is relatively fragmented. In addition to the large equipment manufacturers cited above, the competition comprises engineering companies, service providers and equipment manufacturers (Ecosphere Environmental Services), as well as energy companies, especially in the United States, where we find oil service operators (Schlumberger, Halliburton, Fractech and Baker Hughes-GE) and engineering and construction companies (WorleyParsons, KBR, Wood Group, Bechtel, Technip, Aker Solutions);
- many companies operate in the decommissioning market, owing to the variety of industrial infrastructure reaching the end of its working life: oil rigs (Stork, Cape, Hertel and Bilfinger), petrochemical plants (Amec, AF Group, Aker Stord, Able UK), nuclear reactors (Framatome, Onet, Bouygues, Vinci, Westinghouse, Amec, Nukem, Iberdrola, Ansaldo, Tractebel), and transportation, such as ships, trains and aircrafts (Tarmac Aerosave);
- in the energy efficiency field for the services sector, competition takes many forms, and comes from both specialized companies (cleaning, food services, etc.) seeking to expand their offering into energy, as well as technical maintenance companies focusing on areas such as electrical facilities which are increasingly forming partnerships with major construction and public works groups (Vinci Energies, Bouygues-Equans, Spie) and groups specializing in facility management (Sodexo, JLL), or equipment manufacturers diversifying in digital and services (Schneider Electric, Johnson Controls, Honeywell).

In mature countries, the needs of industrial food and beverage, and pharmaceutical/cosmetics firms are focused on overhauling and optimizing existing assets, complying with environmental requirements, improving the traceability and quality of products, limiting operational risk, and brand recognition and image. In growing markets, companies in these industries need support with their development through the construction of the associated production plants and treatment facilities, but also through the use of resources that do not put them in competition with the community they serve (right to operate), for example through minimal water usage (particularly in the beverage sector), recycling of packaging and organic waste-to-energy recovery.

Veolia enables industrial farming, food and beverage, and pharmaceutical and cosmetics firms to reduce their environmental impact by **improving their operational performance** for water and energy cycle management, and by recovering the byproducts of their operations. Veolia has a real competitive advantage in this market, thanks to its comprehensive, integrated offerings (combining Water, Waste and Energy management and treatment solutions), and its proprietary technologies (such as water reuse technologies or organic waste anaerobic digestion enabling energy recovery). Veolia therefore supports the growth of companies in these sectors by offering solutions that enable them to use water, materials and energy more efficiently. It brings together cross-functional solutions that safeguard these companies' right to operate, performance and brand image. As with the other industries, Veolia's strategy is to work with its customers to co-develop innovative solutions that help create economic, social and environmental value.

The circular economy

The circular economy aims primarily to implement solutions to extend the life of resources (materials, water and energy). This is a key issue for customers and a source of high expectations due to the pressure on resources, increasingly favorable regulation (in Europe, with the end of landfill and the enforcement of extended producer responsibility; in the United States, where there is a noticeable increase in uptake of new value creation models; and in China, a country that is moving its regulation towards fostering a sustainable economy), and the shift in society towards a circular, sharing and functional economy. Veolia has set itself the aim of strengthening its leadership in this area by deploying existing technologies, innovating and positioning itself as a stakeholder that creates shared value.

Cities and industrial firms are thus becoming producers of alternative resources and local supply loops are emerging.

Veolia helps its customers to create value by:

- **supplying materials and manufactured goods produced from waste, wastewater and waste energy:** technical and special waste (*e.g.* plastics, paper, cardboard, rare earth metals from electrical and electronic equipment, solvents, etc.) organic matter (*e.g.* compost, fertilizers, etc.), refuse-derived fuels (RDF), biogas, biomass, etc.;
- offering **bespoke solutions for preserving and renewing resources** in a circular economy model: comprehensive resource management, pooling of multi-customer platforms (regional ecology, green district heating, industrial wastewater reuse, etc.), and energy and electricity efficiency for buildings and industrial sites.

In the plastics sector, where production and consumption are increasing steadily, regulation is progressively moving towards recycling and a ban on putting plastic in landfills. In Europe and Asia, in particular, the recycled plastics market is expected to increase around 6% annually to 2025. The Group aims to develop an industrial plastic recycling and recovery activity to offer an alternative to virgin materials. Veolia has therefore set-up a **plastic recycling** industrial platform with European locations in France, the United Kingdom, Germany, Benelux and Spain and Asian locations in China, South Korea, Japan and Indonesia. Veolia is also working in partnership with industrial companies on the implementation of solutions to develop plastic recycling loops. For example, in 2019-2020 Veolia built a plastic recycling plant in Indonesia, in partnership with Danone.

Hazardous waste processing and recovery

Some complex waste and effluent is hazardous to health and the environment, so it requires high levels of expertise and non-standard equipment. There is a general awareness of the risks (health, ecological, environmental, etc.) of difficult-to-treat pollutants, which are subject to increasingly restrictive regulation.

A limited number of operators are currently capable of **managing hazardous waste and complex effluent** (discharges and waste from the chemical, oil, metals and nuclear industries; electrical/electronic waste; hospital waste; soil remediation; etc.), and meeting customers' needs: cost optimization, reducing environmental liability risk, appropriate and complete processing facilities compliant with regulations, and improved ecological footprint.

The tightening of local regulations and the increase in the volumes of waste being produced (particularly that from the chemical, oil, metallurgy and nuclear industries and electrical and electronic equipment waste) both support Veolia's decision to further develop its position in processing difficult types of pollution and particularly hazardous waste, a market with high growth potential. Veolia has a worldwide network of experts and resources that have been developed gradually over years and can be rapidly mobilized and a full range of technologies and services for processing difficult-to-treat effluents (Veolia Water Technologies) and hazardous waste, and for soil remediation (GRS-Valtech). They meet the highest standards and are supported by cutting-edge research.

The Group develops new facilities in developing countries (in Africa, the Middle East, Latin America and Asia) and consolidates its existing facilities (in Europe, the United States and China) by expanding its network of processing plants and saturating its assets.

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Veolia's main industrial markets are as follows:

Chemicals, oil and gas industries

The oil and gas market covers both upstream activities (exploration/production) and downstream activities (refining, petrochemicals, chemicals).

In upstream exploration/production operations which are highly dependent on oil prices, industrial companies continue to explore and exploit new resources sustainably, seeking to extend the productive lives of mature sites and limit their environmental impact. Oil and gas production sometimes takes place in regions of water stress and unconventional extraction techniques consume large amounts of water.

Downstream, refining, petrochemical and chemical industries have growing needs for operational and environmental excellence and compliance with increasingly tough regulation of pollutant discharges.

Thus, the needs of customers in these industries are focused on the right to operate, reducing the carbon footprint, maximizing customer asset availability and output, reducing costs and risk, resource and water efficiency, and regulatory compliance. Veolia offers solutions that respond to this industry's major water, waste processing and performance needs by positioning itself as a long-term partner able to address all environmental and efficiency issues and proposing a range of offerings adapted to the needs of both market segments:

- **for the upstream market (exploration/production):** the construction and operation of facilities for treating injection water and produced water, mobile water treatment solutions, management of waste, including hazardous waste, industrial services, and the decommissioning of oil rigs;
- ***for the downstream market (refining, petrochemicals, chemicals):*** the treatment of process water, wastewater and cooling water, industrial services (surface treatments, robotic tank cleaning), treatment of hazardous waste, energy optimization of facilities, recovery of byproducts and hazardous waste (solvents, oily sludge, KOH, sulfuric acid, sulfuric gases produced during the refining process, etc.), the supply of decarbonized energy and financial engineering (e.g. takeover of assets).

The mining, metal and energy industries

Mining is the sector with the second-highest water consumption (equivalent each year to the domestic consumption of the United States), and it needs to expand its fields of exploration in zones of water stress (70% of the projects of the six largest mining companies) to compensate for the depletion of the most easily accessible ores. The tightening of environmental regulations and the desire to improve efficiency generates development opportunities for Veolia, with these industries now required to limit their environmental footprint and costs to guarantee the sustainability of their production.

In the power generation sector, investment criteria are dominated by the "3Ds": Decentralized production; Digitalization to optimize production and costs; Decarbonization for energy transition towards renewable energies.

The needs of the mining, metals and power industries are therefore focused on reducing costs (in particular, reducing energy bills, which account for 10-15% of average operating costs for mining and 20-40% for steel), increasing production yield, reducing their environmental footprint, controlling emissions, cutting decommissioning costs, and reducing environmental liability risk.

Veolia offers industrial companies in these sectors a full range of services:

- **design, build and operation** of water production plants (e.g. desalination) and wastewater and cooling water treatment and reclamation plants (zero liquid discharge plants), acid mine drainage treatment, waste recovery, etc.;
- **optimization of operational performance** thanks to a range of services for utility efficiency and waste recovery;
- soil recovery and **remediation**; site recovery;
- financial engineering.

Veolia offers customers its portfolio of technologies, operational experience and global network thanks to which it can deploy its best services around the world, coupled with its ability to operate at remote sites and to provide or propose funding:

The food and beverage and pharmaceutical/cosmetics industries

The food and beverage industry, which is the world's largest industrial sector, needs to respond to population growth, especially in high water stress regions, and the increasingly stringent demands of consumers and industry stakeholders in terms of environmental and societal responsibility. It is a highly fragmented industry with tens of millions of producers worldwide. On May 20, 2020, the European Commission published its "Farm to fork" strategy as part of the Green Deal. This strategy defines a new approach aimed at making the European food system more sustainable while delivering economic, social and health benefits. It provides for the publication of recommendations and legislative proposals in the coming years (by 2024) for the production of "green" food and to encourage the consumption of more healthy food. It will also help promote energy recovery from biowaste and the reuse of wastewater, facilitate recycling of food packaging through requirements covering recycling and the ability to recycle and support the development of innovative solutions for sustainable farming.

Growth in the pharmaceutical and cosmetics market is being driven, in particular, by access to medicine in emerging countries (where the main players in the sector are creating new production capabilities). In mature countries, the companies in the sector are subject to efficiency constraints and cost reductions because of the ramp-up of generic drugs. The pharmaceutical sector is undergoing major transformation: supply chain reorganization, moves to relocate production facilities in Europe or the United States, growing demand for waste processing and recycling, massive R&I expenditure on vaccines. For Veolia, these changes offer new commercial opportunities tied, for example, to higher waste volumes, the construction of new plants and the transformation or outsourcing of industrial utilities.

A proportion of Veolia's remuneration is linked to achieving the expected results. The contract can include operating utilities (*e.g.* energy performance or resources contracts) or simply consultancy and management services;

- **financial partnerships** (AssetCo/OpCo models): contracts that include a third-party investor financing the investments necessary for optimizing the public authority's utilities, with Veolia guaranteeing the performance of the facilities over the amortization period;
- **provision of specialist services:** customers are offered the benefit of Veolia's expertise in targeted services (automatic meter reading, organization of service calls, help with billing recovery, operating data analysis and consultancy, etc.) traditionally incorporated into comprehensive contracts.

Cities in emerging countries

Cities in emerging countries (particularly those in Central and Eastern Europe, Asia, Latin America, Africa and the Middle East) offer many opportunities for growth. This is explained by, firstly, the rapid population growth seen in such cities and, secondly, the toughening of regulations designed to protect the environment. These countries have a growing need for new infrastructure and require support with operating and managing Water, Waste and Energy. As in developed countries, municipalities are also keen to improve the resilience of their area and in doing so combat the risks posed by natural disasters.

In these countries, Veolia's offerings seek to support the development of cities by:

- **adapting contractual models to take account of the risks posed by different countries,** with the aim of creating new models, partnerships and alliances that enable Veolia to operate in these countries without being exposed to risky concessionary models;
- developing Veolia's positioning in environmental solutions for sustainable development and making cities more resilient;
- capitalizing on the social dimension of Veolia's business lines and their role in supporting the economic and social development of cities.

1.3.4.1.2 Industrial market

For Veolia, the industrial market covers Water, Waste and Energy management services, offered to industrial or service sector customers.

Industrial companies are faced with challenges that are critical to their development: sustained growth objectives in an increasingly competitive context, increasingly stringent environmental regulations, carbon footprint reduction requirements, diminishing resources (water stress) in the zones where their production sites are located, the acceptability of their operations and social and media pressure on the right to operate, the need to control production costs (raw materials used in processes) and operating and reputation risks. They are seeking partners able to take charge of all of these issues and provide them with solutions for sustainable, profitable growth.

In the service sector, energy efficiency regulations for buildings are becoming tougher, for example Europe's "Fit for 55" package, which requires a strategy for mobilizing investment to renovate residential and commercial buildings, China's 12th Five-Year Plan, or Canada's National Energy Code for Buildings. Increasingly, customers demand sustainable initiatives.

Through its offerings, Veolia helps industrial and service sector customers anticipate and deal with these key issues of the right to operate, the drive for efficiency and maximum yield, corporate social and environmental responsibility and risk reduction, by:

- **providing** industrial and service sector players with a global, comprehensive and expert approach for all environmental issues;
- **offering customers high impact offerings that help improve their environmental performance and efficiency and get the most from their assets:** solutions for optimal management of the water cycle, comprehensive waste management performance contracts based on reducing the carbon footprint, the circular economy and digitalization of services, low carbon energy solutions, energy performance services, multi-technical management services for industrial utilities; processing of difficult pollution and particularly hazardous waste, performance and value sharing models, etc.

Veolia therefore provides industrial and service customers with a full range of construction and/or service offerings to improve their competitiveness and their environmental and social impact, organized around 5 value creation drivers:

- **license to operate** (*e.g.* reusing process water, zero liquid discharge plants);
- **operating efficiency, reducing the carbon footprint and cost reduction** (*e.g.* optimizing water and energy consumption, recovering waste and by-products as alternative fuel, robotic tank cleaning, competitive waste disposal networks);
- **maximizing the yield of customer assets** (*e.g.* increasing equipment availability);
- **financial engineering** (*e.g.* investment planning and joint financing, financial arrangements, search for external financing);
- **brand image and social and environmental responsibility** (*e.g.* optimized management of water, energy and waste resources, design, build and operation of carbon neutral plants or carbon capture facilities, joint development of projects with the different stakeholders).

The Group has considerable strengths that enable it to provide unique solutions to industrial customers:

- a combination of technical expertise and operating skills, supported by an extensive technology portfolio and contractor know-how;
- the ability to guarantee long-term results;
- a global network serving global customers with strong local roots, primarily through municipal activities, offering industrial companies integrated solutions in the regions;
- the ability to consider water, waste and energy cycles simultaneously, enabling an integrated approach to industrial processes and a circular economy approach.

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Veolia deploys solutions meeting the various needs of cities:

- **resilient cities:** cities more resistant to shocks and risks.

In every city in the world, resilience is a key concern and is becoming a major issue for a large number of stakeholders (institutions, public authorities, non-profits, etc.). Hurricanes Harvey and Irma that hit the United States and the West Indies in 2017, the drought and extreme fires in Australia in 2019 and the floods that devastated the Roya valley in France in October 2020, further strengthened the collective awareness of the need for regional resilience. Veolia assists regional public authorities with decision-making, adopting a long-term vision to anticipate crisis situations, guarantee the performance of critical equipment and accelerate the return to normal after a crisis. Together with Swiss Re, the Group has implemented a unique risk assessment system with preventive and strengthening measures to guarantee the resilience of cities. New Orleans in the United States is the first city in the world to benefit from this system.

- **attractive cities to live:** improving quality of life to attract people and companies.

Veolia provides attractive cities to live with innovative solutions to preserve the quality of life of their citizens, the environment and urban infrastructures. To this end, the Group mobilizes its expertise in waste collection and management, drinking water management, wastewater treatment and the production and distribution of renewable energies. Attractive cities to live are also particularly attentive to biodiversity and reduce their environmental footprint by using renewable energies (biomass, biogas, etc.). They are vigilant about the cleanliness of areas, air and water quality and reducing noise pollution.

- **smart cities:** digital solutions are revolutionizing cities.

More connected and better managed, smart cities optimize the operation of their infrastructures, increasing their competitiveness, appeal and sustainability. More efficient and transparent, they meet the new expectations of citizens wishing to participate more in the management of their cities. By combining new technology, its business expertise and its relationship with innovative regional companies, Veolia contributes to improving the level of service offered by cities to their citizens with four maxims: speed of deployment, cost control, cybersecurity and reliability. Examples include Veolia's Hubgrade hypervision centers that enable public authorities to optimize the management of their water and energy networks, aim for better environmental performance and improve the quality of life of citizens. Nova Veolia's subsidiary, Birdz (created by the merger of Homerider and m2ocity, remote meter reading pioneers) is yet another example. This specialist in the design of connected things and the transmission, analysis and enhancement of data (water, energy, waste, temperature, pollution, noise, public lighting) serves smart cities and the urban environment.

- **inclusive cities:** creating economic, social and regional cohesion.

Inclusive cities are cities where no population category is excluded from urban development. They promote access to essential services for the greatest number and, in particular, the most vulnerable populations. They also encourage the involvement of citizens and all stakeholders in their operation. Through its presence and knowledge of local players, Veolia accompanies economic and social initiatives promoting access to essential services for the greatest number. In Bangladesh, Veolia and Grameen Bank managed by Muhammad Yunus set up a social business project in conjunction with the local population and authorities, providing 6,000 inhabitants of the Goalmari and Padua districts with access to drinking water. Veolia deployed unprecedented social and financial engineering resources to implement this initiative. In Lille, in addition to a strong community involvement, Veolia has developed a personalized service tailored to each type of user, with an environmentally responsible pricing policy and a reduction in standing charges for domestic customers.

- **circular cities:** creating local loops to generate regional value.

Veolia implements operating solutions and new business models to promote the development of the circular economy at a regional level. This approach is at the heart of its strategic ambition and vision "Resourcing the world". Renewing resources is, for example, recycling materials (plastic, paper, glass, precious metals), developing renewable energies and energy recovery (biomass, biogas, waste energy) and transforming waste into compost and energy. Preserving resources is, for example, reducing consumption and developing energy efficiency and holistic approaches (product-service system, industrial ecology, eco-design). As a development model and growth driver, the circular economy is a source of regional job creation.

The deployment strategy for these solutions differs between developed and emerging countries.

Cities in developed countries

Cities in developed countries are a mature market where customer needs are now turning towards:

- more efficient services (lower costs, lower prices, improved service quality) in the face of pressure on public finances and increased public pressure;
- making cities more attractive and finding solutions that differentiate them from other cities in the same region (e.g. "smart cities");
- increased demand for transparency;
- social solutions for vulnerable groups;
- sustainable development environmental solutions (circular economy, reducing the carbon footprint of cities, eliminating pollution, biodiversity, etc.);
- improving resilience to combat the risk of natural disasters.

In these countries, Veolia asserts its role as a catalyst for the appeal of cities and their economic and social development, in particular by reinforcing its unique factors and changing its contractual models. Therefore, in addition to its traditional contractual models (concessions, leases, etc.) Veolia proposes:

- **contracts that include the sharing of the value created with the customer**, whether that is based on financial or environmental performance (resource or energy savings, improved performance of facilities, etc.), on the creation of new revenues (pooling of facilities, resale of electricity to the grid for cogeneration, recovery of byproducts, etc.) or on risk reduction (partnerships with insurers).

waste management. More broadly, the Group can manage the full range of production support services at industrial sites: building maintenance, lifting equipment, fire detection, mechanical and electrical maintenance, calibration, instrumentation, etc.;

- **exploring and implementing innovative** or hi-tech solutions to address complex problems: *e.g.* in the fields of remediation, hazardous waste recovery, greenhouse gas emission reductions through projects with a significant environmental component (biomass or solar facilities), purification of water used in the customer's industrial process, and the treatment or reuse of industrial wastewater by zero wastewater discharge projects.

In most cases, the contracts set performance targets, on which Veolia's remuneration is partly based.

As with public authorities, the term of contracts with industrial companies varies and is on average 3 to 10 years.

The Group is also very careful to strive for economic balance in its contract portfolio, particularly when investments need to be financed. The contracts managed are complex and long-term, so the Group is skilled in analyzing and monitoring contracts. The content of tenders is approved by Veolia Environnement's Investment Committee (for the most important ones), or by the regional or country Investment Approval Committees. The Group's central operational departments are involved in the process of negotiating and drawing up tenders for major contracts, launched by the operational companies. Controls are put in place covering the implementation of tenders and contracts. Each year, the Veolia Environnement Internal Audit Department's schedule includes a review of the contractual and financial challenges of the most significant new contracts.

1.3.4 MARKETS AND COMPETITION

1.3.4.1 Markets

Environmental management services provided by Veolia include drinking water treatment and distribution, wastewater and sanitation services, and waste management and energy services: production and/or distribution of heat, cold, gas or electricity; energy efficiency of buildings and industrial sites. This market also encompasses the design, construction and, where applicable, financing of necessary facilities to supply such services.

These services are intended for:

- public authorities and private individuals (municipal market);
- industrial or service companies and establishments (industrial market).

Environmental services are a growing market, driven by:

- population growth and increasing urbanization (70% of the world population will live in cities by 2050)(1);
- still-significant requirements worldwide to access drinking water and sanitation systems (some 700 million people still do not have access to drinking water and over 2 billion have no access to sanitation systems)(1);
- increased awareness of the need to take steps to protect the environment, with a regulatory framework that is becoming more stringent;
- cost constraints for services coupled with performance requirements, which encourage the outsourcing of services to specialists;
- a change in consumer behavior: increasingly knowledgeable about health, environmental protection and lifestyle changes aimed at a higher standard of living; increasingly sensitive to the roles of recycling and the collaborative economy; and wanting greater transparency in service governance.

1.3.4.1.1 Municipal market

For Veolia, the municipal market encompasses services aimed at users, performed under contracts with local public authorities and groups of local public authorities, or regional or national governments: distribution of drinking water, collection and treatment of wastewater, waste management, management of energy networks (electricity, heating, cooling).

Global warming, natural disasters, pollution, economic appeal, social inequality, rocketing populations, increased mobility, accelerating urbanization (particularly in coastal zones), stress on resources and infrastructure, digitalization, and the vulnerability of information systems are some of the challenges to which cities must respond.

Cities' planning policies have to take into account three factors: the public (health, well-being and social justice), regional development (creation of economic value) and the planet (environmental protection).

The cities are required to manage water, energy and waste management services - as cheaply as possible, yet in a smart and innovative way - with solutions adopted to whether they are located in a developed or emerging country.

(1) According to a United Nations report dated March 31, 2015.

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1.3.3 CONTRACTS TAILORED TO THE MARKETS

The variety of the business models implemented by the Group results in diverse contract forms tailored to suit local legal systems, and the type (public *vs.* private), requirements (in terms of financing and performance) and size of customers.

Veolia therefore strives to take its customers' expectations into account in its contract negotiations, building a partnership-based relationship that is attentive to the customer's concerns, and a shared approach to improvement and productivity. It sets out clearly defined commitments to performance and sharing the value created, while meeting regulators' transparency requirements, from the tendering stage and throughout performance of the contract.

1.3.3.1 Contractual relationships with public authorities

Contractual relationships with public authorities for services to local inhabitants ("public services" or "services of general economic interest", for which the municipality is responsible), vary with the level of involvement of the public authority and the contractor.

Most often, these public services fall under the responsibility of the competent public authorities, which are directly involved in their management in various ways. They may:

- **operate the service themselves** (direct or internal management by a state-owned enterprise) using their own resources or resources entrusted to a body that the public authority controls, similarly to the way it controls its own departments (or "in-house" under EU regulations);
- **engage the services of a private, part-public or public company**, which operates all or part of the service on their behalf (in its entirety, for support assignments related to the service, or within a limited scope) and for which they form the customer base;
- **transfer or delegate**, to a private, part-public or public company, responsibility for operating all or part of the service, allocating the human, material and financial resources and, where applicable, designing, building and financing the facilities needed to operate the service.

In certain cases, service users may directly form the customer base of the Group's entities.

The variety of approaches to managing "public services" thus gives rise to contractual mechanisms that Veolia adapts to suit each customer, depending on whether or not the company is made fully responsible for providing the service, how it is funded and the relationship with end-users.

Contracts generally fall into one of three categories:

- **public contracts:** the public entity charges the contractor with delivering supplies, work and/or services in exchange for payment by the former as the services are performed. These contracts may have a limited purpose (e.g. operating a heat production plant, a waste processing facility, a wastewater treatment plant, etc.). Increasingly, however, public authorities are turning to comprehensive public procurement contracts, whereby the Company is tasked with designing, building, operating and maintaining facilities; these may include remuneration mechanisms (particularly Design, Build, Operate, Maintain (DBOM) procurement contracts) or Design, Build, Operate (DBO) contracts for international markets, including design but no financing;
- **partnership contracts on the basis of Build, Operate, Transfer (BOT), or Build, Own, Operate (BOO)** contracts for international markets with financing: contracts whereby the public entity assigns the overall task of designing, building and/or operating facilities, which may include partial or total financing and an end-of-operations asset transfer clause. These contracts may be performed by Group companies acting alone or as part of a consortium with third parties or, where facilities are subject to financing, through *ad hoc* companies that enter into the contract and take on the debt, without the lenders being able to launch proceedings against the borrower's shareholders. In this type of contractual arrangement, it is also common to create an operating company to operate and maintain the facility. Group companies may, for a single project, invest to varying degrees in the construction consortium, in the capital of the *ad hoc* company awarded the main contract or in the capital of the operating company;
- **public service concession contract:** the public entity grants the contractor the concession to manage a public service, taking on all or part of the operating risk. It is most common for this to result in remuneration paid, in whole or in part, by the service user.

Although some established models still dominate, depending on the country and the operations carried out by the Group, contractual models may evolve to address new priorities faced by public authorities, providing them with innovative financing solutions and remuneration mechanisms based on the savings achieved and/or the performance of the service.

The term of these contracts varies with the task assigned: they are often medium or long-term contracts (average of 8 to 20 years, public contracts generally having a shorter term). Long-term contracts may include a periodic review of financial terms and conditions.

1.3.3.2 Partnerships with industrial and service sector companies

Partnerships with industrial and service sector businesses can also take a variety of contractual forms; the minimum these include is a service of limited scope, but they can also cover the design, financing, construction and full operation of a facility. These contracts are customized because they seek to address exactly the specific issues facing each customer:

- **outsourcing a group of services** not included in its core business, such as site management (steam, compressed air, electricity, cooling towers, cooling unit, heating, ventilation, air-conditioning, etc.), the water cycle (drinking water, process water and effluents) and

The **Water** and **Energy** business lines are subject to seasonal changes and weather uncertainty (see Chapter 2, Section 2.2.2.1, below).

Price variations in electricity and primary raw materials (particularly fuel, coal and natural gas) on the one hand, and of secondary raw materials (paper, cardboard, plastic, ferrous scrap and non-ferrous metals) on the other hand, can have varying effects on Veolia's businesses (see Chapter 2, Section 2.2.2.3, below).

Energy and raw material prices fluctuate, often significantly. This was particularly the case in 2021, which saw an exceptional rise in commodity prices with the return to economic growth and inflation in the majority of countries around the world, despite the disruption caused by the various Covid-19 variants.

- Natural gas: average prices for the main European interconnection points surged by around +372% on 2020.

  The price of natural gas increased significantly in Europe in the second-half of 2021 due to low natural gas stocks, reduced imports from Russia and strong competition from Asia for supplies of liquefied natural gas (LNG) (which represents nearly 20% of European natural gas consumption). The price of coal also rose, thereby reducing the substitution of coal for natural gas to power electricity production.

  European natural gas prices therefore closed 2021 240% higher than one year previously.

- CO_2: average prices on the European CO_2 allowance market increased significantly by around +116% on 2020.

  Proposed reforms for a more restrictive carbon market in Europe ("Fit for 55" package published in July 2021), the competitiveness of coal compared to natural gas for electricity production in the second-half of 2021 and the speculation witnessed throughout the year, led to an increase in CO_2 prices in Europe, which reached €80/metric ton at end-December compared to €33/metric ton at end-December 2020.

- Electricity: average prices in the German and French markets, among the most liquid in Europe, rose significantly by around +228% on 2020.

- As electricity is still largely dependent on fossil fuel in Europe, the increases in gas, coal and also CO_2 prices led to electricity market price at levels never previously attained, with an average of €200/MWh in the fourth quarter of 2021.

- Fuel: 2021 average fuel prices were +53% above 2020 average prices.

  This increase in 2021 negatively impacted the fuel purchases account in the Waste business by around -€29 million in 2021.

A portion of the revenue of the **Waste** business line is generated by its sorting/recycling and trading businesses, which are particularly sensitive to fluctuations in the price of recycled materials (paper, cardboard, plastic, ferrous scrap and non-ferrous metals).

- Recycled cardboard and paper ("Copacel 1.05"): in 2021, the price benchmark annual average increased significantly (+172%) on the 2020 average price. Prices rose substantially in the first quarter reaching €167/metric ton in March and then fluctuated throughout the year between €152 and €172/metric ton.

- Ferrous scrap (E40 price benchmark): the 2021 annual average increased +82% on the average price in 2020.

- Plastic: The market strongly confirmed its interest in integrating recycled plastic, including at prices above that of "virgin" material, particularly for "food grade" plastics (+59% rPET FG). The price of "fossil" HDPE (+36%), PP (+67%) and PET (+56%) also marked a turnaround in 2021, reaching historic highs. This dual context, favorable to the value chain as a whole, also generated unprecedented competition for sorted plastic waste sources, pushing up prices.

Waste revenue was therefore significantly boosted by +€439 million in 2021, mainly due to higher prices across all secondary raw materials.

1.3.2 FACTORS THAT COULD INFLUENCE THE GROUP'S BUSINESS LINES

The Group's main business lines can be influenced by key factors, certain of which are set out in Chapter 2, Section 2.2, Risk factors, below.

WATER

- changes to billed volumes (particularly changes in domestic water consumption as a result of weather variations);
- the ability to achieve, within the planned timeframe, rate increases in line with Group targets;
- the ability to implement cost-cutting programs;
- the pace of the projects of municipal customers and some larger industrial customers (for designing and building installations);
- the ability to meet service commitments negotiated with customers or regulators;
- continued technological leadership (for designing and building installations);
- a full grasp of the constraints and technical solutions in relation to contract performance;
- thoroughness in negotiation and performance (particularly as regards the ability to respect deadlines and cost budgets for designing and building installations);
- operational resilience of sites due to climate conditions (flood risk or water stress).

WASTE

- presence at all points of the waste value chain, from pre-collection through all aspects of processing and recovery, in a representative range of geographic zones, in order to identify and manage innovative, tailored solutions that set the Group apart from its competitors in the market;
- public policies supporting the circular economy and ecological transition;
- the quality of employee management in sectors that are often labor-intensive (limiting absenteeism and strikes, and developing skills and training);
- operating efficiency (procurement, sales, logistics and maintenance management) to optimize unit costs and the utilization rate of equipment, while ensuring the high level of quality required for the products and services delivered;
- management of economic and financial risks: in particular, volume fluctuations, reducing exposure to volatility in raw material prices (fuel, and secondary raw materials, such as paper and metals), see below;
- industrial risk management (fire, explosion, pollution, etc.), notably for the hazardous waste activity.

ENERGY

- public policies supporting energy transition (energy efficiency, the development of renewable energy sources, etc.) and the reduction of pollutant emissions;
- changes in the energy market, particularly in terms of the selling price of electricity and heating, the accessibility and production cost of fuels, and CO_2 allowance, (see below);
- urbanization dynamics and weather variations from year to year, which can affect sales of heating and cooling;
- the economic environment and its influence on the activity levels of industrial sites.

Factors common to the three business lines:

- the ability to renew existing contracts under satisfactory conditions in a very competitive environment;
- the ability to propose innovative models;
- the ability to control costs and impose favorable conditions for sharing risks and profits;
- the management of risks relating to environmental protection, and to the safety of individuals and facilities;
- the ability to innovate using new technologies and innovative processes founded on an effective technology-, regulator- and competition-monitoring system;
- investment management in certain capital-intensive businesses (selectivity, risk analysis and facility size);
- the quality of contractual management for long-term contracts (major clauses, price review formula, guarantees and sureties, etc.);
- the diversity of regulatory frameworks and changes therein, particularly concerning environmental issues.

Industrial utilities

Energy has become a key factor in industrial companies' competitiveness. Veolia's Energy solutions meet the reliability, quality, availability, and cost requirements of industrial companies for whom energy is an essential element of their competitiveness. The Group optimizes industrial utilities, whatever their nature (production of steam, cold, electricity, compressed air), as well as the use of process energy and the energy consumption of industrial buildings. Veolia thereby contributes to securing its customer's energy supply and reducing their energy and carbon footprint:

- optimizing industrial utilities: steam, electricity and compressed air;
- optimizing the use of process energy (aligning use with needs and identifying sources of waste energy and recoverable byproducts);
- optimizing the energy consumption of industrial buildings;
- reducing greenhouse gas emissions.

Veolia offers its customers:

- a secure supply and effective mix of energy in terms of quantity, quality and cost;
- a reduction in the energy and carbon footprint of their industrial processes;
- a guarantee that their facilities will remain operable, in the form of specific service commitments.

Its Energy solutions encompass the entire conversion cycle, from purchasing energies entering a site (fuel oil, gas, biomass and biogas) to building new facilities or modernizing existing ones and selling the electricity produced on the market. Veolia works with its customers to help them optimize their energy procurement and upgrade their facilities to improve their energy efficiency, both in terms of cost and atmospheric emissions.

1.3.1.4 Multi-business contracts with industrial customers

Industrial outsourcing and integrated services

The main characteristics of the industrial outsourcing market are:

- increasing requests for integrated services from technical and multi-services business lines, often accompanied by a demand for environmental optimization services; and
- offerings that must be international, or at the very least continent-wide, with the industrial customers adopting increasingly multi-site and/or multi-country approaches.

From an operational standpoint, there are necessary changes to the customer relationship: the service provider becomes the industrial customer's sole point of contact and a dialogue develops to seek solutions which satisfy the interests of both parties. By outsourcing the management of technical and multi-services to a specialist, the customer can refocus on its core business and benefit from best practices for the services delegated. The combination of these two factors helps improve the performance and competitiveness of industrial sites.

By placing its business synergies, its know-how, its international spread and its solid reputation at the service of industrial customers, Veolia has established itself as the benchmark for multi-business integrated offerings in industrial markets.

Multi-business contracts

Multi-business operations have a significant international dimension, particularly when industrial customers invest in the construction of new plants abroad ("greenfield" plants).

Veolia has a unique position in the industrial outsourcing market and a wide range of references:

- the design, build and operation of the first automobile plant with zero carbon emissions and zero water discharges, for Renault in Tangier, which mobilized the expertise and know-how of the Group's various business lines;
- the ability to assist leading pharmaceutical customers throughout Europe applying the same standards, as demonstrated by contracts with Pfizer and Novartis.

1.3.1.5 Other businesses

Through its engineering consulting division, Seureca, Veolia designs expert management solutions for Water, Waste and Energy for industrial companies, public authorities and the service sector.

Seureca is involved from the draft project phase through to operational implementation and proposes a range of services including development plans and feasibility studies, design studies, work supervision, operational technical assistance, training and skills transfer.

In addition to its consulting activity in the Water, Waste and Energy sectors, Seureca has specialized subsidiaries in the following fields: energy efficiency and recovery, renewable energies (DESL in India), water and process water treatment (EPAS in Belgium).

Seureca operates in over 60 countries across four continents, supported by a network of permanent offices outside France and an operational talent pool of 200 engineers that can be mobilized to work on short or long-term projects around the world.

Veolia also has a subsidiary specialized in the environmental and health performance of buildings and expertise in monitoring and improving air quality (OFIS).

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Urban and industrial cleaning services and sanitation

The cleanliness of streets and public areas is an important factor in cities' appeal and is a major public health and safety issue for citizens.

Veolia provides urban cleaning services 24/7 founded on performance commitments: upkeep and cleaning of public spaces, mechanical street and facade cleaning solutions.

Veolia offers industrial customers production line upkeep and maintenance services and a comprehensive range of specialist services to optimize the performance of the industrial tool and extend its life.

The Group has also developed emergency services to treat accidental pollution on public roads or at industrial sites.

Through its specialized subsidiary SARP, Veolia provides liquid waste management services that largely involve pumping and transporting sewer network liquids and oil industry residues to processing centers. The Group has developed a range of environmentally friendly procedures for managing liquid waste, including on-site collection and the recycling of water during processing. Used oil, which is hazardous for the environment, is collected before being processed and re-refined by SARP Industries, a specialist in managing hazardous waste.

1.3.1.3 Energy

In the energy sector, Veolia focuses its activities on the energy performance of regions and industrial companies: local energy loops (heating and cooling networks, local supply loops), energy services for buildings, energy services for industrial companies (industrial utilities). Veolia's value proposition seeks to guarantee the energy performance of the regions and industrial companies (i) by reducing end consumption, (ii) while optimizing local energy production, (iii) improving the energy mix by promoting renewable energies and recovering waste energy and (iv) developing and managing flexibility services to optimize and build the resilience of regional infrastructures.

This positioning allows the Group to respond to the challenges facing all customer segments, both municipal (energy optimization, development of renewable energies and network balance in developed countries, development of regional infrastructure and the need for autonomy in emerging countries) and industrial (energy optimization, security of supply, corporate social and environmental responsibility in developed countries, security of supply and need for autonomy in emerging countries).

Veolia supports ecological transition both in its own installations and in partnership with customers by implementing solutions aimed at eliminating the use of coal as the primary energy.

Heating and cooling networks

Veolia is one of Europe's leading companies for managing urban heating and cooling networks, particularly in Central and Eastern Europe. The operation and maintenance of heating and cooling networks enables the supply of heating, hot water and air conditioning to public and private facilities, including schools, health centers, office buildings and apartment blocks. Heating networks help improve air quality as the centralized units are equipped with better flue treatment systems. Cooling networks also help remove heat islands by centralizing production.

The heating and cooling networks enable the use of an energy mix favoring the use of renewable and alternative energies: geothermal, biomass, cogeneration or the recovery of heat produced by incineration of household waste, wastewater treatment plants, etc. They help reduce the carbon footprint of cities and enable heat and cold emitter and receiver sites to be linked and a region's overall energy position to be optimized.

Veolia uses its unique expertise to design, build, operate and maintain heating and cooling networks, manage energy supplies (particularly those from renewable sources) and deliver services to end customers.

Local supply loops

Local supply loops respond to an underlying trend tied to the integration of local renewable energies and the need for resilience in the electricity management system.

Veolia's offerings focus on the production (cogeneration, biomass, waste, biogas, hydraulic, etc.) and distribution of electricity (distribution voltage of 50 kV or less) at regional level (city, district, industrial park) and electricity distribution alone when operating together with another Veolia activity (waste or water), as in Morocco.

Energy services for buildings

Veolia develops energy services to reduce the energy consumption and CO_2 emissions of buildings while maintaining occupant comfort levels. Veolia carries out energy audits of buildings, which are then used to draft improvement plans encompassing the installation of more efficient energy equipment, tools for monitoring consumption and managing the building's performance and measures encouraging occupants to save energy. These services can also include local energy production.

Veolia is developing indoor air quality monitoring and improvement offerings for its customers (care facilities, leisure buildings, office buildings, etc.) for whom indoor air quality is becoming a major issue. These offerings are based on audits, improvement measures involving purifiers or the renovation of ventilation systems and the monitoring of performance indicators.

Veolia has created a hypervision system and management service to control the efficiency of buildings and infrastructures: Hubgrade. Designed as an integrated management platform, Hubgrade collects data real-time which is then analyzed by the Group's experts to optimize on-site visits. In terms of building energy efficiency, this tool generates up to 15% additional energy savings in comparison to existing energy efficiency services available on the market. Hubgrade also enables the centralized monitoring and improvement of other environmental indicators, such as water consumption, waste production or indoor air quality. Veolia currently manages thirty-three Hubgrade centers around the globe.

- an energy management system, which closely monitors the consumption of water installations operated by the Group and identifies areas for optimization.

Veolia has also developed an e-monitoring service enabling private individuals, local authorities and industrial companies to better manage their consumption.

1.3.1.2 Waste

Veolia is one of the leading players in the management of liquid, solid, non-hazardous and hazardous waste.

The Group operates across the entire waste life cycle, **from collection to final processing and makes waste recycling and recovery a priority. Veolia plays a key role in the circular economy**, developing innovative solutions to increase rates of waste recycled and recovered as materials and energy.

Waste collection

Due to the wide range of waste categories (household waste, non-hazardous commercial and industrial waste, construction waste, green waste, hazardous industrial and service sector waste), waste collection is a major logistics challenge. Veolia provides door-to-door household waste collections, as well as collecting waste from communal disposal points, non-hazardous commercial and industrial waste and green waste (keeping green spaces clean). It also collects hazardous waste from industrial and service sector customers, including biomedical waste from hospitals and laboratories and waste oil (*e.g.* from ships and gas stations). In addition, it handles dispersed hazardous waste, which must be separated during collection, either in individual containers or mixed with other recyclable materials.

Waste of the same type is taken either to transfer stations, where it is picked up by larger trucks, or to sorting centers, where it is separated by type and then sorted before being sent to the appropriate processing center.

Veolia offers its customers a range of collection systems that can be adapted to suit their specific economic and regional requirements. New technologies have been developed in France, such as vehicles powered by biofuel, hybrid vehicles and alternative methods of transporting waste (*e.g.* by river or rail).

Recycling and recovering materials from waste

Veolia's goal is to process waste with a view to reintroducing it into the industrial production cycle and achieving the highest possible rate of recycling and material recovery.

Veolia works upstream in partnership with local regions and industrial companies to structure the sorting and recycling sectors. Veolia manages high-performance sorting centers for non-hazardous industrial waste and waste from selective collections, which guarantee recovery rates of over 50%. The Group's research and development center developed TSA2, a patented process for industrial application that enhances the performance of sorting facilities and enables the production of high-quality secondary raw materials. Thanks to a remotely operated sorting procedure, it is now possible to refine the sorting process even further to achieve recovery rates of over 95%.

Veolia works downstream, in partnership with industrial companies, to address ecological transition challenges by developing plastic recycling solutions (PET, PP, PE, etc.). Veolia is now a partner of choice for the production of recycled (or circular) polymers meeting the highest performance standards demanded by the market for mechanical recycling processes.

Veolia also provides recycling services for complex waste, such as electrical and electronic devices and fluorescent bulbs.

Recovery of organic waste

Wastewater treatment plant sludge and green waste as well as organic waste produced by households, restaurants, the food and beverage sector and agriculture, are recovered for use in specific biological sectors.

Processing involves either controlled composting or anaerobic digestion at anaerobic digestion plants. Compost produced is used as fertilizer in agriculture and methane generated by fermentation is recovered using the same process as for biogas at landfill sites.

Waste-to-energy recovery

Non-hazardous waste that cannot be recycled is transported to incineration plants or landfill sites. Veolia is also working on the transformation of non-hazardous waste that cannot be recycled into refuse-derived fuels for use by public authorities and industrial companies in combustion and energy production processes.

The incineration process produces energy in the form of steam that can either be used to power urban or industrial heating networks or converted to energy using turbines. The electricity produced is then fed into the national grid.

At landfill sites, Veolia captures biogas produced by the fermentation of organic waste. This biogas may then be fed directly into a distribution network, used to produce electricity with turbines or engines, or used as fuel for vehicles.

Decommissioning and decontamination

Veolia manages decommissioning projects for industrial facilities and end-of-life equipment, such as aircraft, ships, trains and oil platforms. The Group provides dismantling, asbestos removal, material recovery, final waste processing and site remediation services.

Veolia also participates in the rehabilitation of areas where the soil was previously contaminated. Its subsidiary, SARP Industries, rehabilitates brownfield sites, cleans up accidental spills and brings active industrial sites into line with applicable environmental regulation.

Processing of hazardous liquid waste

Through its specialist subsidiaries, Veolia is a world leader in processing, recycling and recovering hazardous waste and decontaminating land.

Depending on the source and composition of the hazardous waste it may be incinerated or processed using physiochemical or biological techniques at specialized facilities, or stabilized and buried in special landfill sites.

For waste from nuclear activities, Veolia cleans up nuclear facilities and processes low and medium-level radioactive waste through the entity, Veolia Nuclear Solutions, which essentially combines the activities of Asteralis, Veolia ES Alaron and Kurion.

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Sustainable management of water resources

Veolia is active in all stages of the water cycle, from abstraction through to returning it to the natural environment. The Group has several decades' experience of managing all of these key phases, thanks to which it has acquired specialized knowledge and expertise in managing this resource.

The Group is committed on a daily basis to optimizing how the water cycle is managed, as well as to saving this increasingly scarce resource, guaranteeing its quality and ensuring that it is replenished. It helps its customers develop holistic, integrated policies for managing water resources that emphasize the need to preserve ecosystems and biodiversity. Around the world, Veolia is providing solutions such as desalinating seawater, recycling and reusing wastewater and developing piping systems that help to optimize how this precious resource is managed.

Collection and transport of water

Veolia offers a range of solutions for the collection and transport of drinking water and wastewater, including:

- designing and building water and sanitation networks;
- operating and maintaining water and wastewater treatment networks;
- distributing drinking water;
- collecting wastewater.

At each stage of the water cycle, Veolia:

- ensures water traceability to guarantee that the quality of drinking water is preserved from the moment it leaves the plant to the point at which it reaches the consumer;
- monitors and measures the quality of effluents collected to ensure that the treatments carried out at the wastewater treatment plants operated by the Group are as effective as possible;
- provides asset management services for networks to ensure that they deliver outstanding performance and that money spent on them delivers optimal value (replacement and operating costs).

Water treatment

As a water treatment expert, Veolia has significant expertise in monitoring water quality at every stage of the process, from abstraction through to returning it to the natural environment and develops solutions that respond to the needs of public authorities and industrial companies:

- engineering and designing treatment plants;
- producing drinking and industrial process water;
- decontaminating wastewater;
- recycling wastewater and industrial effluents;
- operating, maintaining and optimizing treatment plants;
- producing "green" energy from wastewater and sludge (e.g. through anaerobic digestion, cogeneration and micro turbines).

The Group has a portfolio of more than 350 proprietary technologies (including physicochemical, biological, membrane and bio membrane, membrane desalination, thermal and hybrid treatments, etc.) to tackle the challenges of managing water in all its forms (drinking water, industrial process water, ultrapure water, wastewater and seawater).

Innovation is also a key component of the Group's strategy and solutions are therefore developed in areas such as the recycling and reuse of wastewater, producing "green" energy (e.g. using heat pumps to capture the calories found in wastewater and producing biogas from the anaerobic digestion of wastewater sludge) and recovering materials for use in fertilizers.

Customer service

Customer satisfaction is extremely important to Veolia and it implements solutions enabling it to guarantee a high level of service and develop a close relationship. These solutions call on a range of multichannel customer relationship management tools, including:

- customer service centers, where Veolia can respond to a range of consumer inquiries;
- local and mobile branches;
- web portals;
- mobile applications that customers can download onto a smartphone and use to carry out key transactions relating to their water service;
- a range of payment and social support solutions.

Water treatment equipment, technologies and facilities

Veolia Water Technologies (VWT), a subsidiary of Veolia Environnement, offers industrial companies and public authorities a comprehensive range of solutions and services designed to optimize their water usage, from supplying drinking and industrial process water to treating wastewater, managing wastewater sludge and recycling and reuse solutions (including the recovery of byproducts, raw materials and energy).

Veolia combines technology and engineering services to develop complete water treatment solutions, which may take the form of either packaged products or bespoke turnkey systems. VWT designs drinking water production and wastewater treatment plants around the world for a range of industrial and municipal customers. Through its subsidiaries, VWT also offers water treatment equipment and technology, as well as mobile operational response solutions.

VWT's sanitation services transform wastewater into a resource. Using its technologies, it helps municipalities to produce reusable water, fertilizers, nutrients and thermal and electrical energy from wastewater.

The Company also works with mining, exploration, operating and engineering companies to respond to all their water needs, from producing drinking or desalinated water at remote sites to treating industrial process water and wastewater.

Digitalizing the business

Veolia uses and develops so-called Smart technologies as a lever to address environmental challenges, strengthen the performance of its installations and improve customer service. These solutions include:

- control centers integrated into operations, which monitor service levels in real time and communicate any anomalies to the customer service centers to program on-site visits;

This merger creates a major and sustainably French player in ecological transformation, capable of making commitments to achieve tangible and measurable targets and results within short timeframes, not only to local authorities but also to industrial companies and the agricultural sector.

The combination of Suez and Veolia will create substantial value for the benefit of all its stakeholders, thereby strengthening the pioneering nature of the Group's multifaceted performance model:

- protecting the planet will be central to this combination because its very foundation is ecological transformation, through the widest possible replication of solutions already mastered and the invention of solutions that will be necessary but do not yet exist to achieve this ecological transformation;
- the two groups' customers will have access to an enlarged global network, to a more extensive range of offerings and technologies, and to a capacity for innovation accelerated by the ability to amortize investment over a wider customer base, enabling them to achieve their own environmental objectives faster;
- the two groups' employees will have greater professional development and wider mobility prospects, and their occupations will benefit from increased visibility and appeal;
- finally, regions will benefit from the greater dynamism of their supplier and subcontractor networks, and from an increased contribution to training and jobs;
- shareholders will benefit from increased economic and financial performance, tied notably to operating synergies.

Finally, this combination will fit perfectly with the creation of a powerful and sovereign European Green Deal capable of exporting an alternative model to the Chinese - which have been particularly active in the past few years and especially ambitious in terms of future ecological transition activities - and American blocks.

The Suez combination does not at all change the strategic direction of the Impact 2023 program, which remains entirely valid; it will help accelerate execution.

1.3 Business lines

1.3.1 DESCRIPTION

Veolia has three main business lines (Water, Waste and Energy) and operates in two key markets (the municipal market and the industrial market, which includes the service sector).

Business line	2021	Group revenue
WATER	79 million people supplied with drinking water 61 million people connected to sanitation systems 3,367 drinking water production plants managed 2,750 wastewater treatment plants managed	€10,788 million 37.8%
WASTE	40 million people provided with collection services on behalf of public authorities 48 million metric tons of processed waste 691 waste processing facilities operated 435,861 business customers	€11,227 million 39.4%
ENERGY	48 million MWh produced 46,058 thermal installations managed 583 heating and cooling networks managed more than 2,211 industrial sites managed	€6,492 million 22.8%

1.3.1.1 Water

Thanks to its entities and subsidiaries located around the world, Veolia is a leading expert in water cycle management, enabling it to respond to the numerous demands of municipalities and industrial companies: **resource management; production and transport of drinking water and industrial process water; collection, treatment and recovery of wastewater from all sources and treatment of byproducts (organic materials, salts, metals, complex molecules and energy); customer relationship management; design and construction of treatment infrastructure and networks.** This expertise enables Veolia to assist its customers implement an integrated and sustained water resource management approach, with solutions incorporating climate change challenges and promoting the circular economy.

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1.2.3 IMPACT 2023 IN A NUTSHELL

Impact 2023, Veolia's strategic program for the period 2020-2023, breaks down as follows:

- **a particular context:** the environmental priority has never been higher;
- **a high ambition:** to be the benchmark company and leading global contributor for ecological transformation;
- **a priority:** maximizing the Group's positive impact for each of its business lines, be it environmental, societal or financial;
- **a consequence:** clear priorities and choices among Veolia's businesses, with a strong acceleration of the activities with the highest positive impact on the planet and a portfolio rotation of around 20%;
- **a plan preparing the future:** increased human and financial resources to reinvent and strengthen the historical businesses and create new solutions to address the global environmental challenges of today and tomorrow;
- **a highly rigorous execution:** a 4-year €1 billion cost savings plan and target net financial debt below 3x EBITDA over the next two years until the end of the plan;
- **a plan providing the proof of commitments**, with a set of performance indicators to track our impact on all stakeholders and provide a basis for the compensation of Group senior executives.

1.2.4 CONSEQUENCES OF THE COVID-19 EPIDEMIC FOR THE IMPACT 2023 PROGRAM

The ecological emergency is in no way diminished by the current health, economic and social crisis, as attested by the numerous government stimulus plans, as well as the many public commitments of our customers, focusing on ecological challenges. The crisis caused by the Covid-19 pandemic even opens up economic development prospects towards a better future for us all.

In this context, Veolia fully confirms its ambition to be the benchmark company for ecological transformation, with the choices proposed in the Impact 2023 strategic program remaining relevant. In particular, the activities that Veolia wishes to accelerate, strengthen and reinvent or slow or divest are unchanged. Financial discipline remains essential. The crisis also confirms the relevance of innovation issues and further highlights the importance of subjects such as air quality, the link between health and pollution, the key role of the food chain or reducing carbon emissions and the importance of digital.

The implementation of the Impact 2023 program could also be adjusted to seize new opportunities that arise and notably those resulting from government stimulus plans or the implementation of the Green Deal in Europe, or to better satisfy new customer needs that emerge from this crisis.

1.2.5 COMBINATION WITH SUEZ AND CREATION OF A GLOBAL CHAMPION OF ECOLOGICAL TRANSFORMATION

Through the combination with Suez, Veolia's ambition is to create a world champion in ecological transformation, founded on the complementarity of Veolia's and Suez's positions in Europe and the development potential generated by the combination of the two groups in high-growth regions such as Asia-Pacific and the Americas.

At present, the ecological transformation market is highly fragmented in global markets estimated at €600 billion for water and nearly €400 billion for waste. Veolia is currently a global leader with only 2 to 3% of the market, while Suez has around 2% of the market. Consolidation of the sector will help meet, in particular, the challenges of financing the increasing Research & Development efforts that will accelerate the development of new environmental technologies, mobilizing the capital necessary to launch exemplary operations for the processing of hazardous waste or the protection of water resources - both strongly growing sectors - or developing solutions to enable industries to meet environmental standards - which are bound to become stricter in the next few decades.

Due to their excellent geographic complementarity, particularly in Europe (Veolia is extremely strong in Central and Eastern Europe and the United Kingdom, while Suez's historical territories are located in Northern Europe and Spain), but also outside it, the combination of the two groups creates a truly global player in the management of water and waste processing. The new group has an extensive offering in terms of services and performance both for regional authorities and industrial customers. This complementarity is also extremely strong in strategic future growth segments and in know-how and especially digital.

VALUE CREATED IN 2021 FOR OUR STAKEHOLDERS

Shareholders
Employees
Society
Planet
Customers

Economic and financial

→ Revenue of €28,508 million
- Current net income attributable to owners of the Company: €896 million

→ Post-tax ROCE: 8.2%
→ Free cash flow before discretionary investment: €1,719.7 million
- EBITDA of €4,234 million
- Dividend of €1 per share for fiscal year 2021
- 5-year TSR: +148.75%

Employees

→ 87% employee commitment rate, measured by an independent survey
→ 6.65 lost time injury frequency rate
→ 21 hours of training per employee on average per year
→ 30.4% of women appointed among the Group's Top 500 Executives since 2020
- 29% of women managers
- 1,259 collective agreements signed worldwide regarding labor relations

Society

→ 6.7 million people benefited from inclusive solutions to access water or sanitation services under Veolia contracts (+17.5% vs 2019)
→ 1,033,623 jobs supported and €49 billion of wealth created (contribution to GDP) in 52 countries
→ 84% of positive answers to the engagement survey question: "Are Veolia's values and ethics applied in my entity" (Top 5000 +100% of employees in 25 BUs)
- 90.5% of spending reinvested locally
- 88% of active contacts in the supplier database include the Group CSR clause

Environmental

→ 17% progress with the investment plan to eliminate coal in Europe by 2030
→ 11.4 million metric tons of CO_2 eq.: annual contribution to avoided GHG emissions
→ 476 thousand metric tons of plastic recycled in Veolia transformation plants
→ 30% progress with action plans aimed at improving the impact on the natural environment and biodiversity at sensitive sites
→ 75.6% drinking water network efficiency
- Revenue of €6 billion in the circular economy
- 56.3% methane capture rate

Commercial

→ Consolidated revenue of €3.06 billion in the "Liquid and hazardous waste treatment and recovery" segment
→ 6 innovations included in at least 10 contracts signed
→ Customer satisfaction rate calculated using the Net Promoter Score methodology = 43 with 72% of revenue covered

→ Multifaceted performance indicators



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1.2.2 BUSINESS MODEL

CREATING VALUE FOR ALL

STRENGTHS → **BUSINESS MODEL**

High valued-added know-how

- Expertise in the treatment of the most complex environmental problems, such as hazardous waste, soil remediation and decontamination of industrial effluents, etc.

Local, co-developed and high-impact innovation

- 4 research sites with 30 specialist laboratories
- A network of over 200 partners worldwide
- An Open Innovation approach, VIA by Veolia

Committed men and women

- 176,488 employees
- 87% of employees proud to work for Veolia

Extensive market presence combined with financial strength

- Balanced portfolio between municipal (52%) and industrial (48%) customers
- Solid European base with one-third of business in the rest of the world and a strong presence in dynamic markets (notably Asia, North America, Latin America).
- Financial strength: net debt/ EBITDA ratio of 2.2 (1)

An ambitious climate strategy

- A 2050 net zero roadmap currently being defined for scopes 1, 2 and 3
- Greenpath, an offering of 100 solutions to reduce the carbon footprint of customers across their value chain

Adapted governance

- Diverse expertise within the Board of Directors
- Committee of external experts, the "Critical Friends", *consulted on the Group's strategic direction*
- Multi-criteria compensation system (including CSR criteria) for the Executive Committee, with annual and long-term components

Challenges

Climate change, resource scarcity, pollution and the related health challenges, threats to biodiversity and food security

Our mission

RESOURCING THE WORLD

Improving access to resources
Preserving resources
Replenishing resources

Our strategic ambition

BE THE WORLD CHAMPION IN ECOLOGICAL TRANSFORMATION

Our businesses

WATER, WASTE and ENERGY management with a circular economy approach

Our customers

Municipal clients ⟷ Industrial clients

Veolia participates to a varied extent in the implementation of all 17 SDGs. In particular, the Group plays a major role in **13 SDGs, where the challenges directly cut across its Purpose.**

(1) Excluding the impact of the acquisition of the Suez block.

A substantial change in growth models is necessary to reduce greenhouse gas emissions. Veolia implements specific solutions for each business (heat production for municipal heating networks and industrial companies, waste management, water management, etc.) to support its customers' strategy with a focus on resource-saving consumption and decarbonizing their business: improving the energy efficiency of installations and services, converting coal-based thermal plants to a lower-emission energy mix by incorporating renewable and alternative energies, and recovering materials (*e.g.* plastic, solar panel recycling) and energy (*e.g.* recovery of biogas from waste and waste heat).

Veolia's strategy therefore incorporates the **reduction of GHG emissions** within the scope of directly-owned assets and operational responsibility through partnerships with its customers, as well as in its value chain according to its influence capacity (see Section 4.2.3 below).

However, the scenarios, based on Intended Nationally Determined Contributions, indicate that temperatures will rise between 3.7°C and 4.8°C by 2100. The impact of climate change can already be seen. Veolia's solutions for local communities and industrial companies in terms of water management or resilience to natural disasters contribute to **regional adaptation** and resilience. In areas where water resources are increasingly scarce, Veolia develops alternative solutions including the reuse of waste water, sea water desalination and management of the large water cycle, incorporating nature-based solutions.

The Group mobilizes its Research and Innovation teams (see Section 1.4 below) to identify sustainable solutions and develops innovative contractual offerings and models to support its partners in reducing emissions, such as optimizing energy management in service sector buildings, or adapting to climate change through flood prevention solutions (see Section 1.3.2 below).

In the Impact 2023 strategic program, Veolia:

- undertakes to transform its coal-based activities in Europe by replacing coal with other less-polluting and most often renewable energy sources by 2030. An investment plan has been developed to this end;
- aims, through the development of its activities, to avoid emitting 15 million metric tons of CO_2 equivalent in 2023.

1.2.1.5 Implementation rigor

In the same way as the two previous plans, implementation of the Impact 2023 program is being conducted with extreme rigor and subject to ambitious financial control.

The efficiency and cost savings approach launched eight years ago is therefore fully integrated in the Impact 2023 strategic program. It is essential to accompany business growth and to enable even greater growth in results.

For each of the program's four years, the approach will target efficiency gains of €250 million, representing €1 billion over four years.

1.2.1.6 A commitment to multi-faceted performance

Veolia is equally attentive to and has the same high standards for all its various stakeholders and therefore for the different aspects of its performance. These are complementary and form a virtuous circle: economic and financial performance, commercial performance, human resources performance, corporate social performance and environmental performance (see Profile Section above).

Under the Impact 2023 program, Veolia therefore commits to 18 performance objectives targeting its five major stakeholder groups: shareholders, employees, customers, the planet and its current inhabitants and future generations, and finally, society in general.

Each indicator relating to the objectives (see Profile Section above) is measured and published regularly during the course of the program to monitor progress. These indicators are validated by an independent third party and notably used to calculate the variable compensation of Veolia's senior executives.

1.2.1.7. Shared governance and management

From creation to implementation, Veolia's Purpose has been supported and steered at the Company's highest level. It is widely distributed and shared throughout the Group.

The Board of Directors validated the text of the Purpose and the multifaceted performance objectives and related indicators and controls its proper performance. To this end it calls on the Purpose Committee, a Board committee which monitors progress achieved by the Group and directs choices relating to the Purpose and multifaceted performance. The Group Executive Committee and Management Committee directly monitor its implementation. They are assisted by a Purpose steering committee which monitors progress and difficulties encountered and proposes new lines of action.

The opinion of the Critical Friends Committee of independent experts is regularly sought, with the aim of challenging the Company and helping it stay on course.

The Strategy and Innovation Department created in 2020 steers Veolia's strategy with a multifaceted performance perspective, aligned with the Group's Purpose. An Executive Committee sponsor is appointed for each of the 18 multifaceted performance objectives in the Impact 2023 program, to promote and support the objective in all Group geographies. This sponsor is supported by a Group Objective Officer who is an expert in the relevant area. His role is to propose the objective attainment strategy and its operational breakdown, participating in the design and analysis of action plans, monitoring and supporting performance and consolidating the Group multifaceted performance indicator at global level.

Finally, employees are mobilized by their managers through internal networks and during special events, to make them the main players in their Company's Purpose.

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- activities that enable better management of key resources and that combat climate change by reducing or avoiding carbon emissions: energy efficiency services for industry and buildings, plastic recycling and production of refuse-derived fuels (RDF), recovery of biowaste, industrial ecology offerings such as circular economy loops and shared utilities at industrial sites;
- solutions to adapt to climate change, such as wastewater re-use and seawater desalination.

Technologies exist for these different activities and Veolia is an expert in these areas. Profitable demand is growing, thanks to the implementation of regulations in the various regions.

In addition, Veolia is **strengthening** and **reinventing** its **traditional businesses** to increase their impact and performance:

- **enrich** the water and wastewater service offerings (*e.g.* innovative sludge management solutions, inclusive water access solutions), reinvent the way we operate and deploy these services with stakeholders (governance, customer relations);
- **transform** non-hazardous waste collection through, for example, new digital services and a tiered pricing policy based on the quality of raw materials;
- **modernize and diversify** energy network activities: convert coal-fired heating networks to renewable energies that emit less CO_2, deploy new electricity network services, develop mini heating and cooling networks.

In order to generate the investment margins necessary to develop activities producing the greatest impact, Veolia is **slowing** or **divesting** activities:

- that have reached maturity and where Veolia's expertise has difficulty creating additional value with regard to business expertise and wealth creation, but that offer a performance level that could interest other professions; or
- that have become commonplace and are highly competitive. Veolia's potential impact is therefore reduced. This is notably the case for the construction of water treatment plants where the civil engineering component exceeds that of treatment technologies, Veolia's specialty, municipal waste collection without processing or recovery or facility management services with best efforts rather than results-based contracts.

1.2.1.3 A program that prepares the future, by focusing on and accelerating innovation

The Impact 2023 program also seeks to imagine and develop solutions to anticipate and meet the key demands of tomorrow.

Six major current and future challenges *were chosen, for their importance for the future of the planet and its inhabitants, but also for Veolia's potential to propose a unique offering and deliver a meaningful impact. These six major challenges that will lead to the launch of new service offerings are:*

- **health and new pollutants:** for example, assessing and improving indoor air quality, treating micro pollutants in water;
- ***new material loops:*** *for example, recycling electric car batteries* and electronic waste, capturing and using CO_2;
- **food chain:** for example, bioconverting organic waste into biological fertilizer or animal proteins, ecological aquaculture, urban farming solutions;
- **adapting to the consequences of climate change:** for example, crisis management (notably through our mobile water treatment units), preventing high water and droughts (with, for example, water re-use), flood prevention and urban cooling islands;
- **new energy services:** for example, electric flexibility and demand management (Virtual Power Plants, energy storage, etc.), microgrids;
- **new digital offerings:** for example, control centers for processing facilities and plants, waste management digital platforms, artificial intelligence for waste sorting, social entrepreneur incubation platforms, etc.

Veolia's ambition is therefore to be the Company that prepares the path for the future and that imagines and develops the future solutions and standards of the business.

1.2.1.4 Towards carbon neutrality

Carbon neutrality has been on the international political agenda since 2015 with the signing of the Paris Agreement and is now a universal goal. The aim is to limit the global temperature increase to "well below 2°C" compared to pre-industrial levels by achieving "a balance between anthropogenic emissions and removals by sinks of greenhouse gases" (GHG). This global carbon neutrality objective is rolled out at Group activity level in:

- its long-term growth outlook, including the medium-term strategy (2016-2019 then 2020-2023) (see Section 1.2.1 above); this is reflected in the GHG emissions reduction targets validated by the Science Based Targets Initiative and the combating climate change multifaceted performance indicators;
- the decisions to transform its businesses (see Section 1.3 below);
- an economic outlook compatible with carbon neutral regions.

1.2 Strategy

Climate change, resource scarcity, pollution, threats to diversity and food security: the planet's inhabitants must completely rethink their relationship with resources and come up with a new model of economic and social development that is more efficient, balanced and sustainable.

General awareness of these challenges has mobilized stakeholders and provoked growing pressure from civil society on political decisions and company actions.

In this context, Veolia creates value, offering expert, innovative solutions enabling its industrial and municipal customers to meet these various challenges (accelerating transition to carbon neutrality and adaptation solutions, moving towards recycling and recovery of all waste, reducing water, air and soil pollution, protecting ecosystems, supporting the ecological transformation of the agricultural model), while enabling them to strengthen their appeal, efficiency and competitiveness, maintain or expand their right to operate and promote regional economic development.

The 2020-2023 strategic program, known as Impact 2023, was defined in 2019.

1.2.1 VEOLIA'S STRATEGIC PROGRAM FOR THE PERIOD 2020-2023: IMPACT 2023

Our planet and society find themselves at a historic turning point. Awareness of the environmental and climate emergency and the resulting social and human consequences, notably for the most vulnerable, has never been so high. The need to work together constructively to protect the planet imposes an obligation to act.

It is in this context that the Impact 2023 program was developed. It was designed after broad consultation within the Group and numerous discussions with Veolia's main stakeholders. Veolia's Purpose guided the drafting of this program, which identifies the Group's know-how and the businesses that will be the most useful and will have the greatest impact on the challenges Veolia has chosen to address. We therefore chose to name this program, Impact 2023.

1.2.1.1 One ambition: be the benchmark company for ecological transformation

Through its "Resourcing the world" mission statement and its Purpose, the Group underscores its commitment to making a positive impact for the planet, in line with the expectations and needs of all its stakeholders. Thanks to the success of the two previous strategic plans, which have placed the Company firmly on a path of profitable and sustainable growth, Veolia is ready to strengthen and extend its action.

With the Impact 2023 strategic program, Veolia has adopted the goal of being the **benchmark company for ecological transformation in order to:**

- enable industrial and local authority **customers** anticipate environmental risks, reduce the impact of their activities and adapt their service model in favor of sustainable growth;
- provide **citizens** with new solutions and means to act, enabling them to combine a strong commitment to protecting the environment with preserving their quality of life;
- allow Group **employees** to contribute to a common action that has meaning and that produces concrete and useful results that serve the environment;
- offer Veolia Environnement **shareholders** a sustainable growth model that is both financially profitable and socially responsible;
- act to protect and ensure the sustainability of the **planet's** resources and fight against all forms of pollution and climate change.

1.2.1.2 One priority: seek the maximum impact for each business

The Impact 2023 program aims to make Veolia's impact on ecological transformation as strong and as positive as possible. This strategic direction leads to clear choices for the Group's various business. Accordingly:

Veolia is **accelerating** the development of the **most complex activities** where expertise is rare and unique and serves ecological transformation. They will therefore have a **major impact** on protecting the planet and the quality of life of populations:

- activities that prevent and repair toxic pollution: processing and recovery of hazardous waste, soil remediation and decontamination of industrial effluents;

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1.1.3 GENERAL INTRODUCTION

Veolia is a world leader in environmental services and offers a complete range of solutions for managing Water, Waste and Energy on five continents.

In 2021, the Group operated in 52(1) countries, generated revenue of €28,508 million and employed 176,488 people.

In 2021, Veolia's organization is divided into 9 geographic zones (Water France, Waste Solutions France, Central and Eastern Europe, Northern Europe, Africa/Middle East, North America, Latin America, Asia and Australia/New Zealand) and an additional worldwide zone for Global Enterprises (Veolia Water Technologies, SADE, etc.).

In the geographic zones, the organization is structured by country (Business Unit), with the Directors for each country responsible for the Water, Waste and Energy business lines within their scope.

Veolia Environnement is included in the Euronext Paris CAC 40 index.

(1) Countries where Veolia has a permanent establishment, employees and capital employed in excess of €5 million.

2016 Veolia Environnement signed an agreement with Caisse des dépôts et consignations covering its withdrawal from Transdev Group. Caisse@ des dépôts et consignations acquired 20% of the share capital of Transdev Group. The Group acquired the assets of Chemours' Sulfur Products Division, strengthening its waste processing and recycling offering for the Oil & Gas sector in the United States.

It also acquired the US start-up, Kurion and now has a comprehensive offering in the nuclear clean-up sector. Veolia created its Nuclear Solutions business.

2019 Veolia Environnement sold its residual stake in Transdev Group to the Rethmann group.

At the Combined General Meeting, Veolia officially gave itself a Purpose.

Veolia completed the divestiture of its energy assets in the United States to Antin Infrastructures Partners for €1.1 billion.

2020 On February 28, the Group unveiled its 2020-2023 strategic program: Impact 2023.

On October 5, Veolia Environnement acquired Engie's 29.9% stake in Suez and confirmed its intention to file a takeover bid on the remaining Suez shares.

2021 Veolia continued its Suez combination project. The successful completion of Veolia's friendly takeover bid for Suez was published on January 10, 2022 by the French Financial markets Authority (AMF), with settlement-delivery on January 18, 2022. The squeeze-out procedure for Suez shares on Euronext Paris was performed on February 18, 2022 and the shares were delisted at that date.

1.1.2 PURPOSE

The Group's Purpose was drawn up in consultation with its various stakeholders and approved by the Board of Directors, and articulates why Veolia exists and what it does and how, for the benefit of all its stakeholders. This Purpose, which is the fruit of more than 160 years of history, is in line with Veolia's "Resourcing the World" mission statement.

The Purpose states the fundamental way in which Veolia will act. It is both the direction in which the Group is heading and a means to show the extent of its ambition and to give its actions a firmer long-term foundation. All Veolia's stakeholders are informed of its Purpose - whether employees, customers, suppliers, shareholders, partners or the territories where it operates - so that they know what it means and can contribute to its practical application.

"Veolia's Purpose is to contribute to human progress by firmly committing to the Sustainable Development Goals set by the UN to achieve a better and more sustainable future for all. It is with this aim in mind that Veolia sets itself the task of "Resourcing the world" through its environmental services business.

At Veolia, we are convinced that continuing human development is only possible if economic, social and environmental issues are addressed as an indivisible whole. This belief is embedded in the history of the Company, which as soon as it was created in 1853, showed the way by making access to drinking water an essential element of public health and quality of life.

In the conduct of our current businesses in Water, Waste and Energy, we provide our public and private customers worldwide with solutions that facilitate access to essential services and natural resources, and that efficiently conserve, use and recycle those natural resources. Improvement of our environmental footprint and that of our customers is central to our business and its economic model.

We are a company that is both local and global with a high level of technical know-how and labor, and which commits for long periods of time. We guarantee long-term results for our customers by leveraging our long experience, the quality of our services and our high capacity for innovation.

We are a working community where, in addition to an income and respect for their health and safety, everyone can find a sense of purpose in what they do, commitment to rewarding collective action and personal fulfillment. Through training, Veolia ensures that its employees, the vast majority of whom are manual workers and technicians, develop their skills. The Company relies on their responsibility and autonomy at all levels and in all countries, and promotes professional equality between men and women.

Veolia also promotes, particularly on staff representative bodies, social dialogue, which encourages employees to adopt our collective project as their own.

Wherever it operates, Veolia complies with applicable laws and regulations. It also applies widely-distributed ethical rules consistent with its values of responsibility, community spirit, respect, innovation and customer focus.

Veolia's prosperity is founded upon its usefulness to all its stakeholders in the various regions where it operates - whether customers, shareholders, employees, suppliers, current populations or future generations. Its performance must therefore be assessed in various dimensions corresponding to those different communities concerned. The Company pays the same degree of attention and requires the same high standards in each of these dimensions. In this way, Veolia prepares for the future, protecting the environment and responding to humanity's vital needs."

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1.1 History and general introduction

1.1.1 HISTORY AND DEVELOPMENT

1853 Compagnie Générale des Eaux was created by Imperial Decree. It won its first public service concession for the distribution of water in the city of Lyon, France. It went on to expand its activities in France in the cities of Nantes (1854), Nice (1864), Paris (1860) and later in the Greater Paris region (1869).

1880 A treaty granted Compagnie Générale des Eaux a contract for the production and distribution of water in Venice. Contracts followed for Constantinople in 1882 and Porto in 1883.

1975 Compagnie Générale des Eaux created SARP Industries for hazardous waste recovery. SARP Industries rapidly became the first European center for processing liquid toxic waste.

1980 Compagnie Générale des Eaux took control of:

- Compagnie Générale d'Entreprises Automobiles (CGEA) (which would become CONNEX and ONYX, and later Veolia Transport and Veolia Propreté, respectively);
- Compagnie Générale de Chauffe and Esys-Montenay (which would later merge to form Dalkia);
- all of its subsidiaries involved in design, engineering and operating activities relating to drinking water and wastewater treatment, grouping them together in Omnium de Traitement et de Valorisation (OTV).

It also began to expand significantly into other countries.

1998 Compagnie Générale des Eaux became "Vivendi" and renamed its main water subsidiary "Compagnie Générale des Eaux".

1999 Vivendi established "Vivendi Environnement" to consolidate all of its environmental services activities: Water (Vivendi Water), Waste (ONYX), Energy services (Dalkia) and Transport (CONNEX).

2000 Vivendi became Vivendi Universal. Vivendi Environnement shares were admitted for trading on the Paris stock exchange on July 20, 2000.

2001 Vivendi Environnement shares were included in the CAC 40 in August and were listed on the New York Stock Exchange in the form of American Depositary Receipts (ADR) in October.

2002 Vivendi Universal gradually reduced its stake. At the same time, Veolia Environnement carried out a major restructuring to refocus on its core environmental services activities.

2003 Vivendi Environnement became Veolia Environnement(1).

2005 Veolia Environnement rolled out the Veolia brand, applying it across its divisions (Veolia Eau, Veolia Propreté, Veolia Énergie and Veolia Transport).

2006 Vivendi Universal withdrew completely from Veolia Environnement's share capital.

2011 Veolia Environnement and Caisse des dépôts et consignations announced the creation of Veolia Transdev, after merging their respective subsidiaries, Veolia Transport and Transdev.

The Group presented its strategic plan and its mid-term outlook, aimed primarily at refocusing its activities and business portfolio.

2013 The Group embarked upon a significant organizational change. The Group's activities were organized by geographic zone rather than by business line and division. Veolia Transdev became Transdev Group.

2014 Veolia Environnement and EDF finalized the agreement relating to their joint subsidiary, Dalkia. Under the terms of this agreement, EDF took over all of Dalkia's activities in France and retained the Dalkia brand, while the Group assumed control of the international business activities. At the same time, the Group took over all the Latin-American activities of Proactiva, the joint subsidiary held with FCC.

The Veolia Environnement ADR have not been listed on the New York Stock Exchange since December 23, 2014. The ADR securities are now traded on the US over-the-counter market.

2015 The Group unveiled its 2016-2018 strategic plan focusing on two key areas: (i) increasing revenue by achieving a better balance of municipal and industrial contracts and strengthening the Group's position outside of Europe, and; (ii) pursuing its strategy of reducing costs and improving operating efficiency.

At the COP 21, Veolia reaffirmed its commitment to the fight against climate change. This commitment is founded on three key initiatives to curb greenhouse gas emissions: the circular economy, implementation of the polluter-payer principle and a reduction in methane emissions.

(1) In this Universal Registration Document, unless otherwise indicated, the term Company refers to the public limited company Veolia Environnement, and the terms Group and Veolia refer to Veolia Environnement and its direct and indirect consolidated subsidiaries.

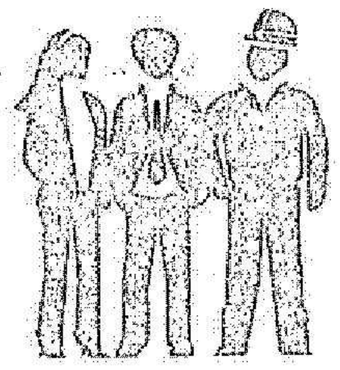
1 ABOUT THE GROUP

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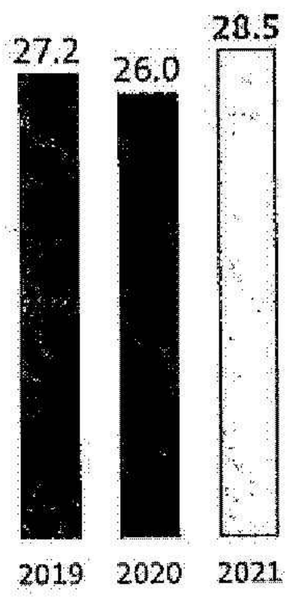
KEY FIGURES



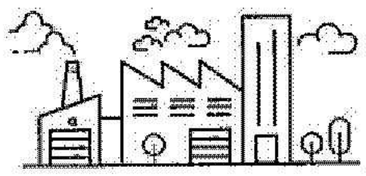
28,508

Revenue (in € million)

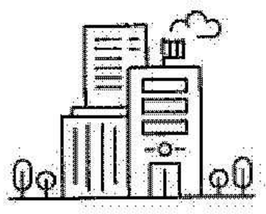
Revenue trends (in € billion)



Breakdown of the Group's client base



48%
Industrial



52%
Municipal

Revenue by business

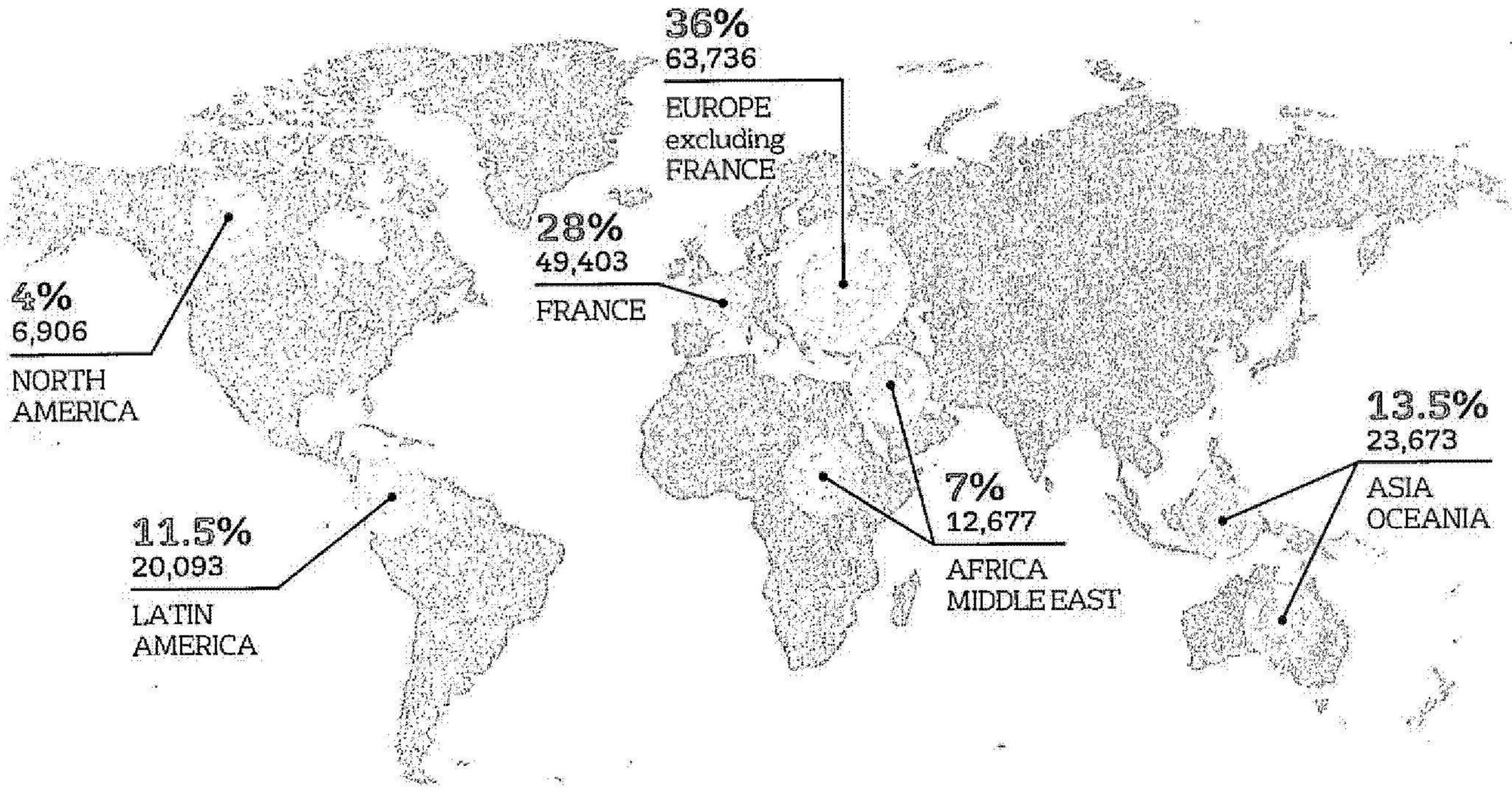
Water	37.8%
Waste	39.4%
Energy	22.8%

Revenue by segment

16.2% Global businesses	20.6% France
38.4% Europe excluding France	24.8% Rest of the world

Worldwide employee breakdown (1)

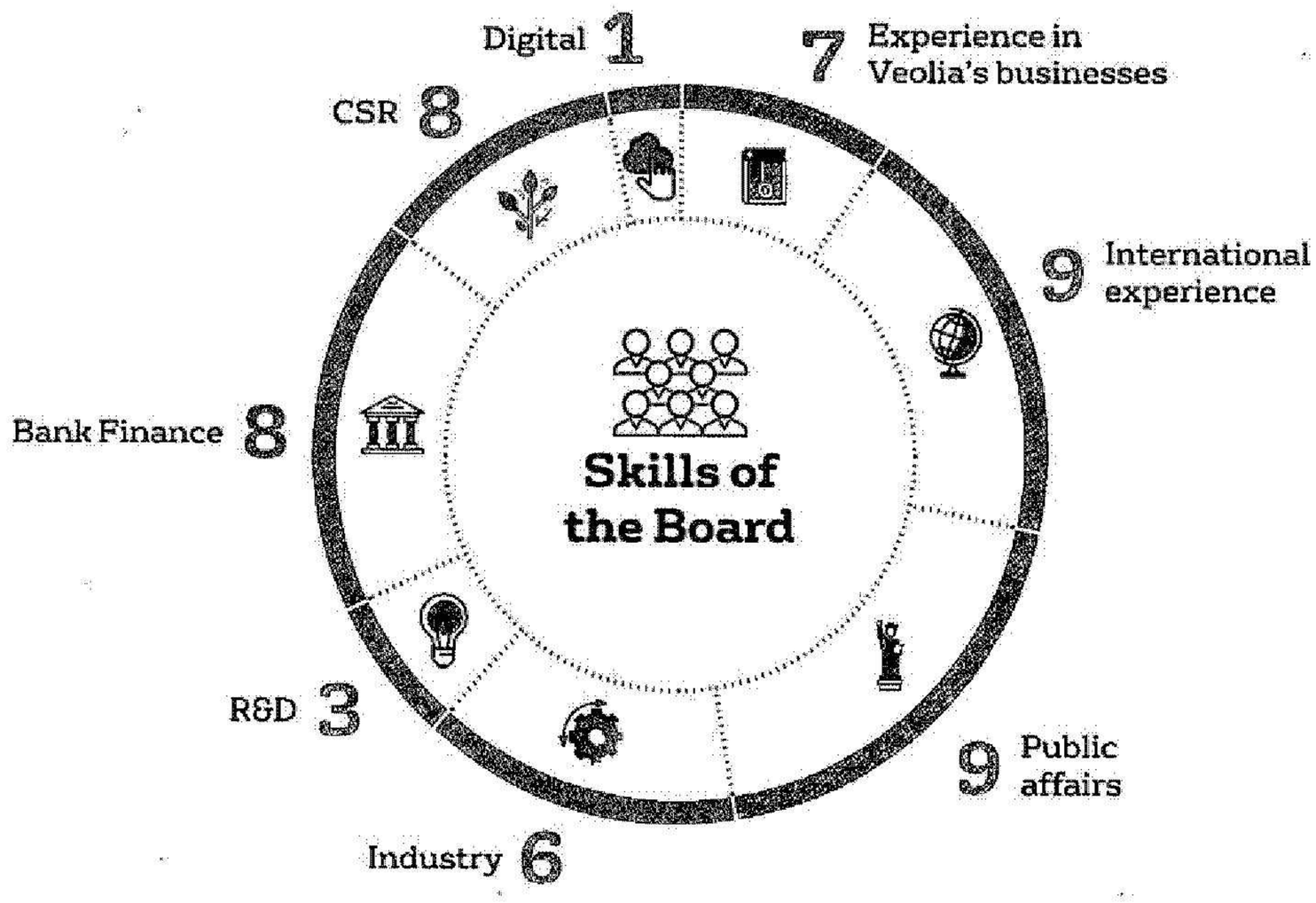
176,488 **employees**



(1) Excluding employees of the Chinese concessions.

Skills matrix[1]

Number of directors having the expertise



Composition of the Executive Committee[1]



Antoine Frérot, *Chairman and Chief Executive Officer*



Estelle Brachlianoff, *Chief Operating Officer*



Isabelle Calvez, *Senior Executive Vice President, Human Resources*



Sébastien Daziano[2], *Senior Executive Vice President, Strategy and Innovation*



Gavin Graveson, *Senior Executive Vice President, Northern Europe*



Philippe Guitard, *Senior Executive Vice President, Central and Eastern Europe*



Éric Haza, *Chief Legal Officer*



Azad Kibarian, *Senior Executive Vice President, Italy and Africa Middle East*



Claude Laruelle, *Chief Financial Officer*



Helman le Pas de Sécheval, *General Counsel*



Christophe Maquet, *Senior Executive Vice President, Asia*



Jean-François Nogrette, *Senior Executive Vice President, France and special waste Europe*



Laurent Obadia, *Chief Stakeholders and Communication Officer, Chairman's advisor*



Angel Simon, *Senior Executive Vice President, Iberia and Latin America*



Frédéric Van Heems *Senior Executive Vice President, North America*

(1) As of the date of filing of this Universal Registration Document.

(2) Composition subject to obtaining the exemption requested from the UK competition authority.

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GOVERNANCE

Members of the Board of Directors [1]

62	55.5%[2]	77,7%[3]	7,54	98%	2
Average age of Directors	Female Directors	Independence rate	Length of service of Directors (years)	Average Attendance Rate	Non-French Directors



Antoine Frérot
Chairman and Chief Executive Officer

Independent Directors 7



Maryse Aulagnon
Senior Independant Director



Pierre-André de Chalendar



Isabelle Courville



Clara Gaymard



Marion Guillou



Nathalie Rachou



Guillaume Texier

11 Directors

2 Directors representing employees



Franck Le Roux



Pavel Pásă

1 Non-Independent Director



Louis Schweitzer
Vice-Chairman

* Chairman/Chairwoman

Board Committees[1]

Accounts and Audit	Nominations	Compensation	Research, Innovation and Sustainable Development	Purpose of the Company[4]
4 members	4 members	4 members	5 members	6 members
100% independent	75% independent	66.6% independent	100% independent	80% independent
100% attendance rate	100% attendance	100% attendance	100% attendancev	

(1) Composition as of the date of filing of this Universal Registration Document.

(2) Excluding Directors representing employees in accordance with Article L. 225-27 and L. 22-10-7 of the French Commercial Code.

(3) Excluding Directors representing employees in accordance with the AFEP-MEDEF Code.

(4) The ad hoc Committee dedicated to the purpose of the Company was created in 2021.

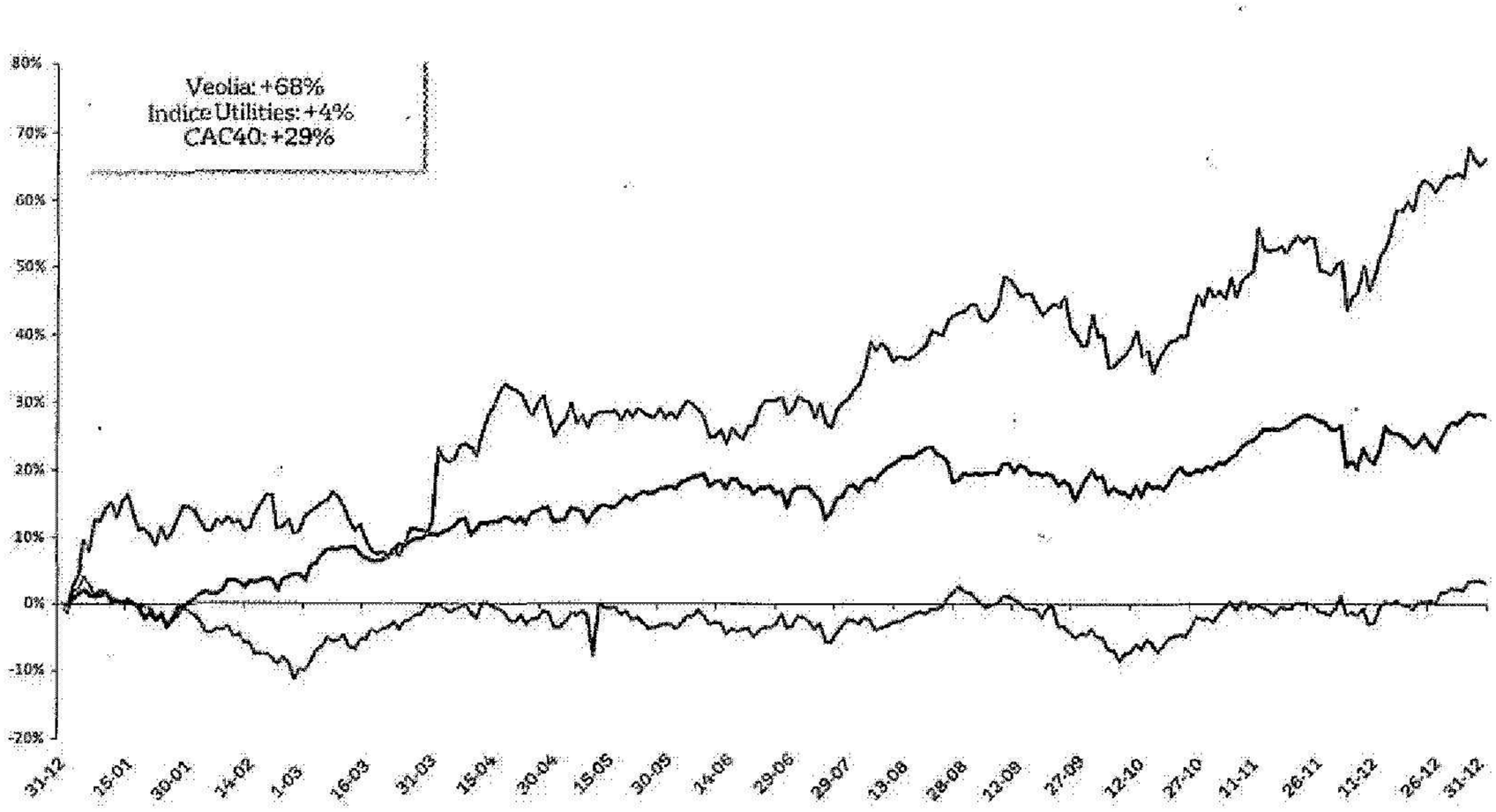
Selected financial information

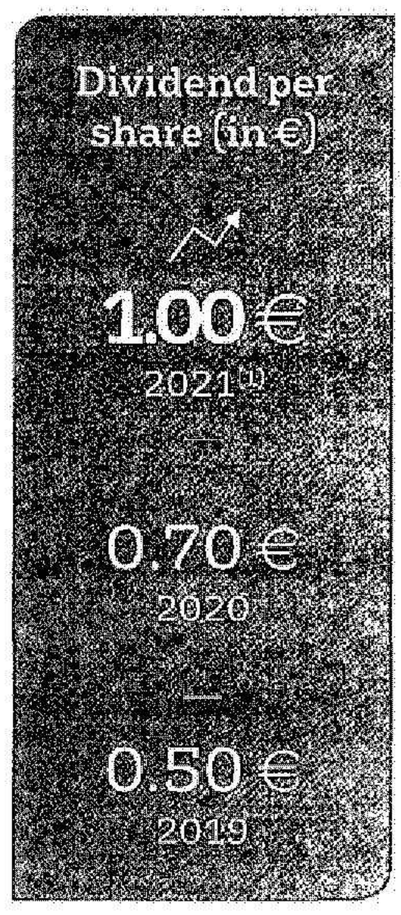
Figures presented in accordance with IFRS

(€ million)	31/12/2020(*) restated	31/12/2021
Revenue	26,009.9	28,508.1
EBITDA	3,640.8	4,233.8
Current EBIT	1,242.0	1,765.7
Current net income - Group share	381.8	895.8
Operating cash flow before changes in working capital	2,892.8	3,213.2
Operating income after share of net income (loss) of equity-accounted entities(1)	919.5	1,317.5
Net income - Group share	88.8	404.3
Dividends paid(2)	277.1	397.0
Dividend per share paid during the fiscal year(3)	0.70	1.00
Total assets	45,363.9	53,077.3
Net financial debt(4)	13,217	9,532.2
Industrial investments (including new operating financial assets)(5)	(2,387)	(2,528)
Free cash flow net(6)	507	1,340.5

(1) Operating income after share of net income of equity-accounted entities does not include capital gains or losses on financial divestitures, booked in other financial income and expenses.
(2) Dividends paid by the parent company.
(3) Subject to approval at the General Shareholders' Meeting of June 15, 2022.
(4) Net financial debt represents gross financial debt (non-current borrowings, current borrowings, bank overdrafts and other cash position items), including FRS 16 lease debt, net of cash and cash equivalents, liquid assets and financing-related assets, including fair value adjustments to derivatives hedging debt. Liquid assets are financial assets composed of funds or securities with an initial maturity of more than three months, easily convertible into cash, and managed with respect to a liquidity objective while maintaining a low capital risk.
(5) Gross industrial investments (excluding discontinued operations).
(6) Net free cash flow corresponds to free cash flow from continuing operations, and is equal to the sum of EBITDA, dividends received, changes in operating working capital and operating cash flow from financing activities, less the net interest expense, net industrial investments, taxes paid, renewal expenses,restructuring costs and other non-current expenses.
(*) See Section 5.6.1 below for more details on the restatement.

2021 Stock market performance





(1) Submitted to approval of the General Shareholders' Meeting of June 15, 2022.

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- **Development of innovative solutions**: This indicator seeks to measure our ability to roll out priority innovations in a structured manner. In 2021, six innovations were recorded in at least six contracts signed by the Group:
  - in "Health and new pollutants":
    - VIGIE COVID-19 – early warning system/indicator to detect traces of SARS-CoV-2 and its variants in wastewater, an indirect indication of the spread of the virus in the population,
    - Indoor Air Quality;
  - in "New Digital Offerings":
    - Aquavista/Hubgrade – digital platform to optimize the full water cycle,
    - Swarm – water quality monitoring solution;
  - in "Adapting to climate change", automated biodiversity monitoring with "VERBATIM", which assesses the health of ecosystems;
  - in "New material loops", High quality recycled plastic – production of recycled plastic of a specific grade (L'Oréal, Reckitt, Danone, etc.);
- **Hazardous waste treatment and recovery**: In 2021, for the first time in its history, the Group exceeded the €3 billion revenue mark in the liquid and hazardous waste sector. Growth is expected to continue, driven by acquisition projects. In addition, the Group continued to develop electric battery recycling capacity.

Social performance

- **Job and wealth creation in the territories**: The study conducted in 2021 covered 2020 and therefore reflects the impact of the Covid crisis on the Group's activities. The study scope was increased this year to encompass 52 countries (see Section 4.3.2.3.1 below).
- **Ethics and compliance**. In 2021, 84% of respondents to the commitment survey positively answered the question "Are Veolia's values and ethics applied in my entity". This score is up slightly on 2020 and all the more robust given the increase in the number of employees surveyed and the response rate (see Section 4.6.3.3.5 below).
- **Access to essential services (water and sanitation)**: This indicator measures the number of inhabitants benefiting from inclusive measures to access water and sanitation services in 2021, whether they be physical or contractual solutions (see Section 4.3.3 below). The 2023 strategic plan target was exceeded in 2021 (+17.5%), driven notably by the systematic inclusion of these measures in Veolia Water France offerings and the extension of network coverage to districts in India not previously served.

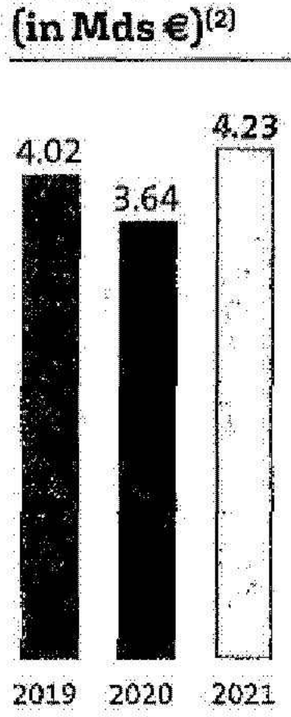
Non financial rating 2021

	2021
DJSI	Inclusion in the World and Europe indices
FTSE4Good	Inclusion
S&P Global *(Sustainability Yearbook)*	Bronze
ISS-ESG	B
Moody's ESG solutions *(formerly known as Vigeo Eiris)*	71[1]
CDP Climate change	B
CDP Water security	A-
Ecovadis	68/100 - 95th percentile

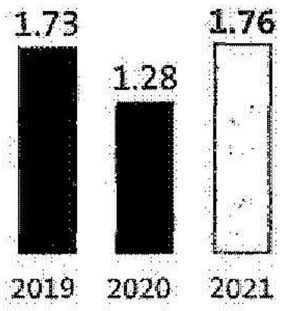
(1) Since December 2021.

FINANCIAL INFORMATION[1]

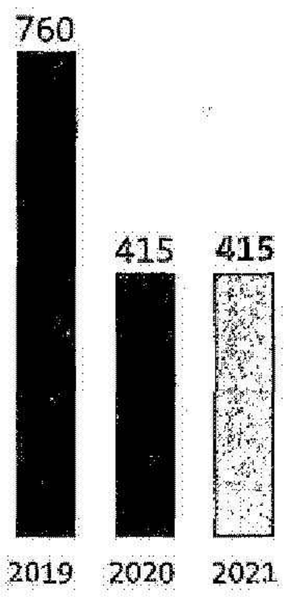
EBITDA (in Mds €)[2]



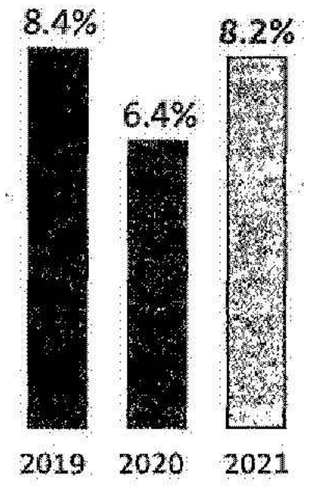
Current EBIT (in Mds €)[3]



Current net income attribuable to owners of the Company (in M€)[3]



Post-tax ROCE[3]



(1) See chapter 5, Section 5.6.3. Definitions below. (2) Including IFRIC 12 and IFRS 16 Impacts.
(3) Restated figures 2019 and 2020 - See Section 5.6.1 below for more details on the restatement.

Aspect	Commitment	Objective	SDG[1]	Indicator - definition	2019 reference	2020 Results	2021 Results	2023 Target
Social performance	**Support regional development through responsible means**	**Job and wealth creation in the territories**		• Socio-economic footprint of Veolia's activities in the countries where the Group operates, with regard to jobs supported and wealth created.	Not applicable	• 1,105,388 jobs supported • €51 billion of added value created in 51 countries	• **1,033,623 jobs supported** • **€49 billion of added value created in 52 countries**	Annual assessment of impacts, overall and by geography in at least 45 countries
		Ethics and compliance		• Rate of positive answers to this question of the engagement survey "Veolia's values and ethics are put into practice within my entity"	92% of Top 5000	83% of all respondents	**84% of all respondents**	≥ 80% of all respondents
		Access to essential services (water and sanitation)		• Number of inhabitants benefiting from inclusive measures for access to water or sanitation within contracts	5.71 million inhabitants	6.12 million inhabitants (+7%)	**6.71 million inhabitants (+17.5%)**	+12% at constant scope

(1) UN Sustainable Development Goal.
(2) Total cumulative investment since 2019 in new forms of energy aimed at eliminating coal in Europe by 2030 has been estimated at €1.274 billion.
(3) Pro froma (2019-2021).
(4) For networks serving over 50,000 inhabitants. At constant scope.
(5) Since 2021, this indicator includes plastic volumes recycled in Veolia transformation plants processing WEEE and volumes recycled in plants acquired or sold by Veolia during the year.

Economic and financial performance

- The four financial indicators reflect strong activity growth and solid operating and financial performance. The Group exceeded 2020 and 2019 activity levels, with robust profitability. Detailed comments on the financial indicators can be found in Chapter 5.

Human resources performance

- **Employee commitment**: in 2021, the employee commitment rate remained stable at an excellent level of 87%, with a five-point increase in the survey participation rate to 75% and a wider geographic scope. These excellent results bear witness to the high level of employee confidence in the Group in implementing its strategic plan (see Section 4.4.4.3 below).
- **Safety at work**: "zero accidents" is both an objective and a performance driver for the Group. In 2021, the lost time injury frequency rate remained stable on 2020 (FR = 6.65), in a context of rising rates worldwide. The target rate of 5 by 2023 is retained (see Section 4.4.3 below).
- **Employee training and employability**: Veolia has implemented an ambitious training policy, notably to accompany the Group's strategy and make Veolia the benchmark company for ecological transformation (see Section 4.4.4 below). 2021 results reflect the excellent momentum with an average of 21 training hours per employee, an increase of four hours on 2020. This result confirms the increase in e-learning, as well as longer training courses in response to changes in Veolia's businesses and activities. The 2023 target of 23 training hours/employee remains the objective.
- **Diversity**: actions implemented to promote diversity and increase the number of female executives in the Group (recruitment process, young talents policy, President's Group succession plan, specific development programs) were continued. In 2021, the percentage of women appointed in the President's Group (Top 500 executives) increased (30.4% for the period 2020-2021), but the target of 50% for the period 2020-2023 remains particularly ambitious (see Section 4.4.5.3 below).

Environmental performance

- **Combating climate change** This objective is twofold:
  - **reducing GHG emissions:** the objective to phase-out the use of coal in Europe by 2030 is on track and should accelerate (see Section 4.2.3.2.1). 2021 investment focused on facilities in Germany, Poland and the Czech Republic,
  - **avoided emissions**: at the end of 2021, waste recycling, material and energy recovery, heat and electricity cogeneration and renewable energy production activities continued to reduce the greenhouse gas emissions of Group customers (see Section 4.2.3.3.2 below);
- **Circular economy: plastic recycling** With 476 thousand metric tons of plastic recycled in 2021, Veolia is in line with the planned trajectory. Investment programs must be implemented in order to achieve the 2023 objectives (see Section 4.2.2.2 below).
- **Protection of environments and biodiversity**: In 2019, the Group inventoried its sites sensitive with regard to protecting environments and biodiversity. Strong BU mobilization has helped accelerate progress with actions plans at these sites, reaching 30% in 2021 compared with 1.7% in 2020. In order to achieve the 75% objective in 2023, it will be necessary to mobilize the geographic areas which have fallen behind due to constraints relating to the health crisis (see Section 4.2.4.3.1 below).
- **Sustainable management of water resources**: The target water distribution network efficiency rate of 75% by 2023 was achieved in 2021 (see Section 4.2.5.2 below). Action plans undertaken by the Group (renewal work, break-up of networks into sectors, meter maintenance, leak detection) will help consolidate or even improve the efficiency rate by the end of the strategic plan.

Commercial performance

- **Customer and consumer satisfaction**: 2021 campaign results demonstrate excellent momentum, both with regard to the roll-out of the NPS, with 72% of Group revenue covered and with regard to the score itself, which remains at a high level compared with companies operating in comparable sectors.

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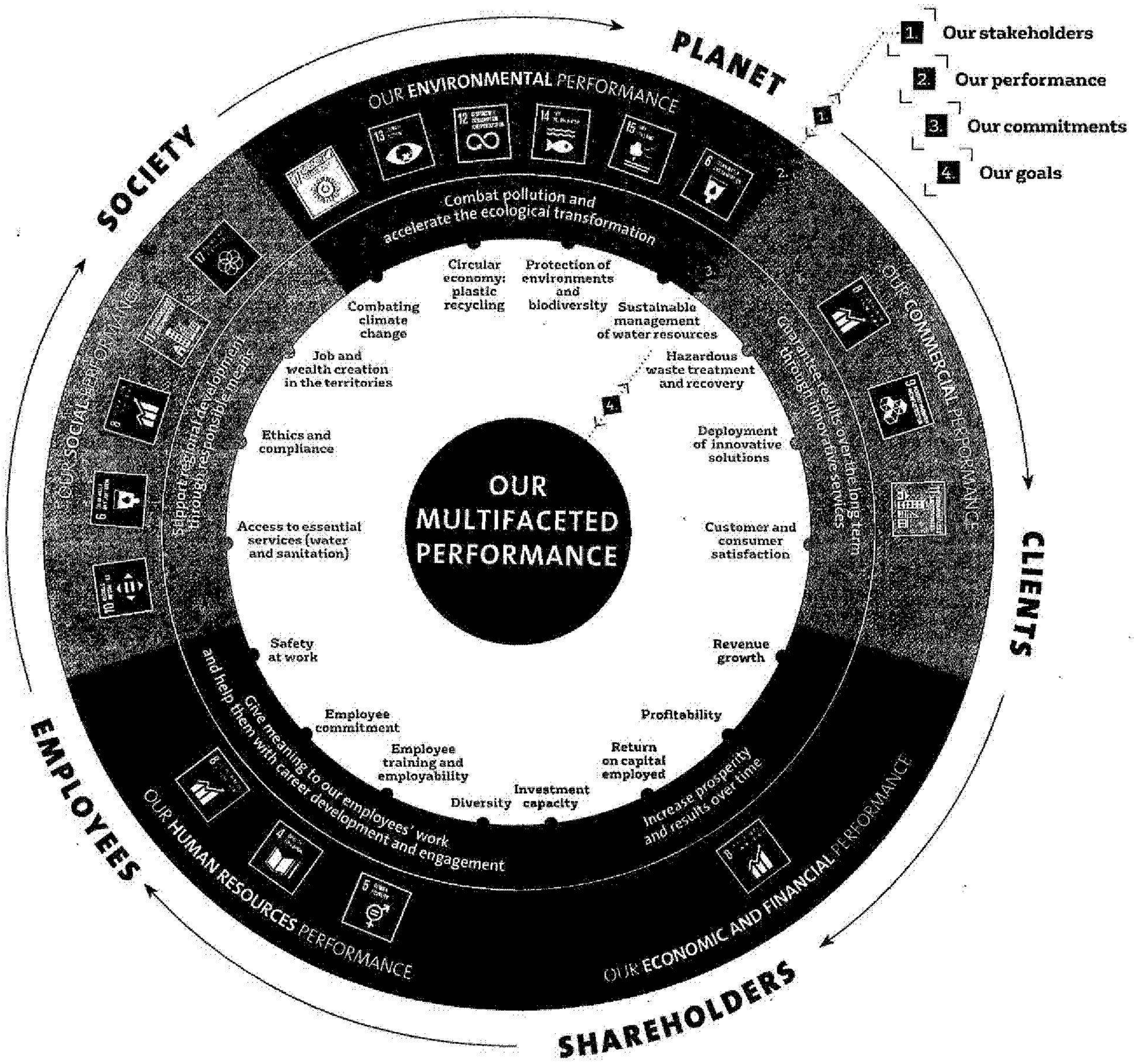
THE MULTIFACETED PERFORMANCE ®

In conjunction with its Purpose, Veolia has committed through its Impact 2023 program to a multifaceted performance which is equally attentive to and has the same high standards for economic and financial, commercial, human resources, as well as corporate, social and environmental performance. 18 progress objectives were defined for 2023. The related progress indicators are regularly audited and measured by independent third parties and are included in the calculation of Veolia senior executive variable compensation.

Aspect	Commitment	Objective	SDG[1]	Indicator - definition	2019 reference	2020 Results	2021 Results	2023 Target
Economic and financial performance	Increase prosperity and results over time	Revenue growth		• Annual growth in published revenue	€27.2 billion	€26.0 billion	**€28.5 billion**	Annual target
		Profitability		• Current net income - Group share	€760 million	€415 million	**€896 million**	€1 billion
		Return on capital employed		• ROCE after tax (with IFRS 16)	8.4%	6.4%	**8.2%**	Annual target
		Investment capacity		• Free Cash Flow (before discretionary investments)	€1,230 million	€942 million	**€1,720 million**	Annual target
Human resources performance	Give meaning to our employees' work and help them with career development and engagement	Employee commitment		• Rate of engagement of employees, measured through an independent survey	84%	87%	**87%**	≥ 80%
		Safety at work		• Lost time injury frequency rate	8.12	6.6	**6.65 (√)**	5
		Employee training and employability		• Average number of training hours per employee per year	18h	17 h	**21 h (√)**	23h
		Diversity		• Proportion of women appointed within Veolia's top 500 senior executives from 2020 to 2023	Not applicable	28.3%	**30.4%**	50%
Commercial performance	Guarantee results over the long-term through innovative services	Customer and consumer satisfaction		• Customer satisfaction rate calculated *using* the Net Promoter Score methodology	Not applicable	NPS = 41 with 57% of revenue covered	**43 with 72% of revenue covered**	NPS > 30 with 75% of revenue covered
		Development of innovative solutions		• Number of innovations included in at least ten contracts signed by the Group	Not applicable	2	**6**	12
		Hazardous waste treatment and recovery		• Consolidated revenue generated by the hazardous and liquid waste treatment and recovery activities	€2.56 billion	€2.53 billion	**€3.06 billion**	> €4 billion
Environmental performance	Combat pollution and accelerate the ecological transformation	Combating climate change		• Reducing GHG emissions: progress of the investment plan to phase-out coal in Europe by 2030	Not applicable	8.1% of investment to be achieved	**17% of investment to be achieved**	30% of investment to be achieved[2]
				• Avoided emissions: annual contribution to avoided GHG emissions (assessed with regard to a reference scenario)	12.1 million metric tons of CO_2 eq.	12.5 million metric tons of CO_2 eq.	**11.4 million metric tons of CO2 eq.**	15 million metric tons of CO_2 eq.
		Circular economy: plastic recycling		• Volume of recycled plastic in Veolia transformation plants	350 thousand metric tons	391 thousand metric tons	**476 thousand metric tons[5]**	610 thousand metric tons
		Protection of environments and biodiversity		• Progress rate of action plans aimed at improving the environment and biodiversity footprint in sensitive sites[3]	Not applicable	1.7%	**30.0%**	75%
		Sustainable management of water resources		• Efficiency of drinking water networks[4] (Volume of drinking water consumed/Volume of drinking water produced)	72.5%	73.4%	**75.6 (√)%**	> 75%

VEOLIA'S PURPOSE

AN IMPROVEMENT APPROACH SHARED WITH AND FOR OUR STAKEHOLDERS



Sustainable Development Goals (SDGs)

Veolia participates to a varied extent in the implementation of all 17 SDGs, with a direct impact on **13** SDGs.



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Businesses

WATER

Veolia's expertise spans treatment of water to monitoring its quality at each stage in the cycle from extraction to discharge back into the natural environment. The Group innovates to protect resources and encourages recycling and reuse of water by cities and industry.

3,367 drinking
water production plants managed

79 millions people supplied with drinking water

2,750 wastewater
treatment plants managed

61 millions people connected to wastewater systems

WASTE

Veolia is the specialist in waste management, whether for liquid or solid, non-hazardous or hazardous waste. The Group's areas of expertise cover the waste life cycle from collection to recycling, and on to its final recovery as materials or energy.

40 millions
people provided with collection services on behalf of municipalities

48 millions
metric tons of treated waste

435,861 business
clients

691 waste
processing facilities operated

ENERGY

As an expert in energy services, Veolia supports the economic growth of its municipal and industrial customers while helping reduce their ecological footprint. Whether in energy efficiency, efficient management of heating and cooling networks, or green energy production, the Group has a unique expertise for a more sustainable world.

48 millions
MWh produced

46,058 thermal
installations managed

583 heating
and cooling networks managed

2,211 industrial
sites managed

Solutions for municipal and industrial clients

- Air quality management
- Waste collection
- Smart cities
- Energy services for buildings
- Auditing, consulting, engineering, design and build
- Customer relationship services
- Clean-up and treatment of nuclear equipment and low level waste
- Landfill and biogas recovery
- Industrial utilities and integrated facilities management
- Street cleaning
- Energy distribution and district network
- *Microgrids*
- Soil remediation
- Cooling system management
- Smart industries
- Energy production
- Industrial effluent treatment
- Desalination
- *Drinking water distribution*
- Drinking water production
- Decommissioning and dismantling
- Wastewater collection
- Biowaste treatment
- Waste sorting, recycling and recovery
- Total waste management
- Hazardous waste treatment and recycling
- Waste to energy
- Industrial process water
- Wastewater treatment and reuse
- Sludge management
- Waste transfer center
- *Industrial cleaning and maintenance*

MESSAGE FROM ANTOINE FRÉROT

Chairman and Chief Executive Officer

Our world is at a historic juncture, as a major ecological transformation is underway. It aims to reduce the excesses for which man is both responsible and the victim. Excess withdrawals from nature, provoking scarcity; excess discharges into the environment, generating pollution. Given the scale of the environmental challenges facing humanity, half-measures are no longer enough; we must move towards a rapid and radical transformation of our business models. So now is no longer the time for transition, but for a higher, more challenging, and more pressing ambition: ecological transformation. To make this transformation a reality everywhere, new technologies, new business models and new resources must be invented, and Veolia is working hard to do so.

But for our Group, this period is historic for another reason: the creation, through the merger with Suez, of an industrial tool which will structure our Company - and also the profession - for decades to come. The 230,000 employees that now make-up the Group, together with the substantially increased means of action, represent the finest knowledge base in the world, in one of the most important industries of the twenty-first century: ecological transformation.

This merger marks a major step in the life of our Company. A Company created in France more than 160 years ago to bring clean water to urban populations and protect them from the water-borne epidemics that ravaged cities. A Company whose scope of action quickly expanded to include other activities, other customer bases, other countries. A Company which is historically French and naturally European, with a global vocation.

True to this vocation, our Group continued to develop on all continents in 2021, strengthening its leadership. It was a year of sustained growth, during which it erased the crisis of 2020 and exceeded 2019 performance levels, even though 2019 was already a record year. In 2021, our Group strengthened its positions in the most buoyant markets, with offerings that provide increasing added value enabling them to attract numerous customers: in heating networks in Tashkent, Uzbekistan; in drinking water in Miyagi, Japan; in water supply and sanitation in Riyadh, Saudi Arabia and much more.

A COMPANY WHICH IS HISTORICALLY FRENCH AND NATURALLY EUROPEAN, WITH A GLOBAL VOCATION.

In 2022 and 2023, our Company will continue to follow its Impact 2023 strategic program, with its three core pillars. Firstly, by developing activities where our expertise sets us apart and is the most promising and beneficial for the planet, such as hazardous waste management, plastic recycling, organic waste material recovery, energy efficiency of buildings. Secondly, by reinventing our traditional businesses – municipal water, non-hazardous waste processing and managing heating and cooling networks – which still create a great deal of value for our stakeholders. Finally, by imagining innovative solutions to meet the needs of tomorrow, such as in the electric vehicle battery circular economy, the vitrification of radioactive waste, indoor air quality and residual carbon capture.

In the face of the environmental tragedies which testify to how man can be both powerful and helpless before CO_2 emissions - the greatest pollutant of the twenty-first century -, in the face of insistent calls for a greener, lower carbon and more socially-inclusive economy, Veolia is multiplying its actions to help its customers, and more generally all of its stakeholders, succeed in their own ecological transformation.

It is in this context that we have deployed the new performance system. For our Company, good performance can only be a multifaceted performance, *i.e.* beneficial to all its stakeholders and balanced in its different environmental, economic and social dimensions. This multi-faceted performance system fundamentally changes the way Veolia conducts its activities and assesses its impact.

An impact that will increase significantly with the Suez merger! By combining the strengths of our two groups, we will be able to better serve our customers, who need a partner with the scale and range of skills necessary to work on all aspects of their environmental impact. This merger positions our Company as the preferred choice of cities and industrial companies across all ecological transformation challenges, opening a new and promising chapter in Veolia's history. Over the past few years, our Group has accomplished great things; with this merger, it will accomplish even more!



GOOD PERFORMANCE CAN ONLY BE A MULTIFACETED PERFORMANCE, *I.E.* BENEFICIAL TO ALL ITS STAKEHOLDERS AND BALANCED IN ITS DIFFERENT ENVIRONMENTAL, ECONOMIC AND SOCIAL DIMENSIONS.

Antoine Frérot
Chairman and Chief Executive Officer

VEOLIA ENVIRONNEMENT

UNIVERSAL REGISTRATION DOCUMENT

Annual Financial Report

2021

AUTORITÉ DES MARCHÉS FINANCIERS
AMF

The Universal Registration Document was filed with the Autorité des Marchés Financiers (AMF, the French Financial Markets Authority) on April 21, 2022, in accordance with Regulation (EU) 2017/1129, without prior approval in accordance with Article 9 of this Regulation.

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

This Document is a reproduction of the official version of the Universal Registration Document including the 2021 Annual Financial Report prepared in accordance with the European Single Electronic Format (ESEF) and filed with the AMF, available on the websites of the Company and the AMF.

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ANNUAL FINANCIAL REPORT

VEOLIA