reference document 2017

SUEZ

reference document 2017

INCORPORATION BY REFERENCE

Pursuant to Article 28 of European Regulation No. 809/2004 of April 29, 2004, this Reference Document incorporates the following information by reference:

- with regard to the fiscal year ended December 31, 2016: annual report, consolidated financial statements and the corresponding Statutory Auditors' report, appearing in chapters 9, 20.1 and 20.2 respectively of the Reference Document registered with the AMF on April 5, 2017 under number D. 17-0330;
- with regard to the fiscal year ended December 31, 2015: annual report, consolidated financial statements and the corresponding Statutory Auditors' report, appearing in chapters 9, 20.1 and 20.2 respectively of the Reference Document registered with the AMF on April 4, 2016 under number D. 16-0267.

AMF | AUTORITÉ DES MARCHÉS FINANCIERS

This Reference Document was registred with the AMF (French Financial Markets Authority) on April 10, 2018, pursuant to the provisions of Article 212-13 of the AMF's general regulations. It may not be used in support of a financial transaction unless supplemented by an offering memorandum approved by the AMF. It has been prepared by the issuer and is binding on the signatories.

This document is a free translation of the French language Reference Document that was registered with the Autorité des marchés financiers *(the "AMF") on April 10, 2018. It has not been approved by the AMF. This translation has been prepared solely for the information and convenience of shareholders of SUEZ. No assurances are given as to the accuracy or completeness of this translation, and SUEZ assumes no responsibility with respect to this translation or any misstatement or omission that may be contained therein. In the event of any ambiguity or discrepancy between this translation and the French Reference Document, the French version shall prevail.*

contents

Notice

The Company = SUEZ
The Group = the Company and its subsidiaries
The Reference Document serves as the Management Report (see Concordance Table)

The items of the Annual Financial Report are clearly identified in the summary subsections using the AFR pictograms AFR

1 persons responsible for information

1.1 Person responsible for the Reference Document

Jean-Louis Chaussade, Chief Executive Officer of SUEZ.

1.2 Declaration of the person responsible for the Reference Document

"I hereby certify, after taking all reasonable measures to that effect, that the information contained in this Reference Document is, to the best of my knowledge, accurate and does not include any omission that would distort its substance.

I certify that, to the best of my knowledge, the financial statements have been drawn up in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and results of the Company, as well as of that of all the companies included in the consolidation, and that the Management Report enclosed presents a true and fair picture of the way in which business is developing, the results, and the financial position of the Company, and all the companies included in the consolidation, as well as a description of the main risks and uncertainties they face.

I have received a letter from the Statutory Auditors stating that they have completed their engagement, indicating that they have audited the information concerning the financial position and the financial statements presented in this Reference Document, and have read the entire document."

Jean-Louis Chaussade
Chief Executive Officer

2 statutory auditors

2.1 Principal Statutory Auditors

ERNST & YOUNG et Autres

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

Appointed by decision of the Combined Shareholders' Meeting of December 21, 2007 and reappointed by the Shareholders' Meeting of May 24, 2012 for a six-year term expiring at the close of the Ordinary Shareholders' Meeting convened in 2018 to approve the financial statements for the fiscal year ending December 31, 2017. Represented by Jean-Pierre Letartre and Stéphane Pedron [1].

The Shareholders' Meeting of May 17, 2018 will be asked to renew the appointment of ERNST & YOUNG as principal Statutory Auditor for a period of six fiscal years, expiring at the close of the Ordinary Shareholders' Meeting to be held in 2024 to approve the financial statements for the fiscal year ending December 31, 2023.

MAZARS

61, rue Henri Regnault – Tour Exaltis
92400 Courbevoie – France

Appointed by decision of the Combined Shareholders' Meeting of July 15, 2008 and reappointed by the Shareholders' Meeting of May 22, 2014 for a six-year term expiring at the close of the Ordinary Shareholders' Meeting convened in 2020 to approve the financial statements for the fiscal year ending December 31, 2019. Represented by Dominique Muller and Achour Messas [2].

2.2 Deputy Statutory Auditors

Auditex

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

Appointed by decision of the Combined Shareholders' Meeting of December 21, 2007 and reappointed by the Shareholders' Meeting of May 24, 2012 for a six-year term expiring at the close of the Ordinary Shareholders' Meeting convened in 2018 to approve the financial statements for the fiscal year ending December 31, 2017.

The renewal of Auditex's term of office will not be submitted for approval to the Shareholders' Meeting of May 17, 2018, the new Article L. 823-1-I 2nd paragraph of the French Commercial Code (*Code de Commerce*) now requiring the appointment of a deputy Statutory Auditor only when the principal Statutory Auditor is an individual or single-member company.

CBA

Tour Exaltis – 61, rue Henri Regnault
92400 Courbevoie – France

Appointed by decision of the Combined Shareholders' Meeting of July 15, 2008 and reappointed by the Shareholders' Meeting of May 22, 2014 for a six-year term expiring at the close of the Ordinary Shareholders' Meeting convened in 2020 to approve the financial statements for the fiscal year ending December 31, 2019.

The fee schedule for the Statutory Auditors is found in Note 29 to the Consolidated Financial Statements, in chapter 20.1 of this Reference Document.

(1) ERNST & YOUNG et Autres is a member of the Compagnie Régionale des Commissaires aux comptes de Versailles.
(2) MAZARS is a member of the Compagnie Régionale des Commissaires aux comptes de Versailles.

3 selected financial information

The tables below present excerpts from the consolidated income statements, statements of financial position and cash flow statements of the Group for the years ended December 31, 2017, December 31, 2016 and December 31, 2015.

The selected financial information below should be read in conjunction with the Consolidated Financial Statements in chapter 20.1 of this Reference Document and with the financial review of the Group in chapter 9 of this Reference Document.

Key data from the consolidated income statements

(in millions of euros)	2017	2016	2015
Revenues	15,871.3	15,322.0	15,134.7
EBITDA [a]	2,641.4	2,651.0	2,751.1
Current operating income	1,072.7	1,101.6	1 115.1
Net income, Group share	301.8	420.3	407.6

(a) The Group uses EBITDA to measure its operating performance and its ability to generate operating cash flows. EBITDA is not defined in IFRS and does not appear directly in the Group's consolidated income statement. The transition from current operating income to EBITDA is described in section 9.2.1 of this Reference Document.

Key data from the consolidated statements of financial position

(in millions of euros)	2017	2016	2015
Non-current assets	22,217.8	20,197.9	19,592.5
Current assets	10,152.5	8,954.3	8,039.1
Assets classified as held for sale [a]	–	131.8	–
Total assets	**32,370.3**	**29,284.0**	**27,631.6**
Shareholders' equity, Group share	6,562.3	5,495.9	5,419.8
Non-controlling interests	2,503.7	1,869.9	1,385.6
Other liabilities	23,304.3	21,825.7	20,826.2
Liabilities related to assets classified as held for sale [a]	–	92.5	–
Total liabilities	**32,370.3**	**29,284.0**	**27,631.6**

(a) See Note 11 in Chapter 20.1 of this Reference Document.

Key data from the consolidated cash flow statements

(in millions of euros)	2017	2016	2015
Cash flows from/(used in) operating activities	1,962.4	1,913.4	1,991.5
Cash flows from/(used in) investing activities	(3,589.1)	(833.0)	(1,350.3)
Cash flows from/(used in) financing activities	1,811.8	(272.9)	(811.1)
Impact of changes in foreign exchange rates and others	(51.7)	38.2	0.1
Total cash flows for the period	**133.4**	**845.7**	**(169.8)**

4 risk factors

4.1 Main risks

Given the broad range of its businesses, locations and products, the Group represents a portfolio of risks and opportunities of a financial, industrial and commercial nature. Its position as a key player in the environmental sector and its development goals also expose the Group to strategic risks, which are particularly contingent upon regulatory, economic and industry developments in the segments in which it is involved.

The Group operates in a rapidly changing environment that poses numerous risks, including some beyond its control. The Group presents hereafter the significant risks to which it believes it is exposed. The occurrence of any one of these risks could have a significant negative impact on the Group's business, financial position, earnings, image, or outlook, or on the Company's share price.

4.1.1 Risks related to the Group's business sector

A changing competitive environment

The Group's core businesses continue to face strong competition from major international operators and, in some markets, from "niche" players. New industrial (equipment manufacturers) and financial players (Asian conglomerates) invest in markets or reposition themselves within the value chain by adopting aggressive strategies. In addition, the Group also faces competition from public sector operators in some markets, such as the semi-public companies in France. Finally, some cities may desire to retain or assume direct management of water and waste services (notably in the form of public control, *régie*) instead of depending on private operators. This risk could materialize particularly in France as well as in Spain.

This strong competitive pressure, which could increase in a context of consolidation among private entities (which is already underway in the waste sector in Europe), may put pressure on the commercial development and prices of the services offered by the Group, which could have a negative impact on its activity, earnings and outlook.

The risk of pressure on prices is exacerbated in the waste treatment sector in some countries, where the Group may see the profitability of its facilities fall due to a reduction in the utilization rate resulting from the development of overcapacity.

The risk of price pressure is aggravated in the water treatment engineering segment due to the ramping up of new Spanish and Korean players in the context of a contraction of the European municipal market in relation to the worsening financial health of local public entities and the risk of a lack of competitiveness.

Moreover, in order to offer services that are comparable to or better than those offered by its competitors, the Group may have to develop new technologies and services, thus enabling it to generate additional revenues, which brings with it substantial costs that could have a negative impact on the financial position and earnings of the Group. Taking risks on innovation is key to be successful.

Finally, certain technological choices made by SUEZ to remain competitive or conquer new markets may not produce the expected results and may have a negative impact on the Group's operations, earnings or outlook.

Group exposure to economic cycles

2017 was characterized by revenue growth (organic growth of +1.5% at the end of December 2017). Because of its businesses, the Group is sensitive to economic factors whose potential impacts are described below.

Some Group business lines, particularly services to industrial clients, both in the water and waste segments, are sensitive to economic cycles. Since the Group is mainly present in Europe, North Africa, the United States, Chile and the Asia-Pacific zone, a proportion of its activity is sensitive to changes in the economic conditions in those geographic regions. Any economic slowdown in a country where the Group is present lowers consumption as well as investments and industrial production and, therefore, negatively impacts demand for the services offered by the Group, which could in turn have a negative impact on the Group's activity, earnings and outlook.

The large geographic diversity of the Group businesses is only a partial protection against the risk of possible correlation of the slowdown in Europe and in the Asia-Pacific Rim, and in sectors related to hydrocarbons and mining worldwide.

A persistent economic downturn could also result in payment difficulties for customers. However, to date there is no relationship of dependence vis-à-vis major customers due to the granularity of the customer base. In fact, the largest municipal client accounts for annual revenues of EUR 100 million, 0.6% of total revenues (the top five clients account for EUR 370 million, 2.3% of revenues). The largest industrial client accounts for EUR 85 million (0.5% of revenues), while the top five account for EUR 245 million (1.5% of revenues).

As of December 31, 2017, provisions for bad debts in the consolidated statement of financial position cumulatively amounted to EUR 307.9 million. The final losses recorded do not represent a significant challenge for the Group.

Group exposure to changes in consumption trends

In the supply of drinking water in some developed countries, a decrease is being observed in volumes consumed mainly due to social factors and the idea that water is a resource that needs to be preserved. For example, in France, the Group estimates that billed water volumes are declining structurally by approximately 1% per year on average.

The productivity gains achieved by the Group and the fact that some contracts provide for a fee portion that is independent of volume consumed, the development of high value-added services, particularly in supporting public authorities in their obligation to meet changing regulations, and rate adjustments have helped the Group to offset this reduction in volume.

However, if these developments are insufficient in the future to offset the reduced volume, there may be a negative impact on the Group's activity, earnings and outlook.

Impact of weather conditions on earnings from Group water operations

The Group's earnings in the water sector can be affected by significant weather changes.

Exceptional weather conditions in Europe in the summer of 2015 caused increased water consumption in France compared to the previous year, going against the downward structural trend. They also allowed water consumption in Spain to stabilize.

Conversely, exceptional rainfall could negatively impact the Group's activity and earnings.

Evolution of the regulatory context regarding environmental, health, safety and tariff regulation issues

The Group's businesses are subject to environmental protection, public health and safety rules that are increasingly restrictive and differ from country to country. These rules apply to water discharge, drinking water quality, waste treatment, long-term monitoring of landfills, soil and water-table contamination, air quality and greenhouse gas emissions (see chapter 6.7, "Legal and regulatory framework").

Overall, regulatory changes offer new market opportunities for the Group's businesses. The Group strives to limit all of these risks by conducting a proactive policy of environmental and industrial risk management (see section 6.8.1, "Environmental management") and an extended insurance program (see section 4.2.7, "Management and financing of insurable risks").

However, there are still many risks that result from the vagueness of some regulatory provisions or the fact that regulatory bodies can amend their enforcing instructions and that major developments in the legal framework may occur. In addition, the competent regulatory bodies have the power to institute administrative or legal proceedings against the Group, which could lead to the suspension or revocation of permits or authorizations the Group holds, or injunctions to cease or abandon certain activities or services, fines, or civil penalties or criminal convictions, which could negatively and significantly affect the Group's public image, activity, financial position, earnings and outlook.

Moreover, amending or strengthening regulatory provisions could result in additional costs or investments for the Group. As a result of such measures, the Group might have to reduce, temporarily interrupt, or even discontinue one or more activities with no assurance that it will be able to compensate for the corresponding losses. Regulatory changes such as the proposed amending Act of the Water Code in effect in Chile, which is currently being studied, could also have an impact on prices, margins, investments, operations and consequently the Group's business activities, earnings and outlook. The "National Sword" policy put in place by China in 2017 aims to limit or prohibit imports of certain types of recyclable waste into the country (plastic, paper and other materials) and will probably have an impact on sales volumes and prices for recyclable materials in Europe.

The applicable regulations involve investment and operating costs not only for the Group, but also for its customers, particularly the contracting local or regional public authorities, notably due to compliance obligations. Failure by the customer to meet its obligations could injure the Group as operator and harm its reputation and capacity for growth.

Finally, even if the Group complies with applicable regulations, it has no control over privately owned interior pipes that may be the source of some quality issues with tap water. Such pipes are not the responsibility of the operator of public drinking water production and distribution networks. Indeed, in recent years, French regulations gradually lowered the maximum permitted level of lead in water intended for human consumption with a target of 10 micrograms per liter at the end of 2013. The Group is offering to replace customers' pipes to achieve these objectives. This work involves renegotiations of contracts. Still, the Group cannot exclude the possibility of deviations from this target because of the presence of lead in privately owned pipes over which the Group has no control. Any overstepping of the regulatory standard for drinking water, whatever its origin, could have a negative impact on the Group's image.

Despite the monitoring systems implemented, it is impossible to predict all regulatory changes. However, by engaging in its businesses in several countries, each with its own regulatory system, the Group diversifies this risk.

Some Group activities require administrative authorizations that can be difficult to obtain, or renew

In performing its activities, the Group is required to hold various permits and authorizations, which often require lengthy, costly and seemingly arbitrary procedures to obtain or renew.

Moreover, the Group may face opposition from local citizens or associations for installing and operating certain facilities (specifically landfills, incinerators and wastewater treatment plants) involving nuisances, landscape degradation or, more generally, damage to the environment, making it more difficult for the Group to obtain construction or operating permits and authorizations, or resulting in non-renewal or even legal challenges. In this respect, the Group could face legal actions from environmental organizations that could delay or impede its operations or the development of its activities despite the various initiatives and actions it has undertaken.

Finally, the conditions attached to authorizations and permits that the Group has obtained could be made substantially more stringent by the competent authorities.

The Group's failure to obtain or a delay in obtaining a permit or authorization, non-renewal of or a challenge to a permit or authorization, or significantly more stringent conditions associated with the authorizations and permits obtained by the Group could have a negative impact on its activity, financial position, earnings and prospects for development.

Risks linked to climate disruptions

Article 173 of the Law on Energy Transition for Green Growth, paragraph 3 in particular, stipulates that companies publish information regarding financial risks linked to climate change and the measures they are taking to reduce them by implementing low-carbon strategies in all components of their activities. The Group is already determining and making public annually the risks of climate disruption caused to its businesses as part of its response to the Carbon Disclosure Project.

BUSINESS RISKS

In its fifth assessment report published in 2014, the Intergovernmental Panel on Climate Change (IPCC) has stated that the average rise in temperature due to climate change will probably be between 1.5°C and 4°C compared to pre-industrial levels, depending on greenhouse gas emission scenarios. These disruptions should lead to significant impacts on natural environment, especially on water resources, and include a significant reduction of available surface water and groundwater resources, an increase in the frequency of agricultural droughts, changes in flows and quality of water, and reduced quality of fresh water reserves. The report specifies that the impacts from climate change on water resources should intensify significantly with the increase in greenhouse gas emissions. Every additional degree could cause around 7% of the world population to suffer a reduction of at least 20% in renewable water resources. Furthermore, the percentage of the population exposed to the risk of an exceptional flood at the end of the 21st century could be three times greater in relation with a high emissions scenario compared to a low emissions scenario.

The publication of the UNEP (United Nations Environment Program) report on global climate change in October 2017 pointed out the strong possibility of major consequences of climate change occurring if major economies do not start to act quickly to rectify the situation. The report shows that current commitments made by countries participating in COP21 to reduce emissions by 2025 or 2030 would lead to temperatures increasing by more than 3°C by the end of the century. As a result, the challenge for COP24, which will be held in Poland in November 2018, will be to revise the goals for this program.

Modifications to the physical parameters of the climate are likely to bring on a slowing of world economic growth because of increasing North-South imbalances and of the increase in migratory flows linked to climate change. Moreover, uncertainty around changing climate scenarios may create a risk of over- or under-investment for the Group.

OPERATIONAL RISKS

In general, increased drought frequency and intensity could lead to a localized decrease in the availability of groundwater and surface water resources. This increasing scarcity of water resources, in combination with demographic and metropolization pressures could reduce or interrupt production capacity and cause increased conflicts of use between agriculture, industry and domestic consumption, impacting more specifically energy supplies and food safety. Moreover, the increase of drought phenomena could increase the risk of saltwater intrusion into groundwater. On a secondary level, it could lead to an increase in sedimentation of rivers, a worsening of raw water quality and a modification of the natural assimilative capacity of the receiving environment, increasing the risks related to treatment of drinking water, including standard treatment processes. Droughts could also cause landslides that could degrade the performance of drinking water networks.

The increasing occurrence of significant rainfall events, as well as an increase in their intensity, creates a growing risk in coming decades of flooding of Group-managed facilities and overloading of storm sewer networks. Meanwhile, the disruption of transportation systems by flooding could affect power supply, waste collection and the delivery of reagents for water treatment.

The gradual increase in such weather events could have increasingly significant consequences for the Group's activities. While these are long-term risks, the Group is already preparing for them by directing its innovation policy and business strategy towards managing the effects of climate change as it relates to drought risk and risks related to exceptional rainfall.

REGULATORY RISKS

Regulatory changes in environmental and tax legislation in France (Grenelle II, Law 2015-992 of August 17, 2015 relating to energy transition for Green Growth), or in Europe (Climate and Energy Package and revision of the EU-Emissions Trading System), do not seem to include the waste sector in any discharge taxation mechanism, with the potential exception of steam houses using SRF (Solid Recovery Fuel). The most intensive activities of the Group in terms of energy consumption will nevertheless be increasingly covered by carbon pricing mechanisms, such as in the United Kingdom, where industries using more than 6 GWh of energy per year are subject to a tax per ton of greenhouse gas emitted.

However, accelerating national initiatives to set up a carbon price or open up national carbon markets (this has been the case for all of China since 2017) could lead to a new economic reality that must be taken into account in the business models. While it could apply to greenhouse gas emissions generated by the Group, it could also create financial value from emissions that these solutions help to avoid. The Paris Agreement signed by the 196 parties to the United Nations Framework Convention on Climate Change on December 12, 2015, and effective as of November 2016 works in that direction, as Title V of the document acknowledges the importance of providing incentives to emissions reduction activities, particularly involving tools such as national policies and carbon pricing. This is why the Group decided to gradually include a base price for carbon in the business models for its new projects starting in 2015, with the goal of applying it to 60% of the amount of its annual expenditure commitments by 2021.

The steps taken by the Group to implement its low-carbon strategy and to reduce risks related to climate change are presented in section 6.8.1.5 of this Reference Document.

4.1.2 Risks related to the Group's business activities

Risks related to major projects

The Group's organic growth is in part based on various major projects involving the construction of industrial assets, including water production plants, water desalination plants, wastewater and waste treatment plants.

The profitability of these assets, which have a lifespan of several decades, is contingent in particular on controlling costs and construction timeframes, operating performance and long-term trends within the competitive environment, any of which could reduce the profitability of certain assets or result in loss of revenues and asset impairment.

Risks related to design and build activities

In the water and waste sectors, the Group is involved in the design and construction of certain installation projects through its specialized subsidiaries in the Treatment Infrastructures and Consulting activities.

These risks are related to the completion of fixed-price turnkey contracts. Under the terms of such contracts, the specialized subsidiaries operating in the Treatment Infrastructures segment agree to engineer, design and build operation-ready plants for a fixed price. The effective expenses resulting from performing a turnkey contract can vary substantially from initial projections for different reasons, such as:

- unforeseen increases in the cost of raw materials, equipment or labor;
- unexpected construction conditions;
- delays due to weather and/or natural disasters (particularly earthquakes and floods);
- non-performance by suppliers or subcontractors.

The terms of a fixed-price turnkey contract do not necessarily make it possible to increase prices to reflect elements that were difficult to predict when the bid was submitted. For these reasons, it is impossible to determine with certainty the final costs or margins on a contract at the time the bid was submitted, or even at the start of the contract's performance phase. If costs were to increase for any of these reasons, the specialized subsidiaries in the Treatment Infrastructures business unit could see their margins shrink, perhaps causing them to sustain a significant loss on the contract.

Engineering, Procurement and Construction projects (EPC) can encounter problems that may entail a reduction in revenues, disputes or lawsuits. These projects are generally complex, and require major purchases of equipment and large-scale project management. Schedule delays could occur, and the specialized subsidiaries in the Treatment Infrastructures business unit could encounter difficulties in design, engineering, the supply chain, construction and/or installation. These factors could have an impact on their ability to complete certain projects by the original deadline.

Certain terms of the contracts concluded require the client to provide particular design- or engineering-related information, in addition to the materials or equipment to be used in the project. These contracts may also require the client to compensate them for additional work done or expenses incurred, if (i) the client changes its instructions, or (ii) the client is unable to provide them with adequate design or engineering information or materials or equipment for the project.

In such cases, these subsidiaries usually negotiate financial compensation with their clients for the additional time and money spent due to the client's failure to meet its contractual obligations. However, the Group cannot guarantee that it will receive sufficient compensation to offset the extra costs incurred, even if it takes the dispute to court or arbitration. In such cases, the Group's earnings and financial position could be significantly affected.

The Group, as part of the guarantees given to cover its subsidiaries' commitments, may be required to pay financial compensation if it breaches contractual deadlines or other terms of the contract. For example, the new facility's performance may not comply with project specifications, a subsequent accident may invoke the Group's civil or criminal liability, or other problems may arise (now or in the future) in the performance of the contract that may also significantly impact the Group's operating income.

Risks of dependency on certain suppliers

Group companies may depend on a limited number of suppliers for their construction, operation or delegated management activities. A distinction is made between three main groups of suppliers.

SUPPLIERS OF RAW WATER, WHOLESALE TREATED WATER, AND PRIMARY ENERGY

Some Group companies depend on raw water, treated water or primary energy suppliers for their distribution activities. Such dependence is generally imposed by regulation or local technical configurations, leading to the de facto monopoly of these suppliers. It is always possible that such suppliers may fail to meet their obligations due to technical issues (breakdowns), pollution or for other reasons, causing a risk of service interruption. The Group seeks to mitigate this risk by diversifying sources of supply and by interconnecting networks where possible and ensuring that contracts provide for adequate exclusion of liability clauses in case insufficient amounts of water or electricity are delivered to the concession holder.

BUILDERS

Some Group companies depend on "Builders" – suppliers or subcontractors in civil engineering, combustion and energy recovery systems, etc. – for their design and construction activities. A one-off or wholesale failure by any of these suppliers or subcontractors could result in unforeseen delays in the construction schedule resulting in the application of late penalties under the agreement. This risk is handled at the core of the project and can be spread throughout the supplier portfolio given the multiple intervening parties. In addition, special provisions may be adopted when designing projects to reduce dependence on certain suppliers.

Other Group companies also depend on "Builder" suppliers and subcontractors as part of their concession or public services contracts. The failure of one of these "Builders" resulting in delays in the commissioning of concession facilities could have an impact on contractual rate increases and consequences for the overall profitability of the investment. The Group manages this risk through a careful selection process and by monitoring its "Builders". This risk is also not critical as it is dispersed within the supplier portfolio.

OTHER SUPPLIERS

The Group companies also use various suppliers and subcontractors in connection with their business and activities: service providers (temporary workforce agencies, design offices, transportation companies, etc.); suppliers of energy, fuel, equipment, chemicals, etc.

The failure of any of these suppliers could have an impact on the continuity of service that is the critical performance indicator in the public service activities of Group companies, both in the Waste and Water sectors.

The Group considers that this risk is adequately covered by the measures in place: careful selection of suppliers, backup equipment, availability of generators, crisis management plans, stockpiling chemicals, diversification of suppliers.

WEIGHT OF THE LARGEST SUPPLIERS IN THE GROUP'S PROCUREMENT PROCESS

Out of total purchases of EUR 6.2 billion in 2017, the largest supplier accounts for EUR 71 million, the top five account for EUR 260 million, and the top ten account for EUR 428 million. The Group considers that currently there are no relationships of dependency on its main suppliers.

Non-performance risks of long-term contracts

The Group carries out most of its business activities under long-term contracts with terms of up to 50 years or more. The conditions for performing these long-term contracts may be different from those that existed or that were anticipated at the time the contract was entered into, and may change the balance of the contract, particularly the financial balance.

SUEZ makes every effort to obtain contractual mechanisms that allow it to adjust the balance of the contract in response to changes in certain significant economic, social, technical or regulatory conditions. However, not all long-term contracts entered into by the Group have such mechanisms. Moreover, when the contracts entered into by the Group contain such adjustment mechanisms, the Group cannot guarantee that its contractual partner will agree to implement them or that they will be effective in re-establishing the financial balance of the contract.

The absence or potential ineffectiveness of the adjustment mechanisms provided for by the Group in its contracts or the refusal of a contractual partner to implement them could have a negative impact on the Group's financial position, earnings and outlook.

Risks of unilateral cancellation, non-renewal or amendment of contracts with public authorities

The contracts entered into by the Group with public authorities make up a significant share of its revenues. However, in most of the countries in which the Group has a presence, including France, Spain or Morocco, local public entities have the right, in certain circumstances, to amend or even terminate the contract unilaterally, subject to compensation. If a contract is unilaterally canceled or amended by the contracting public authority, the Group may not be able to obtain compensation that fully offsets the resulting loss of earnings.

Moreover, the Group does not always own the assets that it uses in its operations under a public service delegation contract (primarily through public service concessions or leases). SUEZ cannot guarantee that the contracting authority will renew each of its existing public service delegation contracts or that the financial conditions of the renewal will be the same as the initial delegation. This situation could negatively impact the Group's operations, financial position, earnings and outlook.

Risks related to external growth operations

The Group's development strategy prioritizes organic growth, but may include external development or growth operations through the acquisition of assets or companies and interests or alliances in the waste and water businesses, and in geographic areas in which the Group wishes to expand. The Group may be unable, given the competitive environment, to successfully complete development or external growth operations that it may be planning based on its investment criteria.

Moreover, external growth transactions, and particularly the GE Water acquisition on September 29, 2017, may involve a certain number of risks related to the integration of the acquired businesses or staff, the difficulty in generating the expected synergies and/or savings, the increase in the Group's debt and the emergence of unexpected liabilities or costs. The occurrence of one or more of these risks could have a negative impact on the activity, financial position, earnings or outlook of the Group.

Risks related to a presence in certain countries

Although the Group's activities are concentrated mostly in Europe, the United States, Chile, China and Australia, it also conducts business in other markets, particularly in certain emerging countries. The Group's activities in these countries involve a certain number of risks that are higher than in developed countries, such as GDP volatility, relative economic and governmental instability, sometimes major amendments to, or imperfect application of regulations, the nationalization and expropriation of private property, payment collection difficulties, social problems, substantial fluctuations in interest and exchange rates, claims by local authorities that call into question the initial tax framework or the application of contractual provisions, currency control measures, and other unfavorable interventions or restrictions imposed by governments.

Although the Group's activities in emerging markets are not concentrated in one country or a specific geographic region, events or unfavorable circumstances that take place in any of these countries could have a negative impact on the Group's business and could also result in the Group having to book provisions and/or impairments in its accounts, which could have a significant negative impact on its financial position, earnings and outlook. In addition, the Group could be unable to defend its rights in the courts of these countries if there is a conflict with their governments or other local public entities.

These risks are not strictly specific to emerging countries. They can also take place in countries that experienced social and political upheavals in late 2017, such as Spain.

The Group manages these risks in connection with its partnerships and contractual negotiations on a case-by-case basis. In order to limit the risks related to operations in emerging countries, the Group determines its choices by applying a selective strategy based on a detailed analysis of the country's risks and, to the extent possible, taking out political risk insurance and putting international arbitration clauses in place.

Risks linked to partnerships

In several countries, the Group carries out its activities through partnerships with local public authorities or private local entities. Moreover, the Group may be required to enter into new partnerships in order to develop its activities.

Partnerships are one of the means by which the Group shares the economic and financial risk inherent in certain major projects by limiting the amount of its capital employed and allowing it to better adapt to the specific context of local markets. Moreover, partnerships may be required by local laws and regulations. The partial loss of operating control is often the downside of this reduced exposure in capital employed. However, this situation is managed contractually on a case-by-case basis.

Changes in a project, in the local political and economic context, in the economic position of a partner, or the occurrence of a disagreement between the partners may lead to the termination of partnerships, particularly if partners exercise puts or calls on shares, if one of the partners requests the dissolution of the joint venture, or through the exercise of a pre-emptive right. These situations can also lead the Group to choose to strengthen its financial commitments in certain projects or, in the event of conflict with its partner(s), to seek solutions in court or before the competent arbitration bodies. These situations could have a significant negative impact on the Group's business, financial position, earnings and outlook. Moreover, the Group cannot guarantee that the projects it carries out in partnership will be implemented on time and according to satisfactory economic, financial and legal conditions, or that they will deliver the long-term profitability that was originally projected.

Risks of civil and environmental liability

The business areas in which the Group operates involve a major risk of civil and environmental liability. The increase in legal, regulatory and administrative requirements exposes the Group to greater risk of liability, particularly in terms of environmental responsibility, including liability for assets the Group no longer owns or for activities that it has discontinued.

Specifically, the existing regulations impose the obligation to restore environmentally classified sites when operations finally end, which requires the booking of provisions (Refer to section 6.8.1.7, "Environment-related expenditure").

In addition to contractual precautions, the Group strives to limit all these risks as part of its environmental responsibility policy (see sections 4.2.2, "Management of Industrial and Environmental Risks" and 6.8.1, "Environmental Management") as well as through its insurance policies (see section 4.2.7, "Management and Financing of Insurable Risks"). However, the civil liability and environmental risk insurance policies taken out by the Group may prove insufficient in certain cases, and could generate major costs and negatively impact the Group's financial position, earnings and outlook.

Risks related to facilities management

The facilities that the Group owns or manages on behalf of third parties carry risks to the surrounding environment (air, water, soil, habitat and biodiversity) and may pose risks to the health of consumers, local residents, employees, or even subcontractors.

These health and environmental risks, which are governed by strict national and international regulations, are regularly monitored by the Group's teams and by the public authorities. These changing regulations with regard to environmental responsibility and environmental liabilities carry the risk of an increase in the Company's vulnerability in relation to its activities. This vulnerability must be assessed for older facilities (such as closed landfills) and for sites in operation. It may also involve damage caused to habitats or species.

As part of its activities, the Group must handle, or even generate, hazardous products or by-products. This is the case, for example, with certain chemicals used in water treatment. In waste treatment, some Group facilities treat special industrial or medical waste that may be toxic or infectious.

In waste management, gas emissions to be considered include greenhouse gases, gases that induce acidification of the air, noxious gases and dust. In water activities, the potential air pollutants are mainly chlorine or gaseous by-products resulting from accidental emissions of water treatment products. Wastewater treatment and waste treatment activities can also cause odor problems or the production of limited but dangerous quantities of toxic gas or micro-organisms.

In the absence of adequate management, the Group's activities could have an impact on water in the natural environment: leachates from poorly monitored facilities, discharges of heavy metals into the environment, and aqueous discharges from flue gas treatment systems at incineration plants. These various types of emissions could pollute water tables or watercourses.

Wastewater treatment plants discharge decontaminated water into the natural environment. For various reasons these may temporarily fail to meet discharge standards in terms of organic, nitrogen, phosphorus or bacteriological load.

Soil pollution issues could arise in the event of accidental spills of stored hazardous products and liquids, leaks from processes involving hazardous liquids and the storage and spread of sludge.

Various mechanisms are used to monitor all of the above risks. The Group carries out its industrial activities under regulations that give rise to safety rules for the use of infrastructures or for performing services. The care taken in the design, execution and operation of its works cannot prevent all industrial accidents that might interfere with the Group's activities or generate financial losses or material liability.

The laws and contracts that govern the Group's operations clarify the division of responsibilities with respect to risk management and financial liability; however, failure to comply with standards may lead to contractual financial penalties or fines.

There are risks related to the operation of waste treatment facilities, water treatment facilities, water supply networks and certain services rendered in an industrial context. These risks can lead to industrial accidents with, for example, operational incidents such as fire or explosion, design faults or external events beyond the Group's control (actions by third parties, landslides, earthquakes, etc.). Such industrial accidents may cause injuries, loss of human life, significant damage to property or to the environment as well as business interruption and loss of output.

If a major drinking water production or distribution facility is unavailable, this could result in a stoppage of water delivery across a fairly large area, resulting in loss of revenues and the risk of paying the relevant compensation as well as harm to the Group's public image and/or breach of a public service obligation.

Industrial risks are managed by implementing a safety management system at each site based on the principle of continuous improvement and aimed at reducing residual risk by focusing as a priority on the highest risks. An internal risk control procedure is implemented and coordinated by the Department of Innovation and Industrial Performance, following an internal reference framework.

Although the Group has premium civil liability and environmental risk insurance, it may still be held liable above the guaranteed caps or for items not covered in the event of claims involving the Group.

Moreover, the amounts provisioned or covered may be insufficient if the Group incurs environmental liability, given the uncertainties inherent in forecasting expenses and liabilities related to health, safety and the environment.

Therefore, the Group's liability for environmental and industrial risks could have a significant negative impact on its public image, activity, financial position, earnings and outlook.

The Group's industrial and environmental risk management policy is described in section 4.2.2 of this Reference Document.

Specific risks related to operating high-risk sites ("Seveso" sites)

According to Directive 2012/18/EU of July 4, 2012, SUEZ operates Seveso-designated sites within the European Union.

The main sites classified as "high threshold" Seveso as of December 31, 2017 are as follows:

Business unit	Location	Country	Threshold	Activity
R&R France	Villeparisis	France	High	Storage and pre-treatment of hazardous waste
R&R France	Airvault	France	High	Storage and pre-treatment of hazardous waste
R&R France	Champteussé-sur-Baconne	France	High	Storage and pre-treatment of hazardous waste
R&R France	Bellegarde	France	High	Storage and pre-treatment of hazardous waste
R&R France	Drambon	France	High	Storage and pre-treatment of hazardous waste
R&R France	Jeandelaincourt	France	High	Storage and pre-treatment of hazardous waste
R&R France	Vaivre	France	High	Storage and pre-treatment of hazardous waste
R&R France	Givors	France	High	Storage and pre-treatment of hazardous waste
R&R France	Pont-de-Claix	France	High	Hazardous waste treatment
R&R France	Péage-de-Roussillon	France	High	Hazardous waste treatment
R&R France	Beautor	France	High	Hazardous waste treatment
R&R France	Amnéville	France	High	Hazardous waste treatment
R&R France	Frontignan	France	High	Storage and pre-treatment of hazardous waste
R&R France	Barlin Hersin	France	High	Storage and pre-treatment of hazardous waste
WTS	Crissey	France	High	Production of reagents for water treatment
R&R France	Herne	Germany	High	Thermal desorption of soils polluted with PCBs and mercury
WTS	Herentals	Belgium	High	Production of reagents for water treatment
R&R France	Barbera	Spain	High	Hazardous waste treatment

R&R France: Recycling and Recovery France.
WTS: Water Technologies and Solutions.

In addition to the facilities identified in Europe as Seveso "high threshold" sites, SUEZ operates other hazardous industrial sites for which it is committed to applying the same high industrial safety standards. Accordingly, the Group conducts one-off checks and audits to ensure that these obligations are being met.

Any incident at these sites could cause serious harm to employees working at the site, neighboring populations and the environment, and expose the Group to significant liabilities. The Group's insurance coverage (see section 4.2.7 of this Reference Document) could be insufficient. Any such incident could, therefore, have a negative impact on the public image, activity, financial position, earnings and outlook of the Group.

The Group follows an accident prevention policy through a series of initiatives and actions described in section 4.2.2 of this Reference Document.

Risks related to Human Resources management

The Group employs specialists and executives with a broad range of expertise applied to its various businesses. In order to prevent the loss of key skills, the Group must anticipate labor shortages in certain businesses. In addition, the Group's international growth and the trends of its businesses require new know-how and a great deal of mobility among its staff, particularly its executives. In order to meet this need, the Group has implemented a Human Resources policy focused on employment management tailored to the various locations and on fostering employability through the development of training.

The Group's success depends upon its ability to map organic skills, to hire, train and retain a sufficient number of employees, including managers, engineers, technicians and sales professionals with experience in the industrial markets who have the required skills, expertise and local knowledge. Competition for this kind of profile is strong.

To retain skilled personnel, the Group has implemented a management policy aimed at key staff, which includes essential and high-potential profiles for whom special loyalty arrangements are in place.

The Group's success depends equally on the progress of its organizations in making it more streamlined and innovative in response to competitive pressure.

Risks of labor conflicts

Organizational changes and lack of understanding of the Group's strategy can lead to cooperation and negotiation being ineffective in regulating labor relations.

The Group must consider the possibility of labor disturbances, such as strikes, walkouts, claim actions or other labor problems that could disrupt its business and have a negative impact on its financial position and earnings.

Moreover, in the Waste segment, the occurrence of labor disruptions could have a significant negative impact on the Group's public image.

Health, security and safety risks

The Group is very aware of the risks of deterioration in employees' and subcontractors' health and takes measures to protect their health and safety and closely monitor related indicators (frequency and severity rate) in each BU (Business Unit). It also takes great care to remain in compliance with legal and regulatory health and safety provisions at its various sites. However, it may be confronted with occupational illnesses that could lead to legal action against the Group and, potentially, to the payment of damages, which could be significant.

Personnel working at water production and distribution facilities and on hazardous industrial waste treatment sites may be exposed to chemical risks. Chemical risk is one of the risks managed under the health and safety system.

In addition, the risk of a pandemic, such as avian flu, has been anticipated by implementing continuity plans and measures to protect and prevent infection of employees who continue to work during pandemics.

Risks of criminal or terrorist acts at Group sites

Despite security measures taken by the Group in the operation of its water and waste facilities, the possibility remains that they could be affected by malicious acts and acts of terrorism, with consequences for public health or harm to employees, equipment or sites.

In addition, some of the Group's employees work or travel in countries where the risks of terrorism or kidnapping may be high.

The occurrence of such acts could have a significant negative impact on the public image, activity, financial position, earnings and outlook of the Group.

Risks related to natural disasters or other major events for which the extent is difficult to predict

Because of its diverse geographical presence, some of the Group's infrastructures could be exposed to natural disasters such as earthquakes, heavy rainfalls, storms, hailstorms, freezing, drought and landslides, etc. Apart from the occurrence of natural disasters, other major events, whose extent is difficult to predict (major epidemics, etc.), could impact the Group's activities.

The Group's policy is to cover those risks through its insurance programs with premium insurance companies and suitable coverage. However, the Group cannot guarantee that the measures taken to control these risks will prove fully effective if any such event should occur. Moreover, the Group may not always be able to maintain a level of coverage that is at least equal to its existing coverage and at no higher cost. The frequency and extent of natural disasters observed in recent years could impact both the capacity of insurance markets to cover such risks and the cost of insurance coverage.

Risks related to information systems

Information systems are critically important in supporting all the Group's business processes.

Increasingly, they are interconnected and cut across business segments. Any failure could lead to loss of business, loss of data or breach of confidentiality, and could negatively impact the Group's operations, financial position and earnings.

The implementation of new applications may require considerable development, which is then carried out in project mode, with risks relating to development costs, quality and deadlines.

Cybersecurity and malicious intrusion risks to information systems are increasing. This risk is a threat to data security and can lead to acts of fraud. It also heightens the vulnerability of SCADA control and supervision systems at our industrial facilities.

Risks related to ethics breaches

Actions by staff, corporate officers or representatives contravening the principles affirmed by the Group could expose it to legal and civil penalties as well as leading to loss of reputation. The "Sapin 2" Law, which recently took effect, aims to increase transparency and better combat corruption. It requires setting up appropriate measures, such as appointing an Ethics and Compliance Department and developing a corruption risk mapping.

Risk related to the Group's transformation

Transforming the Group is necessary to adopt more agile and efficient operations to better seize opportunities and be more innovative. It is also a way to respond to increasing competition, digitization and changing business models. However, remaining efficient and motivated while profound changes are impacting support functions continues to be a challenge to overcome.

As a result, any delay pertaining to Group transformation could have an adverse effect on the Group.

4.1.3 Market risks

4.1.3.1 Interest rate risk

The Group's exposure to interest rate risk derives mainly from its floating rate net financial debt. As of December 31, 2017, the Group had a net debt [1] (excluding derivatives and amortized costs) of EUR 8,521.3 million, with -15% at floating rate, 103% at fixed rate and 12% at inflation-indexed fixed rate before hedging, and 4% at floating rate, 84% at fixed rate and 12% at inflation-indexed fixed rate after hedging.

The table below presents the distribution after hedging of the Group's net debt (excluding derivatives and amortized costs) by rate type at December 31, 2017:

(in millions of euros)	Total	Net debt at fixed rates	Net debt at floating rates	Net debt at inflation-indexed fixed rates	Less than 1 year	1 to 5 years	Beyond
Amount	8,521.3	7,127.0	360.6	1,033.7	(1,242.2)	3,647.4	6,116.1

The following table shows the Group's net debt position exposed to floating interest rates as of December 31, 2017:

(in millions of euros)	Total
Gross debt	1,867.3
Financial assets measured at fair value through income	(56.9)
Cash and cash equivalents	(3,058.1)
Net position before management	(1,247.7)
Impact of interest rate derivatives	1,608.3
Net position after management	**360.6**
Impact of a 1% increase in short-term interest rates on income after management	(4.6)

An interest rate risk sensitivity analysis is presented in Note 14.1.3.2 to the Consolidated Financial Statements, chapter 20.1.

An increase in interest rates could also force the Group to finance or refinance acquisitions or investments at a higher cost.

The interest rate risk management policy is described in section 4.2.5.1.

4.1.3.2 Currency risk

Given the nature of its activities, the Group has limited exposure to currency risk on transactions, *i.e.*, flows relating to the activities of SUEZ and its subsidiaries are denominated in the local currencies.

The geographic diversification of its activities exposes the Group to translation risk, *i.e.*, its financial and income statements are sensitive to foreign exchange rate fluctuations when consolidating the accounts of foreign subsidiaries outside the Eurozone. As a result, fluctuation in the value of the euro against these various currencies may affect the value of these items in its financial statements, even if their intrinsic value has not changed in their original currency. In addition, the Group implements currency hedges to create synthetic debt in foreign currency based on the euro, mainly to fund some of its foreign subsidiaries.

The following table shows the distribution of the Group's net debt by currency as of December 31, 2017 (including impact of derivatives and amortized cost):

(in millions of euros)	Euro [a]	US dollar	Pound sterling	Chilean peso	Hong Kong dollar	Other	Total
Net debt before the effects of forex derivatives	6,536.3	592.6	233.7	1,200.2	101.3	(191.4)	8,472.7
Net debt after the effects of forex derivatives	3,747.7	2,295.9	418.8	1,204.5	674.3	131.5	8,472.7
Impact on income of a 10% net appreciation of the euro on net position after management	0.2	(1.8)	(0.2)	–	(0.2)	(0.4)	(2.4)

(a) The euro impact comes from the net euro position of Group entities whose operating currency is not the euro. The share of net financial debt in euros declines after the effects of forex derivatives due to the Group's use of a portion of its debt in euros to create synthetic debt in foreign currency and finance foreign subsidiaries, mainly in US dollars and Hong Kong dollars.

(1) Refer to section 20.1.6, "Notes to the Consolidated Financial Statements", Note 13.3.1 for a reconciliation between Net debt and Net debt excluding amortized cost and impact of derivative financial instruments.

The following table shows the distribution of the Group's capital employed by currency as of December 31, 2017:

(in millions of euros)	Euro [a]	US dollar	Pound sterling	Other [b]	Total
Capital employed	8,794.3	5,504.1	1,064.3	2,531.9	17,894.6

(a) Euro: including Agbar and its subsidiaries.
(b) Mainly the Australian dollar, Czech koruny, yuan, Hong Kong dollar and Swedish krona.

With respect to the US dollar, the following table presents the impact of changes in the US dollar exchange rates between 2017 and 2016 on revenues, EBITDA, net debt and the amount of shareholders' equity as of December 31, 2017:

(in millions of euros)	Change
Revenues	(22.1)
EBITDA	(5.3)
Net debt	(129.3)
Total shareholders' equity	(10.8)

Revenue and EBITDA calculations were based on an average USD/EUR rate variation from 2016 to 2017 (-2.0%); for net debt and shareholders' equity, the calculation was based on the fluctuation of the USD/EUR closing rate on December 31, 2017 and 2016 (-12.11%).

With respect to the pound sterling, the following table presents the impact of changes in pound sterling exchange rates between 2017 and 2016 on revenues, EBITDA, net debt and the amount of shareholders' equity as of December 31, 2017:

(in millions of euros)	Change
Revenues	(68.8)
EBITDA	(7.7)
Net debt	(20.0)
Total shareholders' equity	(18.3)

Revenue and EBITDA calculations were based on an average GBP/EUR rate variation from 2016 to 2017 (-6.6%); for net debt and shareholders' equity, the calculation was based on the fluctuation of the GBP/EUR closing rate on December 31, 2017 and 2016 (-3.5%).

With respect to the Chilean peso, the following table presents the impact of changes in the Chilean peso exchange rates between 2017 and 2016 on revenues, EBITDA, net debt and on the amount of shareholders' equity as of December 31, 2017:

(in millions of euros)	Change
Revenues	15.9
EBITDA	9.1
Net debt	(68.2)
Total shareholders' equity	(59.5)

Revenue and EBITDA calculations were based on an average CLP/EUR rate variation from 2016 to 2017 (+2.2%); for net debt and shareholders' equity, the calculation was based on the fluctuation of the CLP/EUR closing rate on December 31, 2017 and 2016 (-4.6%).

With respect to the Hong Kong dollar, the following table presents the impact of changes in the Hong Kong dollar exchange rates between 2017 and 2016 on revenues, EBITDA, net debt and on the amount of shareholders' equity as of December 31, 2017:

(in millions of euros)	Change
Revenues	(5.6)
EBITDA	(0.8)
Net debt	(56.3)
Total shareholders' equity	(24.2)

Revenue and EBITDA calculations were based on an average HKD/EUR rate variation from 2016 to 2017 (-2.4%); for net debt and shareholders' equity, the calculation was based on the fluctuation of the HKD/EUR closing rate on December 31, 2017 and 2016 (-12.8%).

An exchange rate sensitivity risk analysis appears in Note 14.1.2.2 to the Consolidated Financial Statements, in chapter 20.1. The foreign exchange rate risk management policy is described in section 4.2.5.2.

4.1.3.3 Liquidity risk

The following table presents the maturity schedule for the Group's borrowings and the amount of its cash as of December 31, 2017:

(in millions of euros)	Total	2018	2019	2020	2021	Beyond 2021
Total borrowings	10,811.7	1,048.2	1,074.4	582.1	1,122.1	6,984.9
Overdrafts and current cash accounts	824.6	824.6				
Total outstanding borrowings	**11,636.3**	**1,872.8**	**1,074.4**	**582.1**	**1,122.1**	**6,984.9**
Financial assets measured at fair value through income	(56.9)	(56.9)				
Cash and cash equivalents	(3,058.1)	(3,058.1)				
Net debt (excluding derivative financial instruments and amortized cost)	**8,521.3**	**(1,242.2)**	**1,074.4**	**582.1**	**1,122.1**	**6,984.9**

Some borrowings contracted by Group subsidiaries, or by SUEZ Groupe on behalf of its subsidiaries, include clauses requiring certain ratios to be maintained. The definition and level of these ratios, that is, the financial covenants, are determined in agreement with the lenders and may potentially be revised during the term of the loan. Information about these covenants is presented in chapter 10.4 of this Reference Document. As of December 31, 2017, 14% of borrowings exceeding EUR 50 million were subject to financial covenants. Failure to comply with these covenants could lead lenders to declare a covenant event of default and demand early repayment. As of December 31, 2017, and as of the date of this Reference Document, none of these clauses has been activated. The Company also believes that the existence of these covenants does not have a material impact on the Group's financial position. Finally, none of these financial covenants is based on SUEZ Groupe or SUEZ share price, or on the Group's rating.

Details on short- and long-term ratings and their evolution over the course of fiscal year 2017 appear in section 10.3.3 of this document. As of the date of this Reference Document, there is no payment default on the Group's consolidated debt. There was also no payment default on the Group's consolidated debt as of December 31, 2017.

The following table shows borrowings contracted by the Group as of December 31, 2017, in excess of EUR 50 million:

Type	Fixed/floating rate	Total amount of lines at December 31, 2017 *(in millions of euros)*	Amount used at December 31, 2017 *(in millions of euros)*	Maturity
Bond issues	Fixed rate	800	800	2019
Bond issues	Fixed rate	750	750	2022
Bond issues	Fixed rate	750	750	2021
Bond issues	Fixed rate	700	700	2029
Bond issues	Fixed rate	500	500	2032
Bond issues	Fixed rate	500	500	2028
Bond issues	Fixed rate	500	500	2025
Bond issues	Fixed rate	500	500	2025
Bond issues	Fixed rate	500	500	2024
Bond issues	Fixed rate	500	500	2023
Bond issues	Fixed rate	311	311	2020
Bond issues	Fixed rate	282	282	2030
Bond issues	Fixed rate	250	250	2027
Bond issues	Fixed rate	200	200	2021
Bond issues	Fixed rate	176	176	2032
Bond issues	Fixed rate	104	104	2035
Bond issues	Fixed rate	100	100	2033
Bond issues	Fixed rate	100	100	2020
Bond issues	Fixed rate	100	100	2018
Other bank borrowings	Variable rate	98	98	2022
Bond issues	Fixed rate	84	84	2037
Bond issues	Fixed rate	84	84	2035
Other bank borrowings	Variable rate	77	77	2018
Bond issues	Fixed rate	75	75	2029
Bond issues	Fixed rate	73	73	2040
Bond issues	Fixed rate	73	73	2037
Bond issues	Fixed rate	73	73	2036
Bond issues	Fixed rate	67	67	2026
Bond issues	Fixed rate	64	64	2031
Bond issues	Fixed rate	63	63	2047
Bond issues	Fixed rate	63	63	2031
Bond issues	Fixed rate	63	63	2030
Bond issues	Fixed rate	60	60	2032
Bond issues	Fixed rate	58	58	2038
Bond issues	Fixed rate	58	58	2032
Bond issues	Fixed rate	57	57	2025
Other bank borrowings	Variable rate	56	56	2018
Bond issues	Fixed rate	55	55	2033

As of December 31, 2017, the Group had the following unused confirmed credit facilities available:

Year of expiration	Confirmed but unused credit facility programs *(in millions of euros)*
2018	176.2
2019	150.4
2020	165.9
2021	1,595.1
2022	480
Beyond	46.8
Total	**2,614.4**

These credit facility programs include a syndicated loan of EUR 1.5 billion in the name of SUEZ, which maturity was extended to February 2021. The liquidity risk management policy is described in section 4.2.5.3.

4.1.3.4 Counterparty risk

The Group's exposure to counterparty risk is linked to its cash investments and its use of derivatives to control its exposure in certain markets.

The Group's surplus cash is invested in short-term deposits and interest-bearing current accounts with international banks with a minimum A- rating (Standard & Poor's rating), while ensuring that counterparty diversification policy is stricter and limiting in terms of counterparty selection.

The derivative financial instruments used by the Group are intended to manage its exposure to currency and interest rate risks, as well as its risks on commodities. The financial instruments used are essentially forward purchases and sales as well as derivative products.

The counterparty risk management policy is described in section 4.2.5.4.

4.1.3.5 Equity risk

The Group has equity interests in publicly traded companies, the value of which changes depending on trends in global stock markets, the performance of these companies and how the markets perceive them.

As of December 31, 2017, the Group held shares in listed companies for a market and book value of EUR 23.6 million. An overall 10% drop in the value of these shares with regard to their price at December 31, 2017 would have had an impact of approximately EUR 2.4 million on the Group share of the shareholders' equity.

The equity risk management policy is described in section 4.2.5.5.

4.1.3.6 Risks linked to price fluctuations of certain commodities and energy

The Group's activities use commodities as well as energy, more particularly gasoil and electricity, so it is exposed to any fluctuations in their prices.

The Group's contracts generally provide for indexation mechanisms, particularly in long-term contracts. The Group cannot guarantee that such mechanisms will cover all of the additional costs generated by increases in electricity and oil prices. In addition, some contracts entered into by the Group do not include indexing provisions. Accordingly, any major increase in the price of electricity or oil could have a negative impact on the Group's earnings and outlook.

In addition, the Group's waste activities produce plastic, wood, cardboard, metals and electricity. A significant reduction in their price could affect the yield of certain investments or the economic balance of certain contracts, having a negative impact on the Group's activity, results and outlook.

4.1.4 Insurance risks

The Group's policy with respect to insurance is described in section 4.2.7 of this Reference Document.

However, in certain cases it is still possible that the Group may have to pay large indemnities that are not covered by the existing insurance program or may incur very significant expenses that will not be reimbursed or will be insufficiently reimbursed under its insurance policies. In particular, with respect to civil liability and environmental risks, although the Group has premium insurance, it is possible that it may incur liability beyond the amount of its coverage or for events not covered.

4.1.5 Legal risks

In the normal course of activities, the Group's companies may be involved in legal, administrative or arbitration proceedings. The most significant current or potential disputes are detailed in chapter 20.6 of this Reference Document. In the context of some of these proceedings, financial claims of a significant amount are or may be brought against one of the Group's entities. Although the Group's policy in this regard is cautious, the provisions booked for this purpose by the Group could be insufficient, which could have significant negative consequences for its financial position and earnings.

Generally, it is possible that new proceedings, either related or unrelated to current proceedings, may subsequently be brought against one of the entities of the Group. An unfavorable outcome in such proceedings could have a negative impact on the activity, financial position, or earnings of the Group.

4.1.6 Tax-related risks

Independently of the Group's policy of compliance with applicable laws and regulations in each country where Group companies operate as well as with international tax rules, certain provisions may present a source of risk because they are unclear, difficult to interpret or subject to changing interpretation by local authorities. Moreover, tax rules in the European Union that currently apply to Group entities may be reviewed by the European Commission, and could be reconsidered.

During the normal course of business, Group companies could also face tax investigations by local authorities. In this respect, tax investigations performed by the French or foreign authorities are in progress. The tax investigations may result in adjustments and sometimes result in tax disputes in the competent jurisdictions. The Group's main current tax disputes are described in section 20.6.3 of this Reference Document.

Finally, several Group companies benefit from tax-approval decisions issued by competent local authorities. If necessary, these approval decisions may be challenged. A challenge may result if, for example, the company or the companies that are party to an approval decision breach an undertaking that was assumed in exchange for its issuance, and/or the facts based on which the approval decision was issued change, and/or the position of the competent tax authority changes.

4.1.7 Risks relating to the Company's shares

The Company's share price may be volatile and subject to market fluctuations. Financial markets are subject to significant fluctuations that are at times unrelated to the results of the companies whose shares are traded on them. Market fluctuations and economic conditions could significantly affect the Company's share price.

The Company's share price could also be affected by numerous events that affect the Group, its competitors or general economic conditions, and the water and waste sectors in particular. Accordingly, the Company's share price could fluctuate significantly in reaction to events such as:

- variations in the financial results of the Group or of its competitors from one period to the next;
- competitors' announcements or announcements about the water and waste sectors;
- announcements of changes in the Company's shareholders;
- announcements of changes in the Group's management team or key personnel;
- changes in the future outlook for the Group and its activities or the water and waste sectors in general;
- changes in the content of financial analysts' reports about the Group;
- changes in economic and market conditions.

4.2 Risk management and control within the Group

4.2.1 General framework for Group risk management and control

Management of the risks the Group is facing involves identifying and assessing such risks and putting in place the appropriate action plans and hedges.

The Group has adopted an integrated corporate risk management policy, which aims to provide a complete overview of the risk portfolio through the use of methods and tools common to all subsidiaries and functional departments.

The Chief Risk Officer (CRO) is responsible for coordinating this integrated approach. He is supported by a network of Risk Officers who are responsible for seamlessly and consistently executing the risk assessment and management techniques within the different subsidiaries. The network is headed by the Chief Risk Officer.

A risk-mapping process for the whole Group has been in place for several years. Risks are identified, classified by category (strategic, financial or operational), assessed (by significance and frequency), and quantified wherever possible. The method for handling them is then reviewed, which provides information for action plans at different levels of the Company.

This process, which is overseen centrally by the Chief Risk Officer and in the subsidiaries by the network of Risk Officers, makes it possible, in particular, to draw up an annual summary of the major risks for the Group. It includes steps to select significant individual risks and, if applicable, aggregate homogeneous risks and to take into account possible links. The summary is discussed and validated by the Management Committee.

The subsidiaries maintain responsibility for implementing the most appropriate risk management policy for their particular activities. However, certain trans-Group risks are directly managed by the corporate departments involved:

- within the Office of the General Secretary:
  - the Legal Department analyzes and manages the Group's legal risks, based, in particular, on periodic reporting from the subsidiaries and their network of in-house legal counsel,
  - the Investments and Risks Department, jointly with the Planning and Control Department and the Legal Department, takes part in the analysis of the main projects of the Group and its subsidiaries in terms of investments, acquisitions, disposals, etc.,
  - the Insurance Department, in conjunction with the subsidiaries, is the contracting authority for the Group's insurance programs for industrial and environmental damage, business interruption, and liability (third-party, professional, etc.). Specifically, it monitors risks of fire and machinery breakdown, by implementing an annual prevention and protection program for the Group's key sites,
  - the General Secretary, acting as the Ethics Officer for the Group, is responsible for the prevention and management of ethical risks (see section 4.3.2.3 below). He relies on the Ethics and Compliance Department, which identifies and manages risks related to ethics violations and compliance gaps. It also has a network of compliance officers;
- within the Finance Department, the Treasury and Capital Markets Department, together with the subsidiaries, analyzes the Group's main financial risks (interest rates, major currencies and banking counterparties), develops instruments for measuring positions and sets policy for hedging such risks. The Planning and Control Department performs critical analyses of the subsidiaries' actual and forecast financial performance through the monthly review of operating and financial indicators. It develops the Group's short- and medium-term financial forecasts and contributes to the analysis of development projects by the Group and its subsidiaries. The Internal Control Department has rolled out a documentation, improvement and annual internal control assessment program within the main subsidiaries of the Group in collaboration with the Group's functional and operational management teams. The Tax Department's primary mission is to identify and analyze the Group's tax risks. The Accounting and Consolidation Department ensures compliance with accounting standards;
- the Internal Audit Department, after consultation with the Chief Risk Officer, proposes its annual audit plan on the basis of an analysis of the operational and financial risks of Group companies. This audit plan is approved by General Management. The objectives of the internal audit are to assess the contribution of the audited entities in relation to their commitments, validate their risk analysis and control, assess their internal control system and verify that the Group's procedures, guidelines and charters are implemented. At the end of every assignment, the Internal Audit Department communicates its conclusions and recommendations for corrective actions;
- the Human Resources Department analyzes the main labor risks, gaps in terms of skills, corporate culture, and employee mobilization and engagement. It develops action plans for recruiting local talent and skills development. The Health and Safety Department monitors and ensures the prevention of occupational illnesses and accidents related to the Group's businesses. It ensures the implementation of warning and crisis management procedures within SUEZ group entities to establish a culture of prevention at all levels, which further enhances the quality and continuity of operations;
- the Innovation and Industrial Performance Department:
  - studies and monitors environmental and industrial risks and coordinates the actions needed to strengthen risk control and compliance with requirements in this area. To do so, it implements a schedule of environmental audits and coordinates a network of Environmental and Industrial Risk Officers charged with deploying the environmental risk management policy uniformly and consistently at each main subsidiary,
  - studies the operating risks associated with the Group's production systems and assists the subsidiaries in resolving operational issues at their sites, establishes and distributes best practices and operational benchmarks to the subsidiaries, and prepares solutions for a certain number of emerging risks by developing suitable research programs;
- the Information Systems Department analyzes and manages risks relating to information systems in order to guarantee availability, integrity and confidentiality of information;
- the Security Department: the Group has long been developing specific know-how in the security of large sites through various large projects in Central America, South America, Africa, the Middle East and Asia. Faced with increasingly complex and unstable security conditions, the Group has developed its own upstream analysis system for potential risks and an overall security management system based on scalable solutions that are adapted to the specific local and regional context. In this way, the Group continually analyzes unstable situations so as to identify early signs of deterioration. This internal system is operational, as we saw several times through the proactive management of crises particularly in Africa and the Middle East;
- the Sustainable Development and Communications Department analyzes and manages primarily image and reputation risks and prepares and disseminates suitable crisis communication plans, in connection with the subsidiaries. The Best Practices Charter of the SUEZ communications network reminds employees of the confidential nature of the information held by some employees and the internal obligations relating to the circulation of information.

In addition, the Treatment Infrastructures core business line actively contributes to managing risks related to design and construction.

Aside from these functional departments, the Board of Directors is assisted by an Audit Committee whose assignments in terms of risk are as follows:

- obtain regular updates on the Group's financial position, cash position and significant commitments and risks;
- examine the risk control policy and the procedures selected to evaluate and manage these risks;
- evaluate the efficiency of the Group's internal control system.

The results for 2017 of the overall risk management policy were presented on October 24, 2017.

Internal control is implemented according to the risks identified within the Group's activities as part of the risk-mapping process.

4.2.2 Management of industrial and environmental risks

Controlling environmental and industrial risks is a priority for the Group. For this reason, a specific management policy for these risks was enacted in 2014. It addresses risks which may be of accidental or natural origin. They may be due to human or organizational factors, equipment accidents or malicious acts. The scope of this policy covers all types of pollution (air, soil, aquatic environments) and environmental nuisance (noise, vibration, odor, visual discomfort, etc.). It also covers environmental damage as well as property damage and personal injury caused by fire, explosion, machine breakage, natural disaster, the collapse of structures, etc.

In 2016, this policy was clarified to include management of cyber security risk of Industrial Control Systems, consistent with the Information Systems Security policy.

This policy is consistent with the Global Risk Management and Health and Safety policies.

A structured management system ensures that the management principles it contains are applied across all business units internationally.

4.2.2.1 Governance

Within their organizations, SUEZ and each of its business units each appoint an Environmental and Industrial Risk Officer (EIRO) to ensure the coordinated functional management of these risks at every level of the organization. The Group EIRO reports to the Innovation and Industrial Performance Department. This individual is responsible for coordinating the network of EIROs within the business units. Under the principle of subsidiarity, the commitments are formalized with the business units or other operating entities with the aim of continuously improving the management of environmental and industrial risks. First, "Progress Contracts" are signed periodically with each CEO. These contracts define and list areas for improvement and related action plans for each business unit to control risk and reduce the occurrence of accidents and near accidents. Next, the annual "Compliance Letter" is used to disclose the significant risks identified and report on the measures taken as a result. Depending on the nature of the risk, action plans may be developed over one or more years. However, action plans seeking to mitigate significant risks must be developed within a limited time frame to minimize the risk of major accidents. This document is signed by the CEO of each business unit, based on the Compliance Memorandum of its EIRO.

4.2.2.2 Management Rules and Operational Rules

A series of management rules offer guidance on how to apply the SUEZ environmental and industrial risk management policy. Compliance with local regulations is a must in all cases. Any business unit, subsidiary or facility with industrial operations, and over which the Group has a dominant influence on its technical operations, must comply with these management rules. They also apply to any service performed on behalf of a third party at their facilities.

The management rules enable implementation in the business units and operating entities of the main components of the Environmental and Industrial Risk Management policy: organization, risk management, design, operation and modification of facilities, standards, reporting, training, subcontractor management, integration of new companies, management and communication of accidents and near accidents, as well as other actions. They also lay down the roles and responsibilities for its implementation and the monitoring systems in place.

In addition, a series of environmental and industrial operational rules define the mandatory rules for all Group operations. The business units' management systems must take into account and adhere to the principles of these operational rules.

The purpose of the operational rules is to enable operating entities or subsidiaries to check that the operations under their control comply with the Group's established criteria. Failure by existing entities or newly acquired companies to comply with the operational rules must be addressed by an action plan to return them to compliance within an appropriate time frame.

The operational rules are accompanied by "Practical Guides," which offer guidance and examples for the practical application of the rules. Since 2015, the operational rules and practices include the rationales for fire and machinery breakdown risk prevention. The practices are completed depending on accident analysis feedback, in collaboration with insurance company claims experts.

A series of external training modules was designed and distributed to the business units to support the dissemination of these operational rules.

4.2.2.3 Control

The operating entities to which this policy applies must follow the SUEZ environmental and industrial risk management system and its three-step approach: risk identification; risk assessment; and implementation of risk management measures.

The operating entities must introduce an appropriate method (or a combination of different methods) to identify potential environmental and industrial risks associated with their activities or specific to their facilities. Several risk identification methods are accepted: internal audits, self-assessment questionnaires, hazard studies conducted as part of applications for authorization to operate, process risk studies, risk prevention programs carried out by third parties (*e.g.* specialized risk prevention companies on behalf of insurance companies), site visits by management or by functional departments, and integration or acquisition of new facilities.

In addition, audits are conducted by the Innovation and Industrial Performance Department (including a general audit of the environmental and industrial risk management system and audits on selected operational sites). These audits are intended to verify the capacity of the business units to identify environmental and industrial risks, to determine measures for controlling such risks and to guarantee efficiency of these measures over time. Failure to apply the management rules and standards is reported to the appropriate management level for analysis and decision-making on the measures to be implemented. A summary of the reported gaps is presented annually to the Group's General Management.

4.2.2.4 Crisis alert and management

A crisis alert and management procedure is in place to anticipate and manage accidents or any unforeseen and sudden events that may have a negative impact on the environment, the operating or third party assets, business continuity or reputation of the Group, as well as associated impacts on employees and local residents. Such measures serve to ensure immediate and reliable communication about emergency situations to appropriate levels of the organization (alert) and to prepare and implement a "crisis organization" that is able to decide, communicate, and respond locally and globally, even in situations made worse by events. The procedure specifies the type of events that must be communicated through SUEZ's emergency stand-by team and the severity thresholds that should trigger an alert.

Each of the Group's subsidiaries has emergency plans in place that involve two modes of intervention: a local emergency stand-by team that issues the alert and mobilizes the crisis management resources, and a dedicated crisis management organization that can handle the crisis effectively throughout its duration. The latter approach provides in particular for the organization of crisis management units that are capable of taking into account internal or external impacts, whether technical, social, health-related, economic or reputational.

In 2016, the details of the crisis management organization at Group level were outlined.

4.2.2.5 Consideration of feedback

Following an environmental or industrial accident, the operating entities must analyze the event to determine the facts and understand the technical, organizational and human causes leading to the event. This analysis allows management to take appropriate measures to prevent a reoccurrence; update the risk analyses and reassess the robustness of risk control measures; improve the understanding of phenomena and strengthen the safety culture by sharing feedback.

In the case of severe accidents, a news flash is circulated throughout the organization by the EIROs. A review panel may also be set up. Chaired by a representative of Group General Management, such a panel aims to ensure that the causes of the accident are analyzed and corrective measures are taken at business unit level to prevent a repeat of such an accident; validate the report and the measures taken; propose any additional measures or investigations; decide on possible actions at Group level; decide on the classification of the accident and the possible consequences for the people involved (employees and managers), and decide on how to communicate about the event.

4.2.3 Management of Information System risks

Development of major IT projects: the Group has introduced a policy for managing major IT projects and is progressively rolling out a method aimed at addressing any possible deviations.

Cybersecurity risk: This risk concerns the operation of industrial sites managed by the Group and the protection of data relating to the Group, its employees and its customers. Based on the recommendations of ISO 27000 and the guide on industrial systems cyber-security published by the French National Information Systems Security Agency (ANSSI), the Group has defined a policy and set up a governance structure, a SOC[1] and a SIEM[2], hired a Group Chief Information Security Officer and an Industrial Control Systems Risk Officer to analyze risks, set standards and ensure the Group remains in compliance with regulatory obligations. Among other measures, the Group conducts regular intrusion tests to defend itself against malicious acts. Lydec has already achieved ISO 27000 certification, and several other Group subsidiaries are on the fast track to certification. The cyber-security action plan currently being rolled out defines additional measures, such as: improving incident reporting, having debriefs on recent cyber attacks, and implementing cyber crisis management procedures and a business continuity plan.

4.2.4 Management of legal risks

As a result of its international operations, its activities, and an increasingly complex, restrictive regulatory environment, the Group pays particular attention to the management of legal risks.

The Group has specifically implemented internal legal vigilance rules aimed at the various operating entities and their employees. More specifically, these rules cover the process to be followed in entering into certain contracts, as well as feedback on dispute risks (to foster proactive management) and developments regarding major pending litigations.

(1) SOC: Security Operations Center
(2) SIEM: Security Information and Event Management

The terms and conditions for certain Group activities, particularly the fact that certain contracts are very long-term (30-50 years) and consequently subject to periodic renegotiations, also require ongoing involvement from the Group's legal departments in order to assist operating departments in conducting such renegotiations.

Moreover, the Group frequently uses training processes to raise employee awareness of the importance of managing legal risks and of respecting the legal vigilance rules it has implemented.

4.2.5 Management of market risks

In the context of its operating and financial activities, the Group is exposed to market risks such as interest rate risks, currency risks, liquidity risks, or the risk related to certain commodity prices. To ensure greater control of these risks, the Group has implemented the management rules described below.

Market risk management issues are presented at a monthly Treasury Committee meeting chaired by the Chief Financial Officer and decisions regarding the management of these risks are taken by this Committee.

The Group primarily uses financial instruments to manage its exposure to fluctuations in interest rates, exchange rates and commodity prices.

4.2.5.1 Management of interest rate risk

The Group's exposure to interest rate risk is described in section 4.1.3.1.

The Group's policy is to diversify net debt interest rate references between fixed and floating rates. The aim is to achieve a balanced distribution among the various interest rates and maturities.

The Group also uses hedging instruments (particularly swaps) to protect itself from interest rate fluctuations in the currencies in which its debt is denominated. Financial instruments held by the Group in order to hedge interest rate risk are detailed in Note 14.1.4 to the Group's Consolidated Financial Statements, chapter 20.1.

The Group's exposure to interest rate risk is for the most part centrally managed and regularly reviewed during meetings of the Treasury Committee. Hedges decided upon by the Treasury Committee are executed and implemented on behalf of the Group by its Treasury and Capital Markets Department.

4.2.5.2 Management of currency risk

The currency risk to which the Group is exposed is detailed in section 4.1.3.2.

The Group is exposed to currency risk due to the geographical spread of its activities: its statement of financial position and income statement are impacted by changes in exchange rates. Currency risk includes:

- transaction risk associated with purchases and sales made by the Group;
- transaction risk associated with sale and acquisition transactions;
- fair value risk associated with construction contracts;
- currency risk related to assets and liabilities denominated in a foreign currency, including loans and borrowings taken out by subsidiaries;
- consolidation risk, which arises when consolidating the financial statements of subsidiaries with a reporting currency other than the euro.

The financial instruments held by the Group to hedge currency risk are detailed in Note 14.1.4 to the Consolidated Financial Statements, chapter 20.1.

The Group's exposure to currency risk is for the most part centrally managed and regularly reviewed at meetings of the Treasury Committee. Hedges decided upon by the Treasury Committee are executed and implemented on behalf of the Group by its Treasury and Capital Markets Department.

After the acquisition of GE Water, a review of currency risk was initiated for this new scope.

4.2.5.3 Management of liquidity risk

The liquidity risk to which the Group is exposed is described in section 4.1.3.3.

The Group's 2017 financing policy had the following objectives:

- diversification of financing sources by recourse to the banking and capital markets;
- optimization of financing costs;
- balancing the repayment profile of financial debt.

As of December 31, 2017, following different transactions made throughout the year as described in chapter 10 of this Reference Document, bank loans accounted for 7.2% of total outstanding borrowings (excluding bank overdrafts and short term borrowings, as these items do not constitute sustainable financial resources). Financing through the capital markets represents 90.1% of this total (86.4% for bonds and 3.7% for commercial paper).

Net cash amounted to EUR 3,309.3 million as of December 31, 2017, and confirmed credit facilities reached EUR 2,686.9 million, EUR 72.5 million of which have been drawn down.

Available cash and cash equivalents (EUR 3,058.1 million), financial assets carried at fair value through income (EUR 56.9 million), net of bank overdrafts and short term borrowings (EUR 824.6 million), totaled EUR 2,290.4 million as of December 31, 2017.

The Group's total liquidity at December 31, 2017 is compatible with its size and the maturities it faces.

Liquidity risk is regularly monitored by the Treasury Committee and the Audit Committee; monthly reporting of consolidated Group debt includes a debt schedule for the current year, years y+1 to y+8 and beyond.

Access to long-term capital markets is mostly concentrated in the Parent Company SUEZ for new bond and structured bank debt.

4.2.5.4 Management of counterparty risk

The counterparty risk to which the Group is exposed is described in section 4.1.3.4.

The Group's policy for managing counterparty risk is based on the diversification of its counterparties and an assessment of the financial position of these counterparties.

The Group invests the majority of its cash surplus in, and negotiates its financial hedging instruments with, leading counterparties. Within the framework of its counterparty risk management policy, the Group has implemented management and control procedures based, on the one hand, on counterparty accreditation according to external rating and objective market aspects (credit default swaps, stock market capitalization), and on the other hand, on the definition of risk limits. Similarly, the Group selects its insurers in a way that limits its counterparty risk.

4.2.5.5 Management of equity risk

The equity risk to which the Group is exposed is described in section 4.1.3.5.

The Group's portfolio of listed equities is part of its long-term investment policy. As of the date of this Reference Document, equity risk is not subject to any particular hedging, but the Finance Department monitors price changes in the Group's equity interests in various companies on a regular basis.

4.2.5.6 Management of commodity and energy risks

The commodity risk to which the Group is exposed is described in section 4.1.3.6.

The Group's hedging policy mostly concerns the risk associated with oil price fluctuations, in particular due to the fuel consumption of its main subsidiaries active in the waste management sector (SUEZ RV France, SUEZ Deutschland, SUEZ Recycling & Recovery Netherlands).

Volumes that are not purchased under contracts where revenues are indexed to the change in diesel prices are considered "at risk" volumes and are financially hedged through the use of derivative products (particularly swaps – see section 20.1.6, "Notes to the Consolidated Financial Statements", Notes 1.5.10.3 and 14.1.1).

In order to best implement the planned hedges, the Group's Treasury and Capital Markets Department monitors changes in the market and hedging prices and makes recommendations to the Treasury Committee and to the subsidiaries concerned.

4.2.6 Ethics Program

The Group pays particular attention to sharing and adherence to ethical values. Given its presence in many countries, it specifically ensures compliance with related local regulations and obligations.

The SUEZ ethics policy was designed to promote a Group culture that encourages responsible behavior (in compliance with the applicable ethical values and regulations) by each employee of the Group. It is based on three pillars:

- a charter, supplemented by practical guidelines and procedures;
- governance provided by the Ethics and Sustainable Development Committee, the Board of Directors, the Ethics Compliance Committee [1] and the Ethics Officers network;
- ethics reporting tools.

SUEZ has made ethics an indispensable element of its global performance improvement. Adherence to these values is essential in all the Group's activities, both in internal relationships within the Company, and in its relationships with clients, suppliers and all external stakeholders. To this end, the Group has established an expanded Ethics Program, as follows:

- an Ethics Charter updated in 2016 and a Handbook are available in eight languages: French, English, Spanish, German, Dutch, Czech, Arabic and Polish. These documents can be consulted by all Group employees and are available on the SUEZ Intranet site. They have been drafted taking into account Group values, applicable regulations, and ethical rules issued by national and international institutions (such as the Global Compact, the International Labour Organization Conventions and the OECD Guidelines for Multinational Enterprises);
- specifically addressing the fight against corruption, the Handbook provides rules and detailed procedures that apply to the whole Group when it comes to signing agreements for patronage or sponsorships, as well as contracts with institutional or business consultants;
- the Group regularly provides training on ethical issues, particularly on compliance with competition rules and the fight against corruption;
- SUEZ's commitment to Ethics has been reaffirmed through its support for the United Nations Global Compact and the Water Integrity Network (WIN);
- SUEZ is a member of Transparency International.

(1) This Committee is made up of the General Secretary (as Group Ethics Officer), the Human Resources Director, the Legal Director and the Internal Audit Director of the Group.

In 2008, the Company's Board of Directors set up an Ethics and Sustainable Development Committee responsible for, among other things, monitoring the Group's Ethics and Sustainable Development Policies and ensuring that Group employees comply with the individual and collective values on which the Group's activities are based (for a description of the Ethics and Sustainable Development Committee, see section 3 in chapter 16.4 of this Reference Document).

The General Secretary and/or Group Ethics Officer coordinates the implementation of the Ethics Program, which applies to the entire Group. This program aims to prevent or detect behaviors that are contrary to the Group's ethics rules.

The Group created an Ethics and Compliance Department in 2017 in accordance with recommendations issued by the French anti-corruption agency. The Head of the Ethics and Compliance Department coordinates a network of compliance officers whose scope was expanded during the year to ensure that it was suited to the operational organization.

The necessary procedures were carried out when GE Water was acquired and consolidated to ensure that the new "Water Technologies and Solutions" business unit complies with the Group's compliance policy and program.

As of December 31, 2017, 19 Ethics Officers were working in the "first tier" subsidiaries. In addition, to facilitate the smooth roll-out of the Ethics Program at some companies or business units that have many subsidiaries, additional Ethics Officers have been appointed in order to effectively relay the ethics mechanism. The Ethics Officers are also responsible for implementing internal and external investigation procedures for any issue brought to their attention that may potentially be in breach of the Group's ethics rules.

An ethics guide to commercial relations, validated by the Management Committee and then approved by the Board of Director's Ethics and Sustainable Development Committee, has been available since 2010 in order to increase awareness of ethical matters. This guide, available in eight languages, recommends rules and illustrates practices to avoid in certain situations, particularly for gifts and invitations. In accordance with the requirements of the Sapin 2 Law, and after a favorable opinion issued by the European Works Council on June 22, 2017, the Group is currently in the process of incorporating this Code of Conduct into the internal rules and procedures of the relevant entities.

Specific trainings, supplemented by case studies in e-learning format in 2017, aim to increase corruption risk prevention while taking into account the specific circumstances of each location. Training adapted to employees who are most exposed will continue in 2018 based on a corruption risk mapping conducted at the Group and business unit level after the Sapin 2 Law took effect.

In 2017, nearly a hundred emails requesting information or reporting unethical behavior were sent to the Group's email address (ethics@SUEZ.com).

When ethical concerns arise, the Head of Ethics and/or Compliance concerned is either involved directly or immediately notified. This individual will examine the alerts in close collaboration with the Legal and Human Resources departments, if necessary. The most serious cases are reviewed by the Group's Ethics Compliance Committee and are subject to an internal audit or specific external audit.

SUEZ and a significant number of its subsidiaries have set up ethics-related email addresses or telephone hotlines so that employees and third parties can easily seek the support of compliance officers.

In 2017, there were several dozen proven breaches of ethical rules reported in the Group. These behaviors were sanctioned in a proportionate manner (with sanctions leading to dismissal, where necessary).

More generally, each year the Ethics Officers at each main subsidiary send a report on the application of the Ethics Program in their subsidiary to their General Management team as well as to the Group Ethics and Compliance Officer. A compliance letter signed by the Chief Executive Officer of each major subsidiary or entity is sent to the Group Chief Executive Officer and the Group Ethics Officer every year. The Group has also taken into account requirements related to other Sapin 2 Law measures.

The Group Ethics Officer produces an Annual Report on the Ethics Program's activities within the Group and sends it to the Chairman of the Board of Directors. It is then sent to the Ethics and Sustainable Development Committee, which reports on it to the Board of Directors,

Compliance with ethical principles is also an integral part of the Group's internal control program.

In order to bolster control over the application of Group ethics rules, the audit plan developed by the Management Committee and approved by the Audit and Financial Statements Committee provides for general reviews of Group entities on a regular basis as well as verification of the implementation of anti-corruption regulations at the Group level. All such audits specifically include an ethics component through a variety of reviews, including training initiatives, verification of alert functioning, and more generally, application of corporate responsibility regulations.

4.2.7 Management and financing of insurable risks

The roll-out of the industrial risk management policy described in section 4.2.2 helps to further reduce the occurrence or effects of accidental events.

To limit the impact of certain events on its financial position, or to meet contractual or legal requirements, the Group has created dedicated insurance programs to cover its main risks of damage to property, civil liability, and personal insurance.

The policy for transferring risk to the insurance market is fixed every year and updated as necessary in order to reflect not only changes in the Group, its activities and the risks it faces, but also changes in the insurance market.

The Insurance Department organizes the policy defined by the Group: selection of the brokers and insurers, monitoring of the policies and, if necessary, control of the prevention or protection policies. For this purpose, it works with a network of specialists or agents within the Group's subsidiaries.

In each of the traditional insurance domains (namely property damage and interruption of business, civil liability and employee benefits), the Group transfers risks to the insurance market or uses self-financing plans:

- the transfer of risk to the insurance market is performed as often as possible through transversal programs in strategic areas, that are considered strategic because of either the potential intensity of the risks covered or the economies of scale generated by transversal programs;
- financing of low- or moderate intensity random risk relies mostly on self-financing schemes, particularly through deductibles or risk retentions or through the captive non-life reinsurance subsidiary SUEZ Ré, whose activity consists of reinsuring all or part of the risks transferred by SUEZ Groupe and its subsidiaries to non-life insurers. Its expert-led Technical and Financial Committees validate each commitment and monitor management transactions.

In 2017, the premiums (including taxes and retentions) relating to the main insurance programs established by the Group in the areas of asset protection (covering property damage and interruption of business) and third party recourse amounted to approximately 0.4% of Group consolidated revenues, considering the changes in scope.

Property damage and interruption of business

The protection of Group assets covers property the Group owns as well as property that it leases or that has been entrusted to it.

Facilities are covered by programs that are generally underwritten at Group level. However, insurance policies are also taken out by subsidiaries and, in exceptional circumstances, by sites, if justified by contractual requirements. These local insurance policies are identified and checked by the Insurance Department.

The underwriting limits for property damage cover the maximum loss assessed for each site.

With respect to interruption of business resulting from property damage, the coverage periods take into account an estimate of the consequences of the total or partial shutdown of a site (repair period, amount of daily losses, additional expenses and redundancy).

Construction projects are covered by a "Construction All Risks" policy taken out by the project manager, the general contractor or the main company involved.

Civil liability

The Group's third party civil liability is covered by various types of civil liability insurance.

General civil liability, product liability, professional liability or civil liability for environmental damage coverage fall under an insurance program underwritten and managed by SUEZ Groupe on behalf of its subsidiaries.

The maximum coverage under this policy was EUR 300 million in 2017.

Insurance for certain types of civil liability that correspond to legal obligations (vehicle fleet and workplace accidents) are covered by specific policies.

Employee benefits

In accordance with legislation currently in force and with Company agreements, programs for protecting employees against the risk of accidents and medical costs are set up at operating entity level. These programs may either be financed through retention based on capacity, or transferred to the insurance market. In France, mutual and insurance programs are largely consolidated and are subject to at least one review per year to analyze risks and trends, as well as to anticipate changes in the economic balance of the plans concerned.

4.3 Internal control procedures implemented within the Company

4.3.1 Group objectives and standards for internal control

4.3.1.1 Objectives

The aim of the internal control procedures implemented within the Group is to provide reasonable assurance that the applicable laws and regulations are complied with, and that accounting and financial information is reliable.

Generally speaking, it helps to safeguard assets and control and optimize operations. Like any control system, it can only provide reasonable assurance that the risks of error or fraud are completely under control or have been eliminated.

The Group adopted an integrated corporate risk management policy that aims to provide a complete overview of the risk portfolio through the use of methods and tools common to all subsidiaries and functional departments, as well as to put in place and follow up action plans to manage those risks.

4.3.1.2 Reference framework

The Group internal control program was developed according to the "COSO" model promoted by the Committee of Sponsoring Organizations of the Treadway Commission, and complies with the principles described within the reference framework supplemented by the application guide published by the Financial Markets Authority (AMF) and updated by an AMF working group on the Audit Committee (its final report was published on July 22, 2010).

General risk management principles are consistent with professional standards (such as ISO 31000, the reference framework of the Federation of European Risk Management Associations (FERMA) and the practices it recommends).

4.3.2 Steering of operations and implementation of internal control and risk management objectives

4.3.2.1 Steering of operations

In terms of steering of operations, the Group's organization is based upon the following principles, which form the general control framework in force within SUEZ:

- the Board of Directors establishes operational guidelines for the Group and oversees their implementation. To that end, it tasks the Audit and Financial Statements Committee with (among other things) monitoring the internal control and risk management systems (see section 4.3.2.2 below). The Board deals with all issues concerning the proper running of the Company, deliberates and settles relevant matters, and carries out checks and inspections as it deems appropriate. The Chairman or Chief Executive Officer must provide each Director with all the documents and information required to carry out their duties;
- the Chief Executive Officer holds the most extensive powers to act, under all circumstances, on behalf of the Company. He exercises those powers within the limit of the corporate purpose and subject to the powers granted by law to Shareholders' Meetings and the Board of Directors, and to internal limits on executive powers;
- the Management Committee is an advisory and decision-making body comprising the Chief Executive Officer and the five Deputy CEOs in charge of the following areas of business: Recycling and Recovery Europe, Water Europe, International, Finance, Transformation and General Secretary, the Chief Executive Officer for Treatment Infrastructures, the Sustainable Development and Communications Director, and the Human Resources Director. The Committee reviews the Group's main decisions and strategic objectives and sets the operational and performance objectives of the business units at two business reviews during the year;
- the Executive Committee includes the members of the Management Committee, the heads of the business units and the senior managers of the support functions. Its role is to coordinate management actions;
- the Operations Committee is chaired by the Chief Executive Officer or the Deputy CEO in charge of Finance and also includes the General Secretary and the operational Deputy CEO of the division concerned; its duties are to evaluate significant disposal or development projects for commitment decisions and to analyze the performance of specific projects in progress;
- the Treasury Committee, chaired by the Deputy CEO in charge of Finance, is the management body for financial risks;
- the Group is organized according to four main sectors (Water Europe, Recycling and Recovery Europe, International and WTS); these are in turn divided into 14 business units to which the Group's operating subsidiaries are linked.

  The business unit managers and the management teams of the operating subsidiaries are responsible, within their area of responsibility, for conducting business within the framework of the strategic objectives set by the Board of Directors and the Management Committee.

  After setting the operational and performance objectives of the business units (see above) their progress is monitored at monthly business reviews, in which a representative of the Management Committee, the business unit managers and the functional departments involved all take part;

- the functional departments assist the Management Committee with controlling and guiding operations and act in support of the business units according to principles and procedures applicable across the entire Group.

The functional departments mainly include the Financial Department, the General Secretary (which head the Legal Department and the Internal Audit Department), the Innovation and Industrial Performance Department, the Procurement Department, the IT Department, the Sustainable Development and Communications Department, and the Human Resources Department.

4.3.2.2 Monitoring and evaluation of internal control

The Group's internal control monitoring is organized according to the following principles:

- the role of the Audit and Financial Statements Committee (as provided for in the Board of Directors' Internal Regulations) is to assess the effectiveness of the Group's internal control systems and examine the procedures applied to assess and manage the Group's significant risks (pursuant to the Decree of December 8, 2008, which transposes the Eighth European Directive into French law);
- the Group's Management Committee is responsible for implementing the internal control systems; that responsibility is rolled out to the business unit managers and the management teams of the operating subsidiaries. The Group's guidelines and rules of operation are distributed by the operational or functional departments concerned. They are also searchable by all Group employees under the "Policies and procedures" section of the Group's intranet site. The Chief Executive Officers and Chief Financial Officers of the main operating subsidiaries confirm, *via* half-year and year-end representation letters, their responsibility for implementing an efficient internal control system within their organization;
- the internal control system is implemented in a manner consistent with the risks identified in the Group's activities through a risk-mapping process managed by the Group's Chief Risk Officer;
- the Internal Control Department, which is attached to the Finance Department, manages the Group's internal control program; its mission is to analyze and improve the internal control system, in collaboration with the Group's main subsidiaries and functional departments. Its actions are supported by a network of internal Control Officers and Process Owners identified within the main subsidiaries of the Group, who are trained in the Group's internal control principles and methods.

  As part of the Group's internal control program, a questionnaire on the general control environment and risk reference documents have been defined; these include key operational processes: sales management, procurement management, asset management and contract management; support processes: the preparation of accounting and financial information, financial management, information systems management, legal management, tax management, external communications, as well as global processes: the management of commitments, the corporate governance and external communications.

  For each process, in line with the risk matrix prepared by the Director of Internal Control, risks and examples of controls considered necessary for maintaining an effective internal control system have been identified. The controls implemented to meet these risks are generally specific to the business and organization of each entity.

  The Group's internal control program is based on dedicated tools that:

  - disperse risks to be covered and provide examples of controls,
  - describe, update and conduct annual assessments of controls *via* the Process Owners for each key process identified within the main subsidiaries.
- the mission of the Internal Audit Department, which reports to the Audit and Financial Statements Committee and to the Office of the General Secretary, is specifically to ensure that the Group has an efficient internal control system and manages its risks properly;

  In assessing the reliability of the internal control system, the Internal Audit Department performs audits aimed at evaluating the design of controls aiming to cover risks, particularly by reviewing processes and testing key control activities in each of the main subsidiaries. Furthermore, at the end of each audit, the Department makes recommendations, monitors their implementation and reports regularly to the Management Committee and the Audit and Financial Statements Committee.
- external audit: assessment and analysis of internal controls within the Group are performed in close coordination with the Group's Statutory Auditors. The latter are informed, among other matters, of the results of the internal audit tests.

4.3.2.3 Compliance with laws and regulations

Compliance with laws and regulations is the responsibility of the business unit managers, the management of the operating subsidiaries and the functional departments in their respective areas of competence. For example, certain cross-divisional compliance objectives are managed by the functional departments concerned:

- the General Secretary, acting as the Group's Ethics Officer, is responsible for ensuring compliance with the Ethics and Compliance Program, which aims to prevent or detect any behaviors contrary to the Group's rules of ethics (see section 4.2.6 above);
- the General Secretary oversees implementation of the procedures circulated within the Group to ensure compliance with its obligations on insider information and insiders;
- the Finance Department ensures the Group's compliance in accounting, financial and tax matters. It is responsible for producing the financial reports required by law;
- the Human Resources Department ensures compliance with the labor legislation and regulations in force and produces the labor reports required by law. It implements the Group's labor policies, particularly those relating to health and safety;
- the Innovation and Industrial Performance Department oversees the Group's compliance on environmental matters. It produces the necessary environmental reports within the framework of non-financial communications. An annual representation letter regarding environmental compliance, signed by the subsidiaries' Chief Executive Officers, confirms their commitment in this regard.

4.3.2.4 Internal control procedures relating to the preparation, treatment and circulation of accounting and financial information

1) Accounting standards and procedures

The main procedures put in place for the preparation of the statutory and Consolidated Financial Statements are based on:

- the Group's accounting policies manual, which is accessible *via* the intranet to all of its finance professionals. It is regularly updated based on changes in IFRS; and
- the Group closing instructions are circulated before every phase of the consolidation process by the Accounting and Consolidation Department. These instructions cover the closing assumptions (exchange rates, discount rates and tax rates, etc.), processes for specific topics (*e.g.* pensions, impairment tests and off-balance sheet items), the scope of consolidation, the timetable for submitting information, items relating to closing that require particular attention, changes in the chart of accounts and significant new standards introduced.

2) Preparation of accounting and financial information

Responsibilities for preparing accounting and financial information are assigned at every organizational level of the Group. These include the set-up and maintenance of efficient internal control systems. Within the Finance Department:

- the Accounting and Consolidation Department steers the Group financial statements production process, which includes producing and controlling the statutory and Consolidated Financial Statements of SUEZ, producing forecasts and monthly consolidated financial reports as well as the Medium term plan. This work is carried out with input from the accounting and planning and control teams of each consolidated subsidiary. Each party involved performs checks to enable the circulation, assimilation and correct application of Group accounting standards and procedures in their area of responsibility. These responsibilities are confirmed by the Chief Executive Officers and Chief Financial Officers of each subsidiary or each consolidation level *via* a biannual representation letter.

  The Accounting and Consolidation Department is responsible for relations with the AMF Accounting Department.
- the Planning and Control Department is responsible for analyzing the Consolidated Financial Statements, forecast reports, monthly consolidated financial reports, as well as the medium-term plan.

3) Management of accounting and financial information systems

The Group and its subsidiaries use a single, standardized consolidation software application, managed by the Group, to secure and standardize the preparation process for forecasts, monthly reports, financial statements and the medium-term plan.

Each of the Group's subsidiaries is responsible for and manages its own information system used to prepare accounting and financial information, including their statutory financial statements.

4) Setting objectives and steering

Within the Finance Department, the Planning and Control Department steers the process for preparing financial forecasts and writes the budget instruction letters sent to each business unit, relaying the macroeconomic assumptions to be applied and the financial and non-financial indicators to be measured the following year, through the various forecast reviews.

The Planning and Control Department steers the monthly Business Review process. The purpose of these meetings is:

- to define the financial objectives and forecasts twice a year;
- each time, to analyze the operational and financial performance of each business unit, how their business is going and key events, as well as monitor their operational risk management,

via management reports based on the Group's consolidated monthly financial reports.

The consolidated Group budget is presented to the Board of Directors.

The Group's Chief Executive Officer sends each business unit a budget letter outlining its annual quantitative and qualitative objectives.

5) Financial communication

a) Preparation and approval of the interim and annual reports

Within the Finance Department, the Accounting and Consolidation Department is in charge of preparing the Reference Document filed with the AMF as well as the interim financial report, and, jointly with the Legal Department, heads a dedicated Steering Committee whose role is:

- to coordinate the process for submission and validation by all relevant functional departments of the information contained in the Reference Document and in the interim financial report;
- to ensure that regulations and the AMF recommendations on financial communications are applied.

b) Preparation and approval of press releases

The Sustainable Development and Communications Department and, within the Finance Department, the Financial Communication Department and the Legal Department are responsible for reporting all information that could have an impact on the SUEZ share price.

Since the Group was listed on the stock exchange, the Sustainable Development and Communications Department and the Financial Communication Department have implemented procedures aimed at ensuring the reliability of the regulatory information communicated to the market.

c) Relationships with rating agencies

Within the Financial Department, the Treasury and Capital Markets Department maintains relationships with rating agencies in cooperation with the Financial Communication Department.

4.3.3 Changes in 2017 and outlook

The Group improves its internal control system every year. This continuous improvement process relies, in particular, on defining and operating an internal control plan that is specific to each of its main subsidiaries. The progress of these plans is presented twice a year to the Audit and Financial Statements Committee.

While maintaining the current internal control program, the Group is also continuing its process to simplify the internal control system to make it more accessible for operational processes.

In 2017, internal control actions mainly included:

- simplification and streamlining of the Group's risk guidelines;
- adaptation of the system and the internal control methodology to the change in Group organization;
- the automation of controls and the integration of internal control mechanisms as part of the implementation of new information systems related, among other things, to the upgrading of procurement and accounting software programs.

The main internal control development areas for 2018 are:

- designing and rolling out a new tool for dispersing and managing the internal control system;
- adapting the system and methodology of internal control to changes in the organization;
- increasing the business process owners' understanding of internal control with the support of the updated risk guidelines and the roll-out of the new tool.

5 Group information

5.1 Group history and reorganization

5.1.1 Legal name

As of April 28, 2016, the legal name of the Company is SUEZ. Before that time, the legal name of the Company was SUEZ ENVIRONNEMENT COMPANY.

5.1.2 Trade and Company Register

The Company is registered in the Trade and Company Register of Nanterre (France) under the number 433 466 570.

5.1.3 Company's date of incorporation and term

The Company was incorporated on November 9, 2000 for a term of 99 years. Except in the event of early dissolution or extension, the Company will cease to exist on November 9, 2099.

5.1.4 Registered address, legal form and applicable legislation

The Company's registered address is Tour CB21, 16, place de l'Iris, 92040 Paris-La Défense Cedex, France.

Telephone: + 33 (0)1 58 81 20 00.

The Company is a French *société anonyme* (public limited company) with a Board of Directors, and is governed by the provisions of Book II of the French Commercial Code applicable to commercial companies and all legal provisions applicable to commercial companies. It is governed by current legal and regulatory provisions and by its bylaws.

5.1.5 Group history

Since 2003, SUEZ Environnement has handled all the expertise in water management, wastewater treatment and waste management services within the SUEZ group (which became GDF SUEZ and then ENGIE). This expertise was supported by companies such as Degrémont (which became SUEZ International), Safege, Lyonnaise des Eaux (which became SUEZ Eau France) and Sita (which became SUEZ RV France), which are renowned for their highly-developed know-how, in some cases serving their customers for more than a century.

1880, ESTABLISHMENT OF LYONNAISE DES EAUX ET DE L'ÉCLAIRAGE

The company operated in the public services of water, electricity and gas distribution in rapidly growing cities and suburbs such as Cannes, Bordeaux, Lille and Rouen. From the very beginning, Lyonnaise des Eaux was also developing its activities abroad.

1919, CREATION OF SITA

The Société Industrielle des Transports Automobiles (Sita) was one of the two service providers selected to collect household waste in Paris. At that time, Sita had two activities: transport of all kinds and public service delegation. It later diversified into passenger transport and corporate vehicle leasing.

1946, PARTIAL NATIONALIZATION OF LYONNAISE DES EAUX

In 1946, France nationalized the gas and electricity sectors. Société Lyonnaise des Eaux et de l'Éclairage was partially nationalized. The company therefore focused on water-related activities to meet the growing demand for services and network development in the suburbs of large cities. In line with this same growth strategy, Lyonnaise des Eaux became a majority shareholder in Degrémont, a water treatment company established in Paris in 1939.

1971, ACQUISITION OF SITA

In order to meet increasing environmental protection requirements, Sita set up a waste sorting and recycling line in the 1970s. In 1971, Lyonnaise des Eaux acquired a stake in Sita, which became the Group's "waste division". Since 2000, Sita (now called SUEZ RV France) has been 100% owned by the Group.

1974, COMPAGNIE FINANCIÈRE DE SUEZ, MAJORITY SHAREHOLDER OF LYONNAISE DES EAUX

In 1974, Compagnie Financière de SUEZ became majority shareholder of Lyonnaise des Eaux. After being nationalized by the French government in 1982, Compagnie Financière de SUEZ was again privatized in 1987.

1997, MERGER OF COMPAGNIE FINANCIÈRE DE SUEZ AND LYONNAISE DES EAUX

In 1997, the merger between Lyonnaise des Eaux and Compagnie Financière de SUEZ resulted in SUEZ Lyonnaise des Eaux, the world's leading group for local services.

2001, SPIN-OFF OF THE SUEZ GROUP WATER ACTIVITIES

In 2001, SUEZ Lyonnaise des Eaux became SUEZ and, through a contribution in kind, combined all of its water-related activities within Ondeo as part of a spin-off process. Water activities in France were consolidated under the name Lyonnaise des Eaux France.

2003, FORMATION OF SUEZ ENVIRONNEMENT

In 2003, the water and waste activities were combined within SUEZ Environnement following the merger of Sita with Ondeo Services, which changed its name to SUEZ Environnement. SUEZ Environnement then united almost all of the environmental activities of the SUEZ group (which became GDF SUEZ and then ENGIE) in the water, waste and engineering sectors.

2008, LISTING OF SUEZ ENVIRONNEMENT COMPANY

As part of the merger between SUEZ and Gaz de France, which created a global leader in the gas and electricity sectors with a strong French-Belgian base, the SUEZ company completed the consolidation of all its environmental operations within a new company: SUEZ ENVIRONNEMENT COMPANY. The SUEZ company contributed all the shares of the former company SUEZ Environnement to this new company, and distributed 65% of the capital of SUEZ ENVIRONNEMENT COMPANY to the SUEZ company's shareholders prior to the merger. Since that distribution, the merged entity GDF SUEZ, later ENGIE, has had a stable equity stake in the Company (31.96% as of December 31, 2017).

2010, TAKEOVER OF AGBAR

On June 8, 2010, the Company completed the process of taking over Aguas de Barcelona (Agbar), announced in October 2009. As a result of this transaction, SUEZ owned 75.23% of Agbar, a company formed in 1882 which specializes in water cycle management in Spain and other countries (primarily Chile). On September 17, 2014, the Company acquired the indirect interest owned by Criteria Caixa in Agbar and at the conclusion of this transaction held 99.49% of Agbar, a stake that was increased to 100% in 2015. On this occasion, Criteria Caixa became the second largest shareholder of the Company, acquiring a 4.1% stake in its share capital, which was increased to 5.86% as at December 31, 2017.

2012-2013, A NEW PHASE FOR THE GROUP

On December 5, 2012, the Board of Directors of the Company recorded the decision by ENGIE and all signatories of the Shareholders' Agreement (as described in section 18.3.1 of the 2013 Reference Document), except the Company, not to renew the Shareholders' Agreement, which therefore ended on July 22, 2013.

This decision resulted in ENGIE losing control of the Company. As of July 22, 2013, the stake held by ENGIE in the Group (31.96% as of December 31, 2017) is accounted for by the equity method in the Consolidated Financial Statements of ENGIE.

ENGIE remains a long-term strategic partner and reference shareholder of the Company.

2015, A SINGLE BRAND, SUEZ, TO ACCELERATE THE GROUP'S DEVELOPMENT AND TO SUPPORT IT IN MEETING CHALLENGES TO GROWTH

In 2015, all the Group's trademarks were federated under a single brand, SUEZ, positioned in the sustainable management of resources.

This change has three goals: to simplify a multi-brand architecture to improve performance and commercial efficiency, to meet the new needs of customers, and to reinforce the convergence between the Group's activities in order to address the challenges of a circular economy.

The Group is now organized around four main activities: management of the extended water cycle, recycling and reuse of waste, water treatment solutions and consulting services (Safege) for sustainable urban and regional development.

2017, ACQUISITION OF GE WATER & PROCESS TECHNOLOGIES AND CREATION OF THE WATER TECHNOLOGIES & SOLUTIONS (WTS) BUSINESS UNIT

On September 29, 2017, SUEZ finalized the acquisition of GE Water & Process Technologies, announced in March 2017. At the same time, SUEZ created a "Water Technologies & Solutions" (WTS) business unit that includes former GE Water entities and SUEZ entities specialized in Industrial Water. This transaction was carried out in partnership with Caisse de Dépôt et Placement du Québec (CDPQ), which holds 30% of the newly created entity named SUEZ Water Technologies and Solutions.

This acquisition fulfills one of SUEZ's strategic objectives: to be a major player in industrial Water Services that covers the entire value chain. This transaction, in particular, enables the Group to increase its international presence and innovation capacities.

5.2 Investments

5.2.1 Main investments made by SUEZ over the past two years

A description of the principal investments made by the Group over the course of 2016-2017 is provided in section 9.3.1, "Cash flows from investing activities", of this Reference Document.

5.2.2 Main investments of the Company in progress

None.

5.2.3 Main investments planned or subject to firm commitments from the management bodies

None.

6 overview of activities

6.1 General information

With total revenues of EUR 15.9 billion, and close to 89,000 employees as of December 31, 2017, the Group is a major player in the global environmental market (water and waste).

The Group is active in each stage of the water and waste cycles and therefore has thorough expertise in these areas. It operates both on behalf of public authorities and private sector players.

The Group's water-related activities specifically include:

- catchment, treatment and distribution of drinking water;
- maintenance of networks and operation of plants;
- customer management;
- collection and treatment of municipal and industrial wastewater;
- design, building, occasional financing and operation of drinking water production and wastewater treatment plants, as well as desalination and water treatment plants, for reuse purposes;
- studies, master plans, modeling of underground water tables and hydraulic flows and general contracting for water management infrastructure projects;
- biological and energy recovery of treated sewage sludge;
- supply of processes and technologies for the treatment of drinking water and wastewater;
- supply of integrated chemical solutions for water and industrial assets.

The Group's activities in the waste sector notably include:

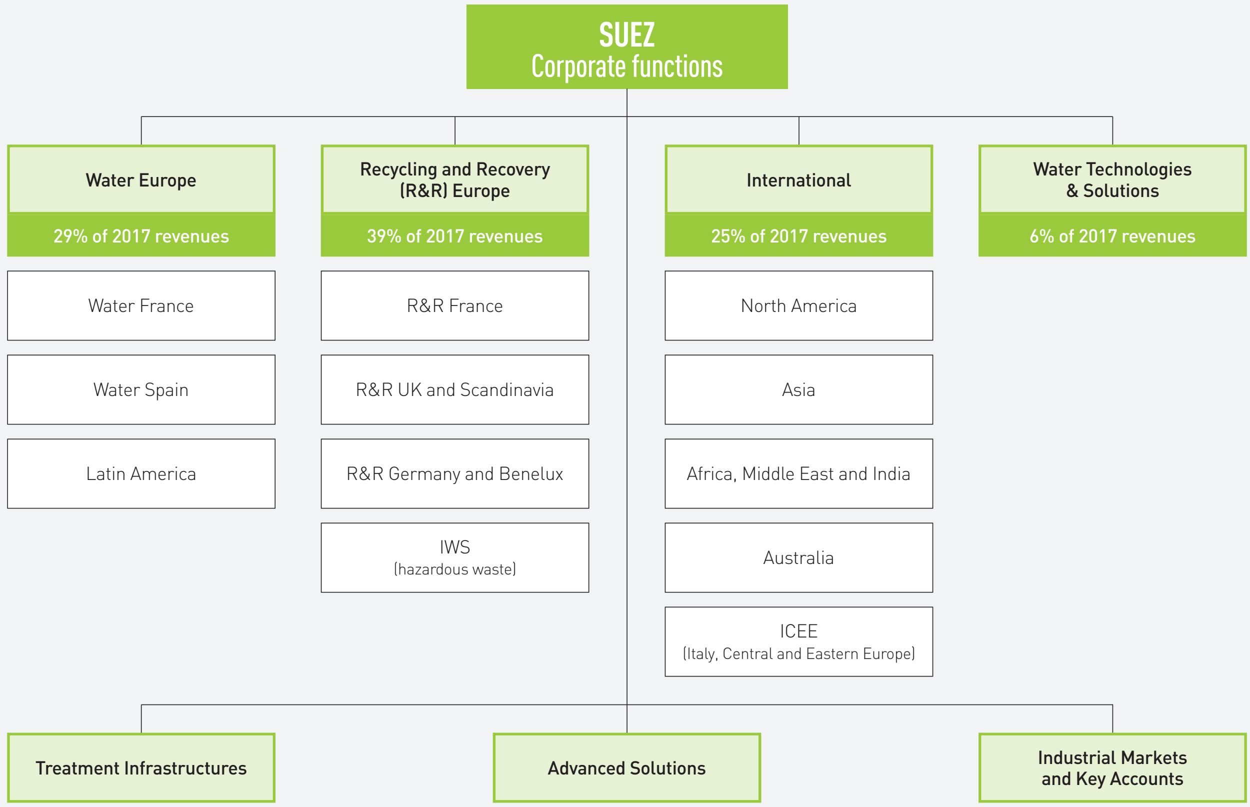
- waste collection (household waste, waste from local authorities, and industrial waste; non-hazardous and hazardous waste, excluding waste that may be contaminated by radioactive residues from nuclear activities) and urban cleaning services;
- pretreatment of such waste;
- sorting, recycling, and material, biological or energy recovery of recoverable fractions;
- disposal, by incineration and landfilling of residual fractions;
- integrated management of industrial sites (industrial wastewater treatment, *in situ* waste collection and treatment, pollution clean-up and remediation of polluted sites or soil);
- sludge treatment and recovery.

The Group engages in its activities through public and private customers, under various types of contracts:

- in the water sector, the Group primarily enters into delegation of public service contracts (leases or concessions) and public contracts, as well as service, operational and maintenance contracts, and building and engineering contracts;
- in the waste sector, the Group enters into service or management contracts (delegated and non-delegated, integrated and non-integrated), operational and maintenance contracts, and design, build and operate contracts.

In 2017, 52% of the Group's consolidated revenues were generated in the water segment, and 48% in the waste segment.

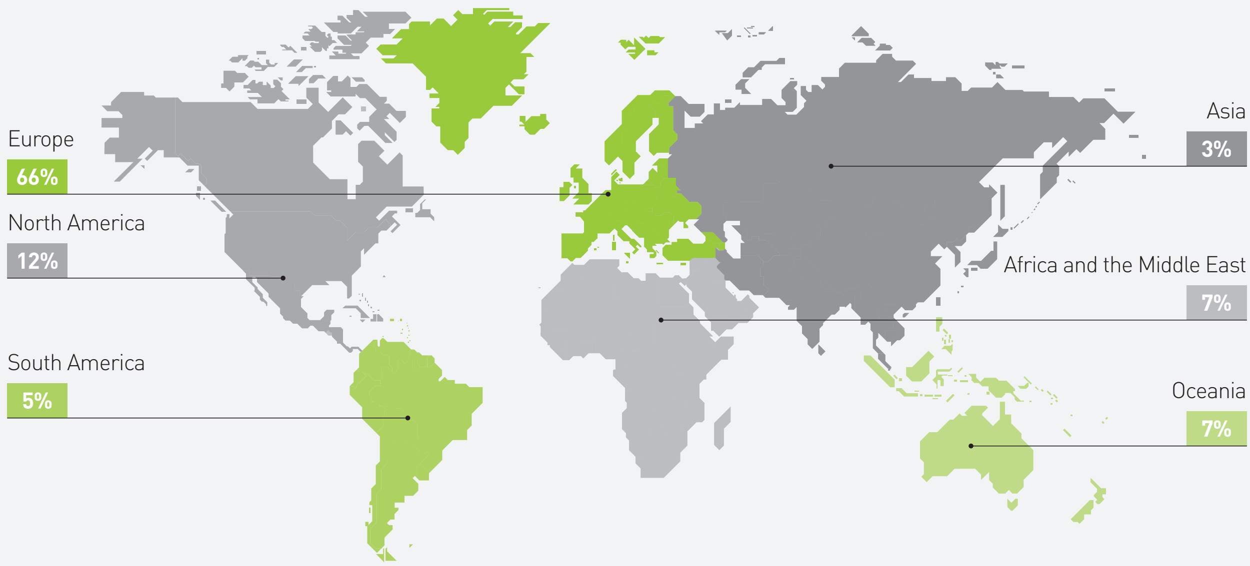
As of December 31, 2017, the Group's structure was built around four operational divisions – Water Europe, Recycling and Recovery Europe, International, and Water Technologies & Solutions – comprising fourteen business units and three cross-divisional businesses (Treatment Infrastructures, Advanced Solutions and Industrial Markets, and Key Accounts). Another segment, known as "Other", mainly covers corporate functions, as well as the activities of SUEZ Consulting. The chart below shows the structure of the Company's operational divisions and cross-divisional businesses.



Revenue of "Other" segment represents 1% of 2017 revenues.

Europe is the Group's historical development area. Thanks to this foothold in Europe, particularly in France, the Group is able to leverage its know-how and skills and adapt them to other continents.

Distribution of the Group's revenues by geographical area as of December 31, 2017 [1]



(1) This map shows the geographical distribution of the Group's revenues irrespective of the accounting segmentation assumed in the Group's Consolidated Financial Statements in chapter 20.1 of this Reference Document.

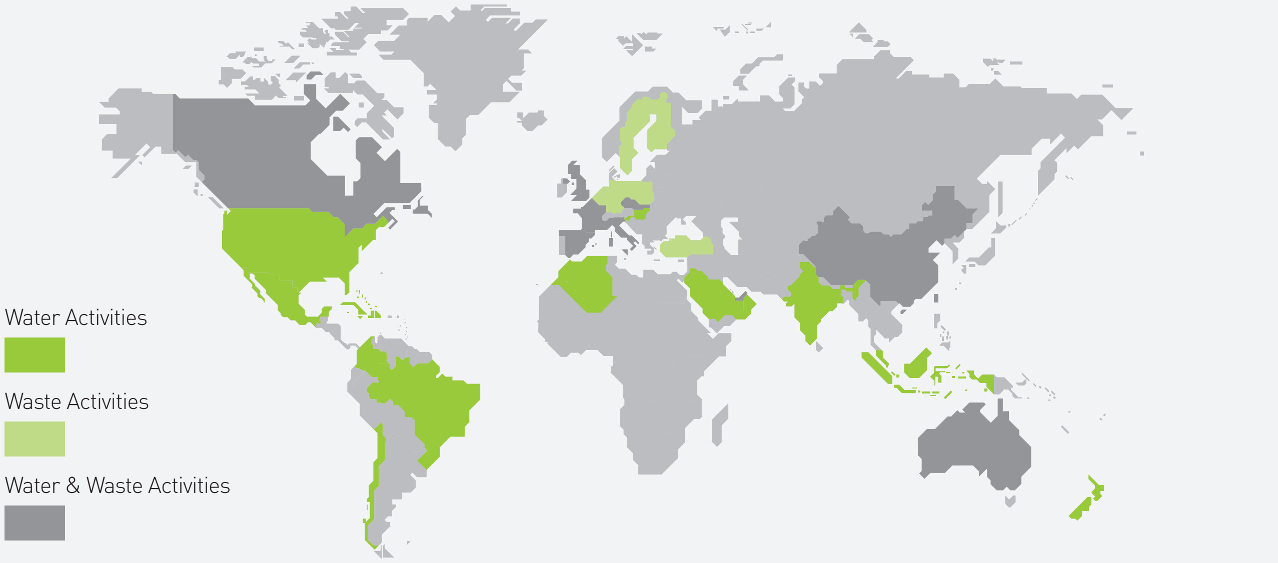
The Group benefits from an extensive network of subsidiaries and agencies; as of the end of 2017, the Group was active as an operator in over 70 countries. Outside Europe, major cities such as Hong Kong, Perth, Casablanca, Algiers, Santiago and New Delhi have awarded the Group all or part of the management of their water, wastewater and waste-related services, as well as the building of major infrastructure in these areas. The Group is most often active through its partnerships with local public or private players (industrial, financial or non-profit organizations) that have an in-depth knowledge of the local context, following the model of the historic partnership with La Caixa (Water Spain) or New World Services (SUEZ NWS in China).

Until 2015, the Group was active around the world under various well-known brands, such as Sita for waste and Lyonnaise des Eaux, Grupo Agbar, United Water Inc., Degrémont and Degrémont Industry for water.

From 2015 onward, all of the commercial brands that make up the Group were melded into a single brand: SUEZ.

This map shows the locations of the Group's main subsidiaries around the world as of December 31, 2017:

Locations of the main subsidiaries around the world as of December 31, 2017



Finally, the Group has always placed research and development at the core of its activities, particularly through major partnerships, joining with both public players (for example, with IRSTEA and CNRS in France, Tongji and Tsinghua universities in China and UCLA in the United States) and private operators.

6.2 The Group's strengths

A major player in environmental activities

With total revenues of EUR 15.9 billion for 2017, the Group is one of the two main global environmental players and the only international player exclusively dedicated to Water and Waste activities. Through its presence in all Water and Waste cycles, the Group believes that it holds leading positions in all of its activities (in terms of revenues):

- No. 2 in France and Europe and No. 2 worldwide in the water sector *(2017 Group estimate)*;
- No. 1 in water activities in Spain;
- No. 1 in France, No. 2 in Europe and No. 4 worldwide in the waste sector *(2017 Group estimate)*.

In the water sector, in 2017, the Group operated 1,261 drinking water production plants [1] and 2,460 wastewater treatment sites.

In the waste sector, in 2017, the Group treated nearly 43 million metric tons of waste. Through its waste collection activities, it served over 367,000 customers in services and industry and some 32 million people.

Furthermore, it holds a key competitive advantage that sets it apart from its competitors through its treatment solutions construction activities. Finally, the Group enjoys an excellent reputation in all markets in which it is active, as well as brand recognition.

(1) Determination of the number of drinking water production plants, introduced in 2010, excludes "ordinary disinfection" plants.

A strong environmental market

The Group's strategy is based on solid long-term growth factors: the strengthening of health and environmental regulations, population growth, urbanization and scarcity of resources.

The environmental market benefits from favorable demographic and social changes.

Growing urbanization in certain areas and increasing infrastructure needs are also economic and social assets that benefit the Group. Thus, while 1 billion inhabitants are projected to be added to the current urban population over the next 20 years *(source: World Bank, 2017)* – thereby considerably increasing water infrastructure needs – 2.4 billion people (*i.e.* approximately 33% of the world's population) do not currently have access to a sophisticated wastewater treatment system *(source: MDG Report, 2015)*.

Regulatory changes brought about by increasing concerns for environmental protection are an additional factor driving the growth of this market. This regulatory pressure – increasingly popular with the public – has resulted in an increasing demand for complex services and facilitates the growth of players in these markets, particularly global players such as SUEZ. For example, 84% of Europeans would, according to the European Commission, agree to the European Union spending more to support environmentally friendly activities and development *(source: Eurobarometer 2014)*.

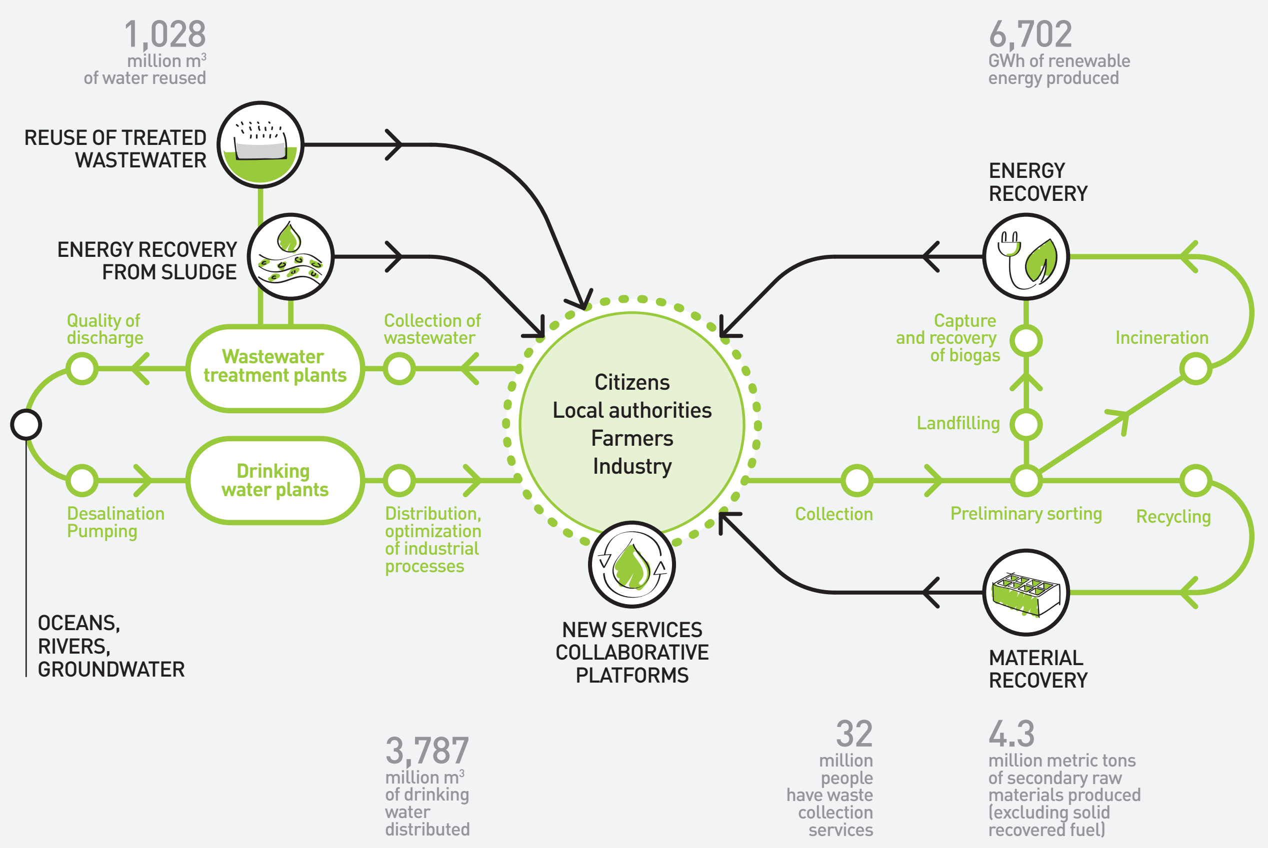
Finally, the development of new technologies to address the growing complexity of environmental issues and the increasing role of private operators (the portion of the global population served by the private sector in the Water segment exceeded the threshold of one billion people in 2013 *(source: GWI, 2013)*, are also positive factors for the expansion of the Group's markets.

An integrated player throughout the entire water and waste value chain

The Group has completely mastered each step of the water and waste cycles, allowing it to implement commercial and technological synergies within each activity.

The Group is thus able to offer a complete range of services in terms of types of services and contracts, adapted to all categories of customer, including both public authorities and private industrial players.

A value chain adapted to the circular economy



A player able to benefit from the complementary aspects of the Water and Waste businesses

The Water and Waste businesses offer certain complementary features, which the Group has turned into one of its strengths.

Thus, the Group is able to generate synergies between the two activities, particularly by sharing certain technologies (for example, in sludge and compost treatment), combining research and development in various targeted programs (such as biomass management for material and energy recovery purposes) and realizing operating synergies by pooling certain corporate functions. By way of illustration, the Group's development in China with the Shanghai Chemical Industry Park (SCIP) marked an important step in trade collaboration between the two activities, by combining a wastewater treatment plant and China's largest hazardous waste incineration plant at a single site. Similarly, the sludge drying facility and wastewater treatment plant at the Suzhou industrial park, which supplies the neighboring cogeneration plant, using dried sludge as a secondary fuel, is an example of a practical application of circular economy principles.

An emphasis on research and development at the core of the Group's culture

For over 70 years, the Group has been the source of significant innovation: the first waste-compacting collection trucks in 1936 (the "Rey-Sita compacting dumper"), the world's first reverse-osmosis desalination plant for the production of urban drinking water in 1985, the first compartmentalized collection trucks, allowing the separate collection of recyclable packaging (the "combi system"), in the early 1990s, the first hazardous waste stabilization-solidification processes in 1993 and the first water ultra-filtration process in 1998.

The Group's research is based on a global scientific and technical network consisting of experts grouped within expertise and research centers. The technological developments resulting from this research are the fruit of close collaboration and knowledge-sharing between internal experts, as well as with the Group's university and industrial partners. In 2017, the Group had over 80 research and development programs ongoing at its various centers of expertise and research laboratories worldwide. The technical research and development teams included around 650 researchers, technicians and experts, with an effective budget of EUR 92 million, taking into account the contribution from GE Water (the Group's share of the expenses). Finally, convinced that innovation also means encouraging external partnerships, particularly with start-ups, the Group has implemented a deliberate approach of stimulation, promotion and co-funding for innovative technical, commercial and management initiatives and projects by methodically reviewing the various project proposals put forward by local teams (technological tests) and by investing in innovative start-ups *via* SUEZ Ventures (formerly Blue Orange), the investment fund created in 2010 for this purpose.

The Group believes its technological expertise allows it to meet its customers' expectations effectively and to rank among the leading players as regards technological developments in environmental management services.

A balanced economic model

One of the Group's principal strengths lies in the diversity and balance of its businesses and geographical exposure.

The Group's consolidated revenues show a balance between its water and waste activities. SUEZ has a European base: 66% of its 2017 revenues were earned in Europe. SUEZ is mainly positioned in developed markets with stable political and legal systems: 85% of its 2017 revenues were generated in Europe, North America and Australia.

The equilibrium in the Group's business model is also due to the variety of its exposure: service contracts, short-, medium- or long-term contracts, local authorities or industrial customers and regulated/non-regulated markets.

Targeted international growth based on a strong partnership culture

The Group is pursuing a selective international growth strategy (outside Europe) based on identifying the fastest-growing markets with controlled risk profiles. For example, the positioning of SUEZ in the United States in regulated activities addresses this issue and allows the Group to establish the solid position it needs for future development in the regulated market as well as in services for municipalities and industry.

The Group maintains a strong partnership culture, particularly in countries offering high growth potential in environmental activities and where teaming up with local partners deepens its understanding of local challenges, while allowing risks and invested capital to be shared.

A few examples include:

- Lydec, the Group's spearhead in Morocco since 1997, is an example of a partnership with local investors in a listed company, which distributes water and electricity to the cities of Casablanca and Mohammedia;
- SUEZ NWS (Sino French Holdings – SFH) has operated since 1985 in an equal partnership until 2016 with New World Services Holding, a Hong Kong-based company. SUEZ NWS is an example of an operating partnership, which is itself based on a large number of partnerships with local municipalities for the co-financing of assets. A flexible economic model that preserves the economic balance of long-term contracts.

SUEZ has announced the extension of this historical partnership with NWS Holdings Limited (NWS Holdings), expanding cooperation over all of the Group's businesses – Water, Recycling and Recovery – in China, within their joint entity. SUEZ now controls 58% of the joint company (SUEZ NWS). This partnership will be a vector for strengthening the Group's development in continental China, Hong Kong, Macao and Taiwan, in an area of strong growth potential.

A significant proportion of the Group's business is conducted through delegated management contracts (delegation of public service in France, or the equivalent outside France), entered into for long periods of time.

These contracts generally afford the Group the flexibility needed to maintain their economic balance, notably by continually improving the quality and sophistication of the services provided, thus meeting the needs of both parties by offering innovative and profitable services or technologies.

A balanced financial structure and a selective development project management policy

The Group has a balanced financial structure.

The development choices are based on a strict financial discipline that allows the Group to maintain a sound balance sheet.

Sustainable development at the core of the Group's organization

Following on from the previous Roadmaps (2008-2012; 2012-2016), the new Sustainable Development Roadmap for 2017-2021 was drawn up following extensive internal and external consultation, approved by the Management Committee and then reviewed by the Ethics and Sustainable Development Committee, the Board of Directors and the Group Shareholders' Meeting. It covers all the Group's activities throughout the world and is based on four priorities, translated into 17 commitments (see chapter 6.8).

It is based on the roll-out of integrated governance reflected in commitment 17 of the Roadmap. Management is provided by the Group's Sustainable Development department, which provides an annual report to the Management Committee and the Ethics and Sustainable Development Committee on the progress made in fulfilling the objectives and the action plans put in place. Each member of the Executive Committee acts as a sponsor for a specific objective in the Roadmap.

Group subsidiaries ensure the implementation of the Roadmap according to the priority expectations of stakeholders in their geographical area and the level of contribution to objectives expected by the Group. An agreement is signed with each subsidiary, setting objectives and establishing the reporting processes. An annual review is carried out in collaboration with the Group's Sustainable Development department.

The offerings and solutions introduced will also be evaluated against the Group's sustainable development criteria, *via* the introduction of an internal tool.

The results and best practices associated with these commitments are described in the Group's Sustainable Development Reports, which are published annually. The Group's performance is assessed regularly by non-financial rating agencies.

Agencies	Index	2010	2011	2012	2013	2014	2015	2016	2017
RobecoSAM	DJSI	71	77	84	80 [a]	80	79	82	82
Oekom research	Corporate Responsability			B Prime	B Prime		B Prime	B- Prime	B Prime
Vigeo Eiris	EURONEXT Vigeo Eiris		56		59		58		66
FTSE Russell	FTSE4Good				99	90	85		
CDP	CDP Climate List	74	84	84	88	95	99	A [b]	A
Sustainalytics	STOXX					82.2	83		

All ratings are 100 unless otherwise noted.
(a) Downgraded due to a change in methodology.
(b) Change in rating system in 2016.

A stable shareholding structure

ENGIE holds a 31.96% equity interest in SUEZ, making it the Group's largest shareholder. The stock exchange listing gives SUEZ greater visibility and direct access to the financial markets.

The second largest shareholder is La Caixa, through its subsidiary Criteria Caixa, with a 5.86% equity interest as of December 31, 2017. La Caixa took an initial 4.1% stake in the Company in 2014 and will progressively strengthen its position with a short-term target of 7%. In addition, the Caltagirone Group, which became a shareholder in September 2016, held 3.48% of the capital at December 31, 2017.

6.3 Strategy

Being the only international company focusing solely on the water and waste businesses, SUEZ aims to be the leader in sustainable resource management, by offering its customers innovative solutions that reconcile the economic and environmental performances of water and waste services. Its industrial plan reflects this desire for development in all its businesses by giving priority to sustainable and profitable growth, combined with a balanced risk profile. This plan aims to establish the Group as one of the leaders in one and/or both of its businesses, in each country where it operates.

Leveraging its strengths in the context of changing demand in its traditional markets, the Group intends to meet the challenges of rising urbanization, changes in world demographics and the impact of global warming – all challenges that are contributing to the reduction of available resources in the world – as a key player in the Resource Revolution. This revolution proposes a different kind of action model based on the logic of the circular economy and is grounded in offering specific, innovative and collaborative solutions to assist in securing resources, their level of quality, their efficiency and their recovery.

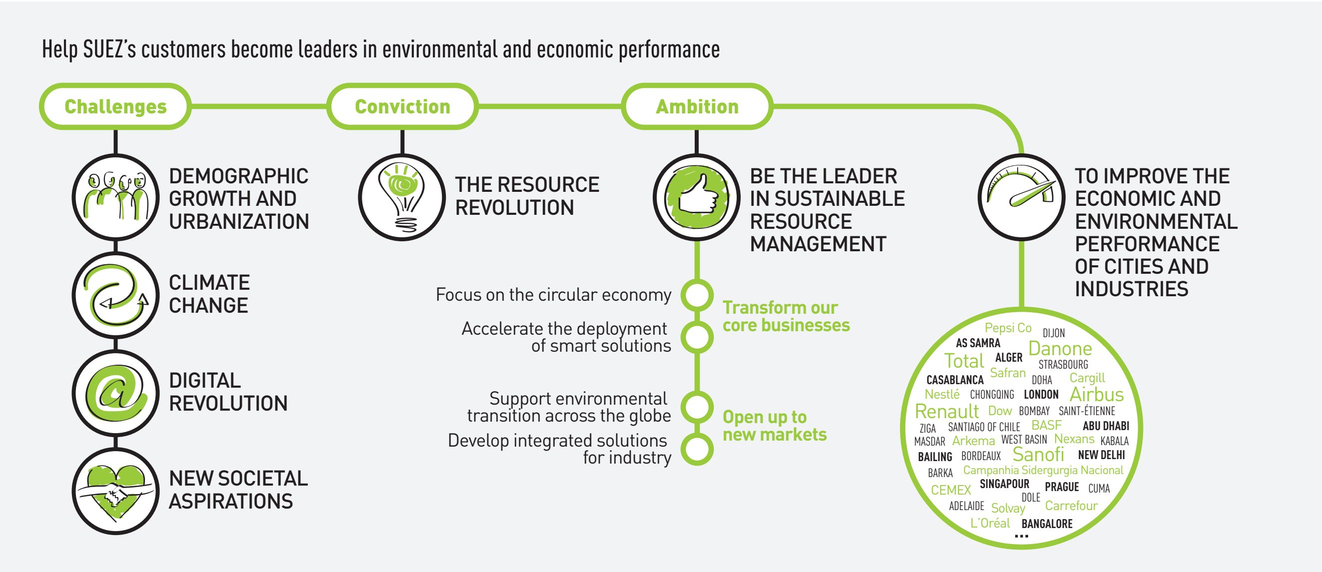
To serve this ambition, the Group's strategy is underpinned by two pillars:

- transformation of its core businesses by focusing on the circular economy in both water and waste management, and on intelligent solutions, leveraging the digital revolution to the benefit of the inhabitants and business operators of a particular region;
- expanding SUEZ's activities towards new frontiers in water and waste, allowing it to capture new growth markets beyond its traditional businesses in four key areas: development of integrated offerings for industrial companies, support for regional transition policies in waste recovery, new water services and new international business models.

SUEZ's strategy is based on a clear objective: to make its customers – cities, industrial entities, farmers – leaders in economic and environmental performance. To achieve this, emphasis is given to co-building solutions; the Group is changing from a status of service provider to partner, acting at the core of its customers' processes.

On September 29, 2017, SUEZ completed its acquisition of GE Water & Process Technologies from General Electric Company. As one of the organizational changes resulting from the acquisition of GE Water, since January 1, 2017, management at SUEZ has handled the Industrial Water activity, formerly part of the Water Europe and International divisions, within a new WTS business unit. This new business unit will deliver a unique shareholder value proposition, including the anticipated commercial, operational and technical synergies.

This development consolidates SUEZ's global leadership in industrial wastewater services and its positioning as an integrated service supplier, managing more than 450,000 industrial and business customers worldwide. It also strengthens its international presence, particularly in the United States.



The SUEZ group Sustainable Development Roadmap for 2017-2021

The Group's ambition to be the leader in sustainable resource management relies on its new Roadmap for 2017-2021, which applies to all SUEZ activities throughout the world, and is designed to act as a lever for the Group's transformation and as a tool for management control. The 17 commitments of the Roadmap fall into 4 priority areas: to be a collaborative and open and responsible business, leading the way in the low-carbon, circular economy, providing practical solutions to support its customers' environmental transition, and contributing to the common good (see chapter 6.8. – Group environmental, corporate and social responsibility policy).

6.3.1 Environmental performance and operational and technological know-how: the Group's core strategic ambitions

6.3.1.1 Offering customers solutions that make them leaders in environmental performance

The growing aspiration for harmonious and sustainable development means a greater focus on environmental protection and rational consumption of non-renewable resources. The supply and distribution of drinking water, wastewater services and waste recovery and disposal are services essential to the well-being of people and the successful operation of businesses, and constitute real challenges in certain regions of the world. The demand for these services, and for the expansion and improvement in their quality, will continue to increase over the long-term.

In offering high-quality water and waste management services, the Group will specifically seek to:

- assist its customers in managing resources in a sustainable, reasonable way as well as in limiting their environmental impacts by leveraging alternative water resources or by developing local circular economy loops;
- offer optimized energy consumption solutions, as well as solutions that combine environmental protection and the production of renewable energy.

The Group will also ensure that it continues its involvement in improving environmental management governance, in both its traditional markets and emerging countries, so as to promote the emergence of conditions favorable to the development of Group activities. For example, SUEZ is a member of the steering committee for the OECD Water Governance Initiative, whose work led to the adoption in June 2015 of the OECD Principles on Water Governance, a set of guidelines on water governance for OECD member countries.

Contractual and social innovation therefore has an integral role within the Group. Thus, for Water in France, the Group has played a pioneering role in the introduction of new models, such as the single-purpose public-private partnership (PPP), or the sharing of competitiveness gains with the local authority as in Dijon.

6.3.1.2 Identifying and using resources, energy and material generation potential in the value chains

The water and waste businesses are facing new challenges, to which the Group must respond and adapt. Waste, through appropriate treatment and under controlled conditions, can and must be recovered and reincorporated as much as possible in the economic cycle: landfills and incinerators can also operate as renewable energy production sites, recycled materials can be used as secondary raw materials in industrial circuits, and organic matter can be recovered in the form of energy or compost. The Group is thus active in the progressive evolution towards a cycle of materials preservation, which is one of the major challenges of the 21st century. Likewise, in the water sector, wastewater treatment plants are becoming a kind of biorefinery, producing reusable water, renewable energy in the form of heat from electricity, biomethane, and fertilizers, as well as final waste to be eliminated without risk to the environment.

6.3.1.3 Making research and technological expertise a priority in the Group's future development

At the heart of the Group's strategy is research focused on applications that strive to improve its operational performance (anticipation and control of health and environmental risks, and energy efficiency) and perfect its technical expertise (treatment of sludge, desalination, reuse of wastewater and environmental compatibility of landfilling).

The Group also seeks to continue developing optimum technical solutions with the best experts, specifically in order to:

- adapt to climate change and prevent it from worsening, preserve natural resources and biodiversity, and protect the environment and quality of life;
- improve the quality of drinking water and customer service and anticipate the needs linked to a more rapid urbanization;
- extend its technological leadership to new areas, especially related to waste recovery and disposal, including becoming a key player in clean energy by capturing and leveraging the potential of organic waste;

- expand our offerings for industry to become their partner of choice in managing their environmental challenges.

To boost and provide an additional outlet for the research and innovation policy, in 2010, the Group created SUEZ Ventures, an innovation investment fund for new water and waste technologies. SUEZ Ventures, with a budget of EUR 50 million over 10 years (EUR 0.5 to EUR 2 million initial investment per project), acts as an investor and industrial partner for young companies developing innovative technologies.

The fund complements the Group's efforts in the area of research and innovation and will contribute to discovering innovative technologies and converting the results of research into industrial solutions.

6.3.1.4 Supporting the Group's employees in transforming their businesses

Accelerating the transformation of the SUEZ businesses has specifically resulted in more integrated organizational structures that are better suited to the necessary change in decision-making processes, with fewer reporting lines, closer cooperation, cross-disciplinary expertise and shared support functions. All of these developments involve increased support for employees.

The Human Resources policy has therefore resolutely placed the emphasis on four aspects of support: more detailed explanation of the strategy; scaling up training and skills development, in line with changes in the Group's markets and the content of its businesses; enhancements to internal mobility policy; and the implementation of dissemination.

6.3.2 Continued global development of the Group's activities with its public and industrial customers

The Group's activities are local by nature, and the Group's objective is therefore to be recognized by its customers as a local player. Its strategic goals reflect the dynamics of each region and the positions achieved by the Group.

6.3.2.1 Consolidating the Group's positions in Europe

A) IN WATER

In France, a market in which it is firmly rooted, the Group intends to both (i) expand its core business activities in drinking water, wastewater and customer management for local authorities and industry, and (ii) diversify its offering by selling higher value-added services:

- to local authorities (major water cycle and water resources protection, dynamic and predictive management of water and wastewater networks with the support and development of smart technologies, etc.);
- to professionals as well as to major public and semi-public institutions.

These actions should also strengthen the Group's competitiveness, particularly in terms of the renewal of some of its major contracts.

In Spain, the Group is focused on its two high-potential businesses:

- concessions related to the management of the full water cycle in which activity is very mature and where the Group's focus is on contract renewals and market consolidation, with, for example, the acquisition of an additional 30% in Hidralia in 2017 (a concession in southern Spain, generating annual revenues of EUR 71 million);
- solutions and environmental technologies in the Water segment. In 2017, SUEZ continued to improve its range of solutions and technologies with SUEZ Advanced Solutions by striving to adapt to new markets and to customers' requirements to align the business strategy and optimize the use of water resources. As an example, SUEZ is focusing on the smart agriculture market, where the aim is to build a major platform including local firms.

In Italy, based on its strong positions in Tuscany, the Group intends to seize the development opportunities on offer, either on its own or through public-private partnerships. This management model still offers plenty of potential in Italy, particularly given its performance in Tuscany and the investment needs in this sector, estimated at EUR 65 billion over the next 30 years. The Group has anticipated a very slow shift to public-private partnerships, and the needs of Italy's local authorities in terms of infrastructure investment are very significant. Under present conditions, municipalities will still be able to call on private operators under public service delegation contracts. SUEZ will be able to contribute its expertise to the design, financing and operation of complex water and wastewater treatment systems in Italy such as those currently in use in Tuscany, with the Arezzo basin concession, or in Campania with the management of an urban wastewater treatment plant for Naples, which is among the largest in Europe, and a second to come. The establishment of a national regulator with responsibility for defining common contractual rules applicable to public corporations, mixed enterprises and private companies, is helping to make the market more professional. The current priorities are service efficiency and improving network performance, areas in which the Group has built up considerable expertise that it makes available to its customers. These same reasons led SUEZ to increase its stake in Acea, the largest water and wastewater treatment utility in Italy, which also operates in Rome distributing energy and processing waste.

Finally, in the rest of Europe, the Group will seek growth based on its strong positions in the region, taking advantage of opportunities associated with the requirements to comply with European Union standards for water management infrastructure. The Group is monitoring the reforms envisioned by some national authorities to achieve the dual aim of compliance with European quality and service standards and ensuring the long-term economic equilibrium of these services.

B) IN RECYCLING AND RECOVERY

The Group plans to consolidate its traditional collection and treatment businesses and expand its waste recovery activities. In addition, the Group aims to manage the entire waste value chain and strengthen certain positions, both in terms of geographical coverage and business expertise.

In France, the Group intends to occupy a significant place in the materials or energies resource recovery sector and to participate in the development of the circular economy by implementing the experience it has acquired over many years in France through heightened coordination on the European level, while:

1) continuing to develop and improve profitability in the traditional businesses of collection, sorting and processing waste by making efforts in productivity and elevating operating and innovation standards;
2) continuing with industrialization and improving the performance of innovative technologies for transforming plastics and recovering wood, metal, cardboard, biological waste, etc., building on structural partnerships (RECYGO joint venture with the La Poste group) or internal research platforms (Plastlab, BioResourceLab);
3) developing and bolstering its positions in emerging lines of business, such as remediation of polluted soils and sites, dismantling of end-of-life aircraft, processing electrical and electronic equipment, etc.

In Benelux and Germany, the Group intends to continue its integration across the value chain, by working with partnerships to jointly develop closed-loop solutions. Specifically, the Group seeks to position itself to seize selected opportunities related to the recovery segments where it can capitalize on its existing strengths. Its functional services have also been consolidated to take utmost advantage of opportunities for synergies presented by these regions in their border areas. In Germany, SUEZ Deutschland has a strong presence in the western part of the country, particularly in industrial and commercial collection. The Group is also strongly positioned in incineration in the Leipzig region through its Zorbau site, as well as in the sorting of household packaging through its recently modernized site in Ochtenburg, near Koblenz. Meanwhile, numerous under-performing sites have been sold or offered for sale in order to improve profitability, and more leeway is granted in regions where SUEZ Deutschland is a market leader. A more flexible organization, with an emphasis on the control of the value chain rather than its ownership or operation, is also favored to allow SUEZ Deutschland to adapt to market demand. In the Netherlands, in a highly competitive market, the Group's aim is to target the waste management value chain, in which it intends to be a leader, optimizing resources (assets, staff and marketing) and developing partnerships to expand SUEZ R&R's existing offering. As in Germany, the objective is to control the value chain, rather than own or operate it. In parallel, the Group's strategy is to capitalize on its energy recovery capacities in both waste (*i.e.* through the new ReEnergy plant) and materials (through the Rotterdam plastic packaging sorting facility or its QCP plastics processing site in partnership with LyondellBasell, for example).

In Belgium, where the Group is a market leader, it intends to retain its industrial and business customers through a selective acquisition strategy, particularly for medium/large customers and public authorities, and through logistics excellence. With Belgium's ambitious regulatory program (especially in the Flanders region), SUEZ R&R is well positioned to meet the rapidly changing needs of its customers.

In the UK and Sweden, the Group plans to support changes in treatment methods in the recycling and recovery of various material flows. In the UK, the Group will also pursue its policy of developing complex integrated waste management projects and intends to grow its market share of industrial and business customers. It is also now building several energy recovery units.

6.3.2.2 Developing Group strongholds in the United States, China and Australia

A) UNITED STATES

The Group's objective is to (i) develop its regulated activities through maintenance capital expenditure and the expansion of its asset base, and through the corresponding rate increases expected from the regulator; (ii) consolidate its service contract activities, specifically by entering into new contracts and selling technical assistance, providing operating and maintenance services through public-private partnerships that also meet the needs of government customers in terms of debt relief, and sustainable investment by partnering with private equity funds; and (iii) develop its service activities through SUEZ Water Advanced Solutions, LLC. At the same time, the Group intends to increase its portfolio of regulated and non-regulated activities around its current bases.

The Group also furnishes equipment and water treatment services to municipalities and industrial customers, particularly in the oil and gas, petrochemical and energy sectors.

B) CHINA AND SOUTHEAST ASIA

In November, 2016, SUEZ Asia signed an agreement with New World Services (NWS) to group its operational assets in Greater China (China, Hong Kong, Macao and Taiwan) into a single entity: SUEZ NWS. SUEZ controls 58% of the capital of SUEZ NWS, making it the company's leading shareholder, and the remaining 42% is held by NWS. Consequently, the Group has management control of SUEZ NWS. This new entity carries the Group's activities into the water and waste markets and bolsters its presence in China. This new organizational structure has been in place since January 2017. Derun Environment is not included in this new entity.

In Southeast Asia, the Group is positioning itself to take up future opportunities in the water and waste markets with certain local partners.

In water, the Group intends to continue its growth by means of the selective development of new concessions and other projects, in Asia and in China, especially in drinking water and working with municipalities. The Group also intends to develop its wastewater services to municipalities and industrial parks, especially in the area of integrated sludge management, focusing on its bases in Macao, Shanghai, Beijing and Chongqing, and in line with its current investment structures (joint ventures and partnerships), with the objective of seeking out stable, mature and high-performance customers.

In waste, SUEZ notably through its its subsidiary Sita Waste Services (SWS), leads the market in Hong Kong and for over 40 years has offered a wide range of waste management services to its municipal, industrial and business customers in China. The current scope of its activities includes waste transfer stations, landfills with biogas recovery, hazardous waste incineration, and energy recovery from waste.

Given the demand from Asian authorities and public and private customers for sustainable waste management solutions, SWS expects future growth in selected sectors and market segments. Together with its local and international partners, SWS is preparing to turn these challenges into opportunities in the form of joint ventures and partnerships in the various markets in China and Southeast Asia, through which it will expand and safeguard its new activities by building on its strong positions, networks and synergies. Examples of this include capturing the potential of the new energy recovery market in Hong Kong, where SWS is currently building the first food waste treatment plant, which will produce energy from the daily treatment of 200 metric tons of waste, and pursuing additional growth through projects in hazardous waste treatment and soil rehabilitation in China. SWS will also explore opportunities and contribute to selected energy recovery and hazardous waste treatment projects in Thailand, Indonesia, Malaysia and Singapore. In October 2017, SWS won its first energy recovery project in Thailand. The new facility, located in Chonburi, is expected to be operational by the end of 2019 and will generate energy from non-hazardous industrial waste incineration.

Furthermore, SUEZ has invested in Derun Environment *via* Suyu, a 50/50 joint venture between SUEZ and NWS Holdings Limited (NWS). Derun Environment will work on major projects in the area of waste treatment such as recycling, energy recovery from waste and soil remediation, and in a more general sense, the development of environmental protection-related technologies. Derun's development efforts will be focused primarily in the Chongqing region and it may, with the agreement of its shareholders, invest in other opportunities in China.

Finally, as illustrated by its five industrial and chemical parks, for example in Shanghai, the Group intends to promote its two activities, water and waste, through a common trading approach, to meet the growing demand from industrial sites for an integrated multi-utilities management service.

C) AUSTRALIA

Australia is one of the Group's largest business units in its International division, with more than 2,127 employees and revenues over EUR 1 billion in 2017.

The Group is present in both the water and waste segments in Australia.

Recycling and Recovery take place in most Australian states. SUEZ is positioned across the entire value chain in waste management, with a significant presence in collection (of household and similar waste, and industrial and commercial waste) as well as in the treatment and disposal of waste, through the use of an extensive network of facilities. In 2017, SUEZ Australia renewed its waste collection contract with the city of Brisbane for a further 16 years and won a contract for the treatment of municipal waste with the municipal authorities for the beaches in north Sydney.

In the Water segment, SUEZ's primary focus is on long-term "BOT" and "O&M" contracts with municipal customers. The Group also remains alert to opportunities for "DBO" contracts, such as the contract won in October 2017 for the Beenyup Advanced Water Recycling Facility in Perth (Western Australia).

The Group's strategic development in Australia is based on four key priorities: customer focus, resource optimization, innovation, and efficiency. The Group is pursuing development based on asset growth, organic growth and a strategy of targeted acquisitions. New offerings in resource recovery and data optimization will be targeted to keep pace with the development and maturity of the Australian market. The new Water Technologies & Solutions (WTS) division is working closely with SUEZ Australia to conclude the integration of the GE Water units in the country and achieve the desired synergies.

6.3.2.3 Seizing attractive development opportunities in certain regions of the world

The Group is looking for countries in which the "risk/return on investment" ratio will allow it to establish long-term bases for development. It is using the full range of delegation of public service contracts available and is seeking new forms of partnership adapted to the specific features of the markets in question. Thus:

- on a global scale, the consulting activity, through SUEZ Consulting and its subsidiaries, positions the Group well upstream in its activities and provides it with a clear competitive advantage. As such, SUEZ Consulting is involved in master plan reviews, program management and infrastructure design, thereby differentiating itself from its competitors through its genuine long-term vision as an operator/manager with a strong grasp of the challenges of sustainable development;
- for its part, the Treatment Infrastructure activity intends to pursue its global growth on every continent in the four areas of design-build, operation and services, equipment and BOT contract management for its two categories of customers – local authorities and industry – in both its mature markets and its emerging markets.

In addition, the Group is positioned to seize future opportunities in new industrial markets in water (in Brazil, China, the Middle East and India), to meet the growing demand for new municipal waste treatment solutions (in Africa and the Middle East) and to support SUEZ's key industrial customers in improving their environmental performance.

6.3.3 Maintaining a balanced industrial model and improving operating performance

6.3.3.1 Maintaining a balanced industrial model

One of the Group's principal strengths lies in the diversity and balance of its exposure: service contracts, short-, medium- or long-term contracts, local authorities or industrial customers, regulated/non-regulated, mature countries and emerging markets.

The Group seeks to allocate the capital invested in order to preserve the diversity and balance of its business portfolio, depending on the expected profitability and risks incurred by each activity. This approach is all the more significant since some of the Group's businesses will become more capital-intensive, despite the development of new service activities. The Group considers itself well positioned to address this change and has the financial strength necessary to make the corresponding investments.

The Group's investment policy is carried out in accordance with strict financial criteria addressing the principles set forth in section 6.3.4 of this document.

6.3.3.2 Exploiting potential synergies

The Group is organized to promote maximum integration between both water and waste businesses:

- joint research programs (odor treatment, energy recovery and biogas recovery);
- implementation of shared technologies (composting activities, methanization, treatment and recovery of sludge and treatment of leachates in wastewater treatment plants);
- generation of commercial synergies, such as in France, with a joint Development Department, or outside Europe, where some subsidiaries manage both activities;
- joint commercial activities in the water and waste segments, to ensure an integrated multi-utilities management service;
- savings in general expenses generated by combining corporate functions (finance, strategy, Human Resources, IT, communications, legal and development).

Within the businesses of water and waste themselves, greater integration of the Water Europe and Recycling & Recovery Europe divisions, and the expertise of the Innovation and Industrial Performance Department promote the sharing of good practices within the Group.

The Group also intends to pursue the exploitation of operational synergies with the ENGIE group's energy activities:

- combined project management, such as the recovery of renewable energy from waste, or the desalination of seawater (plants that combine energy production, thermal desalination and membrane desalination);
- developing synergies as part of service offerings for the metering of fluids (in case of identical customer issues);
- pooling resources in order to benefit from significant economies of scale, especially in procurement and R&D.

6.3.3.3 Improving performance

Historically, the Group has given high priority to the optimization of business profitability, notably through ongoing performance improvement plans.

The Group plans to pursue and expand its profitability efforts through the COMPASS program, which is part of an ongoing plan that has been in place for a number of years. COMPASS is an internal benchmark that aims both to promote industrial excellence and control operating costs. The COMPASS plan is deployed across a wide variety of activities at all levels of the organization in order to foster a strong culture of performance improvement and convey the Group's intention to adapt to increasingly uncertain economic conditions.

The Group pursues its continuous improvement measures including process industrialization, purchasing efficiencies, and the reduction of SG&A costs. Permanent net gains will amount to EUR 200 million, over the period 2018-2020. All of the Group's subsidiaries will contribute to the achievement of these strong results.

The initiatives implemented cover three main areas:

- purchasing:

  Savings on purchases made under the COMPASS plan are achieved through initiatives that span the entire Group, such as tendering procedures or negotiating master agreements at European level – and even internationally in some cases – as well as more local initiatives. With respect to business categories, for example, standardized specifications between countries ease negotiations at the international level for equipment such as construction machinery and trucks for the Waste activity, and for pumps, pipes, drying equipment, instrumentation and air production machinery for the Water activity. Similarly, in indirect categories, streamlining the needs and the organization of joint negotiations regarding interim work, the management of the vehicle fleet, energy and IT equipment generate significant savings. In addition, managing the performance of strategic suppliers generates productivity gains and enables the design of innovative products and services (Redesign-to-Cost);
- operational benefits, as the result of:
  - a reduction in the cost of interventions on the network through standardization and scheduling, and the use of GPS tools (Water France); a more focused management of large numbers of customers in Water, and the promotion of electronic billing, along with the conversion of incoming correspondence to a paperless system,
  - the optimization of waste flow management (greater insourcing of flows, orientation toward more cost-effective treatment systems, etc.), the optimization of collection costs (use of alternative fuels, vehicle maintenance, reduction in distances covered, and optimization of vehicle fleets); highly professional management of operating processes in household and industrial waste and, more generally, through the continuous benchmarking of all Water and Recycling and

Recovery sites to promote the dissemination of standards (which are themselves based on the best practices identified). Finally, the Group is working hard to bring down the costs of its energy consumption and enhance its production capacities as effectively as possible (incinerators, treatment plants, new processes, promotion of new energies and biogas),
- an increased focus on the least profitable commercial contracts,
- the continuation of specific plans for the Recycling & Recovery Europe business involving the optimization of the collection vehicle fleet, site closures, and lesser reliance on temporary workers;

- the reduction of general and administrative costs was continued and intensified, with the implementation of a transformation plan for cross-disciplinary support functions in France. This transformation is based on the change in the management methods, a simplification of the processes, bolstering of our integration logic, and better convergence of functional expertise to support operational requirements.

6.3.3.4 Mobilizing employees to assimilate the industrial project

Implementation of this strategy involves the permanent mobilization of the Group's expertise and employees. Priority is given to local recruitment, centralized career management and increased employee mobility among the Group's various subsidiaries and activities.

To offer employees incentivizing professional career paths, the Group will continue to anticipate changes in activities and to adapt skills to new needs through a dynamic training policy. The Group intends to promote long-term relationships with its employees and to boost their commitment.

Finally, the Group's strategic plan includes a chapter on the long-term challenges facing Human Resources, to ensure that the objectives that have been set are consistent with projected growth in activities.

6.3.4 Outlook

2017 was marked by a major strategic turning point with the acquisition of GE Water, a promising acquisition for the acceleration of the Group's growth. Furthermore, in 2017 SUEZ recorded a performance in line with its objectives, with the exception of operational profitability, which was affected by specific factors at the end of the year.

In light of this situation, SUEZ has a strong action plan aimed at increasing momentum in terms of development and profitability; it includes measures for accelerating transformation and reducing additional costs in Spain and France, countries in which the priority will be to increase synergies between the Water and Recycling and Recovery businesses. Furthermore, additional resources will be deployed to strengthen International activities, in the fastest-growing regions and market segments, while preserving present profitability levels. The structure of the Group's Management Committee has been altered to support these ambitions.

Therefore, in 2018 SUEZ intends to accelerate the growth of its activities while continuing to prioritize maintaining its financial strength and a solid balance sheet.

SUEZ has the following goals [1] in 2018:

- revenues up by around 9% at constant exchange rates;
- EBIT up by around 10% at constant exchange rates before allocation of the GE Water purchase price;
- generating around EUR 1 billion [2] in free cash flow;
- net financial debt/EBITDA ratio close to 3;
- pursuing an attractive dividend policy: dividend payment in 2019 of at least EUR 0.65 per share for 2018 results [3].

In the medium-term, SUEZ is confident in its future, given its numerous advantages in responding to strong demand for environmental services and new solutions for managing water and waste cycles throughout the world, and the recent acquisition of GE Water clearly positions the Group as a leading industrial operator. SUEZ is transforming into an integrated services group and places great importance on its commitments to sustainable development.

This strategy is based on maximizing the organic growth of its business activities, without excluding opportunities for external growth, which would be pursued wherever they satisfy the Company's profitability criteria.

The cost savings plan will amount to EUR 200 million over the period 2018-2020 and will support the achievement of the 2018 objectives.

This outlook is based on data, assumptions and estimates considered reasonable by the Group, and assumes the successful implementation of the strategy presented in chapter 6.3 of this Reference Document. It may change or be modified due to uncertainties, especially in economic, financial, competitive, regulatory and climatic conditions. In addition, the occurrence of certain risks described in chapter 4 of this document, "Risk factors", could impact the activities of the Group and its ability to achieve its objectives. As a result, the Group does not make any commitments or give any guarantees on the achievement of the objectives and forecasts described in this section 6.3.4.

These objectives and forecasts are based on accounting principles defined by the Group in drawing up the Consolidated Financial Statements featured in chapter 20.1 of this Reference Document.

(1) With an assumption of stable industrial production in Europe and stable raw materials prices.
(2) Excluding cash out associated with the voluntary redundancy plan in France and GE Water integration costs.
(3) Subject to approval by the Shareholders' Meeting.

6.4 Presentation of the market and competitive position

6.4.1 Presentation of the water and waste sectors

6.4.1.1 General presentation of the environmental management services sector

A) GENERAL CHARACTERISTICS

The environmental management services sector covers all services provided to residential, municipal and industrial customers relating to (i) the production and distribution of drinking water or industrial process water, wastewater collection and treatment, waste management (activities that represented approximately 74% of total environmental expenditure in France in 2014 *(source: Les comptes de l'environnement en 2014, MEDDE, 2017)*, as well as (ii) air protection, measures for combating noise, protection of biodiversity and management of radioactive nuclear waste which, together, represented some 12% of total environmental expenditure in France in 2014; *(source: Les comptes de l'environnement en 2014, MEDDE, 2017)*.

Increased demand for high levels of environmental protection has resulted in an increasingly strict, dedicated regulatory framework. This entails major investments within the required deadlines and effective and global management of related issues, which has led to the emergence of European or global players that specialize in environmental management services. This change is occurring at different speeds, depending on the country.

The public's expectations for measures and actions to promote environmental protection are not diminishing, even in the most advanced countries in this regard. For instance, 95% of French people are worried about the planet, and say that they are concerned about environmental protection *(source: Eurobaromètre, 2014)*. Growth in expenditure related to environmental protection is generally greater than growth in gross domestic product. In France, from 2000 to 2014, the average annual rate of growth in expenditure related to environmental protection was 3.5%, compared to average annual growth of 2.6% for gross domestic product over the same period *(source: IFEN, 2016, INSEE 2017)*.

B) CHANGES IN ENVIRONMENTAL MANAGEMENT SERVICES

Changes in regulatory requirements, higher end-user expectations and, consequently, the complexity of the corresponding infrastructure and services are encouraging public authorities to seek the expertise and collaboration of private operators.

Like public authorities, in order to concentrate on managing their core business and satisfy the need to control environmental costs, large international companies in the industrial and service sectors are increasingly outsourcing to specialized players disposing of the technical and operational resources to provide these environmental management services efficiently.

The use of specialized private operators by these major international players in the industrial and service sectors is also increasing due to the global deployment of these companies; concerned with efficiently managing these problems, they want to entrust these services to specialists that are just as global, in order to facilitate management and be assured of receiving uniform service at all their sites.

C) GROWTH FACTORS IN ENVIRONMENTAL MANAGEMENT SERVICES

The Group believes that the environmental management services markets will grow in the long term, notably because of a combination of macroeconomic factors, including:

- world demographic growth (average annual growth of 1.09% by 2020 – *source: United Nations, 2017)*;
- increased urbanization, particularly in emerging countries (in 2050, nearly 66% of the world's population will be living in urban regions, compared to 54% today – *source: United Nations, 2016*);
- world economic growth estimated at an average of almost 3.7% per year during 2016-2021 *(source: IMF, October 2017)*;
- increase in the prices of raw materials, which are set to remain high over the long term, increasing the economic attractiveness of waste recovery, through either recycling or energy recovery.

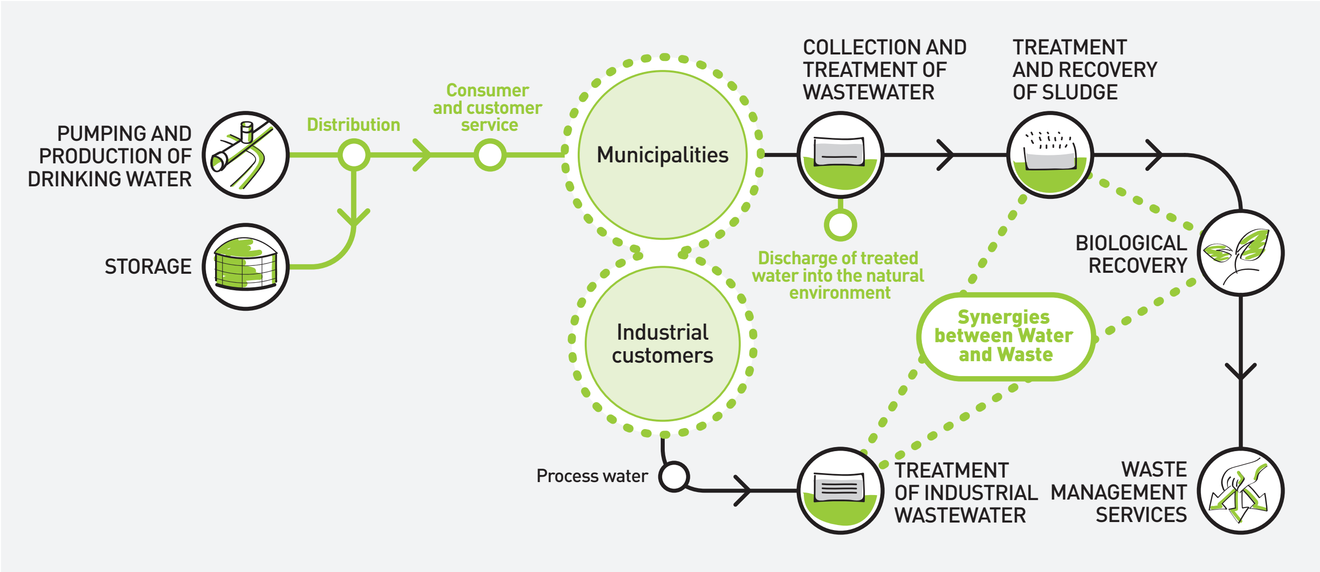
In addition to these macroeconomic factors, the Group believes these markets should expand through a combination of various factors specific to the sector:

- greater attention paid to environmental protection around the world;
- greater demands from the public for better hygiene, quality of life and health, and changes in consumption linked to an improvement in living standards;
- stricter and more rigorously applied environmental regulations;
- very large and yet unfulfilled needs for access to drinking water and wastewater facilities (currently, over 663 million people have no access to a permanent supply of drinking water and it is estimated that 2.4 billion people lack an adequate wastewater system – *source: MDG Report, 2015)*;
- the growing number of areas affected by insufficient water resources, or that are in a state of water stress, particularly related to global warming. The number of individuals in a situation of severe water stress is expected to rise from 1.2 billion in 2013 to 1.8 billion in 2025 *(source: UN Water, 2013)* and world demand for water should increase by 55% in 2050 compared to 2000 due to strong growth of industrial activities, energy requirements and household demand *(source: UN Water, 2015)*;
- the need to adapt to climate change, which will affect water resources most particularly.

The Group believes that it is possible to expect higher long-term growth in its markets compared to GDP growth.

6.4.1.2 Presentation of the water sector

A) A VALUE CHAIN THAT USES COMPLEX INDUSTRIAL PROCESSES



B) A SECTOR CHARACTERIZED BY SIGNIFICANT INVESTMENT AND CUSTOMIZED GROWTH BASED ON SPECIFIC LOCAL CHARACTERISTICS

The size of municipal and industrial water-related environmental management services is estimated at EUR 663 billion worldwide, and the world market for water[1] will grow at an average annual rate of 3.8% up to 2020 *(source: GWI, 2016)*.

The Group estimates that across the European Union, the water-related environmental services sector represents about EUR 90 billion per year *(source: 2013 estimate)*. All the European countries are expected to invest some USD 800 billion in water production and distribution and wastewater treatment between 2006 and 2025 *(source: Financing water and wastewater to 2025, D. Lloyd Owen, 2006)*.

With regard to the supply of drinking water in some developed countries, a slight decrease in volumes consumed is being observed, notably due to the increasing use of water-saving equipment, and the implementation of industrial production processes that consume less water. For example, in France, the Group estimates that the volumes of water billed have declined by over 1% per year on average for the last 15 years.

Nevertheless, this trend has been offset by the provision of more sophisticated services and additional consumer benefits in terms of water production, water distribution and wastewater treatment.

In the United States, the size of the environmental management services sector relating to water is USD 103 billion *(source: GWI study, 2015)*. It offers major opportunities for consolidation due to the very high number of small local players as well as acute needs in terms of infrastructure replacement (a USD 650 billion investment is anticipated between now and 2030 – *source: GWI 2017*).

C) A MARKET INCREASINGLY CONTROLLED BY PRIVATE OPERATORS

The Group believes that the use of private operators (the portion of the world population served by the private sector totaled almost 14% in 2013 – *source: GWI, 2013*) should grow significantly in the long term, particularly in the form of public-private partnerships, notably for the following reasons:

- private operators, which benefit from long-standing and diversified experience, have top-level skills;
- consumer requirements in terms of water quality and related services are increasing;
- regulations continue to tighten throughout the world; particularly in the European Union, environmental directives and their various revisions define and strengthen the current regulatory obligations;
- among the 15 "original members" of the European Union[2], some are late in transposing the technical European Directives related to water into domestic law, particularly the 1991 European Directive on urban wastewater;
- the "new Member States" of the European Union[3] must comply with the European standards;
- pressure on public expenditure, greater demand from consumers for efficient public services and the increased technical level of the business are encouraging many municipal customers to take the path of public-private partnerships.

Local situations vary as to the use of the private sector by public authorities with regard to water services; thus:

- in France, the management of municipal water systems is often entrusted to the private sector, with municipalities retaining ownership of their assets. In 2015, 32% of municipalities and 61% of drinking water customers were serviced by private companies operating in the water sector. In the wastewater treatment sector, the proportion is lower, with 23% of municipalities and 43% of customers served *(source: GWI 2015)*;

(1) According to 2016 estimates by Global Water Intelligence, the world market for water is made up of water for municipal use (67.2%), water for industry (15.4%), bottled water (13.9%), point-of-use water systems (1.9%) and water for agriculture (1.6%).
(2) Namely, Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom.
(3) Namely, Bulgaria, Croatia, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia.

- in Spain, the Group estimates that private operators currently represent approximately 55% of the drinking water production and distribution sector, and approximately 85% of the wastewater treatment sector in the form of concessions or O&M contracts *(source: internal estimates)*;
- in the United States, private operators represented approximately 13% of the drinking water production and distribution sector in 2012, and approximately 2% of the wastewater treatment sector *(source: GWI 2015)*. The Group believes that the share of the private sector in this segment should increase in the coming years: with regard to service contract activities, growth may originate from the increased use of private operators by municipalities, and in terms of regulated activities, the private sector is expected to benefit from the consolidation underway in this sector.

6.4.1.3 Presentation of the waste sector

The existence of a market for waste management services requires:

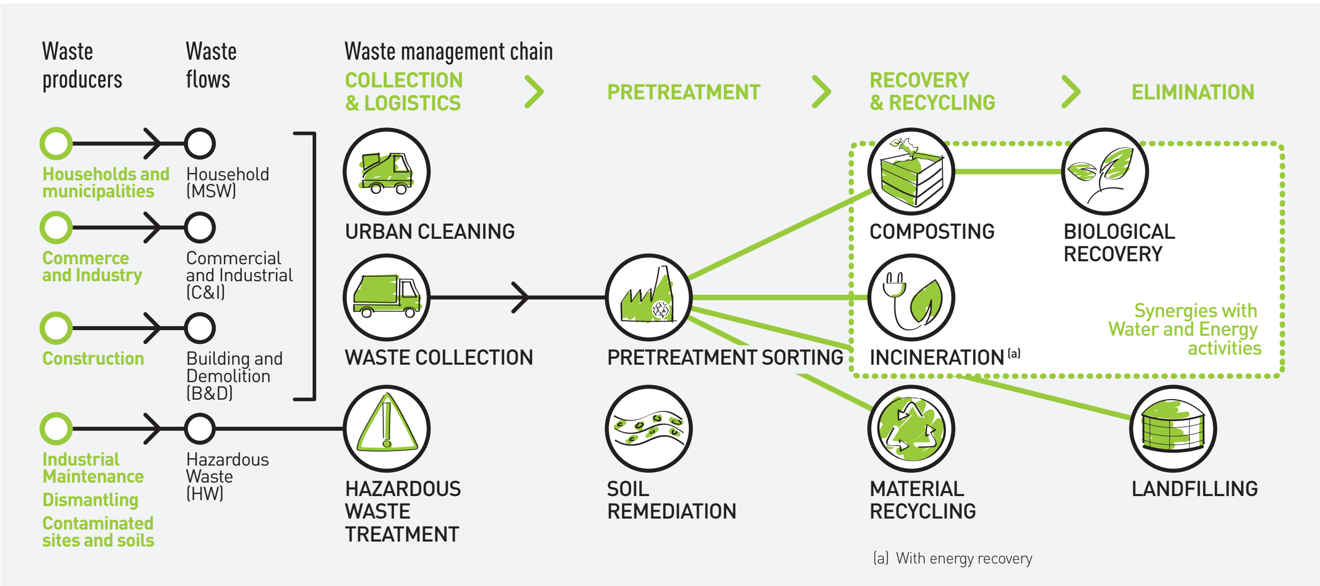
- a minimum level of economic development: countries only allocate a portion of their wealth to waste management after meeting their other, higher-priority needs (particularly access to drinking water);
- the definition and application of environmental regulations;
- the guarantee of a certain degree of contractual stability;
- public awareness of environmental issues.

Each country has specific features and therefore the nature of the services offered by operators must be adapted accordingly. Thus, in the least developed countries, demand mainly corresponds to waste collection and removal services provided by local operators; in emerging countries (Central and Eastern Europe, North Africa, the Middle East and China), demand extends to additional selective collection services, pretreatment and sorting; finally, for more mature countries (the "original members" of the European Union, North America, Japan and Australia), demand is for a full range of services including material recovery (sorting and recycling), biological recovery (composting and methanization) and energy recovery (energy recovery unit and alternative fuels from waste).

6

Given these specific features and the complexity of market/business approaches that vary by country and region, there is, with few exceptions, little pertinent, up-to-date data available on individual markets and/or geographical regions.

A) A COMPLEX VALUE CHAIN INTEGRATING SEVERAL SEGMENTS



B) THE VARIOUS TYPES OF WASTE

Four principal sources of waste define the scope of the Group's activities: household and similar waste, industrial and commercial waste, building and demolition waste and hazardous industrial waste (excluding waste that may be contaminated by radioactive residues from nuclear activities). In 2014, these sources, including extraction industries, manufacturing, energy, construction and demolition activities, household and other economic activities, represented an annual waste volume of around 2.5 billion metric tons in Europe *(source: Eurostat 2017)*; this total covers a range of scenarios from more mature countries to less developed countries in terms of waste management services.

Waste products from agricultural activities, mining activities, and quarries also represent very significant flows, but are not included, or count for very little, in the scope of management of the sector's operators[1].

(1) It should be noted that an evaluation of waste volumes generated is also difficult, because of the heterogeneous nature of the definitions and the data collection methods at European level, and even more so at global level, particularly with regard to the allocation of waste in each waste segment. Moreover, each type of waste mentioned receives a different, and therefore potentially quite variable, treatment; mix treatment analysis is therefore necessary to complement the volume analysis.

Household and similar waste

The production of municipal solid waste should increase by 2.2 billion metric tons per year between now and 2025 *(source: World Bank, 2012)*. Household and similar waste produced was nearly 209 million metric tons in 2014 within the 28 member countries of the European Union *(source: Eurostat, 2017 data)*.

The volumes of household and similar waste produced grew steadily in Europe between 2004 and 2010 (average annual growth of 0.72% – *source: Eurostat, 2015 data*[1]) and decreased between 2010 and 2014 (annual average decrease of 1.4%). In 2014, quantities of municipal waste amounted to some 240 million metric tons in Europe and quantities of waste generated was 475 kg per person, down by 10% compared to the peak of 527 kg per person recorded in 2002 *(source: Eurostat 2016)*.

The volume of household and similar waste depends primarily on the following:

- economic growth and consumption trends: a richer population consumes more and acquires more complex products, which it replaces frequently, thereby generating greater quantities of waste requiring more elaborate treatment;
- population growth and its social organization: thus, for example, the increasing number of single-individual households results in increased individual packaging;
- the country's level of development and its environmental culture: the higher the level of development and the greater the awareness of environmental issues, the more the population agrees to allocate a greater part of its income to waste management services; this dynamic can even result in a reduced amount of waste produced. The Group believes that the volume of household and similar waste in Europe should remain stable or decrease slightly, but with significant disparities between the "original" and the "new" member states of the European Union;
- current regulations and the implementation of taxes levied on household waste: the European Union took on a directive in 2008 introducing a "waste hierarchy" that sets a priority order of reducing waste at the source, reusing waste, recycling waste, recovering waste and ultimately eliminating it.

Industrial and commercial waste

Industrial and commercial waste production totaled approximately 2.27 billion metric tons in 2014 in the European Union, with 74% of this amount being generated by the "original" members of the European Union *(source: Eurostat, 2017 data)*. The main activities that generate industrial and commercial waste are the following: the agri-food industry, textile manufacturing, woodworking, the paper and cardboard industry, coking and refining, the pharmaceutical and chemical industry, metallurgy, the manufacture of IT and electronic products, and energy.

The production of this waste and its growth depend on the type and scope of industrial activities. The increase in the relative weight of the service sector, relocations (for the more developed countries), industry efforts to reduce manufacturing residues and the level of economic activity are the principal factors limiting this volume of waste.

The crisis that started in 2008 has undoubtedly had an impact on the volumes of industrial and commercial waste generated in Europe. These volumes have now stabilized and should remain stable or increase moderately, in partial proportion to economic growth.

Building and demolition waste

The production of building and demolition waste totaled nearly 859 million metric tons in 2014 in the European Union and represents 34% of all waste produced in the European Union *(source: Eurostat 2017)*. In France, of the 324 million metric tons of waste identified in 2014, the construction industry alone accounted for nearly 70% *(source: Eurostat 2017)*.

The types of waste included in this category are those that vary the most significantly from one country to another. Moreover, only a small portion of this waste is optimally managed. Most of this waste is treated *via* specific processes and is increasingly recycled or recovered. The Group is relatively underexposed to this type of waste.

Hazardous waste

The production of hazardous waste totaled 95 million metric tons in 2014 in the European Union *(source: Eurostat 2017)*. Two main segments account for the generation of 70% of hazardous waste: the mineral and chemical industries *(source: Group data)*. The criteria for the hazard level of waste are defined by regulatory classification. Based on these criteria, European regulations have developed a list of types of hazardous waste. Changes in the characteristics of the waste or of the classification may lead to a change in the scope of this source.

Hazardous waste consists primarily of industrial waste. Production of this waste and its growth thus depend on the type and scope of industrial activities in a given region. The location of industries and their efforts to optimize the quantities of materials used in their manufacturing processes, and to reduce residual quantities, are therefore critical factors for this source of waste.

Hazardous waste may be treated for recovery and/or disposal according to three main methods: physical, chemical or biological treatment, heat treatment (incineration and co-incineration) and landfilling.

C) WASTE TREATMENT METHODS

The level of treatment (number and complexity of stages) applied to waste after collection is an important parameter that is inseparable from the analysis of growth in tonnages.

Waste is collected, sorted and then treated using different methods:

- after collection, the waste is sent to recovery sites (monoflow), either to transfer and sorting platforms, or directly to treatment facilities. The volumes sent directly to final treatment facilities are sharply declining due to measures implemented to achieve regulatory targets for waste recovery as set by domestic or European Union governments (for example, the obligation to exclusively landfill "final" waste, *i.e.* waste that has undergone prior sorting/pretreatment);

(1) It should be noted that a strict comparison of Eurostat historic data is not possible because Eurostat modifies not only the current data but also the historical data when it updates them.

- sorting consists of identifying and separating: the portions that can be recovered as a resource for the production of "secondary raw materials" such as metals, plastics, glass, wood, etc.; portions recoverable in the form of energy (production of Refuse-Derived Fuel, or RDF, incineration with energy production); recoverable organic waste in the form of materials and/or energy (composting and methanization), inert portions recoverable in the form of fill material, and finally, the residual portions treated by landfilling;
- landfilling is the oldest disposal technique, but it has been considerably improved and currently requires advanced technical know-how: for example, the installation of sealing membranes, management by compartments (cells) to reduce impacts and decrease the surface area in contact with rainwater, management of leachates, post-closure monitoring (generally 30 years), and proactive management of the decay of organic matter to produce energy (bioreactors);
- energy recovery through incineration allows energy production (electrical or thermal) from waste. This technique is currently widely used in the most developed countries from an environmental standpoint; it often requires significant investment.

D) REGULATORY FRAMEWORK

European waste policy, particularly regarding the treatment of waste, now increasingly focuses on waste recovery. European directives set medium- and long-term targets for the reduction of waste volumes generated and increased recovery rates. The various member states then choose the most appropriate methods to achieve these targets at domestic level by implementing, for example, financial incentive systems for recovery, by imposing pre-required standards (mandatory preliminary sorting, defining maximum thresholds for organic portions or the calorific power of acceptable residues at landfills), by levying taxes on tonnages eliminated, or even by implementing broader manufacturers' liability schemes (for example, in terms of packaging, or for electrical or electronic products at the end of their lives).

The breakdown among the various waste treatment methods used differs considerably from country to country. Accordingly, while the United Kingdom has significantly reduced the amount of waste disposed of in landfills, transitioning from 46% in 2010 to 23.1% in 2014, Spain continues to use the landfill option widely, with 55% recorded in 2014. In France, the share of landfilled waste is diminishing progressively, falling from 31% in 2010 to 26% in 2014. The Netherlands and Germany make only marginal use of landfill (approximately 1%), preferring waste recovery methods *(source: Eurostat 2016 – 2014 data).*

E) COST OF TREATMENT

Price ranges vary significantly from one treatment method to another. The average price of landfilling, excluding tax, is historically lower than other treatment methods. This is followed by composting. Incineration, biomechanical treatment and biomethanization are highest in price [1].

Several European countries, however, have implemented tax systems intended to enhance the relative attractiveness of other sectors in the context of regulatory targets limiting volumes sent to landfills. This has been the case in the Netherlands, the United Kingdom and France since January 2009.

In some of these countries, this tax has now reached significant levels, which for end users means a squeeze in the range of prices for available treatment solutions.

According to the Group, in the future the trend should converge toward more elaborate treatment solutions (sorting, recovery and waste-to-energy) under the combined effects of the regulatory targets resulting from the application of European directives and the increase in raw materials and energy prices.

F) INTERVENTION BY PRIVATE OPERATORS

In Europe, the rate of penetration in the waste market by private operators varies significantly from one country to another, both for collection and treatment activities. The gradual transposition of European directives by all EU member states by 2020 should result in significant investments in waste recovery methods and should require the necessary technical expertise for the building and operation of these facilities. Although it is not impossible that we will see some local councils attempt to take over industrial and commercial waste management, these changes should lead local authorities to use private operators more often, and particularly those that are active in all segments and that combine a solid financial position with advanced technical know-how.

6.4.2 Competition

The Group faces competition from a number of other operators, including:

- public operators that may decide to retain or resume management of their infrastructures after analyzing and comparing the services offered by private operators; they may also offer proposals for markets in other regions or cities;
- large private operators, already well-established in their domestic markets and seeking to expand their activities or services and use their expertise in areas that show strong potential;
- local operators that are adopting aggressive strategies when participating in bidding processes;
- financial players (private equity and infrastructure funds) that are investing in markets through asset and company acquisitions;
- companies involved in related industrial sectors and seeking to expand their offerings to environmental management services, particularly building and public works companies in the waste sector and equipment suppliers in the water sector, by positioning themselves in the "BOT" (Build, Operate, and Transfer) contracts segment, where they can apply their construction expertise, as well as their ability to manage and operate those assets.

(1) It should also be noted that biomechanical treatment and biomethanization are the exceptions, as they are treatment stages rather than methods of recovery or elimination; they therefore do not exclude disposal at landfills, incineration plants and composting sites.

Most of these players, however, are not active in a range of segments as broad as the Group, whether in terms of services, technical skills or geographical locations, even though through grouping or diversification strategies, these competing companies are working to expand the scope of their activities to meet customers' expectations. Through its presence in all water and waste cycles, to which it exclusively dedicates itself, the Group believes it holds leading positions across all its business activities.

Consequently, any aggregate data relating to these competitors, especially in the waste sector, is not particularly relevant as it does not reflect the local structure of these various markets.

At a global level, the Group's main private competitor is Veolia. This company provides a combination of services including water and waste, and is also active in the energy and transport sectors. Veolia and the Group are the only "global providers" in the environmental management services market on a worldwide scale.

6.4.2.1 Competition in the water sector

In terms of revenues, the Group ranks second in the global market for environmental water-related services, behind Veolia. Other companies active in this market have more local operations and lower revenues.

On national and regional levels, competition often comes from local operators in the building and public works sectors.

In France, Veolia and Saur are the Group's main private competitors. To a lesser extent, smaller entities such as Derichebourg Aqua, Sogedo and Aqualter can occasionally enter into competition with SUEZ. Against the *régies* (local publicly controlled entities), which are also a potential public competitor, the balance is positive overall, in favor of private operators.

In Spain, the Group remains the leader in terms of revenues and the size of the population it serves. Aqualia maintains its No. 2 position.

In the rest of Europe, there has not been any notable change overall in the positions of the various private, public or mixed operators. The Group continues to actively monitor the market.

In the United States, American Water Works is the market leader, but it mainly operates in the US and Canada, where it has several operating contracts. American Water Works continues to focus on improving performance in its regulated activities with less emphasis on its Operations and Maintenance contracts business in the non-regulated sector. SUEZ is also in competition with Aqua America, which does not participate in non-regulated Operations and Maintenance contracts. These two competitors, American Water Works and Aqua America, favor an acquisition policy of tuck-ins and utilities in the regulated market. Although both American Water Works and Aqua America continued to focus on their regulated activities in 2017, both players have shown considerable interest in other business models: American Water Works was able to acquire large-scale utilities in the wastewater treatment sector in Pennsylvania. SUEZ's main competitors on the non-regulated market are still Veolia, CH2M and Severn Trent. In 2017, the non-regulated market changed slowly and SUEZ concentrated on the renewal of several strategic projects in New Jersey and the development of opportunities with a regional focus in the United States, as well as waste activities in Canada.

In Latin America, the water market is fragmented, mainly as a result of the diverse nature of regulatory frameworks and the level of maturity of individual countries. Spanish private companies are very active here (Acciona, FCC, Aqualia and Abengoa), along with the French group Veolia and, to a lesser extent, Brazilian players. The last few years have also seen Japanese competitors vying to increase their market share.

Asia is also an emerging market where demand for drinking water production and wastewater infrastructure is strong. In 1990, China allowed the participation of private players in joint ventures and is now extending the field of action to public-private partnerships. Foreign investors such as Hyflux have shown a growing interest in the Chinese market. Some of these investors are also looking to enter this market by forming joint ventures with local players. For example, the listed Singaporean company Hankore entered into a cooperation agreement with China Everbright International (CEI) to further expand its presence in the Chinese water industry. Meanwhile, in Japan the Sumitomo conglomerate formed an alliance with Beijing Capital Co. Ltd. to capture opportunities in the wastewater market. In addition, the growing domestic demand for investment in water treatment solutions is also generating competition from pension funds, insurance companies and infrastructure funds (such as Macquarie Everbright China Infrastructure Fund). Local Chinese companies continue to grow strongly through new projects in China, as well as by following an international expansion policy with acquisitions elsewhere in Asia, Europe and Australia.

In the Middle East, there is a firming up of the competitive environment with a strong presence of regional groups in the sector like Metito, in addition to Spanish and Indian groups like Larsen & Toubro or VA Tech Wabag.

In Africa, the Group is in competition with French water treatment operators like Veolia, Vinci Environnement and Eiffage, as well as Spanish companies such as Acciona, FCC, Aqualia and others.

In India, the competitors are the major historical water treatment players ION Exchange, VA Tech Wabag, and others. Engineering firms such as Larsen & Toubro and SPML have recently targeted this market.

SUEZ Water Technologies & Solutions (SWTS), the new entity that now includes all SUEZ's industrial water activities, incorporating the recently acquired GE Water & Process Technologies, competes chiefly with Ecolab and Nalco. Depending on the geographic region, SWTS may be in competition with local or regional operators as well as with other types of players: producers of chemicals and specialty chemicals, manufacturers of water filtration equipment, producers of water quality equipment, industrial service providers, water treatment companies and EPC (Engineering, Procurement and Construction) companies.

SWTS faces fierce and robust competition in all its activities worldwide. Competitive pressure and the constant need to advance the technologies available requires a sustained investment in research and development. Each target market has a different structure, depending on the communities and customers served but also according to the applicable legislation in each country. Competitors' technology portfolios vary between regions depending on the target customers and the profitability of technologies by region.

6.4.2.2 Competition in the waste sector

The Group ranks fourth in terms of revenues in the global market for waste-related environmental services, behind Waste Management, Republic Services and Veolia. Except for Veolia, most of the Group's competitors in the waste sector are national players and/or do not provide all the services offered by the Group. In Germany, Veolia increased the capacity of its facilities in 2017 *via* a number of investments.

In Europe, the Group's main competitors are Veolia, Remondis, FCC, Renewi and Urbaser. In recent years, the German group Remondis has become the leader in waste in Germany, with a huge incineration capacity. Remondis is continuing to expand its positions in Germany by acquiring a number of small and medium-sized companies. It is ranked third in Europe in terms of revenues. Remondis is also expanding its presence in Central and Eastern Europe and more recently in Benelux.

The market for solid recovered fuel (SRF) is also growing strongly. These are alternative combustible products that come primarily from waste residue that is treated to certain specifications. SRF is used as a replacement for fossil fuels by cement manufacturers or in general by industries with high fuel consumption levels.

In 2017, Shanks finalized its acquisition of the Van Gansewinkel group. The combined company now operates under the name Renewi and is the market leader in Belgium and the Netherlands.

In France, the competition is still very active, but with no substantial change in positions or significant consolidation movements.

In the United Kingdom, SUEZ Recycling and Recovery UK produces energy through its waste treatment plants with an annual capacity of more than 2 million metric tons in its local plants and over 1 million metric metric tons of fuel per year supplied to third parties in the form of RDF, solid recovered fuel and wood. Every year, SUEZ R&R UK manages over 10 million metric tons of waste and products at its various facilities (including recycled materials and other streams). SUEZ R&R UK is the third or fourth-largest operator on the market based on the indicators taken into account. The market is continuing its transformation with a sharp decline in the number of landfill sites, stable recycling volumes and increased energy recovery from waste. Veolia maintains its position as the market leader while Viridor has continued to develop its energy recovery business with 3 plants under construction in 2017. Biffa, for its part, completed further acquisitions in 2017 and signed a partnership with Covanta for two new energy recovery plants. The number of landfill sites continues to decline, leading to issues related to residual waste in some areas.

The landfill tax continues to increase with inflation but the devolved governments in Scotland and Wales are able to set new rates compared to England, which represents 84% of the waste market in terms of population. Scotland has introduced a ban on landfill sites that should come into effect in 2021 and the devolved authorities differ from England in terms of waste treatment and resource management policy. Brexit and the European Union's circular economy plan, as well as the green growth plan, industrial strategy and national infrastructure all contribute to the complexity of environmental policy in the United Kingdom.

In Germany, the Alba group has signed an agreement with the investment fund managed by the Deng family, the majority shareholder of Techcent, for a joint venture that came into effect on January 1, 2017. The partnership involves certain advanced technologies of the Chinese group, such as processing waste from electrical and electronic equipment and recovery of light packaging waste. The agreement also stipulates that Dr. Axel Schweitzer, CEO of the Alba Group, will act as Chairman of the joint venture.

In Sweden, waste regulation extending producer responsibility has been revised and the conclusions were presented in the summer of 2016. This reform will transfer responsibility for collecting waste to local authorities rather than to producers of waste. However, the Swedish parliament rejected this regulatory revision. The schedule and manner of application of these changes is unknown, and for the moment there is no change in effect. In 2017, the government explored the idea of a tax on waste incineration that would encourage the reduction of CO_2 emissions and an increase in the volumes of recycled waste. The government committee in charge of this review suggested a tax of SEK 100/metric ton (nearly EUR 10/metric ton) for the incineration of non-hazardous waste. This suggestion is currently under discussion in the country and no action has yet been taken.

In Poland, the regulatory developments that led to the establishment of a municipal tax in 2013 have created a favorable climate for the development of waste treatment and recovery facilities. Several construction projects for energy recovery units were launched, representing a capacity of 1 million metric tons. Some of these were already operational in 2016. The first public-private partnership (PPP) contract in Poland, for the design, construction, financing and operation of an energy recovery unit in Poznań, was won by SUEZ. The facility is now operational, with a capacity of 210,000 tons per year. The Group aims to position itself on future calls for tender for energy recovery projects in the country.

In Australia, the waste market remains highly competitive, with regulatory disparities between the states resulting in cost differences for waste treatment and recovery. Waste transportation to the state of Queensland continues to be a critical issue and SUEZ has set an example by signing the Waste of Origin Pledge to treat waste locally. Although no large-scale energy recovery unit projects have yet progressed beyond the planning stage, SUEZ continues to be proactive in looking for projects to develop in both the municipal sector and industry. Municipalities in Australia have continued to support recovery units using advanced technologies (Advanced Resource Recovery Technology, ARRT) in order to improve waste disposal, particularly in New South Wales. In December 2017, the market leader, Cleanaway, announced the acquisition of Tox Free Solution for a total of AUD 831 million (approximately EUR 543 million), thereby formalizing the merger of two of the largest listed players in Australia. The deal is expected to be finalized in mid-2018 and remains subject to the approval of Tox Free's shareholders. SUEZ is ranked second in the market, followed by Veolia, JJ Richards, Tox Free and Remondis.

In Asia, particularly in China, the Waste segment is undergoing robust growth and competition has intensified. The authorities are encouraging sustainable solutions to address the challenges related to waste treatment, and are launching public tenders for projects focused on energy recovery from household and organic waste. The main competitors are public companies and companies supported by the government, such as China Everbright International, CECEP, Shanghai Environmental and Chongqing Sanfeng, which are active at national or provincial levels. Some of them are in partnership with international waste management groups. SUEZ Asia's 2015 investment in Derun Environment, which holds the majority interest in Chongqing Sanfeng, has been a stepping stone for SUEZ in further exploiting these markets. The Chinese authorities are taking significant action to reduce existing pollution problems: The aim of the first measure is to improve standards to a level similar to that of Europe; the second, equally important, will be to ensure the application of these standards. The result of these measures is an increase in the volumes of waste treated at the appropriate sites.

Finally, we note the confirmed emergence of national competitors in Turkey, UAE (Imdaad), India (Ramky) and Lebanon (Averda – Lavajet) impacting the waste collection markets in the Middle East and the Indian subcontinent.

6.5 Description of the Group's main activities

The Group provides services and equipment essential to life and environmental protection in the areas of water and waste: delegated management of drinking water and wastewater services, water treatment engineering, as well as waste collection, recovery, and waste disposal activities both for public authorities and private sector customers.

In 2017, the Group generated revenues of EUR 15.9 billion. Revenues per business activity break down as follows:

- Water Europe, representing 29% of the Group's consolidated revenues in 2017: EUR 4.7 billion;
- Recycling and Recovery Europe, representing 39% of the Group's consolidated revenues in 2017: EUR 6.2 billion;
- International (Treatment Infrastructures and activities outside Europe), representing 25% of the Group's consolidated revenues in 2017: EUR 4 billion;
- the new WTS business unit, representing 6% of the Group's consolidated revenues in 2017: almost EUR 1 billion;
- other activities (parent and holding companies and SUEZ Consulting) representing almost 1% of the Group's consolidated revenues.

In the water sector, worldwide:

- in 2017, the Group operated 1,261 drinking water production sites, and produced around 7.4 billion cubic meters of drinking water;
- in 2017, the Group operated 2,460 wastewater treatment sites, and biologically treated over 5.5 billion cubic meters of wastewater.

In the waste sector, worldwide as of December 31, 2017:

- the Group provided collection services for approximately 32 million people;
- the Group operated a fleet of 11,458 heavy vehicles and operated 104 composting platforms, 56 incineration sites (52 with energy recovery capacity), 811 sorting, material recovery and transfer stations and 120 landfills.

6.5.1 Presentation of the Group's businesses

6.5.1.1 Water activities

A) COMPLETE MANAGEMENT OF THE WATER CYCLE

Through its subsidiaries, the Group covers the entire water cycle value chain for all its customers (public authorities and private sector customers), including:

- studies and master plans, modeling of networked and natural water flows (groundwater, rivers and coastlines), and engineering of water management infrastructure projects;
- engineering, design and construction of water treatment facilities through the Treatment Solutions business;
- drinking water distribution and wastewater treatment services, which include:
  - drinking water production and distribution services: catchment, treatment and distribution of drinking water,
  - wastewater treatment services (municipal or otherwise): collection, clean-up and disposal of wastewater and rainwater,
  - customer management: relations with end users and consumers, meter reading and the collection of payments made by end consumers, and
  - for private sector customers, defining, building and operating tailored and scalable water management solutions and selling high-end water treatment equipment. The Group's private sector customer offering includes the management of water resources, process water, wastewater and effluents, as well as sludge.

The Group offers a broad range of services, from drinking water production to wastewater treatment. It offers services in the following five areas:

- Water pumping and treatment

  Pumping is the operation that extracts water from rivers, groundwater and reservoirs to be piped to treatment plants. Treatment depends on the quality of the raw water and may include many steps: pretreatment (screening), clarification, filtration (elimination of finer particles), refining (elimination of micro-pollutants) and disinfection (elimination of viruses and bacteria).

- Storage and distribution

  Reservoirs provide a safety net in the event of production problems, consumption peaks, or pollution of resources. The underground distribution network is monitored in order to ensure stability of water quality and to prevent leaks.

- Customer service

  Specialized units are responsible for handling relations with consumers, taking into account local realities: contract signings, meter reading, billing and account settlement or administration.

- Wastewater collection and treatment

  Wastewater treatment networks are an essential factor in combating domestic pollution. They must pipe all wastewater to the wastewater treatment plant. Wastewater treatment requires a set of complex physical and biological procedures. Wastewater treatment networks are also used to collect and drain rainwater *via* techniques that make it possible to separate it from wastewater, if needed.

- Sludge

  Treating 1 cubic meter of wastewater produces 350 to 450 grams of raw sludge. Sludge drying and treatment processes reduce its volume. In France, most sludge is recycled in agriculture through spreading, conversion to compost or recovery as energy.

The Group has recently offered its clients new dedicated environmental services (audits and assistance in reducing the environmental footprint of water services in a given territory, quantitative management of resources to counter the impact of climate change and services to improve the water quality of rivers, lakes and swimming areas), and also offers a new range of services for municipal and residential customers to control water consumption (leak alerts, remote meter-reading, leak insurance and assistance).

B) CONTRACTUAL RELATIONS WITH CUSTOMERS IN THE WATER SECTOR

The Group's customers are local public authorities and industry (mainly through its SUEZ Water Technologies & Solutions subsidiary or SUEZ Consulting for studies). However, the Group also serves local industrial and business customers under public service contracts.

Contractual relations with public authorities

In general, local authorities are responsible for organizing both drinking water distribution and wastewater treatment services. They may choose to manage these directly (as a local publicly owned company) or rely on an outside operator, which may be public, private or semi-public.

Contracts entered into by the Group with public authorities are governed by the rules for public contracts and/or specific competitive procedures.

The Group distinguishes between two contract types:

- delegation of public service contracts in France, or their equivalent outside France, including leases and concession contracts, and all intermediate contractual forms. Under these contracts, the Group is responsible for all service management (water production and distribution and/or wastewater treatment): it is involved in managing relations with end users, meter reading, preparing invoices and collecting payments made by end users. The Group engages in this activity at its own risk, and its compensation derives from billing users; a portion of the sums billed is paid back to the local authorities to finance new investments. Leases differ from concession contracts according to the size of investment for which the private operator is responsible. Most of the Group's contracts in France are leases that are generally long-term, ranging from 10 to 20 years; and
- contracts for services and works, in which case operations and works are billed to the relevant local authority. These are medium- or long-term contracts, generally 5 to 20 years.

In general, public authorities own the assets involved in drinking water distribution and wastewater treatment services. However, in certain countries (notably the United Kingdom and the United States), the Group owns the assets it operates; in this case, there are no contractual relations with public authorities; relations between the private operator, the various customers and other stakeholders are then governed by a regional or national regulator under an operating license issued by the regulator. In addition, in France, for historical reasons, the Group owns certain assets (see chapter 8 of this document).

Contractual relations with industrial customers

The Group is also active in the entire water cycle with industrial customers operating under design and build contracts, service contracts, such as operating and maintenance agreements, and the supply of mobile processing facilities and/or equipment sale agreements. Contracts are then generally agreed upon for shorter terms than is typical for local authority contracts, most often one to five years for a service contract.

As a multi-disciplinary engineering firm, SUEZ Consulting also assists private customers in defining their environmental strategy, integrating their project into the site, water management in the industrial cycle and the preparation of regulatory filings.

6.5.1.2 Waste activities

A) COMPLETE MANAGEMENT OF THE WASTE CYCLE

The Group manages the entire waste cycle by being involved at each stage in waste management, and in almost every type of waste:

- collection of non-hazardous waste from municipalities and companies, sorting, pretreatment, material recycling and recovery, biological recovery (which mainly involves agricultural recovery and the remediation of poor soil), energy recovery (incineration, co-incineration and methanization) and landfilling, including the recovery of biogas;
- hazardous waste management (excluding waste that may be contaminated by radioactive residues from nuclear activities);
- treatment of wastewater and urban cleaning: maintenance of municipal and industrial networks and cleaning of industrial production tools; street washing/sweeping, maintenance of street furniture; beach cleaning and snow clearing;
- soil remediation: treatment of polluted sites, soil, subsoil, and groundwater, dismantling and conversion of buildings; and
- dismantling and disassembly of end-of-life vehicles, aircraft and boats.

The Group offers services in the following areas:

Non-hazardous waste (collection, sorting, recovery and elimination)

In the non-hazardous waste segment, the Group collects, sorts, recycles, recovers and eliminates waste of municipal or industrial origin.

Collection

Each day the Group collects waste of all kinds from residential customers, companies and public entities: household waste, organic waste, non-hazardous industrial waste, medical waste and liquid and solid waste.

The Group has a fleet of trucks suitable for all types of waste collection: mixed waste collection, selective collection, bulky items, medical waste and industrial waste, in urban and rural environments. Waste from selective collection (plastic, glass, metal, paper, etc.) is sent to sorting sites to be prepared for recycling; residual waste is sent either to transfer/sorting/pretreatment platforms or directly to incineration plants or landfills. Certain waste products may be highly polluting (batteries, aerosol cans, etc.). They are then sent to specialized sites for cleaning and conditioning before treatment or recovery.

Materials recovery

Household and industrial waste from selective collection is sent to one of the 466 sorting and material recovery sites operated by the Group. It is then sorted by type (plastic, glass, paper, cardboard or metal), conditioned and consolidated by recovery process on appropriate platforms. Recoverable materials are then sent to appropriate processing areas and sorted, and (non-recyclable) waste is recovered for energy whenever possible by incineration. Failing this, it is landfilled.

The economics of recycling are intended to afford industrial customers a steady supply of quality recycled materials and provide waste producers with ongoing management of their waste in compliance with applicable regulations. Recycling activities (for example, involving metals and plastics) are also organized around specific collections.

In 2017, the Group managed almost 20 million metric tons of waste for recovery. Of this total, nearly 11.8 million metric tons were processed for material recovery. Furthermore, the Group is bolstering its dismantling and recovery lines for waste electrical and electronic equipment (WEEE), end-of-life aircraft and vehicles (ELV), including through the opening of a new aircraft dismantling facility in Teruel, Spain.

At its customers' request, the Group is also pursuing the implementation of industrial processing solutions to recover residual waste, such as mechanical and biological sorting (MBS) of waste.

Composting and biological recovery

Composting is a natural process that involves converting organic waste into soil conditioner. Four types of waste are involved: (i) green waste from households and municipal customers, as well as by-products of the wood industry (bark, sawdust, etc.); (ii) the organic portion of household waste, restaurant and supermarket waste; (iii) sludge from wastewater treatment plants; and (iv) sludge and by-products from paper and food producers.

Numerous analyses are performed on organic waste before, during and after its conversion to compost. Air from the composting process is collected and treated to reduce odor pollution.

Sludge management is at the core of the Group's know-how, and the Group assists municipal customers in their sludge recovery and waste composting projects.

Energy recovery

Waste may also be recovered through incineration. Heat treatment of waste has several advantages: it reduces waste mass and volume, it is quick and hygienic and it produces energy (largely renewable) that can be recovered in the form of electricity and/or heat.

Six types of waste may be recovered for energy production: (i) household waste, (ii) industrial waste similar to household waste, (iii) waste from sorting sites, (iv) medical waste, (v) sludge from wastewater treatment plants and (vi) hazardous waste.

In the Group-operated incineration plants, waste is burned at high temperatures in accordance with regulatory requirements. Heat released by the combustion is recovered in steam boilers. This steam is used to generate electricity and also supplies heat networks.

In 2017, the Group's energy recovery units treated approximately 8 million metric tons of waste, and produced over 3,586 GWh of electricity, resulting in the sale of more than 2,541 thermal GWh. The gases produced by waste combustion are purified using dedicated treatment systems before being released into the atmosphere. Solid waste essentially consists of bottom ash, which is reused for road beds after undergoing suitable treatment, or disposed of at landfills, as well as purification residue from smoke, which is landfilled after stabilization.

This activity is subject to numerous regulatory and technical constraints designed to reduce impacts (smoke emissions, production of bottom ash and fly ash) and to recover energy produced by waste combustion in the form of heat and/or electricity.

Organic waste may also be recovered for energy recovery through methanization. This process of decomposition of natural organic matter – through microorganisms and in the absence of oxygen – has long been known. Its use on an industrial scale is more recent. Methanization produces a biogas that may be recovered for electrical and/or thermal energy, plus a residue that may be recovered for use as an organic soil conditioner after composting. Biogas can also be injected into the gas distribution network.

Another method used for recovering energy is the production of Solid Recovered Fuel (SRF) from non-hazardous industrial waste and, to a lesser extent, household waste. Mainly used by cement manufacturers, this fuel continues to represent a real opportunity for developing solutions that complement the recycling and disposal sectors. The waste that goes into these SRFs is not easily recyclable under existing technical and economic conditions, so SRFs represent an excellent alternative fuel for cement and lime kilns as well as the heat- and steam-generating units of industries that consume high levels of energy (chemical producers, paper mills, etc.) and are equipped with adequate smoke treatment systems.

Elimination of waste in landfills

Landfilling remains the predominant treatment method in many countries. Upstream, the search for a site must conform to legally mandated specifications and conditions, specifically concerning soil quality, the protection of groundwater and distance from housing. During the operating stage, discharges must be controlled, effluents (biogas and leachates) captured, recovered or treated, and environmental parameters measured regularly. Once closed, sites remain subject to monitoring generally for 30 years (60 years in the United Kingdom).

The Group operates 120 landfills around the world, mainly in Europe. In the course of these activities, the Group develops and operates innovative industrial solutions for the recovery of renewable biogas energy from landfills.

Hazardous waste

Waste representing a danger to humans or the environment requires special precautions when being treated. Once collected, it is analyzed, sorted by type and then gathered. It is then sent to the most appropriate site.

There are several treatment options for such waste, including:

- recovery as a fuel substitute, particularly for clinker kilns, after being subjected to any necessary physical pretreatment;
- incineration at high temperatures with energy recovery (as in the case of halogenated, toxic and reactive wastes);
- treatment using physicochemical and biological methods (as in the case of aqueous waste: acids, bases, chromate baths, etc.);
- treatment, clean-up or solidification before being landfilled at suitable sites. Paint residue, for example, is mixed with reagents to form a concrete that stabilizes pollutants within a mineral matrix before landfilling;
- regeneration for the purposes of materials recycling, *i.e.*, purified for reuse (in particular, this is the case for oils and certain solvents).

SUEZ IWS is an international player in the hazardous waste market. The Group has treatment facilities in France, Europe and China.

The Group may thus offer its customers solutions suitable for all types of hazardous waste (except waste potentially contaminated by radionuclides from nuclear sites), such as packaging ranging from 100 grams (such as special household or laboratory waste) up to hundreds of metric tons. In 2017, more than 3.4 million metric tons of hazardous waste were treated by the Group: pretreatment on *ad hoc* platforms, stabilization and storage at class I landfills, incineration of waste with high chlorine or sulfur content and co-incineration at cement plants.

Wastewater treatment, maintenance and urban cleaning

The Group provides local authorities, residential and industrial customers with wastewater treatment and industrial cleaning services (particularly during plant shutdowns), collection of hazardous industrial waste, as well as more specific services such as the cleaning of water towers, oil-related work, or monitoring of wastewater treatment networks in nuclear plants.

Urban cleaning is a concern for local authorities and a health requirement. In this regard, the Group offers the following services: mechanized and manual street sweeping, maintenance of street furniture, poster and graffiti removal, snow clearing, beach cleaning, emptying and maintenance of refuse bins and public awareness measures. Depending on the country, additional services may be offered, such as the maintenance of public parks and gardens.

Pollution clean-up and conversion of polluted industrial sites

Soil pollution may be of two kinds: organic and mineral. There are three types of treatment:

- *in situ* treatment, for subterranean clean-up operations of water tables or soils without excavation;
- on-site treatment, whereby the soil is extracted but treated on site; and
- off-site treatment, when the soil must not only be extracted, but also sent to special sites where it undergoes biological, thermal or physicochemical treatment and/or landfilling.

Through its specialized subsidiaries, the Group has been developing innovative solutions for the clean-up and conversion of industrial sites for 25 years.

By way of illustration, following on from its clean-up and remediation of the former Metaleurop Nord foundry site in France, the Group is now conducting clean-up and remediation operations of "The Avenue", an industrial complex in Chesterfield, in the United Kingdom, through its entity SUEZ IWS (formerly Sita Spécialités). This project, carried out in collaboration with Volker Stevin UK and DEME Environmental Contractors (DEC NV), is the largest public project of this type in the United Kingdom, and one of the largest sites for the clean-up of derelict industrial land in Europe.

Since the end of 2016, SUEZ has also been responsible for the clearing and recovery of excavated construction material from the Fort d'Issy-Vanves-Clamart railway station. Some 180,000 metric tons of soil will be analyzed and processed by SUEZ during the various phases of the project, between 2016 and 2021. The Group will accordingly achieve its objective of recovering 70% of the site's excavated material set by the Greater Paris company (Société du Grand Paris).

B) CONTRACTUAL RELATIONS WITH CUSTOMERS IN THE WASTE BUSINESSES

The Group works for two types of customer:

- public authorities (municipal or other authorities): contracts entered into with public authorities are generally medium- or long-term (generally with a term of three to seven years for collection, and up to 20 or even 30 years for treatment in certain cases), and involve locally regulated activities in which public services are major players; and
- industrial operators: contracts with industrial customers are generally short- or medium-term (often one year, renewable, for collection) and involve activities for which industrial customers increasingly outsource all their waste services management to subcontractors.

The Group offers energy produced during waste treatment and materials from this treatment and recycling (secondary raw materials) both to public authorities and industrial customers.

6.5.2 Presentation of Water Europe activities

Europe is at the center of the Group's water sector activities. Companies operating in the Group's Water Europe segment contributed EUR 4.7 billion to the Group's 2017 consolidated revenues, primarily through Water France, which generated 48% of consolidated revenues for the Water Europe segment, and Water Spain.

With the intention of giving more weight to the geographic aspect of the structure, beginning from January 1, 2017, the activities of the Group in Latin America were regrouped under a single business unit (SUEZ LatAm), which is included into the Water Europe segment.

6.5.2.1 Water France

Since January 1, 2017, Water France has incorporated the Water France Treatment activities (construction and operation of drinking water plants and treatment plants).

In 2017, Water France generated consolidated revenues of EUR 2.3 billion and employed 11,439 people.

1) Specific characteristics of the water sector in France

In France, 3.9 billion cubic meters of drinking water were invoiced in 2013 to consumers connected to public water systems. Following a period of 15% negative growth between 2006 and 2009, volumes of water invoiced have remained stable, in spite of demographic growth. Consumers have adopted water-saving practices and the economic slowdown since 2008 has reduced industrial consumption. Water companies distribute over two-thirds of drinking water volumes in France (66% in 2013) and the breakdown between public and private operators has been stable since 2006. Regarding the treatment of wastewater, water companies treated 53% of wastewater volumes collected in France in 2013, and this percentage has been 54% on average since 2006 *(source: 2013 figures from a BIPE/FP2E study, October 2015).*

2) Description of Water France's activities

The Group operates in France with public authorities and companies, primarily through its subsidiary SUEZ Eau France and its subsidiaries. SUEZ Eau France has been involved in the water-related service sector in France since its creation in 1880, and today operates throughout the entire water cycle, from drinking water production to wastewater treatment. More specifically, it provides water pumping and treatment, storage and distribution, customer service, wastewater collection and treatment and sludge treatment services. Water France structures its commercial activities along 3 lines: construction (drinking water and wastewater plants), services (operation of water and wastewater services, treatment plants) and advanced solutions including digital services and diversification.

In 2017, Water France's contribution to the Group's consolidated revenues was EUR 2.3 billion (40% from drinking water production and distribution under delegation of public service contracts, 27% from wastewater treatment under delegation of public service contracts, 21% from non-public service contracts and diversified services, and 12% from improvements to distribution facilities and networks). Including all subsidiaries, Water France employed 11,439 people as of December 31, 2017.

In 2017, Water France operated over 697 drinking water production sites and delivered over 970 million cubic meters of drinking water to the network.

In 2017, Water France operated 1,523 treatment plants, which treated nearly 1,170 million cubic meters of wastewater.

Water France is the second-largest private operator in France.

3) Water France contracts

In its core business, which still represents 95% of its revenues, three-quarters of its contracts in term of revenues are for water and wastewater treatment under delegation of public service contracts, and one quarter are service or works contracts. Water France had a portfolio of approximately 2,300 public service contracts as of December 31, 2017.

The Group distinguishes between two contract types:

- delegation of public service contracts in France, or their equivalent outside France, including leases and concession contracts, and all intermediate contractual forms under the generic term of "delegation of public service". Under such contracts, the Group is responsible for the entire service management (drinking water or wastewater) or partial service management (water production and distribution and/or wastewater collection, transportation or treatment). It is responsible for operating and maintaining works and for restoration work, where applicable, as well as managing relations with end users, meter reading, preparing invoices and collecting payments made by end users. It ensures the performance of services provided. The Group engages in this activity at its own risk and is compensated by billing users; a portion of the sums billed is paid back to the local authorities to finance new investments. Leases, which relate to the operation of the service, differ from concession contracts under which the private operator is responsible for investments. Most of Water France's contracts are leases, generally for 8 to 12 years; concessions, with longer terms, range from 15 to 20 years;

- public contracts for services or works. Under service contracts, the Group mainly handles the operation and maintenance of service facilities (water or wastewater treatment). Works contracts mainly involve interventions on the networks. With public contracts, services and works are billed to the public authority customer, which remains responsible for billing the end users. These are short- to long-term contracts, generally lasting from 2 to 10 years.

Contracts are more varied in the diversification portfolio.

Water France, as part of its diversification strategy, serves a wide range of customers, from residential customers that use water services to large institutions. Diversified services also supplement the offering for historical customers and local authorities. Services offered to customers fall into several categories:

- development of intelligent solutions in the water and environment businesses and technology integration;
- works in natural environments lasting from several weeks to several months;
- delegation of public service contracts for public installations (ports, swimming pools, sports and recreational facilities, etc.);
- sale of insurance services to residential customers.

4) Commercial successes for Water France

a) Core business

In 2017, Water France had many commercial successes, including:

- in water, a 10-year contract for the production and distribution of drinking water with the city of Sète in the form of a unified public-private partnership (in France, a *Société d'économie mixte à opération unique*, or "SEMOP");
- in wastewater treatment, the award of a contract for the design and construction of the new Pen Fallut treatment plant in Fouesnant;
- in smart services, a contract for the replacement and maintenance of 94,000 water meters in Paris.

Major contracts recovered:

- award of the drinking water delegation of public service contract with the city of Carcassonne;
- award of the drinking water public service delegation contract with the Syndicat d'eau du Dunkerquois (the Dunkirk area water authority) for a period of 12 years;
- award of the drinking water delegation of public service contract with the Communauté d'Agglomération des Communes du Littoral (conurbation committee of coastal towns) in French Guyana for a period of 12 years.

b) Diversification

Among the major events of 2017, those of particular note include:

- the city of Dijon contract. Together with the companies Bouygues Energie Services, Citelum and Cap Gemini, the award of a pioneering contract centralizing the management of public spaces;
- a SEMOP contract for the construction and operation of an aquatic center in Rillieux-la-Pape.

6.5.2.2 Water Spain

In 2017, the Water Spain business unit's contribution to the Group's consolidated revenues totaled EUR 1.6 billion. Water Spain employs 8,865 people around the world (including employees of Advanced Solutions). Water Spain operates 238 drinking water production sites and 686 wastewater treatment plants.

1) Specific aspects of Spain's water sector

The Group estimates that private operators currently represent approximately 55% of the drinking water production and distribution sector, and 85% of the wastewater treatment sector *(source: internal estimates)*.

2) Description of the Water Spain's activities

Water Spain operates throughout the entire water cycle: catchment, transportation, treatment and distribution of drinking water; collection, treatment and reuse of wastewater; recovery of sludge; and customer services. The company's customers primarily consist of local public authorities.

Water Spain is the leading private operator in Spain's water sector.

In 2011, Water Spain launched Aqualogy, a new brand that consolidates the Group's know-how to offer value-added solutions tailored to municipal, industrial and services markets. At present, Aqualogy's business activities are grouped under the SUEZ Advanced Solutions Spain brand. During 2017, Water Spain continued the development of Advanced Solutions in the country, with environmentally responsible activities adapting to customers' needs and with a commitment to value creation. Advanced Solutions Spain focuses on the development of solutions in the areas of water, energy, municipal waste, industry and agriculture.

6.5.2.3 Latin America

With the intention of giving more weight to the geographic aspect of the organization, on January 1, 2017, the Group's activities in Latin America were combined under a single business unit, SUEZ LatAm, which is part of the Water Europe segment.

1) Specific aspects of the water sector in Latin America

Latin America is replete with many natural resources and is home to almost 30% of the planet's freshwater resources. However, according to the World Bank, 85 million people still do not have access to a wastewater treatment system and 115 million people do not have access to safe water points. Faced with this situation, SUEZ is committed to the conservation of resources and preempts the challenges that lie ahead for the entire region.

2) SUEZ in Latin America

Today, SUEZ LatAm has almost 4,600 employees. SUEZ generates more than 5% of its revenue in this region, which extends from Tijuana to Ushuaia, encompassing the cities of Panama and Santiago de Chile.

SUEZ's business in Latin America is structured geographically based on five business areas:

- Mexico;
- Central America, the Caribbean and Colombia;
- South Atlantic – Brazil, Uruguay and Argentina;
- South Pacific – Chile, Peru, Bolivia, Paraguay;
- Aguas Andinas.

3) The main geographic locations

SUEZ has been present in Latin America for almost 60 years. In 1957, the Group built water treatment plants in the cities of Lima, Peru and Brasilia, Brazil. Today, SUEZ primarily operates in the following countries: Brazil, Chile, Colombia, Mexico, Panama and Peru.

a) Brazil

SUEZ is developing its water management businesses with municipal customers such as SABESP in Sao Paulo and CEDAE in Rio de Janeiro, through its entity Restor, a specialist in water distribution network optimization and efficiency. The Group also has extensive experience in the treatment of industrial water, in particular in the oil and gas, paper and cardboard, metallurgy and mining sectors.

b) Chile

The Group is also present in Chile, providing services to a range of municipal and industrial customers. SUEZ's main references in Chile include:

Aguas Andinas: The Group is a shareholder in this company which provides its services throughout the Santiago metropolitan area, as well as to other regions of the country through its entities Aguas Cordillera and Aguas Manquehue.

La Farfana is the largest wastewater treatment plant in Latin America. After an initial DBO contract signed in 2001 followed by an O&M contract, in 2017 the Group committed to new works and a new 10-year plant operation period. This plant enables the city of Santiago de Chile to treat 100% of its wastewater, and to recover wastewater treatment residues as biogas or agricultural fertilizers.

Mina Escondida: In the north of the country, this open-pit copper mine is responsible for 8% of global copper production. It is also the world's largest copper mine in terms of production capacity. Situated in the heart of the Atacama desert, SUEZ also enables the site to secure its water supply *via* a seawater clarification solution.

c) Colombia

In Colombia, SUEZ teams provide drinking water production and distribution services to the cities of Palmira and Cartagena de Indias, through a joint venture with the local authority. As a result, some 1.6 million Colombians use the Group's services.

d) Mexico

SUEZ has been present in Mexico for over 30 years, particularly in water treatment infrastructure activities but also in the management of water services (Aguas de Saltillo joint venture).

In 2016, ASIM, held jointly by the SUEZ group (49%) and GBM (51%) renewed the service contract with Mexico City (management of new connections, land registry management, monitoring of water meters, business relations, customer service). A buy-out option for the acquisition by SUEZ of GBM's stake was signed in 2017.

In August 2017, SUEZ sold its interest in Grupo Ambiental Veracruz, which manages the water service in the city of Veracruz.

During 2017, SUEZ also continued to develop the Rosarito project (a desalination plant in Baja California under a DBOT scheme). Construction is scheduled to begin in 2018.

e) Panama

Since 2008 SUEZ has been present in Panama, where some 1.2 million inhabitants use the Group's services. SUEZ's main references in Panama include:

- Juan Diaz treatment plant: In May 2017, the Ministry of Health of the Republic of Panama (MINSA) awarded SUEZ a contract for the extension and subsequent operation of the Juan Diaz treatment plant. SUEZ completed the first phase of this treatment plant for the capital's wastewater in 2009 and has operated it since 2011. The new contract will double the plant's capacity;
- Ciudad David: In August 2016, SUEZ signed two DBO contracts for the design and construction of wastewater treatment solutions projects in the city of David with the customer IDAAN (Instituto de Acueductos y Alcantarillados Nacionales).

f) Peru

The SUEZ group is present in Peru through municipal customers (SEDAPAL) and industrial customers (in particular in the mining industry).

In late 2016, in partnership with Brookfield Infrastructure, SUEZ announced the conclusion of an agreement to acquire two companies – H2Olmos and Concesionaria Trasvase Olmos – that are in charge of the Olmos valley irrigation project. With new infrastructures and specially designed services, they supply the water resources necessary for the valley's agriculture and food industry development. The implementation of this agreement was suspended due to major climatic events that damaged facilities.

4) Development strategy

Combining the activities of various entities under a single leadership structure per country and launching the single brand in 2015 are two of the Group's major strengths to seize the commercial opportunities on offer in this region.

SUEZ's strategy in Latin America is based on three pillars:

- SUEZ aims to strengthen its position in its historical business, the complete management of the water cycle (concession contracts, DBOT schemes, services) with municipal customers through a more integrated offer;
- the Group also aims to develop its activities in new markets such as advanced solutions, the agricultural sector and smart cities;
- finally, SUEZ is targeting growth in the waste sector in Latin America.

It should be noted that the development of activities with industrial customers is mainly being led by Water Technologies & Solutions, which was established in 2017 following the acquisition of GE Water.

6.5.3 Presentation of the Recycling & Recovery Europe activities

Europe is the heart of the Group's waste sector activities. Companies operating in the Group's Recycling and Recovery Europe segment contributed EUR 6.2 billion to the Group's consolidated revenues in 2017. The Group's Recycling & Recovery Europe business is operated mostly by SUEZ R&V France and its specialized subsidiaries, SUEZ R&R Belgium, SUEZ Deutschland, SUEZ Recycling & Recovery Netherlands, SUEZ Recycling and Recovery UK and SUEZ Recycling AB (formerly Sita Sverige) in Sweden. In 2016 SUEZ had created Industrial Waste Specialties (IWS), specializing in the recovery and disposal of hazardous waste in Europe.

SUEZ also owns SUEZ Organique (formerly Terralys), a joint subsidiary of SUEZ RV France and SUEZ Water France, specializing in composting and sludge treatment in France.

Companies in the Recycling and Recovery Europe segment generated 50% of their revenues in France, 15% in the United Kingdom and 35% in the rest of Europe (EU and non-EU).

In Europe, the Group's collection activities served over 21 million people and nearly 279,000 industrial and commercial customers in 2017. The Group collected over 18 million metric tons and processed nearly 31 million metric tons of household, industrial, and health-care waste.

6.5.3.1 Recycling & Recovery France

The Group is active in France in the waste sector through its R&R France business unit, which operates *via* SUEZ RV France and its subsidiaries.

1) Specific features of the waste sector in France

The French waste sector represents EUR 16.7 billion *(source: IFEN, 2015[1])*. Of a total of over 345 million metric tons of waste, 71% is generated by building and demolition activities, 19% by commercial and industrial activities, 9% by municipalities and households, and 1% by wastewater and remediation activities *(source: ADEME 2015)*. Regarding household and similar waste, 26% is landfilled, 35% undergoes thermal treatment and 39% is recovered or undergoes biological treatment *(source: Eurostat 2014 data)*; the Group believes the recycling portion will grow in the future.

In 2017, the amended French Finance Law of 2016 introduced a new general tax on polluting activities (TGAP) until 2025 that only applies to elimination facilities. Through the Minister for Ecological and Inclusive Transition, Nicolas Hulot, the new government set two goals to be achieved by 2025: Recycling 100% of plastics and diverting 50% of waste sent to landfill.

At the end of 2017, the French Ministry for Ecological and Inclusive Transition launched a consultation with a view to creating a "Circular Economy" roadmap, due for publication in March 2018, in order to firmly establish the circular economy within the real economy. In practice, this initiative seeks to promote the development of the circular economy in the construction and demolition, bio-waste collection and recycling sectors, and to develop "next generation" sorting centers and combustion units for SRF produced from sorted waste.

In 2017, the Chinese "National Sword" program, which places significant restrictions on the export of waste including paper and plastics to China from January 1, 2018, was seen as a real opportunity to develop a plastic pellets processing sector in France, and in Europe as a whole.

The Group is prepared for the changes stemming from these new laws and expects to seize the opportunities for development they provide. As such, the increase in the portion of recovery and recycling, which has been at the core of the Group's strategy for several years, is being confirmed.

2) Description of R&V France's activities

R&R France is active throughout the entire waste cycle: collection, sorting, recovery and elimination (material recovery, biological recovery, energy recovery, landfilling), soil remediation, wastewater treatment and industrial maintenance.

SUEZ RV France has been active in France's waste sector since its incorporation in 1919. The Group has substantial treatment capacity, a diversified portfolio of contracts, special expertise in recovery and treatment (sorting, recycling, landfilling, incineration and methanization), solid geographic network coverage in France, and the ability to innovate by offering new treatment and recovery solutions. Today, R&R France, through municipal customers, companies and small- and medium-sized businesses, is active in innovative collection solutions, by offering alternative incentive-based local collection methods; in the management and recovery of household, industrial and commercial waste, in the recovery of ferrous and non-ferrous metals, cardboard, wood, plastic and compost from waste; and in the production of energy – heat and electricity – from waste.

In 2017, R&R France provided waste collection services to nearly 9.3 million inhabitants and 73,579 industrial and commercial customers; the company treated over 18.8 million metric tons of waste. As of December 31, 2017, R&R France operated 68 composting platforms, 35 incineration sites (34 of which have energy recovery capacity), and 427 sorting and transfer stations.

In 2017, the Group treated 1,540,284 metric tons of ferrous and non-ferrous metals, and expanded its range of services to industrial customers in France and abroad.

► Optimizing waste collection

In May 2017, SUEZ renewed the Rennes Métropole household waste collection contract for a further 6 years thanks to a proposal that combines sustainable and smart solutions. Rennes Métropole will be the first French municipality to switch its entire fleet of waste collection vehicles to an alternative power solution, natural gas, which is cleaner and less noisy. This contract also includes the development of SmartTrucks®, equipped with sensors to continuously collect real-time data that will improve urban services: urban cleaning, traffic circulation, air and noise pollution, safety, information for residents. The SmartTrucks® solution has also been chosen by the Greater Lyon area as part of the renewal of its waste collection contract.

(1) Estimated total current national expenditure on waste management.

La Poste group and SUEZ have teamed up to create a joint company, Recygo, specializing in the collection and recovery of office waste in metropolitan France. Combining the local reach of La Poste and the recycling expertise of SUEZ, the company will propose a unique and innovative solution available to all customers irrespective of their size and business sector. Its circular business model conserves resources, promotes local employment and is firmly rooted in the regions.

In November 2017, SUEZ launched a new range of innovative collection solutions: following the installation of RECO kiosks in supermarket parking lots, the range was extended to include the RecyclingVan for the collection of plastic bottles and cups at festivals and other events, and the RecyclingBox for collecting the same materials within offices.

In 2017, SUEZ developed the collection and river transport of waste in urban areas in Lyon, Bordeaux and Île-de-France. The waterway transport of waste is an economic solution that meets environmental challenges and constitutes an innovative waste management solution in urban areas.

SUEZ won the Sicoval waste collection contract for east Toulouse, which includes new on-demand collection services. With the aim of reducing collection frequency, the OPTI'OM management platform will help to manage the collection of household waste on demand and in real time. This 7-year contract will also introduce incentive-based pricing and weighted remuneration (based 50% on tonnage collected, and 50% on user services), which will allow the community to benefit directly from reduced frequency and volumes.

Through its extensive regional network, SUEZ will manage logistics for Nespresso capsule streams throughout France in order to optimize their recovery. The Group will manage collections at all the designated household waste recycling centers in order to optimize logistics and flows for this specific type of waste.

► Urban cleaning

In April 2017, SUEZ won the urban cleaning contract for the 1st and 2nd districts of the city of Marseille, including manual sweeping, mechanized cleaning, bin collection, the cleaning of tunnels, markets, and special events, weeding, as well as waste collection in Noailles (household waste, bulky waste, commercial premises). A modern solution which is intended to be expanded to other cities.

► Recovery of energy and waste material

In May 2017, SUEZ won the contract to manage the organic recovery center in Lille with a bid based on energy and environmental performance commitments: a significant increase in the production of biogas and a 30% increase in NFU-certified compost to promote back-to-earth solutions.

SUEZ was awarded the management of the Créteil Energy Recovery Unit, based on an energy performance of 110%. The project provides for thermal energy production generating power to supply greenhouses and the urban heating network, electricity production, green gas production, hydrogen production for carbon-free transportation as well as the smart management of trucks and their routes.

In July 2017, SUEZ and DECOSET launched the Econotre eco-hub heating network with the implementation of tomato plant greenhouses heated using energy recovered from local household waste. In addition to the heating network, it produces an annual output of 100,000 MWh of electricity, the equivalent of the annual energy consumption of 17,700 homes. This was achieved thanks to new CHP+ technology developed and patented by SUEZ.

► Biogas production

The SUEZ landfill in Saint-Maximin now produces biomethane thanks to an innovative new biogas and biomethane recovery solution. This innovation, which is based on the WagaBox process, improves the energy efficiency of landfills for non-hazardous waste and reduces greenhouse gas emissions. This biomethane is injected into the natural gas urban distribution network operated by GRDF.

► Delegated waste management at industrial sites

With PSA, SUEZ has strengthened its environmental facility management activities at the Metz and Polaris sites, through 3-year delegated waste management contracts. Working at the heart of factory production lines, SUEZ helps to optimize collection, improve waste recovery and the related logistics management, and create short recycling loops.

SUEZ also won a major waste management contract (including hazardous and non-hazardous waste) for all of Sanofi's sites in France. SUEZ provides the Sanofi Group with an integrated approach to managing all of its waste at complex industrial facilities in the field of chemicals and pharmaceuticals.

SUEZ signed a two-year framework contract with Kingfisher for the management of non-hazardous waste at 100 sites.

► Industrial cleaning of production tools

SUEZ won a new reactor cleaning contract with Nippon Shokubai thanks to an innovative technique that reduces the time spent loading the reactors by 200.

In the nuclear sector, SUEZ renewed and expanded its contract with EDF for the cleaning and maintenance of its steam generators for the next 6 years for a total of EUR 60 million. Acting with the utmost safety during shutdowns, experts clean the reactors down to the steam generator.

► Asbestos removal from sites and buildings

SUEZ is involved in the removal of asbestos from 300 homes in Bron for a total of EUR 7 million. The certified and fully trained teams ensure the safe removal of asbestos and full traceability.

► Construction

SUEZ has added to its service offering to construction companies with Batireprise®, a range of solutions for distributors of construction materials, products and equipments to professionals who, since January 1, 2017, are required to organize the collection of waste from their customers. SUEZ offers them support and customized solutions such as installing waste recycling centers directly within their distribution sites or the direct collection of waste by SUEZ from construction sites, warehouses, or *via* its e-commerce site: Valoservices.

► Digital

R&R France places innovation at the heart of its development and, in 2017, added a Digital business line dedicated to developing digital tools and solutions. Capitalizing on these new capabilities, SUEZ launched the following initiatives over the course of the year:

- **Organix®**, the first digital marketplace in France for organic waste. This innovative platform creates links between producers of organic waste and the biogas plants that convert this waste into energy. The platform is a place where transactions can be made easily and securely, with SUEZ providing logistics and transport. Organix® won the Innovation Award in the disruptive technology and digitization category at the *Assises Nationales* *des Déchets* (National Forum on Waste Management) in September 2017.

- **VaBene®**, a free and unique application in France designed to facilitate the management of dumpsters at construction sites. With VaBene, construction professionals are able to order the delivery, removal or rotation of a dumpster *via* smartphone or tablet, all in just 3 clicks.
- **VALOVISIO®**, the first smart control center for the management and recovery of waste. VALOVISIO® is the nerve center that collects and processes all real-time data (geo-tracking of collection trucks and containers, container load levels, collection round status, etc.) generated by the connected tools and sensors with which SUEZ has equipped its vehicles, installations and containers. Through continuous analysis, this data is converted into dashboards that assist decision-making so as to optimize services in a highly reactive manner, increase safety and ensure complete traceability of flows. The first VALOVISIO® center, serving businesses in the Auvergne-Rhône-Alpes and Provence-Alpes-Côte d'Azur regions, is located in Caluire-et-Cuire, near Lyon. In late 2017, SUEZ deployed its 10,000th sensor registering the load levels of recycling containers. This connected device enables smart management and optimized collection.

- **Recycling electrical and electronic waste**

SUEZ joined forces with Bouygues Telecom and its partners, WWF France, Samsung and Recommerce, in a nationwide project aimed at raising public awareness of recycling and the reuse of mobile phones. Collections were organized at Bouygues Telecom stores across France, with SUEZ then recycling the used phones, primarily at its Feyzin plant.

- **Recycling and recovery of ferrous metals**

Boone Comenor Metalimpex (BCM), the joint venture between SUEZ and the Renault group, strengthened its positions in France with the signing of 2 major contracts (PSA Sochaux and GMD), and continues to develop internationally with the signing of a new contract with Renault Nissan in India.

- **Industrial maintenance and wastewater**

SUEZ was awarded a contract for the cleaning of a SIAAP rainwater storage tunnel. This site is over 2 km in length and 6.80 m in diameter. The objective is to clear 2,000 metric tons of sludge.

The Group believes that SUEZ is the leading private operator in waste management in France (internal estimates).

6.5.3.2 SUEZ R&R UK and Scandinavia

The Group operates in the United Kingdom primarily through its SUEZ Recycling and Recovery UK subsidiary (formerly Sita UK). The Group is also active in waste collection and treatment activities in Sweden. In November 2016, the Group had sold its stake in SUEZ Suomi Oy (Finland).

In 2017, R&R UK and Scandinavia's contribution to the Group's consolidated revenues totaled EUR 1.2 billion; the business unit employed 5,996 people as of December 31, 2017.

A) SPECIFIC FEATURES OF THE WASTE SECTOR IN THE UNITED KINGDOM AND SWEDEN

United Kingdom

In the United Kingdom, the household recycling rate is currently around 45% and varies depending on the source and methodology. The European Union has set a target of recycling at least 50% of household waste in the United Kingdom by 2020. In reality, the recycling rate in the United Kingdom has been stagnant for some time.

The volume of biodegradable municipal waste (BMW) sent to landfill continued to decrease, reaching 7.7 million metric tons in 2016, or 22% of the volume recorded in 1995 (the European Union has set the objective of reducing the proportion of biodegradable municipal waste sent to landfill to 35% by 2020, compared to 1995).

The rate of recovery of non-hazardous waste from construction and demolition activities stood at 89.9% in 2014 in the United Kingdom (the European Union has set the UK an objective of recovering at least 70% of this type of waste by 2020).

The volume of commercial and industrial waste (C&I) currently stands at 27.7 million metric tons compared with 32.8 million in 2012.

In total, the United Kingdom generated 202.8 million metric tons of waste in 2014. More than half of this waste (59.4%) was generated by construction, demolition and excavation activities and 13.7% was generated by households. Of the 209 million metric tons of waste that entered the final treatment phase in the United Kingdom in 2014, 44.5% was recovered (energy recovery and recycling included) and 23.1% was sent to landfill *(source: Defra – December 2017)*.

Sweden

The Swedish waste sector represents around 156 million metric tons of waste. In this country of 10 million inhabitants, this figure may be explained by the significant percentage of waste from the mining industry, the paper and cardboard industry and treatment of sludge and dredging. In 2015, Sweden produced 4.7 million metric tons of household waste. This volume represented a 4% increase compared to 2014. Only 0.7% of household waste was landfilled, 35% was recycled, 16% was treated biologically and the remainder was incinerated, producing hot water for urban heating systems as well as electricity (48%). In 2015, each Swedish inhabitant produced 478 kg of municipal waste (+4% *versus* 2014). Furthermore, the government's will is to increase the recycling of organic waste from households. The number of biogas reactors increased to 282 with a production capacity of 1.9 TWh of biogas in 2015 *(source: Swedish Waste Management Report 2015, Biogasportalen.se)*.

B) DESCRIPTION OF SUEZ R&R UK AND SWEDEN'S ACTIVITIES

R&R UK

R&R UK employs more than 5,000 people. Since its creation in the United Kingdom in 1988, R&R has developed innovative and environmentally friendly solutions for household and industrial waste. In 2017, R&R UK managed over 6 million metric tons of waste and served 1.5 million inhabitants and around 34,000 industrial and commercial customers. Its various activities are guided by a single vision: creating a waste-free society. By recycling and attempting to extract value from waste, SUEZ aims to reduce its environmental impact. The goal is to help create a circular economy in which nearly all waste will have a second life and will be reused, recycled or recovered for its energy content. This approach gives SUEZ a major role to play in the debate on the challenges ahead for the waste management industry by seeking to anticipate future developments and attempting to influence domestic policies, for a Resource Revolution.

R&R UK is active across the entire waste cycle. The company is backed by SUEZ's experience, which allows it to participate in all tenders in this sector, and its extensive expertise in the provision of waste management services to local authorities through private finance initiatives (PFI) and public-private partnerships (PPP).

SUEZ Communities Trust has distributed over GBP 100 million since it began funding community projects and environmental initiatives in 1997. Funding is allocated by the government fund for community landfills to SUEZ Communities Trust through which a portion of the landfill tax collected by R&R UK can be redistributed to SUEZ Communities Trust to finance projects of public interest.

R&R has also demonstrated its capacity to renew its contracts and to further its development through complementary activities:

- Solid Recovered Fuel (SRF): R&R UK is now one of the leading producers of SRF, which is generated from the treatment of commercial waste;
- Refuse-Derived Fuel (RDF): data published by the Environment Agency in 2015 shows R&R UK to be one of the largest producers and exporters of RDF in the United Kingdom, with around 240,000 metric tons exported yearly. RDF is used as a raw material in continental European power plants, which are currently underutilized;
- wood chips: R&R UK is one of the largest wood recovery operators in the United Kingdom. A significant amount of wood that cannot be recycled is used as fuel (power and heat) at an energy recovery (biomass) plant operated by RWE in Scotland;
- Climafuel: R&R UK supplies Cemex UK, a leading English cement producer with Climafuel, an alternative fuel made from commercial and industrial waste. R&R UK currently supplies Cemex from one production plant located in Birmingham, and from a second production site opened in Rugby (Warwickshire) in 2015. The two sites enable to supply up to 250,000 metric tons of Climafuel to the Cemex works. The sites are authorized to use this fuel for 65% of their needs;
- in 2017, R&R UK won a contract worth GBP 3.5 million per year for the collection and recycling of mixed dry waste in the city of Hampshire;
- in 2017, R&R UK won a contract worth a total of GBP 69.6 million (GBP 8.7 million a year over 8 years) for the collection and treatment of waste in the city of Doncaster;
- R&R UK entered into a strategic partnership with Foodbuy, the largest procurement organization in the United Kingdom for the complete management of its waste at more than 500 sites. Through this contract, which is worth an estimated value of GBP 30 million over 5 years, SUEZ will manage more than 17,000 metric tons of waste per year.

The Group estimates that R&R UK is the fourth-largest private operator in the United Kingdom in terms of revenues (internal estimates).

R&R Sweden

SUEZ Recycling AB (formerly Sita Sverige AB), a wholly owned subsidiary of the Group, is active across the entire waste cycle, including waste sorting at customers' premises, collection, pretreatment, recycling and treatment of all types of waste, excluding potentially radioactive residues from nuclear processes, incineration plants and the treatment of electrical and electronic waste. SUEZ Suomi Oy (formerly Sita Suomi), a wholly owned subsidiary of SUEZ Recycling AB active in the waste collection, sorting and recycling segments, was sold to the Finnish investment fund Hartwall Capital Oy AB in November 2016.

In 2017, R&R Sweden served almost 1.4 million people and around 24,000 industrial and commercial customers through its waste collection activities. It processed over 1.4 million metric tons of waste. SUEZ's Swedish activities have grown organically to a certain extent in recent years by offering basic recycling solutions to industrial and business customers, as well as by offering more specific and customized solutions. It has also grown through strategic acquisitions. R&R Sweden has expanded its presence in the various regions of the country as well as in recycling and hazardous waste management, which are significant segments in Swedish industrial production.

Highlights of 2017:

- signing of new commercial and industrial contracts with the major players in the manufacturing, steel, construction, retailing and paper industries;
- signing of new contracts with municipalities, such as Stockholm, Finspång, Staffanstorp, Norrtälje, Hammarö, Grums, Kil and Forshaga;
- extension of numerous existing contracts with local, national and regional customers;
- continued expansion of the Group in the area of soil remediation, leading to an increase in tonnage of polluted soils processed; with the signing of the first contract covering soil remediation and wastewater in the province of Småland;
- successful integration of Altransport's activities in Linköping, acquired in May 2016, specializing in waste recycling and very active at regional level;
- marketing of the first mobile shredder that destroys waste paper and small electronic objects (such as mobile phones) separately at the customer's production site;
- launch of a collaboration with the company FEAB, to recycle 99% of insulation materials into new air-injected insulation materials.

Competition in the Swedish market should increase following the acquisition of IL Recycling by Stena Recycling in March 2017 and the acquisition of Hans Andersson Recycling by Veolia in August 2017. The private waste sector in Sweden is driven by a common interest and focus in recycling and material recovery (metals, plastics, wood and organic waste), as well as energy recovery, which should increase over the coming years with the circular economy project proposed by the European Union. Competition in the household waste collection segment is very real and is intense in some regions, primarily because of the high number of competitors (Reno Norge AS, Nordisk Återvinning, Ragn Sells, Ohlssons i Landskrona, Allmiljö, etc.) and new market entrants (NorRen and NT Entreprenad).

6.5.3.3 R&R Germany and Benelux

The Group operates in Belgium, Germany, Luxembourg and the Netherlands through its subsidiaries SUEZ R&R Belgium, SUEZ Deutschland, Lamesch (Luxembourg) and SUEZ Recycling & Recovery Netherlands. Although they operate independently in their own markets, these various subsidiaries form a joint business unit, R&R Benelux and Germany. This gives them added value through various shared operations, particularly in terms of methodologies and standardization, primarily in waste treatment and energy management and consolidation of collected volumes. As a consequence, R&R Germany and Benelux can operate on more favorable terms on the secondary raw materials market. The organization can also provide centralized coordination and sharing of good practices in areas such as Human Resources, asset management, purchasing, health and safety, public affairs, communications and legal affairs.

In 2017, R&R Germany and Benelux's contribution to the Group's consolidated revenues totaled EUR 1.5 billion. The R&R Germany and Benelux business unit employed 6,268 people as of December 31, 2017.

A) SPECIFIC FEATURES OF THE WASTE SECTOR IN BENELUX AND GERMANY

Germany, the Netherlands, Luxembourg and Belgium are European leaders in waste management and recycling, and their regulatory frameworks are far ahead of the European average. In this region, less than 1% of total municipal solid waste is sent to landfill. Most municipal solid waste is recycled (on average 60%) or put through an energy recovery process (on average 40%).

With a very high population density and situated in a delta, the Netherlands had to deal with environmental problems very early on. Today, over 80% of waste in the Netherlands is recycled, and 16% is put through an energy recovery process (the remainder is sent to landfill). The government recently announced the target of achieving a "100% circular" economy by 2050. For 2030, the goal is to reduce the use of raw materials such as minerals, fossil fuels and metals by 50%. The volume of residual municipal waste should be reduced to 100 kg per person by 2020, which means that 75% of municipal waste should be collected, sorted and treated separately.

In Benelux and Germany, waste is no longer considered as waste, but as a "source of raw materials" and an integral part of the circular economy. The significance of waste as a secondary resource becomes clear when looking at the increasing global dependence on raw materials. The German government has formed a Raw Materials Agency due to resource scarcity in its economy. The Dutch government intends to make its industries more competitive by focusing on savings and sustainability. It is exploring solutions to make the country a hub of secondary resources. It is also promoting Dutch expertise in waste management and recycling technologies in the US. On December 28, 2017, the new national waste management plan (LAP3) entered into force in the Netherlands. In Belgium, new sorting legislation entered into effect in all of the country's regions. This new law has led to diminished residual household waste volumes amounting to 146 kg per year per person. It stipulates that industries, businesses and SMEs must now sort waste into 18 different streams in Flanders and 14 in Wallonia. One underlying trend in Belgium is the success of the social/circular economy of secondhand stores, repair cafés and lending or sharing platforms like Peerby, Wejdelen, etc.

In such an environment, the trend is for more sorting at source and recycling, with producers assuming more responsibility, as well as partnerships between waste management players and industry to work together in a closed loop. It also becomes a real innovation challenge, requiring greater transparency in supporting sustainable development claims, and will demand more awareness on the part of citizens regarding their consumption and attitudes toward waste. It is not improbable that the trends observed in SUEZ R&R's markets in Benelux and Germany are but a glimpse of what lies in store for the rest of Europe. Recently, several initiatives on the circular economy have emerged. Their goal is to promote awareness of resource scarcity and create strong examples of closed-loop recycling.

Germany

The incineration market in Germany was reasonably balanced on account of a favorable economic environment in the country and imports from the United Kingdom. Incineration facilities have reached their maximum processing capacity due to changes in the business. This situation will probably continue in upcoming years. With the recent legislation passed in Germany, including on packaging and commercial waste, the government is clearly encouraging the development of recycling activities.

Benelux

Of a total of 133 million metric tons of waste generated in the Netherlands, 68% is from building and demolition activities, 22% from commercial and industrial activities, 6% from municipalities and households and 4% from agriculture. Of this total, 4% is hazardous waste (*Eurostat 2017 – 2014 data*). Regarding household waste, 48% is incinerated, 51% recovered and the remainder landfilled*(source: Eurostat 2017 – 2014 data)*. Discussions concerning deposits on plastic bottles resulted in a decision to maintain the current system that targets bottles containing more than one liter of liquid. In addition, deposits on bottles are currently being discussed for small plastic bottles and cans.

In Belgium, discussions concerning the imposition of a deposit did not lead to the proposed scheme being adopted by any of the country's regions.

Of a total of 56 million metric tons of waste generated in Belgium, 30% is generated by building and demolition activities, 59% by commercial and industrial activities 10% by municipalities and households and 1% from agriculture (*Eurostat 2017 – 2014 data*). Of this total, 5% is hazardous waste (*Eurostat 2017 – 2014 data*). Regarding household waste, 1% is landfilled, 44% is incinerated and 55% is recycled or recovered *(source: Eurostat 2016 – 2014 data)*.

B) DESCRIPTION OF R&R GERMANY & BENELUX'S ACTIVITIES

Germany

SUEZ Deutschland provided waste collection services to some 4.7 million people and nearly 24,500 industrial and commercial customers in 2017, and treated almost 1 million metric tons of waste. The Group believes that it is the fourth-largest private operator in Germany for Recycling and Recovery activities.

The Group's presence is concentrated in western and southern Germany, particularly in municipal collection and selective collection services. It also has a solid position in the incineration segment through its Zorbau site in the Leipzig region as well as in the sorting of household packaging through its recently modernized site in Ochtenburg, near Koblenz.

The wide range of services offered such as SUEZ.scope®, SUEZ.drive®, SUEZ.connect and the e-commerce sector (B2C Shop, White Label Shop, B2B Portal) contributed to the Group's success in 2017:

- SUEZ.scope® supports customers in streamlining their waste management processes. Analyses provided include internal management of waste and consequently all cost factors in the value chain. Solutions coming out of these analyses range from simple changes in the structure of internal collection processes to innovative recovery technologies. SUEZ.scope® has brought in a significant number of key commercial and industrial customers representing potential total sales of several million euros;
- SUEZ.drive® includes different resources for managing installations, such as managing waste collection points, managing calls for tenders, accounts management, etc. In 2016, the range of services had been extended and certain major commercial agreements had been signed, like the extension of the contract with BP and the signing of a new contract with Benteler.

In 2017, SUEZ Deutschland's contribution to the Group's consolidated revenues totaled EUR 506 million. SUEZ Deutschland has 1,802 full-time equivalent (FTE) employees and covers approximately 18% of Germany through its waste activities. Through SUEZ.connect, SUEZ Deutschland has access to a domestic network of recycling and waste management networks that cover approximately 65% of Germany. SUEZ.connect centrally manages over 350 partners and subcontractors assigned to SUEZ.shop operations and to serving domestic customers.

The Netherlands

SUEZ Recycling & Recovery Netherlands operates throughout the entire waste cycle: in 2017, SUEZ Recycling & Recovery Netherlands provided waste collection services to nearly 1.1 million people and 71,342 industrial and commercial customers, and processed more then 752,000 metric tons of waste. SUEZ Recycling & Recovery Netherlands is the second-largest private operator in the Netherlands in terms of revenues (internal estimates).

The waste-to-energy plant in Roosendaal, which opened in October 2011 in the south of the Netherlands, processes over 336,000 metric tons of waste per year and produces energy for 70,000 homes. The capacity of the plastics sorting line in Rotterdam that was also opened in 2011 was expanded in 2015. The extension gave the facility the capacity to sort 100,000 metric tons of plastic packaging. In order to operate over the entire production chain, in 2016, Recycling & Recovery Netherlands and Chemelot Ventures opened a new sustainable plant for manufacturing polymers. QCP (Quality Circular Polymer) is an innovative production facility that produces high-quality materials for use in the polymers industry. In 2017, SUEZ increased its stake in QCP from 45 to 50%. The remaining 50% was acquired by LyondellBasell. In 2017, R&R Netherlands created a joint venture with Kempenaars Recycling called SK Polymers. The purpose of this company is to process solid plastic waste from municipal customers. R&R Netherlands works throughout the entire value chain, both up and downstream, to develop more niche recycling projects, such as recovering coffee grounds.

R&R Netherlands also provides the means to its customers to better manage the overall cost of waste and actively supports them in creating resources over the entire value chain.

Belgium

The Group estimates that R&R Belgium is the leading operator in the Belgian waste sector due to its very solid position in collection and treatment operations, primarily for industrial and commercial waste activities. Changing the company's name to SUEZ has been an important step in bringing specific solutions to customers to address the new issues facing resource management through the circular economy model. In 2017, SUEZ R&R Belgium served some 3 million inhabitants and 49,450 industrial and commercial customers.

With growing numbers of sales channels, interactions with customers are progressively more frequent, especially through blogs, surveys, group discussions, etc.

The Belgian market is influenced by several changes: large industrial companies are shifting focus back to economic growth, trading companies are seeking solutions to comply with stricter new regulations on sorting waste, and the public sector is outsourcing waste management services less and less. As in previous years, the influence of the broader responsibility of producers is also growing steadily.

Online development of SUEZ Recycling and Recovery in Benelux & Germany

All SUEZ Recycling and Recovery activities in the Netherlands and Belgium have integrated SAP as their ERP system since 2015. In addition, the use of e-business tools will develop further in upcoming years. Local online stores have varying degrees of maturity, but all are developing rapidly and are systematically bolstered by other online activities such as blogs, etc.

- www.SUEZ-containerdienst.de: offer of waste management services for residential customers; service launched in 2012. Performance in 2017: 90,400 visitors/1,650 orders compared with 78,000 visitors/1,400 orders in 2016. Customers are satisfied with this service, awarding the site a rating of 4.73/5. Efforts have been made to increase the conversion rate through further improvements (payment available *via* PayPal and credit card);
- www.bauschuttcontainer.de: waste services for residential customers *via* other online stores that became one of the most important benchmarking elements of the sita-shop.de site in two and a half months. The site was launched in September 2015. In 2017, 52 orders were made, compared with 22 in 2016;
- www.SUEZ.recircle.de: a B2B portal launched in November 2015 with the objective of reaching professional customers through the publication of content focused on recycling and recovery. The target for 2018 is to revamp the current B2B portal in order

to attract more potential customers to the site through quality content and to generate sales contacts;

- SUEZ.nl Webshop, www.bouwbakkie.nl and rolbakkie.nl, belonging to SUEZ R&R Netherlands, increased revenues by 10% in 2017. Industrial customers in Belgium can now access their customer portal online;
- the QR code application launched in Belgium allows customers to request their bin collection online and plan for absences;
- www.container4home.be: online store for residential customers, launched in 2016;
- SUEZ webshop Belgium was launched nationwide for small companies and residential customers.

Within the framework of the "Easy Rider" project, SUEZ Deutschland has developed three new features for embedded computer systems, namely the camera function, the tracking of containers *via* QR codes and the on-board weighing system, leading to an even more digitized operating process.

SUEZ Deutschland is currently studying Rubicon's solutions for municipal vehicle tracking.

In Germany, Belgium and the Netherlands, an online portal for B2B customers is currently under development. Customers will be able to manage their accounts online at any time and on any device. This portal is intended to improve the customer experience, strengthen the position of the SUEZ brand on the market and provide a basis for future digital innovation as well as an online sales capacity. The roll-out of a first MVP (Minimum Viable Product) was realized on December 2017.

6.5.3.4 IWS

The Group is active in the hazardous waste market through its various sites throughout Europe. All of SUEZ's hazardous waste treatment assets in Europe (Netherlands, Belgium, Germany, France, Italy, Spain) and the management of hazardous waste streams have been grouped together in a single business unit, Industrial Waste Specialties (IWS), within the Recycling & Recovery Europe division since 2016. IWS consolidates all activities related to hazardous waste for the Group in Europe. The dedicated sales team at IWS is continuously developing its expertise so that the economic and environmental demands of key industrial customers can be met. From general services to specialized services in the area of waste recovery, SUEZ meets the European integration and traceability requirements typically requested by the major operators in the different European industrial sectors.

IWS was created as a response to various objectives of the SUEZ group. Firstly, IWS makes it possible to better serve industrial customers, primarily those operating at European level, and to construct an ambitious and global development strategy in this segment. This focus on the hazardous waste industry also enables greater synergies at the Group's treatment sites throughout Europe and contributes to the creation of value by optimal use of available capacity on a European scale, with waste able to cross borders for the purposes of its recovery.

Industrial production in Europe is currently in a recovery phase and, as such, IWS will play a major role in SUEZ's strong ambitions for the industrial segment. In 2017, SUEZ IWS's contribution to the Group's consolidated revenues totaled EUR 415 million. IWS employed 1,505 people as of December 31, 2017.

A) SPECIFIC FEATURES OF THE HAZARDOUS WASTE SECTOR IN EUROPE

The global hazardous waste market represents around 50 million metric tons (excluding mining waste) and EUR 2.6 billion of revenues in a variety of customer segments (chemicals, mining, pharmaceuticals, energy, construction, petrochemicals, metallurgy, etc.). The market in general is in a situation of under capacity leading to an increase in treatment prices. This situation is expected to continue in the future due to the lack of new incineration capacities, the trend toward closing internal units in certain companies and the absence of major developments anticipated for alternative treatment methods (co-incineration, landfill, etc.). The market has been broadly stable in terms of volumes for the past 5 years.

The hazardous waste market is based on international regulations that apply strict rules and substantially limit exports of hazardous waste outside of Europe (Basel Convention, etc.). The European area is therefore the relevant area of operation, as waste may travel within this area, namely for the purposes of its recovery (Waste Framework Directive, etc.). National regulations also affect activities related to hazardous waste. Overall, legislation is moving toward a tightening of controls and restrictions. Regulations are also increasingly geared towards increasing waste recovery to develop the circular economy.

With the proliferation of urban sites (reclamation of derelict industrial and urban land, major transport infrastructure, etc.), volumes of excavated soil are increasing significantly (+10 million metric tons of soil from boring machines in the Greater Paris area). At the same time, the regulations in France require the future recovery of 70% of these volumes. This requires in-depth soil expertise and a variety of local treatment and recovery equipment.

Germany

An open and relatively stable market in the industrial sector with a network of treatment facilities in a situation of under-capacity. Major German operators, including those with in-house systems, industrial operators on industrial parks and public operators. It is in this context that SUEZ has identified establishing hazardous waste treatment facilities in Germany as a priority.

Denmark/Scandinavia

A generally closed market, dominated by a single operator.

Belgium & the Netherlands

Markets that place importance on treating waste locally, without being completely closed to export. They are open to import and competition is solid.

United Kingdom and Ireland

An under-capacity market in terms of waste treatment and one that remains in transition, dominated by the uncertainties surrounding Brexit.

Italy

The third-largest hazardous waste market in Europe is dominated by the north of the country (Lombardy, in particular) and Sicily. Italy is geared toward export (approximately 15%) due to a poor energy recovery capacity linked to unfavorable legislation and major regional political/public bottlenecks (NIMBY phenomenon).

Spain

Renewed economic momentum in Spain is conducive to market growth. Regulations have evolved with increasing recovery (influence of the Circular Economy) and the ongoing consolidation of a fragmented market.

France

The second-largest European market, structured around three well-established major players whose economic fundamentals remain healthy. As a result, this market has not experienced significant consolidation. It has relative overcapacity in terms of treatment due to the decline of the industrial base, which has favored imports of hazardous waste from neighboring countries or further afield.

B) DESCRIPTION OF RECYCLING AND RECOVERY ACTIVITIES WITHIN INDUSTRIAL WASTE SPECIALTIES (IWS)

40% of the hazardous waste treated outside production sites is managed by 6 major operators. IWS is the third-largest operator in the hazardous waste sector in Europe but one of the few to have such an industrial and commercial scope at European level.

The market increasingly represents a collection of disparate segments due to the diversity of waste-producing sectors and, consequently, the waste produced. IWS meets this challenge by having a wide range of treatment facilities. IWS has more than 60 different tools that it uses to collect, sort, group, transfer, prepare, recycle, recover or store all types of hazardous waste (with the exception of radioactive waste). A distinctive feature of the activities of IWS is fuel preparation for cement manufacturers. In Europe, its recovery and elimination capacity for all hazardous industrial waste combined is almost 3 million metric tons per year. IWS also operates outside the European Union through remediation activities for polluted soil and sites and the importing of specific types of waste for treatment in Europe.

This diversity also allows it to respond to increasing customer demands for waste recovery. In this way, with regard to soil excavation, as a result of the remediation expertise gained over the years throughout Europe, the development of tools such as Neoter adapted to new land market conditions and waste flow expertise for alternatives, IWS enables the Group to expand in this high-growth sector (Qatar, Amsterdam...).

2017 highlights:

► **Strengthening of its strategic partnership with Dow through the acquisition of a hazardous waste treatment unit in Germany and the long-term provision of environmental services**

SUEZ expands its network of waste recovery units in Europe and further strengthens its presence alongside major industrial customers. Located at the Schkopau industrial park (Dow ValuePark®), near Leipzig in Germany, the unit acquired comprises a rotary furnace used for hazardous waste treatment and a sludge dryer. It processes both solid and liquid waste, produced by Dow and the region's other industrial companies, thereby enabling the supply of steam to the industrial companies that operate at the park.

► **Renewal of its partnership with Adisseo**

Adisseo is a market leader in the field of animal nutrition. As part of its activities, the company synthesizes an amino acid: methionine. This process is carried out at its main production sites in France, located at the Roches-Roussillon industrial hub and in Commentry.

The renewal of the partnership relates to two contracts:

- SUEZ provides, *via* IWS, hazardous waste treatment, for the methionine stock solution, at its Roussillon plant,
- SUEZ is also responsible for the management of all waste, from collection to recovery, at 4 Adisseo production sites located in Roches-Roussillon, Commentry, Bayonne and Toulouse.

Through a single point of contact and a continuous progress initiative, the Group supports Adisseo in improving its performance.

► **Award of a major soil remediation contract in the Middle East**

Worth EUR 107 million, this contract provides for the rehabilitation of 400 hectares of lagoons in the Al Rayyan region, south-west of Doha, in order to improve and conserve the region's natural environment. Every day since 2006, almost 4,000 m^3 of untreated municipal and industrial wastewater from Doha's industrial zone was released into the lagoon. Between now and mid-2020, IWS will be tasked with decontaminating the site using a "thermal desorption" unit, which enables treatment of the most polluted sediment. IWS is an expert in soil remediation in Europe, where it cleans up over 2 million metric tons of soil annually. This new project represents the largest soil remediation contract won by the Group to date and is the Group's first major customer in the Middle East. The expertise offered by IWS was crucial to the overall success of the bid.

► **SUEZ and Cemex have become partners in the first digital service for the treatment and recovery of construction material launched by Hesus**

In response to the challenges posed by construction waste recovery and urban development, Hesus designed the "Hesus Store" digital platform to facilitate the exchange of materials and earth between construction sites, as well as the recycling, treatment and clearing of non-recyclable materials. SUEZ and Cemex are the first industrial companies to lend their expertise.

► **SUEZ supports the city of Amsterdam with its sustainable urban development initiatives**

Amsterdam has entrusted SUEZ with the depollution and rehabilitation of the Amstelkwartier district located in the east of the capital. This EUR 5 million contract aims to support the city in its urban renewal project for 2 years, by transforming the former industrial zone into a new public space. IWS lends its expertise for the rehabilitation of urban and industrial derelict lands to municipal customers throughout Europe.

► **Other commercial successes**

- **BASF/Remondis (Germany):** 3,800 metric tons of saline water and treatment solvents,
- **Prada Milano (Italy):** treatment of contaminated soils for more than EUR 1 million,
- **Defense (Belgium):** soil remediation on NATO sites,
- **Akzo (Netherlands):** over EUR 1.2 million over 2 years for the treatment of chlorinated solvents,
- **Polimeri (Bulgaria):** 2,700 metric tons of chlorinated for more than EUR 1 million,
- **Sanef (France):** asbestos disposal work on highway A16 (38,000 metric tons) for EUR 4 million over 4 years,

- **Bouygues (France):** Greater Paris (T2A) for approximately EUR 3 million,
- **Sanofi (France):** renewal and extension of waste management contract for almost EUR 10 million over 4 years,
- **BASF Genay (France):** total waste management for 3 years,
- **Thales (France):** pyrotechnic decontamination.

6.5.4 Presentation of the Group's International activities

In addition to Europe, the Group operates in the water and waste sectors in more than 15 countries. As a result of selective growth abroad, this position is based primarily on a strong presence in five regions:

- North America;
- Asia-Pacific;
- Africa, Middle East and India;
- Australia;
- Italy, Central and Eastern Europe.

A joint organizational structure in water and waste activities has generated synergies in operating expenses and combined product offers. In addition, depending on the country, the Group has been able to rely on its commercial growth already achieved by each of the businesses as a basis for further development, as in China and Australia, for example.

As of January 1, 2015, SUEZ reorganized its International division to boost commercial momentum and accelerate its continued international expansion across all Group businesses.

The International division is now organized around five geographical business units: North America, Asia, AMEI (Africa, Middle East, India), Australia, and ICEE (Italy, Central and Eastern Europe) to enhance trade efficiency and proximity with local customers. It also includes four businesses: water services, waste services, DBO (design, build, operate: the design, construction and operation of water treatment plants), and Industrial Solutions to capitalize on all of the Group's expertise. Each business unit and its multidisciplinary teams are responsible for managing and developing all the Group's business activities for municipal and industrial customers in their assigned area.

This new organization aims to create and develop dynamic growth and achieve the Group's strategic priorities internationally by reinforcing activities in the countries where the Group is present, establishing a presence in new areas with high potential, and operating our businesses closer to our customers.

Beginning on January 1, 2017, the Group's business activities in Latin America were combined under a single business unit reporting to Water Europe, in an effort to strengthen the geographic logic of the structure, whereas activities in Italy, Greece, Central and Eastern Europe and CIS joined the International division.

6.5.4.1 The Group's activities in North America

A) UNITED STATES (WATER)

The Group is active in the management of water and wastewater services in the United States through SUEZ North America and its wholly owned subsidiaries, SUEZ Water Inc. and SUEZ Water Advanced Solutions (formerly USG).

SUEZ Water Inc. (formerly United Water) is present in 18 states, mainly in the Midwest and Northeast of the country, and is active in two types of business activity:

- "regulated activities" (primarily in the field of drinking water services): the water production/treatment assets are operator-owned; this sector is characterized by its high capital intensity and lower financial risk, since rates are fixed by the regulators (Public Utility Commissions) of the 50 states, partly based on the investment required;
- service contracts (primarily in the field of water and wastewater treatment and network management services): operators enter into Operations and Maintenance contracts with municipalities relating to processing sites or other assets that continue to be city property; this sector is characterized among other things by low capital intensity and lower margins. These contracts are generally for between 3 and 20 years, although contracts have also been signed for a longer term. SUEZ Water Inc recently participated in the conclusion of 40-50-year concession contracts (Bayonne, New Jersey and Middletown, Pennsylvania), for which it signed a partnership agreement with financial group Kohlberg Kravis Roberts & Co (KKR) and took a 10% share in the concession. SUEZ Water Inc. became the concession's operator, managing and setting up the long-term improvement investments financed by KKR. In 2017, KKR sold its shares to Argo Infrastructure and SUEZ Water Inc. also sold the majority of its shares; it now holds a 1% stake in the concession. This business model is generating a growing interest among municipalities.

In 2014, SUEZ Water Inc. had signed a 20-year operating contract to manage the entire wastewater system for Nassau County, Long Island, New York, representing a population of 1.1 million inhabitants. The contract, for a total amount of USD 61.7 million, is the largest O&M contract in the United States and doubled SUEZ Water Inc.'s order book for service contracts. Full operation became effective as from January 1, 2015.

In 2017, these activities contributed EUR 940 million to the Group's consolidated revenues, with 46% from regulated activities, 21% from service contracts, 18% from Advanced Solutions and 15% from water treatment solutions. These activities employed approximately 2,750 people as of December 31, 2017. This business unit has developed a balanced portfolio between these two key activities which are considered complementary by the Group.

SUEZ North America continues to hold an 8% market share of the private sector involved in producing and distributing drinking water and providing wastewater treatment services in the United States (in terms of revenues). In 2017, SUEZ Water Inc. had a portfolio of 15 "regulated" activities in six different states. Non-regulated activities concerned 74 service contracts extending up to 20 years of operations.

The Group estimates that it is the second-largest private operator[1] in the water sector in the United States in terms of total revenues in the two primary fields of activity ("regulated activities" and service contracts). The Group believes that private operators represent about 8% of the operating activities sector. This sector is characterized by long-term stability and increasingly high quality and service expectations. It is a very fragmented market (with some 52,000 water supply systems and approximately 17,000 wastewater treatment systems), but one that offers major opportunities for consolidation.

B) CANADA (WASTE)

In 2014, the Group acquired the remaining 40% interest in Aecom Technology, after holding a 60% interest since 2008. This company has significant management contracts in Alberta, operating the compost site in Edmonton and the toxic waste incinerator in Swan Hill. The Edmonton contract was renewed for another five-year term and a new contract was awarded by the city in early 2014 to operate its materials recovery site. In 2017, SUEZ North America participated in calls for tenders for new integrated services projects in Canada, including DBO projects for new source-separated organic waste treatment plants, with partners specializing in engineering, construction and technology.

6.5.4.2 The Group's activities in Asia

In 2017, the contribution of the Asia business unit to the Group's consolidated revenues totaled EUR 426 million. As of December 31, 2017, the Group employed 2,589 people in this region.

Water

The Group has a presence in China through its water management concession in Macau and its 32 subsidiaries established through partnerships with local authorities for drinking water production and distribution, wastewater and sludge treatment. It operates under several types of contracts, such as BOT contracts for building and renovating water treatment plants, Operations and Maintenance (O&M) and concession contracts.

The Group has one concession contract awarded by the Government of the Macau Special Administrative Region to provide water services. This contract started in 1985 for a period of 25 years and was renewed in November 2009 for a further 20 years.

The Group is active in the Chinese water sector primarily through jointly-owned Sino French Holdings, which was incorporated in 1985 and has been owned since 1998 by SUEZ and Lyonnaise Asia Water Limited and by Beauty Ocean Limited, whose obligations are guaranteed by New World Infrastructure Limited. This structure was modified in early 2017 as described in section 6.3.2.2 (B). Following the creation of SUEZ NWS in January 2017, Sino French Holdings and all the other operating entities were incorporated into the new organization, with SUEZ as the majority shareholder owning 58%.

The Group is continuing to strengthen its presence in China through a policy of entering into partnerships and by securing major contracts with municipal and industrial customers:

- the Group commissioned an industrial water production plant, a wastewater treatment plant, and an incinerator for hazardous waste in the Shanghai Chemical Industry Park (SCIP), the largest petrochemical industrial site in Asia. In 2006, it also witnessed the inauguration of the first Research and Development Center dedicated to industrial wastewater and hazardous waste by the Shanghai city authorities. These events demonstrate the determination to explore new paths for industrial cooperation and improved quality of service;
- in 2008, the Group and its partner New World strengthened their relationship with their local partner in Chongqing through the acquisition of a 15% interest in Chongqing Water Group. This equity interest decreased to 13.4% after Chongqing Water Group was listed on the Shanghai Stock Exchange in 2010. In December 2015, the stake in Chongqing Water Group was transferred to Derun Environment, which now owns 50.1% of the capital of Chongqing Water Group and 57.1% of the capital of Chongqing Sanfeng. SUEZ and NWS own 25.1% of Derun Environment *via* Suyu. The collaboration with Chongqing Water Group was expanded in 2010 and 2011 through (i) an extension of the joint venture for water distribution, construction and commissioning of the new Yuelai treatment plant (400,000 cubic meters/day in the first and second phases); (ii) the creation of a joint venture for the resumption and expansion of drinking water treatment and wastewater treatment services at the Changshou Chemical Industrial Park, a major industrial development in the municipality of Chongqing. In 2012, assets jointly held by Sino-French and Chongqing Water Group were restructured and regrouped within a single, jointly held (50/50) holding structure, called Chongging Sino French Investment Vehicle.

In 2011, Sino-French had begun a new collaboration with the Wuhan Chemical Industrial Park, Degrémont and the Shanghai Chemical Industry Park for the development, construction and 30-year operation of the wastewater treatment plant to treat all industrial effluents from the park, with a capacity of 10,000 cubic meters/day and an ultimate capacity of 60,000 cubic meters/day.

In 2012, Sino-French had acquired 65% of Dayi Shangliu, a private company with a portfolio of BOT and O&M contracts for wastewater treatment in Sichuan province, in the fast-growing region of Chengdu. This acquisition gave Sino-French an operating platform capable of supporting more developments in this dynamic region of western China through various business models including joint ventures and BOT and O&M contracts.

In 2013, the joint venture was extended to include the purchase and operation of a new treatment site, Chongzhou, also in the city of Chengdu. In addition, SUEZ, Sino-French Water and Chongqing Water Group had created a new joint venture called "Chongqing Sino-French Environmental Excellence Research & Development Centre Company Limited", which provides applied research services, expertise and technical support to partners and third-party managers of water and environmental engineering in China.

Over recent years, Sino-French has maintained stable growth and has been awarded new contracts:

- in October 2016, Sino-French set up a joint venture in Jiaxing, in Zhejiang province, to own and operate several wastewater treatment plants processing industrial effluents from a large number of textile factories in the Jiaxing region;

(1) Estimate based on the information available when drafting this document.

- furthermore, with regard to industrial parks, Sino-French finalized several agreements to supply demineralized water and treatment of effluents to several industrial facilities, including BASF, Bayer, and Sinopec in the Shanghai Chemical Industry Park (SCIP). In 2017, its supply of demineralized water has increased by around 1 million cubic meters to meet the expansion demand;
- in 2017, SUEZ was awarded two new contracts in the industrial sector. The first contract was won in Xian through the creation of a joint venture with an industrial aviation park for the construction and management of a wastewater treatment plant over 30 years. The second contract is a joint venture with CNOOC (China National Offshore Oil Company), which will utilize the existing wastewater treatment plant for one of its refineries on the island of Hainan. This joint venture will aim to build and operate a new treatment plant that complies with the standard discharge levels required of industrial companies in China.

The Group also operates in China through its Treatment Infrastructures business line, especially in the industrial sector. At present, the Group has completed over 220 design-build contracts in China. In early 2016, Treatment Infrastructures took on the design, construction and extension of the San Wai wastewater treatment plant in Hong Kong, as well as operation of the facility for 10 years. When construction is complete at the end of 2020, the San Wai facility will have a treatment capacity of up to 500,000 cubic meters per day.

The Group feels that the water and wastewater treatment sector in China will grow significantly with the steady participation of private operators because of the combined impact of heavy urbanization, growing industrialization, an increase in the population's standard of living and increasing tensions surrounding the availability of water resources and an increase in regulations for protecting the environment and controlling pollution levels. China's 13th five-year plan drawn up by the Central Committee for National Economic and Social Development focuses specifically on infrastructures, primary public services, new urbanization, environmental governance and ecological protection. This ambitious plan promotes a type of development that is, more than ever, innovative, green and open to foreign investment. The Group believes that it is one of the most dynamic sectors in the world.

In all, the Group provides drinking Water Services to 20 million inhabitants in China. It is one of the five largest private operators in drinking water and wastewater treatment services in China.

Waste

The Group has been operating in Hong Kong since 1998 in the waste sector through Sita Waste Services, which is now part of SUEZ NWS. Sita Waste Services operates seven municipal waste transfer stations and two out of the three strategic landfills (with close to 4.8 million metric tons of waste landfilled per year by those two facilities). The Group collects nearly 644,000 metric tons of household, commercial, industrial, agricultural and hospital waste in Hong Kong and Macau every year.

In 2013, Sita Waste Services further expanded its activities with the award by Hong Kong's Department of Drainage Services of a contract to transfer sludge from the recently commissioned waste treatment plant to a transfer site located in the north of Lantau Island.

In 2014, SUEZ was awarded the operation of the first Hong Kong organic waste treatment plant, Siu Ho Wan in North Lantau, with a capacity of 200 metric tons/day. This site will process food waste separated at source from the industrial and commercial sectors and transform this waste into biogas and compost. The site officially became operational in September 2017. The biogas produced will generate an electricity surplus of 14 million kWh per year which can be injected into the grid.

In Macau, directly or through its subsidiary, SUEZ offers collection and cleaning services for the entire city, and operating services for the landfill specialized in residues from the purification of fly-ashes from household waste (RPIFHW) from the local incinerator.

The Group has also grown in mainland China through joint ventures with local partners. For instance, it designed, oversaw the building of, and now operates an incineration plant for hazardous industrial waste with an annual capacity of 60,000 metric tons at the Shanghai Chemical Industry Park (SCIP). With the completion of work on the extension of this facility in November 2016, the site's capacity has doubled to an annual volume of 120,000 metric tons. This unit is the largest of its kind in China.

China's waste sector is still young, and characterized by a gradual opening up to professional and international operators and by strong growth in volumes and urbanization. The Group therefore expects the volume of household waste to increase considerably. China's 13th five-year plan also calls for a significant increase in solid municipal waste treatment solutions, mainly by developing energy-from-waste plants. China also produces very large amounts of hazardous waste, which currently does not undergo any effective, professional treatment. All the conditions for growth in this sector now seem to be in place, particularly with the adoption of more rigorous environmental regulations and the establishment of regulatory bodies.

In 2013, in collaboration with the Shanghai Chemical Industry Park Development Company Limited and the Nantong Economic Technology and Development Area (NETDA), SUEZ created a new joint venture to build an integrated hazardous waste treatment plant in Nantong (capacity to incinerate 30,000 metric tons of hazardous waste and 3,300 metric tons of medical waste per year). This plant will be the only one in NETDA compliant with European standards of design and construction. Its advanced technologies are also in line with environmental and engineering requirements at both the local and national levels, with strict emissions controls. Site construction work started in July 2014 and the facility was brought into service in July 2016.

In 2013, SCIP Sita also signed a service agreement with the Spanish company Cepsa, which manufactures phenol, to treat the 8,000 to 10,000 metric tons per year of hazardous waste it generates, and to build storage reservoirs for waste prior to treatment. This project will increase the incineration capacity of SCIP Sita.

In August 2014, the Group signed a cooperative LOI: "Cooperation Agreement for the management of hazardous waste landfills" with the solid and chemical waste management authority, which is an arm of the Ministry of Environmental Protection (MEP) to jointly develop a training center for the efficient and secure management of hazardous waste. In 2016, the Group expanded its activity in China with the construction of a hazardous waste treatment site with a 30,000-metric ton per year capacity in Changzhou, in the province of Jiangsu, and the signing of two joint ventures for the construction and operation of two hazardous waste treatment sites in Qidong and Taixing, also in the province of Jiangsu. Changzhou and Qidong will enter into service in the first quarter of 2018 and Taixing will become operational in late 2018.

In November 2016, SUEZ won the contract for the construction and operation of a waste incinerator in Chonburi, Thailand, with beginning of works mid-2017. This project is being undertaken with the ENGIE subsidiary Glow and a Thai industrial company, Hemaraj.

Finally, In Taiwan, the Group operates a non-hazardous waste incineration plant with energy recovery with a capacity of 450,000 metric tons of municipal and industrial waste per year. In recent years, the demand for industrial waste treatment has risen steadily. This stems from both the poor performance of some of the other incinerators in Taiwan and the influence of government control of industrial waste treatment.

6.5.4.3 The Group's activities in Africa, the Middle East and India

In 2017, companies in the Africa, Middle East and India region contributed EUR 1.1 billion to the Group's consolidated revenues. As of December 31, 2017, the business unit employed 9,106 people.

A) AFRICA

Water

In Morocco, the Group is active in the water sector through Lydec, in which it has a 51% stake, with the remaining 49% owned 34.75% by Fipar Holding and RMA Wataniya, and the remainder traded on the Casablanca Stock Exchange since 2005. Lydec is in charge of water distribution, wastewater treatment and the electricity supply for 4.2 million inhabitants in Greater Casablanca, on the basis of a 30-year contract signed in 1997. In 2017, Lydec contributed EUR 651.1 million to the Group's consolidated revenues, broken down into activities related to electricity (70%), and drinking water distribution and wastewater treatment (30%).

As of December 31, 2017, Lydec employed 3,481 people.

Lydec's main objectives for growth are the safety and quality of the drinking water supply and management of the distribution network, development of wastewater treatment infrastructures (particularly flood prevention) and, in terms of electricity, the development of infrastructures and improvements in the electricity distribution network.

In Algeria, the Group has been present since 2006, with a management contract to which it contributes its expertise and provides experts to the Société des Eaux et d'Assainissement d'Alger (SEAAL) in order to help improve drinking water distribution and wastewater services for the cities of Algiers and Tipasa. In 2016, SUEZ renewed its contract with SEAAL for two years. Investments made from 2012 to 2016, which were funded by the State, amounted to EUR 900 million. A dedicated program for professional and managerial knowledge transfer is being implemented by SUEZ. In addition, Agbar has been providing technical assistance services to SEOR (Société de l'Eau et de l'Assainissement d'Oran), a water and wastewater company, since April 2008.

Present in Egypt for several decades, SUEZ currently operates two water treatment plants, one in Alexandria and one in Cairo. In addition, SUEZ is set to build an extension to the current water treatment plant in Alexandria for which a financing agreement was signed on October 24, 2017 between the Egyptian government and the French Development Agency.

In sub-Saharan Africa, SUEZ remains very active through its drinking water production and wastewater treatment plant construction business activities, including in Burkina Faso, Mali, Kenya, Angola and Cameroon, in response to continued high demand due to population growth and increased urbanization in the region.

The Group is also present in many African towns and cities of all sizes through its UCD activities, setting up compact water treatment units that are specially adapted for urgent demand and specific local conditions in an extremely short time frame. In particular, UCD maintains its position in the Ivory Coast with three new contracts for the cities of Bouna, Khorogo and Abidjan (Saint Viateur). The Bonoua plant (80,000 m³/day) for the city of Abidjan entered into service in 2017.

Waste

In Morocco, the Group is present in the waste sector through SUEZ R&V Maroc, responsible for urban cleaning, household waste collection, transport to treatment facilities in major cities such as Tangier, Oujda and Tetouan, as well as industrial waste management for local and international customers.

Following the completion of the rehabilitation of the unauthorized dump site at Meknes in 2015, the Group began landfill and recovery operations. SUEZ set up a cooperative to integrate the rag and bone workers present on the site. Since 2009, R&V Maroc has been managing waste from the Renault factory in Casablanca, and the new plant in Tangier since 2012.

In 2016, SUEZ and the Renault Group strengthened their industrial partnership by renewing the overall waste management contract for waste emitted by the French manufacturer's two production facilities in Morocco for a three-year period.

SUEZ has also launched a contract with Danone to manage part of its waste within its factories. SUEZ is launching a waste management contract with OCP in 2018.

B) MIDDLE EAST

Water

The Group has a historic presence in the Middle East. It built the first desalination site using the reverse osmosis technique in Saudi Arabia in 1975; entered into 20 design, build and operate (DBO) contracts in this country between 1975 and 1986; built the world's largest hybrid desalination site in the United Arab Emirates in 2003, in 2005 won the DBO contract for the largest wastewater purification plant in Qatar, intended for the reuse of treated water, and opened the largest purification station in the Middle East with the As Samra plant in Jordan in late 2014.

SUEZ was awarded the Mirfa project, which is comprised of a contract worth over EUR 100 million for the design and construction of a seawater desalination plant through reverse osmosis with a capacity of 140,000 cubic meters per day, which will be followed by a second operation and maintenance contract for the plant for seven years.

Oman Power and Water Procurement (OPWP), the Oman water authority, selected the Barka Desalination Company, a consortium set up by SUEZ and its partners to finance, build and operate a new seawater desalination plant at Barka. This Build-Own-Operate (BOO) public-private partnership plans to build and operate this unit with a capacity of 281,000 cubic meters per day, the largest reverse osmosis desalination plant in the Sultanate of Oman. It will enter into in 2018. SUEZ will manage the construction and operation of the facility for a period of 20 years. The construction phase represents a total amount of EUR 276 million. This is the second desalination plant built by SUEZ in the Sultanate of Oman after Barka II, producing 120,000 cubic meters of water per day.

SUEZ is supporting Qatar in the rehabilitation of the Al Karaana lagoons, where almost 4,000 m^3 of untreated municipal and industrial wastewater from Doha's industrial zone was released into the lagoon every day since 2006. Between now and mid-2020, SUEZ will be responsible for the decontamination of the site with a "thermal desorption" unit enabling treatment of the most polluted sediment. The contract also includes the management of the site's municipal and industrial wastewater. State-of-the art technologies will control odors and process sewage sludge and sediment. The Group will also build new evaporation ponds that can be used by Ashghal, the Qatari public infrastructure authority, as an emergency industrial effluent disposal system. SUEZ will take control of the site's ecosystem to ensure sustainable land redevelopment: three 70-hectare lagoons will be created in order to contribute to the conservation and restoration of biodiversity.

Waste

The Group is present in the waste sector in the Middle East in:

- the United Arab Emirates through its subsidiary SUEZ Middle East Recycling (SMER, formerly Trashco UAE), mainly positioned in the collection of waste generated by industrial and commercial activities in the Emirates of Dubai, Abu Dhabi, Sharjah and Ajman;
- Oman, through SUEZ Al Basheer, 60% owned with Omani partners. Under this joint venture, the Group signed a contract in 2005 to operate a landfill in Muscat. In 2016, SUEZ Al Basheer completed the design and construction of the Al-Amerat landfill extension, which it operates. This project is part of the continuation of an initial landfill cell with an annual capacity of 250,000 metric tons of waste operated, since 2010, by SUEZ Al Basheer. It will increase the capacity of the landfill to 400,000 metric tons of waste per year.

The Group is also attentive to development opportunities, particularly in Turkey, Bahrain, Kuwait, Qatar and Saudi Arabia.

C) THE INDIAN SUB-CONTINENT (WATER)

Since 2009, SUEZ has actively followed developments in the Indian water sector, particularly the emergence, supported by plans and policies at the federal and national level, of projects in the form of public-private partnerships that are aimed at improving and expanding the water supply and the distribution infrastructure and services in Indian cities. Water is a fundamental concern of the central Indian government, which in 2015 launched a five-year plan entitled AMRUT to develop essential infrastructure including access to water and wastewater systems. With consumption of water in India expected to double between now and 2050, the country is expressing its determination to treat wastewater and to protect rivers and underground reservoirs, the primary source of drinking water for millions of inhabitants. SUEZ believes that in the water services sector, India is a promising market in which its know-how and expertise in the field of water management and improvement services can be deployed on a large scale through long-term contracts.

In order to accelerate its growth on the industrial wastewater treatment market, SUEZ acquired a majority stake in the Indian company Driplex, one of the primary players on the industrial market in India. Driplex was established in 1974 and specializes in the engineering, design, construction and commissioning of process water production and effluent treatment plants for industrial sectors such as energy, oil & gas (refineries), through which it has acquired a solid reputation both in India and abroad. This investment in Driplex is part of SUEZ's development strategy for growing its business activities with industrial operators and abroad, especially in booming markets like India, where the Group already provides water distribution services for the cities of Mumbai, New Delhi and Bangalore and has built over 200 water treatment plants throughout the country.

In 2017, the Bangalore Water Supply & Sewerage Board selected SUEZ to assist in the improvement of its wastewater Treatment Infrastructures for the 2 million inhabitants of the Vrishabhavathi Valley region. The Group will be responsible for the construction of a new treatment plant (150,000 m^3/day), the renovation of an existing plant (150,000 m^3/day) and the construction of a treatment and recovery plant for the sludge generated by these two plants. The construction contract will be followed by a 10-year operating period for total revenues of EUR 82 million.

Furthermore, the city of Coimbatore signed a Letter of Award on November 24, 2017 appointing SUEZ to manage and operate the drinking water distribution system for the whole of the city to ensure continuous water supply to its 1.6 million inhabitants. The 26-year project, worth EUR 400 million, is the largest drinking water services contract won by SUEZ in India.

SUEZ also operates in Sri Lanka:

- the Sri Lankan national agency for water management, NWSDB, awarded the design and construction of the Kelani Right Bank drinking water facility, near the capital city of Colombo, to SUEZ. The entire contract represents a total amount of EUR 168 million;
- SUEZ's Consulting business was awarded two contracts for rehabilitation and improvement of the performance of the drinking water systems in Sri Lanka.

The Group is also attentive to opportunities in the Waste segment.

6.5.4.4 The Group's activities in Oceania

In 2017, the contribution of the Australia business unit to the Group's consolidated revenues totaled EUR 1.0 billion. As of December 31, 2017, the Group employed 2,127 people in this region.

Water

The Group believes that the Australian water sector suffers from acute problems linked to water resources due to recurring, long-lasting droughts and from the impact of global warming. This sector offers significant growth opportunities due to the increased use of desalination and reuse of post-treatment wastewater.

In 2017, SUEZ Australia's activities contributed EUR 134 million to the Group's consolidated revenues. The Group is the largest private operator working in Operations and Maintenance activities for Australian municipalities, furnishing drinking water to 7 million inhabitants and wastewater treatment services to 4.8 million people. SUEZ services to municipal and industrial customers include the treatment of drinking water, desalination, wastewater treatment, reuse of water and bio-solids management.

Resource recovery is progressing rapidly in the water sector, in particular nutrient and energy recovery from wastewater activities. In addition, the sector is currently moving toward adopting smart solutions to achieve reductions in cost and improvements in operational efficiency. The acquisition of GE Water enabled SUEZ to expand its technology solutions offer and the Group plans to take advantage of this potential to develop its business activities in Australia. Opportunities linked to the recovery of wastewater from the industrial and mining sectors, in particular, should grow in years to come.

In 2017, the desalination plant located in the State of Victoria produced its first order of 50 gigaliters of water over a period of just 114 days, followed by a second order for 15 gigaliters of water. In November 2017, SUEZ sold its shares in AquaSure for AUD 145.4 million (EUR 99 million) while maintaining a strategic stake of 11.7% in the State of Victoria desalination project. In October 2017, the government of Western Australia awarded a contract for the design and construction of an innovative wastewater treatment plant in Beenyup with a joint venture held equally (50/50) between SUEZ and its partner Clough Limited. The groundwater replenishment plant, which should be completed by the end of 2018, is the first wastewater recycling project of its type in Australia. Aroona Alliance (comprising SUEZ and Broadspectrum) will operate and maintain the site.

Waste

Australia's waste sector is worth an estimated AUD 13.1 billion (EUR 8.5 billion) in revenues in 2016-2017 *(source: IBISWorld)*, with significant potential for further growth due to a population increasing at a rate of 1.7% per year. The generation of waste per capita has decreased since 2012, reflecting moderate economic growth and the demographic changes of an aging population. In recent years, most governments have set targets to reduce landfilled waste and have raised taxes on landfills (imposed and regulated by each state). This increase is intended to reduce the amount of waste and promote recycling and recovery. In this context, the demand for waste recycling and recovery technologies involving sorting, composting and alternative fuel production continues to grow.

The Group is present in the waste sector in Australia through SUEZ Recycling and Recovery Pty Ltd, which contributed EUR 887 million to the Group's 2017 consolidated revenues. The Group is the second-largest operator in the solid waste and recycling segment in Australia (internal estimates). Through its collection services, SUEZ now serves more than 55,000 industrial and commercial customers and around 5.3 million inhabitants of this country's major towns and cities.

SUEZ continues to be Australia's market leader in recovery (ARRT: Advanced Resource Recovery Treatment), in particular MBT (Mechanical Biological Treatment), and in 2017 won a call for tenders for resource recovery launched by Kimbriki (Sydney's Northern Beaches Council). SUEZ's services include resource recovery and recycling of household, commercial and industrial waste, treatment of organic waste through composting, treatment and recycling of medical waste, secure product destruction, and advanced technology waste landfills (smart cells®). In Victoria, SUEZ is partnering with Ventia to create a soil treatment facility within the Taylor Road landfill site. The facility, scheduled to open in 2018, will process and reduce the environmental risks from contaminated soil and will recover reusable materials.

The Eastern Creek landfill site in west Sydney stopped processing waste in August 2017. The site, which had been in service since 1984, has been operated by SUEZ since the acquisition of WSN in 2011. The waste will now be routed to other SUEZ landfill sites. The public drop-off areas, the organic resource recovery facility and the advanced resource recovery facility will continue to operate after the closure of the landfill site.

In 2017, SUEZ won numerous contracts to provide comprehensive waste management services for major domestic customers, including Australian Unity, TFE Hotels and David Jones. The Group has renewed key contracts such as The Reject Shop, Ramsay Health Care and Sydney Trains. In 2017, the Group also achieved several commercial successes in municipal waste collection and landfill, including the renewal of the waste collection contract with the city of Brisbane (1.2 million inhabitants) for a period of 16 years, the signing of a contract for waste transportation and landfilling with the council of the Mackay region (Queensland) for a period of 8 years, and the signing of waste collection contracts with the city of Rockingham (Western Australia) and Parramatta city council (West Sydney) for 8 years and 7 years, respectively.

6.5.4.5 The Group's activities in Italy, Central and Eastern Europe (ICEE)

Through the ICEE business unit, the Group is present:

A) IN ITALY

Through its subsidiary SUEZ Italia (formerly Ondeo Italia), based in Milan, the Group holds equity interests in five water and wastewater treatment companies in Tuscany (Arezzo, Florence, Pisa, Sienna and Montecatini Terme). SUEZ also owns an interest in Acea that rose from 12.48% at the end of 2014 to 23.33% in September 2016, a company listed on the Milan Stock Exchange that is active in integrated water management, energy sales and distribution, public lighting and, to a lesser extent, waste treatment. Based in Rome, Acea is the main water and wastewater treatment operator in Italy.

B) IN GREECE

Through a 5.46% equity interest in Eyath, a company listed on the Athens stock exchange, which manages the Thessaloniki water service.

C) IN CENTRAL EUROPE

The Group has been active in the water sector for many years in several European Union member states. The Group manages, alone or through partnerships:

- drinking water and wastewater treatment services in several cities in the Czech Republic, where it has been present since 1993, and is also active in the collection, recovery and treatment of municipal and industrial waste. The Group estimates that it is the fourth-largest private operator in the waste sector in this country;
- in Poland, through its subsidiary SUEZ Polska, the Group is active in the collection, recycling and recovery of municipal and industrial waste, as well as in urban street cleaning. In 2017, SUEZ Polska was the market leader in the waste sector in Poland. The success of the first PPP contract in Poland for the construction and operation over 25 years beginning in December 2016, of an energy recovery unit with a capacity of 210,000 metric tons per year in Poznan consolidates this position. The Group is also present in the water sector with the 33-year Mława public-private partnership;
- in Slovenia, with the operation of the wastewater treatment plant it built in Maribor;
- in Croatia, SUEZ won three contracts between 2014 and 2015 for the cities of Porec, Osijek and Dubrovnik;
- in Serbia, following an international tender, the consortium formed of SUEZ and ITOCHU was selected by the city of Belgrade in 2017 for a 25-year public-private partnership to develop a new system to treat municipal waste. This project will permit the closure and remediation of one of the largest landfill still active in Europe, and will generate over 80 MW of renewable heat and electricity through an energy recovery unit with an annual capacity of 340,000 metric tons. As a consequence, the capital of Serbia will meet European waste management standards;
- in Azerbaijan, SUEZ continues to establish itself with the signing of a second contract concerning a feasibility study for the Boyukshore project. This contract follows an initial EUR 3.6 million study with the government agency Tamiz Shahar. SUEZ is analyzing and cataloging pollution in a 37-hectare area near the new Baku stadium where some 700,000 cubic meters of oil sludge have been stored, in relation to the remediation feasibility study of a part of Lake Boyukshore. The objective of the work is to characterize pollution, determine treatment methods and prepare an impact study.

SUEZ is also continuing its development in Eastern Europe after winning, in 2017, in a consortium with FCC – Aqualia, a contract with the city of Bucharest, Romania for the modernization of the wastewater treatment plant and construction of a treatment plant for the recovery of energy from sludge in Glina, south-east of the capital. Under this contract, worth EUR 111 million for the consortium of which EUR 45 million is for SUEZ, the wastewater treatment plant in Glina will be renovated and extended by FCC – Aqualia in order to provide long-term water treatment services for some 2.4 million inhabitants. The sludge eventually being routed to the future energy recovery and treatment plant, built by SUEZ, with a treatment capacity of 173 metric tons of dry matter per day. It will be equipped with two treatment lines enabling sludge to be recovered in line with national and European standards. The Degremont® Thermylis® technologies developed by SUEZ will be utilized at the site in order to significantly reduce the volume of sludge produced by the treatment plant, through a drying and energy recovery process producing electricity that will make up a portion of the plant's power supply. This new circular economy project marks a new phase in the Group's development in this high-potential region.

6.5.5 Presentation of WTS (Water Technologies & Solutions) activities

SUEZ established a new business unit WTS, following completion of the acquisition of GE Water & Process Technologies on September 29, 2017. This new entity is a unique platform in a booming industrial water market. It represents a strategic shift for SUEZ that will lead to an acceleration of its profitable growth: by doubling revenues from industrial customers and consolidating key account relationships. WTS improves the contribution of industrial customers, which now represent 40% of the Group's revenues. Finally, WTS provides SUEZ with greater balance in terms of its geographic presence, with approximately 40% of revenues generated outside Europe.

This new business unit combines the acquired business activity with SUEZ's industrial services activities. It will deliver a unique shareholder value proposition, including the anticipated commercial, operational and technical synergies. The team has identified potential commercial synergies worth over USD 750 million; it aims to generate EUR 200 million of synergies per year between now and 2022 within WTS. Most of these opportunities are related to joint tenders, cross-selling and internalization. Early successes achieved through cross-selling and joint tenders have created new opportunities.

On the basis of unaudited 2016 proforma figures, WTS would have generated revenues of USD 2.7 billion and EBITDA of USD 281 million.

WTS business unit has 10,000 employees serving 50,000 customers in 130 countries and is backed by a global presence throughout the entire water treatment solutions and facilities value chain.

Approximately 56% of WTS' revenues is recurring income, with a balanced distribution between its two complementary divisions:

- the Chemical & Monitoring Solutions (CMS) division provides integrated chemical treatment solutions for industrial water and process infrastructures;
- the Engineering Systems (ES) division is a major supplier of technological solutions and equipment used in water and wastewater treatment, water reuse and service outsourcing.

WTS' profitable growth strategy is based on five "differentiating factors":

- a strong global presence: WTS focuses on product design and management on a global scale. It takes advantage of its international presence and a network of 45 service and production centers around the world, where 10,000 employees meet the needs of 50,000 customers in all the key regions;
- a major presence throughout the entire value chain: the business unit provides a unique range of services throughout the entire value chain with state-of-the-art technologies, equipment, solutions and services that meet all the needs of industrial customers in the water sector;
- a global business network: the entity provides high value-added services to first-rate customers in all market segments and employs 3,000 sales staff to look after these key accounts;
- R&D and innovation on a global scale: WTS has a significant technological presence and R&D centers on four continents, where 400 scientists and engineers develop state-of-the-heart technologies;
- a leading digital platform that creates customer loyalty: WTS' digital solutions provide customers with high value-added services, including real-time monitoring and predictive maintenance. They also contribute to internal efficiency gains and provide relevant data analysis.

Major contracts in 2017

- **Belgium: First wastewater treatment plant to use Zeelung MABR technology**

  Aquafin, a wastewater treatment company located in Flanders, chose to upgrade its Schilde plant in the province of Antwerps, with a combination of technologies including the "Zeelung Membrane Aerated Biofilm Reactor (MABR)" and "ZeeWeed Membrane BioReactor (MBR)". By incorporating the "ZeeLung MABR", the plant will be able to achieve the required nitrogen suppression levels in traditional activated sludge processes.

- **Russia: 15-year service contract for water treatment and monitoring at one of the largest petrochemical plants in Russia**

  SUEZ and Bashneft (subsidiary of Rosneft) have signed a long-term agreement to provide reliable wastewater treatment at Rosneft's production facilities in the city of Ufa. The service offering includes the use of advanced digital technologies (InSight) to monitor the plant's filtration equipment. SUEZ will also handle the maintenance of the ZeeWeed MBR (Membrane BioReactor), reverse electrodialysis and reverse osmosis equipment, thereby extending the guarantee until the end of the contract.

- **United States: The anaerobic digestion technology developed by SUEZ will be used in a renewable energy project in Utah to transform food waste into biogas**

  The Wasatch Resource Recovery (WRR) project to the north of Salt Lake City, Utah, has chosen the "Monsal" anaerobic digestion technology developed by SUEZ to transform food waste (180,000 metric tons per year) into biogas and generate renewable energy and fertilizers. This plant will be the first of its kind in Utah. The first phase will generate up to 3,000 decatherms per day of renewable natural gas (RNG). Once operational, the project will provide enough renewable natural gas (RNG) to meet the needs of 40,000 people or 15,000 homes.

- **Bahrain: Bapco (Bahrain Petroleum Company) will use the mobile water solutions developed by WTS in its refineries**

  With water resources being very limited in Bahrain, Bapco was seeking to minimize its water needs and avoid using tanker trucks to deliver water. Bapco opted to use 13 mobile units developed by SUEZ to convert seawater into ultra-pure boiler feedwater for use in the production process within its Awali refinery.

- **Caribbean: The island of Eleuthera will increase its supply of drinking water thanks to desalination technology developed by WTS**

  SUEZ will build a seawater reverse osmosis (SWRO) desalination plant for the company Water and Sewage Corporation Bahamas in order to improve and secure the supply of drinking water on Eleuthera island. Under a 15-year BOO contract, SUEZ will build and operate the plant, which will provide 2.7 million liters of drinking water per day to the island's inhabitants.

6.5.6 Presentation of the Group's other activities

SUEZ Consulting

SUEZ Consulting through Safège, the wholly owned consulting subsidiary of SUEZ, provides engineering services to municipal customers, public authorities, international financial institutions, public service agents, and private and industrial customers. In 2017, SUEZ Consulting contributed EUR 102.9 million to the Group's consolidated revenues.

A major operator in sustainable development businesses for towns and urban areas, SUEZ Consulting supports its customers in France and abroad in making municipal planning decisions and jointly designing their infrastructure at all levels of the project: assistance with project management, design, general contracting, operational support, training and audits.

SUEZ Consulting employs 765 staff and has customers in over 100 countries.

SUEZ Consulting confirmed its sales momentum in 2017 with record orders. Below is a list of flagship successes from the new contracts signed in 2017:

- in Myanmar, SUEZ Consulting is supervising the improvement of urban services in Mandalay through financing by the Asian Development Bank and the French Development Agency;

- in Cambodia, SUEZ Consulting is continuing to develop Water Services for people living in Phnom Penh *via* the extension of the Chamdar Mon treatment units;
- in Poland, SUEZ Consulting won major contracts for the modernization of rail transport lines, including the Warsaw – Radom line (62 km) and the Sochaczew – Swarzędz section of the E20 line for Polish National Railways;
- still in Poland, SUEZ Consulting is in charge of designing and building a section of Express S7 track to the south of Warsaw;
- together with urban architect Arte Charpentier, SUEZ Consulting has conducted urban design studies for the first sustainable city created jointly by France and China: the Wuhan eco-city in the Caidian district. This technical support aims to define the focus of the environmental strategy and the circular economy.

SUEZ Consulting is continuing its development in the fields of energy and climate, through the following projects: the multiple-beneficiary Framework Agreement on technical assistance and research for the Cities and Climate Change in Africa (CICLIA) initiative, which aims to support local communities in sub-Saharan Africa in the preparation and implementation of urban projects with climate co-benefits; supporting the development of energy efficient conditions at the installations of the Office National de l'Eau et de l'Assainissement (public water and wastewater utility) in Burkina Faso; supporting the Agence Régionale d'Appui aux Stratégies Territoriales d'Occitanie in France (Occitanie regional territorial strategy support agency) in the development of climate energy plans for the region's local authorities; supervising electrification projects for the Syndicat Intercommunal de la périphérie de Paris pour les Energies et les Réseaux de Communication (Outer Paris Intermunicipal Utility for Electricity and Communication Networks) and the Syndicat Mixte d'électricité (electricity utility) of Guadeloupe.

SUEZ Consulting is consolidating its position as leader in rolling out ultra-fast broadband in France, a structural capital expenditure, supporting the departments of Provence-Alpes-Côte d'Azur and Lot-et-Garonne in France.

SUEZ Consulting is increasing its consulting services with private customers, especially *via* its Environmental and Economic Performance diagnostics process, PerformEE. In 2017, SUEZ and L'Oréal signed a global memorandum of understanding for the continuous improvement of environmental performance and optimization of resource management throughout the Group's entire value chain, drawing on the expertise of SUEZ Consulting.

SUEZ Consulting is continuing the expansion of its historical businesses of water and the environment where it occupies the position of market leader through the following projects:

- large-scale studies and project supervision, including for SIAAP and Paris Ouest La Défense, of numerous development plans, including the wastewater treatment development plan for Le Mans Métropole;
- two innovative partnerships: the first with Australian startup OPTIMATICS, giving it a major competitive advantage in supporting municipal customers in optimizing the design of their water network infrastructures, and the second with AXA to improve the resilience of cities, regions and companies when faced with the risk of flooding;
- sustainable development project management support for the Triangle de Gonesse project for Grand Paris Aménagement, the Framework Agreement on water network assessment and environmental studies for SNCF (French Railways).

Finally, in 2017 SUEZ Consulting continued its open and collaborative innovation partnership aimed at developing solutions for the city of the future, with the City of Paris and the NUMA startup accelerator: the "DataCity" program.

6.6 Dependence factors

Information on dependence factors can be found in chapter 4 of this document.

6.7 Legal and regulatory framework

The Group's regulatory framework derives both from interdisciplinary regulations and regulations specifically related to the business lines.

The Group's activities in Europe are governed by European legislation (European regulations, which apply directly and uniformly to all Member States, or European Directives that must be transposed into domestic law) and by legislative provisions specific to each country.

The Group's activities outside Europe are also subject to regulations on the environment, health and safety, among other things.

A general presentation of the most significant applicable regulations is set out below.

6.7.1 Interdisciplinary regulations

6.7.1.1 Regulations on the awarding of public contracts

Generally, methods for awarding contracts vary depending on the nature of the public-private partnership (long-term concession of public services, PFI in the United Kingdom, BOT, or short-term provision of service) or the method of regulation. A clear definition of the regulatory framework is of the utmost importance for growth of the Group's activities.

A) EUROPEAN REGULATIONS

In the European Union, contracts signed by the Group with local public authorities are classified as either public works or services contracts, or concession contracts. In contrast to a public contract, a concession is defined as a right to operate a public service, with transfer of a portion of the risks borne by the delegating authority to the delegated agent.

On February 26, 2014, the European Council and Parliament adopted Directives (2014/24/EU and 2014/25/EU) on the coordination of public procurement procedures in connection to the award of contracts for public works, and for the supply and provision of services.

These directives aim to harmonize the procedures for awarding public works, supply and services contracts beyond certain thresholds, and to make procurement procedures more flexible. They regulate the tendering process governing the technical specifications, award criteria, award procedures and advertising rules. They apply to the majority of contracts between SUEZ and public authorities.

In addition to these two Directives on public contracts, the EU has also adopted a Directive on the award of concession contracts (2014/23/EU) to define the rules governing the signing of concession contracts between a private partner and a corporation (public or private). Among other things, the Directive regulates the application threshold, the duration of contracts, the award criteria and the relationship between the public authorities and co-contractors over which they exercise similar controls to those that govern their own departments, called "in-house" relationships. It should be noted that the water sector is excluded from the scope of application of this directive.

Member States had until April 2016 to transpose these three directives. Nevertheless, certain governments have not yet finalized their transposition. Among these are Spain, Cyprus and Malta. The European Commission opened infringement proceedings against most of these Member States for failing to transpose EU legislation into law.

B) FRENCH REGULATIONS

French regulations in the area of public contracts have been revised as part of the transposition effort for the European directives mentioned above. The new texts that went into effect on April 1, 2016 include:

- Ordinance 2015-899 of July 23, 2015 relating to public contracts and Decree 2016-360 of March 25, 2016 relating to public contracts are the transpositions of European Directives relating to public contracts.
- Ordinance 2016-65 of January 29, 2016 relating to concession contracts and Decree 2016-86 of February 1, 2016 relating to concession contracts transposed Directive 2014/23/EU relating to the award of concession contracts. The procedure to be used in awarding these contracts is a negotiated procedure. These contracts are used particularly in the water sector; local authorities (municipalities or groupings of municipalities) have the choice between direct control, the public services market, or delegation. In the case of DSP contracts, the delegated management contract defines the respective obligations of the delegated agent and the delegating party, as well as the pricing policy; there is no transfer of ownership of public works to the delegated agent (which is only the operator); the latter is required to provide an annual technical and financial report to the contracting authority.
- Decree 2017-516 of April 10, 2017 relating to various provisions for public procurement amends Decree 2016-360 of March 25, 2016 pertaining to public contracts, called the "Public Contracts" Decree, particularly in the following areas:
  - new obligation for all purchasers subject to the "MOP Law" to organize bidding contests for awarding their project management public contracts,
  - elimination of the obligation to produce a criminal record checks at the time of application. Now a simple sworn statement is sufficient,
  - elimination of the obligation to make essential data about the contract available electronically for contracts under EUR 25,000.
  - elimination of the local authorities obligation to conduct a comparative assessment of how a project will be completed for projects over EUR 100 million,
  - clarification as to the possibility to organize a bidding process with competitive negotiation or dialogue when only irregular or unacceptable offers are presented after an initial call for tenders.
- The Decree of May 5, 2017 defines the content of project management assignments for comprehensive public contracts. This legislation is enacted in accordance with Law 2016-925 of July 7, 2016 relating to creative freedom, architecture and cultural heritage. The following types of comprehensive public contracts fall under the purview of this decree: design-build public contracts; comprehensive performance public contracts; industry-specific comprehensive public contracts when they include design components and relate to construction work. This decree requires applicants bidding on a comprehensive public contract to identify a project management team. In addition, Law 2014-744 of July 1, 2014 established a new mechanism for institutional partnership between the public sector and private operators, called a Unified Public Private Partnership (in France, a *Société d'économie mixte à opération unique* or "Semop"). The use of Semops allows local authorities, *via* a single tendering procedure, to select a private shareholder to form a limited company, which will be directly awarded a contract to carry out a specific operation.

C) SPANISH REGULATIONS

In Spain, the award of public contracts is governed by Royal Decree-Law 3/2011 of November 14, 2011 reforming Law 30/2007 of October 30, 2007 on public sector contracts, which transposes EU Directive 2004/18.

This Decree-Law governs the more traditional methods of delegated management (concessions, semi-public entities, regulated and collective management) and requires them to comply with the same public information and competition standards as procurement for public works, services and supply contracts.

It defines the contractual arrangements of the public-private collaboration contract (similar to the French public-private partnership contract). It is intended to meet complex public sector needs, which are not satisfied by traditional contractual agreements, and consists of awarding a company overall responsibility for construction, management, maintenance and replacement, as well as a contributing to finance the project.

In addition to Royal Decree-Law 3/2011, Law 31/2007 of October 30, 2007 transposes European Directive 2004/17 which governs the procurement procedures of entities operating in the water, energy, transportation and postal services. This law defines the procedures to be applied by the entities operating in these sectors for public works services and supply contracts.

Following Spain's failure to transpose the public contract directives, they took effect directly beginning on April 18, 2016 to the extent that their terms are directly applicable and clear.

On November 28, 2016, the Spanish Council of Ministers pre-approved a draft text transposing these directives, which triggered a parliamentary process that could complete the transposition.

D) UNITED STATES REGULATIONS

In the United States, the federal government plays a role in the water sector, but the individual states retain authority in the areas of resource management, regulation of services and investment planning. There are two broad, coexisting contract methods: a regulated method, comparable to the UK system, in which the assets belong to the operator, and a non-regulated mode, in which the local authority entrusts the management of its assets to an operator following competitive bidding. In regulated activities, each state has a Public Utility Commission that sets both prices (for water and wastewater treatment services) and the return on shareholders' equity allowed per company operating in the regulated sector. For public-private partnership agreements in the non-regulated sector, the rules for allocation of projects and operating conditions vary for each municipality. As a general rule, operators are selected *via* calls for tenders.

E) CHINESE REGULATIONS

There are two laws that currently govern public contracting in China: the law on awarding public contracts and the law on submitting public tenders. While the law on awarding public contracts concerns the purchase of goods and services by national and local government agencies, the law on submitting public tenders controls construction projects financed by the State. These may be large-scale infrastructure projects as well as state-owned company tenders. Putting out calls for tenders is effectively mandatory for certain contracts in the construction sector. The breadth and thresholds of this type of project are determined by the National Development and Reform Commission and by government ministries.

In 2014, the concept of a public-private partnership was expressly recognized in Chinese legislation. The National Development and Reform Commission has since encouraged the formation of public-private partnerships in the areas of energy, transportation, water, conservation, environmental protection, forestry management and urban planning.

In spite of several market access offers and amendments to the law on awarding public contracts in 2014, China has not been able to become part of the World Trade Organization's (WTO) plurilateral agreement on public contracts. Negotiations on China's access to this agreement began in 2007. If China is to become party to the WTO agreement, it will have to align its legislation to the agreement, modifying in particular certain provisions of the law awarding public contracts.

6.7.1.2 General environmental regulations

A) EUROPEAN REGULATIONS

Environmental liability

Directive 2004/35/EC on environmental liability with regard to the prevention and remedying of environmental damage (transposed in France as Law 2008-757 of August 1, 2008) establishes a legal framework for environmental liability founded on the "polluter pays" principle, with a view to preventing and remedying damage to protected species, natural habitats, water resources and the land. Damage may be recognized (by administrative bodies) without any evidenced fault, even if the facility that is the source of the damage is compliant with applicable licenses and authorizations. According to the Environmental Liability Directive, the operator is the first party to incur liability. The text of the law does however impose non-retroactivity, and will therefore only apply to damage for which the generating event occurred after April 30, 2007 (the deadline for transposition by Member States).

Particular vigilance is now required with regard to areas in which remarkable habitats and environments are protected: the "ecoregions" identified at world level, the "Natura 2000" sites in Europe and – specific to France – sensitive rivers and corridors or reservoirs of biodiversity defined in the "Grenelle" laws.

In terms of criminal liability, in accordance with Directive 2008/99/EC on the protection of the environment through criminal law, Member States must establish criminal sanctions that are effective, proportionate and dissuasive for serious violations of the provisions of EU law relating to the protection of the environment. This EU law relates in particular to the release of substances or ionizing radiation into air, soil or water, the treatment and transfer of waste, the destruction or capture of specimens of protected species of wild fauna and flora, and the commercialization of substances that will weaken the ozone layer.

European pollutant release and transfer register

Regulation 166/2006/EC established a European Pollutant Release and Transfer Register (known as the E-PRTR Register) to monitor the release of pollutants into water, air and soil at EU level (replacing the European Pollutant Emission Register (EPER)). This register, which is an electronic database that has been accessible to the public since November 9, 2009, is aimed at facilitating access to information concerning pollutant emissions. The vast majority of waste and some wastewater treatment activities are affected by this regulation (although certain thresholds do, however, exist) and, consequently, the operators concerned must provide precise data on their emissions every year (the initial year of reference was 2007).

Seveso III

The Seveso Directive on the control of major-accident hazards involving dangerous substances requires Member States to ensure that all operators concerned by the Directive have implemented a policy for the prevention of major accidents. Operators who handle hazardous substances above certain thresholds are required to regularly inform the public likely to be affected by the consequences of an accident, by establishing safety reports, a safety management system and an internal emergency plan. Directive 2012/18/EU of July 4, 2012, known as "Seveso III" amends and, as from June 1, 2015, replaces the previous regulation (Directive 96/82/EC of December 9, 1996, known as "Seveso II"). Among other things, it harmonizes the list of chemicals with that of the new classification system for hazardous substances of the CLP Regulation (1272/2008/EC).

REACH

The Reference, Evaluation, Authorization and Restriction of Chemical substances (REACH) regulation has been in force since June 1, 2007. In order to offer better protection of human and environmental health against risks that may derive from chemical substances, the REACH regulation makes industry responsible for evaluating and managing the risks of the said substances and for providing adequate safety information to users.

REACH involves specific communication throughout the life cycle of substances so as to guarantee regulatory compliance and to ensure that the planned uses (including at end-of-life) are taken into account. Accordingly, the Group – like all those in the industry – must check with its suppliers that the substances it uses in the context of its activities are indeed REACH-compliant.

Since December 1, 2010, companies must also have registered all substances produced above the threshold of 1,000 metric tons per year and per legal entity with the European Chemicals Agency (ECHA), unless the product in question is exempt. The Group's activities are affected by this registration obligation when selling recycled substances (secondary raw materials) that have a product status, as well as for certain substances produced *in situ*. However, the number of substances registered is very low, as the majority of recycled substances sold on the market are exempt due to their similarity with existing substances.

In 2018, the European Commission will be proposing REACH coordination measures with waste legislation. The European Commission is also preparing to review the Appendices to the REACH regulation in 2018.

The Climate and Energy Package

On December 17, 2008, the European Parliament adopted several proposals aimed at both fighting climate change and guaranteeing the European Union a safer and more sustainable energy supply.

The "Climate and Energy Package", as it is commonly known, brings together:

- a directive that modifies and extends the greenhouse gas emissions trading scheme, from which the water and waste sectors continue to be excluded;
- a decision relating to the distribution of effort among Member States in domains that are not covered by this scheme, such as transport, construction or environmental services;
- a directive intended to promote renewable energies, such as biogas and energy produced from waste biomass and wastewater treatment byproducts;
- a directive on the geological storage of CO_2;
- new guidelines concerning state aid for the conservation of the environment, published April 1, 2008 and aimed at supporting the investment effort necessary to achieve these objectives as set forth in the aforementioned laws.

This initiative is part of the ambitious "climate" action plan, adopted by the European Council in March 2007, whose main recommendation is a European Union commitment to reduce its greenhouse gas emissions by at least 20% between now and 2020, a compulsory objective of 20% of renewable energy in energy consumption within the same timeframe, and lastly an increase of 20% in energy effectiveness (program known as "3x20").

On October 23 and 24, 2014, the European Council agreed to reform the package; consequently, it is now known as the "2030 Climate and Energy Package". This agreement is intended to enhance the three targets adopted in 2008 relating to greenhouse gas emissions (reform of the ETS system), renewable energy, and energy efficiency.

As part of this package, in July 2015, the Commission published a proposal for revising the European Emissions Trading Scheme for the period 2021 to 2030. The European Parliament and the Council adopted their positions in February 2017. Tripartite negotiations are ongoing.

In November 2016, a proposal to adopt a "clean energy" package was added to the "Climate and Energy Package".

B) FRENCH REGULATIONS

Law to re-establish biodiversity, nature and landscapes

Law 2016-1087 of August 8, 2016, the so-called biodiversity law, introduces several new items:

- the recognition of damage to the ecology;
- the principle of ecological solidarity;
- the non-regression of environmental law;
- the mitigation of environmental damages.

The biodiversity law highlights the transition from a fixed vision to a full and dynamic vision of biodiversity. Biodiversity is effectively considered as a source of innovation and knowledge of it is inscribed in law as a fundamental objective. According to the law, ecological continuity contributes to sustainable development of regions and consequently must be protected. The sequence "avoid, reduce, mitigate" is reaffirmed regarding regional development projects. In addition, the law addresses agricultural mitigation.

Lastly, the law clarifies roles by designating the region as the level responsible for managing biodiversity. The application of the biodiversity law will be qualified by 35 decrees.

Ordinance reforming procedures intended to ensure information and participation of the public in making certain decisions likely to have an impact on the environment and decree relating to the modification of the rules for making environmental evaluations of projects, plans and programs

Ordinance 2016-1058 of August 3, 2016 and Decree 2016-1110 of August 11, 2016 reform environmental evaluation. These acts are intended to bolster effectiveness of the participation of the public in decisions that could have an impact on the environment and to modernize consultation procedures. Their purpose is to "ensure that the project preparation process is more transparent and that there is better participation by the public in this process". This is to address inadequacies in the transposition of Directive 2014/52/EU relating to the environmental evaluation of projects, raised by a reasoned opinion of the European Commission in March 2015.

Accordingly, a distinction is now drawn between projects systematically subject to environmental evaluations and projects subject to these evaluations on a case by case basis. It should be noted that innovative projects will be systematically subject to a case by case review procedure.

Clarifications are provided with regard to impact studies, which should include a description of the vulnerability of a project to climate change and present a "benchmark scenario," and especially a view of probable changes in the environment should the project not be implemented. Details of mitigation measures are also set out.

These actions also confirm the "by project" approach, as opposed to a "by procedure" method. The project concept is defined without resorting to the concept of "work program". Furthermore, shared or coordinated environmental evaluation procedures are set up amongst projects, or between projects and planning documents.

Decree 2017-626 of April 25, 2017 amends procedures intended to ensure information and public participation in making certain decisions likely to have an impact on the environment, in accordance with Ordinance 2016-1060 dated August 3, 2016 relating to reforming procedures intended to ensure information and public participation in making certain decisions likely to have an impact on the environment.

In particular, the decree provides for setting up public debates on national plans and programs that are subject to environmental assessment.

The decree details arbitration procedures in the event of a dispute between the project owner and one or more approved associations. Implementation of the right to a citizen's initiative to request prior consultation from the prefect is also detailed. The decree calls for the widespread roll-out of public consultation process digitization.

Energy Transition for Green Growth Law

Law 2015-992 of August 17, 2015 and the action plans accompanying it are intended to help France make an effective contribution in the fight against climate change and to bolster its energy independence by better balancing its various sources of supply.

Among the drivers of this growth, the circular economy is at the center of the Law. Title IV of the Law to "control waste and promote the circular economy" contains measures that are aimed at:

- determining a national transition strategy toward the circular economy that includes a "plan for scheduling the necessary resources for the primary sectors of economic activity that identify potential for preventing the use of primary and secondary raw materials";
- improving recovery of waste by prohibiting discrimination against materials originating from recovered waste and by promoting the production of energy stemming from waste recovery where it is not recyclable;
- setting specific targets for waste prevention and waste management for 2020 and 2025:
  - reducing waste at the source by diminishing by 30% quantities of non-hazardous, non-inert waste admitted to landfills in 2020 in relation to 2010, and by 50% in 2025,
  - banning the single use of plastic bags beginning on July 1, 2016, in accordance with the decree of March 30, 2016,
  - banning the use of disposable plastic cups and plates beginning on January 1, 2020, except for those that can be composted domestically and that are made up entirely or partially of bio-based materials,
  - more precisely defining the "proximity principle" in the prevention and the management of waste, provided by the Framework Directive on Waste (Framework Directive 2008/98/EC),
  - increasing the amount of waste to be recovered in material form, notably organic waste, by steering 55% by 2020, then 65% by 2025, of non-hazardous, non-inert waste, measured by mass toward these recovery methods. The public service managing these waste flows breaks down these objectives locally to reduce quantities of residual household waste after recovery. To this end, it progresses toward on-site sorting of organic waste, arriving at a point where by 2025 all waste producers are using this method,
  - reaching 153 zero waste and zero wastage regions to support exemplary local communities in their waste reduction and recycling processes,
  - reducing the production of household and similar waste by 10% by 2020,
  - achieving a rate of 65% of waste recycled in 2025,
  - putting half as much waste in landfills in 2025 compared to 2010,
  - creating 10,000 lasting jobs in operating new waste processing installations and avoiding releasing 3.4 million metric tons of CO_2-equivalent annually between now and 2025,
  - progressively implementing incentive-based pricing, where each person pays to eliminate their waste based on quantities produced, as introduced in the amending finance law dated December 29, 2015,
  - experimenting with sorting recommendations for all plastic waste and extending these sorting instructions nationwide by 2022,
  - streamlining the flow of resources used and produced on a relevant regional scale under cooperation, pooling and substitution actions for these flows, thus limiting environmental impacts and improving economic competitiveness and the attractiveness of regions.

On October 24, 2017, Nicolas Hulot, Minister for Ecological and Inclusive Transition, and Brune Poirson, Secretary of State to the Minister, kicked off efforts to develop a circular economy roadmap, which will be published in March 2018.

"Grenelle Laws"

In order to implement the commitments made in 2007 within the context of the Grenelle Environment Forum *(Grenelle de l'environnement)*, legislative proposals were adopted in 2009 and 2010 including:

- Framework Law 2009-967, relating to the implementation of the Grenelle Environment Forum, known as Grenelle Law I *(loi Grenelle I)*, defined the main guidelines: it translated the commitments made at the "Grenelle" into legal terms;
- Law 2010-788 for a national environmental commitment, known as Grenelle II, set out the conditions for implementing the commitments made in 2007.

The "Grenelle Laws" and the regulatory provisions supplementing them, represented both new obligations and new opportunities for the environmental sector.

In the water sector, Grenelle Law II introduced a large-scale program for regaining water quality by forcing the various economic players to take responsibility: local authorities must meet wastewater standards, farmers must reduce their use of pesticides, and manufacturers whose activities pollute must fulfill new obligations.

C) SPANISH REGULATIONS

In order to implement the European Directives, several laws regulating environmental protection have been adopted, such as Law 26/2007 of October 23, 2007, on environmental liability, transposing Directive 2004/35/EC; Organic Law 5/2010 of June 22, 2010, which amended the Criminal Code to transpose Directive 2008/99/EC; and Royal Decree-Law 1254/1999 of July 16, 1999, which transposes Directive 96/82/EC. It is noteworthy that following the last environmental review of Spain carried out by the OECD in 2015, Spanish laws on biodiversity are among the most ambitious of the entire OECD area and that the ecological footprint of the country's industrial sector remains relatively indistinct. However, efforts must be made with regard to coordinating the various autonomous communities of the country with regard to the numerous requirements contained in environmental regulations.

D) CHINESE REGULATIONS

The Commission for Reform and National Development published a "plan for the Promotion of the Circular Economy" in April 2015, in which it enumerated actions to be implemented in industry, agriculture and cities. The Law for the promotion of the circular economy took effect in 2009.

The draft for the 13th five-year plan covering the period of 2016 to 2020 calls for ambitious initiatives in the environmental area.

In 2014, the Ministry of Environmental Protection issued transparency rules that require environmental authorities to make public all non-confidential information contained in environmental impact studies.

Regulations on the protection of the environment strengthened pollution control requirements. The more extensive criminal liability introduced by this reform is an important change because this principle authorizes the Bureau of Environmental Protection to subject violators to combined fines without upper limits. The revised law makes it possible for certain environmental groups to file legal proceedings.

On December 25, 2016, the Permanent Committee of the National People's Congress (NPC) of China adopted the environmental protection law. When it takes effect on January 1, 2018, the environmental protection tax will replace the pollution emission fee system that has been in effect for over 40 years. This tax is meant to be an economic tool that regulates corporate environmental pollution by targeting companies that directly emit a taxable pollutant. Taxable pollutants include air and water, solid waste and noise pollution. Companies that emit taxable pollutants in centralized and official wastewater and household waste treatment facilities will be exempt from the tax on indirect emissions.

On June 27, 2017, the Permanent Committee of the NPC decided to amend the Chinese Code of Civil Procedure and the Administrative Procedure Law, formally authorizing Chinese public prosecutors (typically criminal public prosecutors) to file lawsuits in the public interest against acts that compromise the public's rights and interests in matters related to environmental protection and natural resources.

E) AUSTRALIAN REGULATIONS

Environmental matters in Australia traditionally fall within the jurisdiction of state governments rather than the federal government, which has no special jurisdiction to legislate in that domain. However, during the 1970s, there was an observable trend toward granting the federal government greater power in environmental matters.

At the state level, environmental assessment is integrated into the decision-making process in the form of planning schemes and licenses. Environmental protection requires that activities that could have a negative impact on the environment be licensed before they are carried out. In addition, it is mandatory that work carried out by entities holding such licenses comply with the terms thereof. Industrial activities, such as chemical production, waste treatment, mining operations and intensive agriculture are affected by these rules. States may also implement legislative measures autonomously with regard to the protection of endangered species, preservation of indigenous flora, creation of national parks and water treatment and use.

Through the Environment Protection and Biodiversity Conservation Act 1999, activities that could have a considerable environmental impact on the national level must be approved by a federal minister as well as that of each state concerned. However, the Abbott and Turnbull governments concluded bilateral agreements between the federal and state governments in order to accredit certain approval processes by the States and to ensure that these actions do not require separate federal approval.

Australia has taken various measures to address the energy question with a view to reducing greenhouse gas emissions on both the federal and state levels. At the federal level, the Renewable Energy Target (RET) has two components: the Large-Scale Renewable Energy Target and, for homes and communities, the Small-Scale Renewable Energy Scheme. The Large-Scale Renewable Energy Target presents a legislative target of 33,000 GWh of electricity generation from renewable sources by 2020.

The 2007 National Greenhouse and Energy Reporting Act (NGER Act) established a national framework for businesses to disclose their greenhouse gas emissions, energy consumption and energy production.

The Abbott and Turnbull governments maintained the Kyoto objectives set by the preceding Labor government, which required a 5% reduction in carbon emissions (compared to 2000 levels) for Australia by 2020. Australia ratified the Paris Agreement shortly after it took effect in November, 2016. Australia's contribution, which was submitted upstream of COP21, requires an emissions reduction level of 26 to 28% between now and 2030, in relation to 2005 levels.

The Direct Action plan designated as the cornerstone of the Abbott and Turnbull governments' environmental policy may be divided into two parts: The Emissions Reduction Fund and the Safeguard Mechanism.

The Emissions Reduction Fund allows some sectors in the economy the ability to generate carbon credits for reducing emissions or capturing carbon, with a credit granted for each ton of emissions saved or captured. Credits may be purchased through inverted auctions by the Clean Energy Regulator, by means of a AUD 2.55 billion fund for the period 2015 to 2020. To date, nearly 189 million of credits have been purchased, at an average price of AUD 11.83.

The Safeguard Mechanism, which took effect on July 1, 2016, establishes a ceiling of authorized emissions for high CO_2 emissions infrastructures, with the goal that the emissions reductions related to purchase by the Emissions Reduction Fund not be transferred elsewhere in the country's economy. This scheme uses the framework established by the National Greenhouse and Energy Reporting Act.

In 2017, the Australian government reviewed its policy on climate change to ensure that it meets the emission reduction targets set for 2030 and complies with the commitments made by Australia under the Paris Agreement.

This review was conducted by the Department of the Environment and Energy. A final report published on December 19, 2017 recognized the need for improved environmental policies. Several changes are expected to be introduced soon:

- annual updates of the emission reduction targets under the Paris Agreement;
- review and analysis of the production of electricity;
- review and analysis of the transportation sector;
- creation of a long-term strategy on climate change.

6.7.1.3 Regulation related to the protection of computer data

The new European Regulation on the protection of personal data, the GDPR (General Data Protection Regulation), was ratified on April 27, 2016, and published on May 4, 2016 in the Official Journal of the European Union. The GDPR is based on the right to privacy and the protection of personal data, which are fundamental to each citizen. This new legal framework will be common to all member States and harmonized between them.

It pertains to any company which collects, manages or stores data. In response, SUEZ implemented a comprehensive action plan for cybersecurity to prepare for the application of the regulation on May 25, 2018.

The GDPR includes in particular the obligation to provide a clear, written explanation of the data security policy for persons whose data is stored. The companies must be capable of providing them with all of the stored data pertaining to them, in a simple format that can be provided to them *via* the internet. The GDPR also mentions the "right to be forgotten", which provides for the rapid deletion of any personal data requested.

Finally, the GDPR requires the nomination of a Data Protection Officer (DPO), who shall be responsible for questions relating to the protection of personal data and the regulatory oversight of these matters.

6.7.2 Regulations related to business activities

6.7.2.1 Water

A) EUROPEAN REGULATIONS

Framework for EU policy on the water sector

Directive 2000/60/EC establishing a framework for the European Union's water sector policy, as revised in 2008, was aimed at restoring the quality of groundwater and surface water by 2015.

In addition to this outcome objective, it sets forth requirements with regard to the methods to be implemented: reducing the release of "priority" substances, which are considered to be most harmful for the environment and human health, drafting and implementing master plans and action plans, monitoring the results of the actions aimed at restoring the quality of environments and reporting on this to the European Commission.

The directive recommends that water usage and its impact to be analyzed on an economic basis, and provides for increased public participation and consultation. It sets the objective of full recovery of service costs and establishes the "polluter-pays" principle.

The directive also sets forth a strengthened legal and institutional framework for the water resource management policy, which is very similar to the French system of management through large river basin districts.

Three European Commission progress reports on implementation of the directive, published on March 22, 2007, April 1, 2009 and November 14, 2012 set out this approach by recommending the establishment of river basin management plans combined with the setting up of programs of measures that are now operational in almost all EU Member States (with the exception of Spain, Portugal, Greece and Belgium). The third progress report indicated that the Directive's environmental objectives would not be achieved across Europe by 2015. Meanwhile, an action plan to safeguard Europe's water resources was published on November 14, 2012 to provide Member States with tools to help achieve these goals. The plan urged better implementation of the Water Framework

Directive of 2000 but did not impose additional obligations on Member States. It also proposed the issuance, by 2015, of a new EU regulation to make the best use of water reuse techniques.

A roadmap for the "maximizing of reuse of water within the EU" initiative was published in September 2015, emphasizing the need to establish European standards with regard to the reuse of water for irrigation or industrial use. Reuse of water that is better supervised on a legislative level would result in important savings in water consumption, enjoy lower hydraulic stress experienced in certain European regions, an increase in the recycling capacity of nutrients contained in wastewater and could ultimately contribute to growth and job creation in Europe. A regulation on minimum quality standards for water reuse is being drawn up by the Commission with the aim of entry into force by 2020

Directive 2000/60/EC is separated into two implementation directives (known as daughter directives) which specify the "good condition" to be reached for ground and surface water in 2015.

Directive 2013/39/EC, published on August 12, 2013 and amending Directive 2008/105/EC relating to environmental quality standards applicable to surface water, sets concentration thresholds for 45 chemical substances or groups of chemical substances identified as a priority because of the significant risk they present to the environment and/or to human health *via* the aquatic environment. A total of 21 of these substances have been classified as hazardous; emissions of these substances into surface water must cease by 2021. The other substances are subject to national reduction targets, to be defined by the Member States. Three pharmaceutical substances were placed on a watch list.

The goals of Directive 2006/118/EC on the protection of groundwater against pollution and deterioration are primarily the proper chemical condition of water and the prevention or limitation of the introduction of pollutants into groundwater. In France, the directive was transposed as part of the Water and Aquatic Environments Law on Water (LEMA 2006-1772 of December 30, 2006) and the corresponding regulatory acts amending the Environmental Code.

A revision of framework directive 2000/60/EC is planned for 2019 and includes a revision of two individual directives, 2013/39/EU and 2006/118/EC.

Directive on drinking water

Directive 98/83/EC on the quality of water intended for human consumption has raised requirements involving several parameters (turbidity, chlorites, arsenic, volatile organohalogenates, nickel), and in particular concerning lead (25 µg/l at end-2003 and 10 µg/l at end-2013), meaning that eventually no contact will be authorized between drinking water and lead pipes, which is the reason for replacing all existing lead pipes and for the work required on private and public properties to achieve this goal. It also raised requirements regarding public information on the quality of water distributed. After consulting the stakeholders concerned in 2003 and 2008, the Commission decided in 2011 not to revise this directive, and to restrict itself to amending the details in various appendices.

Following a public consultation in 2014, the Commission will propose revising Directive 98/83/EC at the beginning of 2018. This revision will be part of a risk-based approach and will also focus on materials in contact with water. Moreover, technical appendices II and III of the directive have been changed by Directive 2015/1787 of the Commission to adapt them to technical and scientific advances.

The monitoring of various water surfaces could now be based on a risk-based approach if the Member States so decide, in an effort to reduce superficial analyses as much as possible, using the World Health Organization model as a guideline. While these new appendices provide Member States with the option of adapting their monitoring programs to requirements and what they consider relevant, this decision is left to their discretion.

Directives on wastewater treatment activities

Directive 91/271/EEC concerning urban wastewater treatment introduced several major categories of obligations, including:

- efficiently collecting wastewater and making provision for its secondary treatment in urban areas with over 2,000 "inhabitant equivalents";
- defining "sensitive areas" at a national level, where treatment of nitrogen and/or phosphorus is required;
- requiring a high degree of reliability of wastewater treatment systems and the obligation to monitor these systems; and
- pursuing the option of using non-collective wastewater treatment "when the organization of a collection system is not justified, whether because it is not in the best interests of the environment or because the cost would be excessive", provided that the system provides "an identical level of environmental protection".

Directive 91/676/EEC concerning the protection of waters against pollution caused by nitrates from agricultural sources is intended to protect water resources, and requires the definition of "vulnerable areas" where codes of best agricultural practices must be established.

Directive 2006/07/EC concerns surface waters that could serve as bathing waters. Member States must provide for the supervision and assessment of their bathing waters. Information regarding the classification, description of bathing waters and potential water pollution must be easily accessible to the public and provided close to the area concerned.

Both Directive 2006/44/EC on the quality of fish farming waters, and Directive 2006/113/EC on the quality required for shellfish farming waters, apply to waters that require protection or quality improvement to be fit for raising fish and shellfish respectively.

All of these directives will be revised by 2019 with the framework directive on water.

B) FRENCH REGULATIONS

In France, a number of laws regulate the protection of water quality and numerous public authorities are in charge of implementing them. Withdrawals and discharges that potentially have a negative impact on the quality of surface water or groundwater are subject to authorization or declaration. Public authorities must therefore authorize any installation of a pumping system for groundwater that exceeds predetermined volumes and the law forbids, or limits, the release of various substances into water. Violation of these laws is subject to civil and criminal sanctions, and the Company may itself be held criminally liable.

Law 2006-1772 on water and aquatic environments, dated December 30, 2006, is intended to modernize the legal framework for water management and improve water quality in order to achieve the objectives of good ecological and chemical status set forth in Directive 2000/60/EC by 2015. It is also intended to improve public water and wastewater treatment services (access to water and transparency).

The delays observed in the application of the Directive on urban wastewater treatment (91/271/EEC) have required the government to step in where local authorities have been slow to comply. A schedule of measures and dedicated financing has been implemented within the context of the "Borloo Plan to standardize the treatment of wastewater from French urban areas" to meet the goal of 100% compliance by all wastewater treatment plants before the end of 2011, as defined in the "Grenelle Law I". The targets were essentially met by the end of 2011, although work continues at some sites. A July 21, 2015 decree that took effect on January 1, 2016 heightens project owners' obligations with regard to spillage from sewage systems during periods of heavy rain and compliance of collection systems with standards. Furthermore, continuous monitoring requirements on networks have been increased. Finally, a certain number of requirements concerning wastewater treatment plants were defined.

ReUse

With the Decree of June 25, 2014 amending the Decree of August 2, 2010 on the use of treated urban residual water for irrigation of crops or green spaces, the government has established new technical requirements applicable to owners and operators of wastewater treatment plants and irrigation systems.

This decree includes new provisions:

- it authorizes sprinkler irrigation and watering systems: it terminates the experimental application file, sets specific technical requirements, and supplements the information to be provided on the irrigation program;
- it provides the technical requirements for the design and management of the distribution network, for the storage of treated wastewater, and for maintenance of the irrigation or watering equipment;
- as part of the quality monitoring program for treated wastewater, it modifies the frequency of the periodic monitoring of the sanitary quality levels of treated wastewater;
- it includes a specific rule on sanitary quality levels of treated wastewater aimed at wastewater treatment plants with a low raw water load level;
- it specifies the procedure to follow in case of changes to key elements of the authorization file: "Any changes that might cause a noticeable change in key elements of the permit, and described in Appendix IV must be disclosed to the prefectural authority by the permit holder before its implementation".

Biomethane tariffs

Several decrees of June 24, 2014 authorized and set the biomethane feed-in tariffs derived from sewage sludge and wastewater:

- the first decree amends the type of inputs in the production of biomethane to include "materials, such as sludge, grease, or fluids, resulting from the treatment of wastewater in a digester";
- a second decree amends the minimum purchase tariff – established by the Decree of November 23, 2011 – benefiting to wastewater treatment plants producing biomethane with the introduction of a new "input" premium and specific tariff adjustments. The decree therefore provides for a third category of inputs: waste from wastewater treatment plants and similar, which are eligible for a "PI3" premium of between 0.1 and 3.9 euro cents per kWh gross calorific value.

C) SPANISH REGULATIONS

In Spain, private contract law governing water, dating from 1879, was entirely superseded in 1985 by public regulation provisions under which all surface water and groundwater was considered as belonging to the public domain. The private use of such water requires a concession or administrative license. The Water Law of 1985 transposed all EU requirements contained in previously adopted European Directives.

Current water law (Royal Decree 1/2001, of July 20, 2001 transposing Directive 2000/60/EC) also imposes processes for water desalination and reuse, presented as solutions for increasing the availability of water resources. As for water savings, the provisions introduce the general obligation to measure water consumption *via* standardized metering systems, or, for irrigation purposes, to administratively define a usage benchmark.

To guarantee the proper ecological status of water, operating permits impose strict limits on authorized ecological flows and discharges.

Other significant water laws supplementing Royal Decree 1/2001 are: Royal Decree 849/1986 of April 11, 1986 approving the Public Water Act, which was amended by Royal Decree 9/2008 of January 11, 2008, to conform to Directive 2000/60/EC and to incorporate some of the requirements of Directive 2007/60/EC. In addition, Royal Decree 140/2003 of February 7, 2003 on health criteria for the quality of water intended for human consumption transposed Directive 98/83/EC. Finally, Directive 91/271/EEC was transposed through Royal Decree 11/1995 of December 28, 1995, on the rules of wastewater treatment in urban areas and by Royal Decree 509/1996 of March 15, 1996.

Meanwhile, EU Directives 91/676 and 2006/07 were transposed, respectively, by Royal Decree 261/1996 of February 16, 1996 and Royal Decree 1341/2007 of October 11, 2007.

D) UNITED STATES REGULATIONS

In the United States, the primary federal laws regarding water distribution and wastewater treatment services are the Clean Water Act of 1972, the Safe Drinking Water Act of 1974 and regulations issued to implement these laws by the Environmental Protection Agency (EPA). Each state has the right to impose higher standards and stricter criteria than those established by the EPA, and several states have done so.

The main regulatory changes of the past few years are as follows:

In the drinking water sector, in 2002 the EPA adopted the Interim Enhanced Surface Water Treatment Rule for systems with more than 10,000 inhabitant equivalents and the Long-Term 1 Enhanced Surface Water Treatment Rule for systems with less than 10,000 inhabitant equivalents. The purpose of these regulations was to improve turbidity controls in surface water in treatment plants and to thus reinforce checks of cryptosporidium content in this water.

In 2006, the latter rule was updated in the form of the Long-Term 2 Enhanced Surface Water Treatment Rule to strengthen protective measures on contaminants that are required for high-risk public water systems. The EPA also strengthened the regulations on disinfection byproducts (Stage 2 Disinfectants and Disinfection Byproducts Rule). Finally, the Ground Water Rule establishes multiple restrictions designed to prevent drinking water from being contaminated by bacteria or viruses. The proposed revisions to the standards relating to coliform bacteria (Total Coliform Rule) should prompt those systems that are vulnerable to microbiological contamination to adopt more effective operating practices.

Since 2010, the EPA has developed a new strategy to protect public health against contaminants which promotes a "grouping" approach to contaminants, stimulates technological innovation and strengthens the implementation of existing legislation, such as the Toxic Substances Control Act (TSCA). In wastewater treatment, many facilities are now required to add a third treatment stage to remove phosphorus and eliminate nutrients in order to preserve fragile environments. Many of these are also now required to control their toxic emissions and comply with quality standards aimed at restoring favorable conditions for bathing and fishing in the receiving environment. As part of the national emissions licensing system, the EPA uses a method that analyzes total effluent toxicity. Under the provisions of the Clean Water Act, municipalities also have to invest in the renovation of their wastewater treatment infrastructures as well as in the reduction of flows at source, in order to improve control of discharges – rainwater and wastewater from sewers, in particular – into the natural environment.

A new law, the Clean Water Rule, aiming to extend federal protection of river networks and water supply systems by specifying zones falling under the Clean Water Act took effect on June 28, 2015 despite the firm opposition of many players in the U.S. economy.

E) CHINESE REGULATIONS

The decree signed in 2014 by the Chinese Premier on wastewater treatment networks and facilities now mandates cities to plan their wastewater treatment systems according to the climate and local geography, as well as their economic and social development. For example, under the new regulations, storm water drainage systems and sewers will be separated in new construction areas. Companies in the food processing, pharmaceutical and construction industries must now apply for wastewater discharge permits.

On April 16, 2015, the State Council issued a "Plan of Actions for the Prevention and Control of Water Pollution" known as the "Ten-Point Water Plan" (which is actually 26 detailed requirements and 238 measures). The plan aims to control pollution discharges, promote economic and industrial transformation, save and recycle resources, promote the progress of science and technology, use market mechanisms and enforce the law and regulations, strengthen management and ensure the safety of the aquatic environment, and clarify responsibilities and encourage public participation. It sets targets for 2020, putting in place stricter controls on polluting companies with emission limits and providing for stricter supervision of the authorities and the public. In addition, the plan also covers the control of pollution, sustainable water use in agriculture, the use of municipal water, coastal water management and overall protection of the ecological environment. The plan aims to gradually improve the groundwater and surface water situation (Blue River, Yellow River and the Song Hua, Huai Hai and Liao Rivers) by 2020. One of the main actions is to clean heavily polluted water (called "dark and smelly" in big cities).

F) AUSTRALIAN REGULATIONS

In Australia, the laws of the States and Territories grants the right to control the allocation and use of water to the Crown, thus abolishing the prior Common Law rules. The extraction and use of water and the construction of infrastructure (dams, irrigation systems) usually require approval.

In 2004, the Council of Australian Governments adopted the National Water Initiative, which sets the guidelines for a comprehensive reform of the national water management system in all areas: accounting for water resources, knowledge and storage capacities, water access rights and planning framework, markets and marketing of water, water pricing, integrated management, reform of urban water management, community partnerships and adjustments. This reform has had the effect of detaching the rights to water from the soil and allowing water to be exchanged as a valuable asset, either temporarily or permanently.

The current reforms have also led to more bids for construction and operation from private operators in terms of water infrastructure, such as sewage treatment plants. For example, in New South Wales, the Water Industry Competition Act 2006 requires the construction and operation of such infrastructures and their links with the relevant water networks to be subject to licenses whose terms must be strictly adhered to by operators.

6.7.2.2 Waste

In many countries, waste treatment sites are subject to laws that require service providers to obtain authorizations from public authorities to be able to operate their sites. Obtaining these authorizations requires specific environmental and health impact studies to be submitted, together with a risk assessment for the facility concerned. Operators of landfills must provide specific financial guarantees (often in the form of bank guarantees) that cover the restoration of the site and monitoring after the closing of the site (for a 30-year period in most countries). Operators must also observe specific standards with respect to discharges and emissions arising from processes; incineration plants, for example, are subject to regulations intended to limit emissions of pollutants and to encourage energy recovery. Waste flows are also subject to specific regulations, depending on their type.

A) EUROPEAN REGULATIONS

Circular Economy Package

Following the work of the Commission in 2014 and the withdrawal of the Circular Economy Package proposed on July 2, 2014, the new Commission announced the publication of a new and more ambitious package incorporating a more efficient management of natural resources, in addition to better waste management. The

Circular Economy Package published on December 2, 2015 aims to achieve better management of resources at European level through binding recycling targets for different material flows and establishes the general framework of operation for the waste sector through 2030. It requires the revision of six directives on waste: the Waste Framework Directive (2008/98/EC), the Packaging and Packaging Waste Directive (94/62/EC), the Landfill of Waste Directive (1999/31/EC), the End of Life Vehicles Directive (2000/53/EC), the Waste Batteries and Accumulators Directive (2006/66/EC) and the Waste Electrical and Electronic Equipment Directive (2012/19/EU). These directives are currently under discussion in the European Parliament and European Council. The revised directives are expected to be adopted in 2018.

Waste Framework Directive

The Waste Framework Directive (2008/98/EC) was published in the OJEU on November 22, 2008. This directive simplifies existing legislation by repealing the former directive on waste, the directive on hazardous waste and part of the directive on the disposal of used oils. Member States had two years to transpose the directive into national law.

By establishing a new framework for waste management services in Europe, European authorities wish to encourage national waste prevention programs and to promote recycling and recovery.

The new directive thus reinforces the principle of hierarchy in waste treatment methods, encouraging Member States to employ, in order of priority, prevention, reuse, recycling, energy recovery and finally – as a last resort – landfill. An analysis based on the "life-cycle" approach will, however, allow certain adjustments to be made within this hierarchy. At the same time, Member States have been set ambitious recycling targets: 50% of municipal waste and 70% of non-hazardous construction and demolition waste by 2020.

The directive clarifies the definitions of recycling and recovery and recognizes incineration with energy recovery – if certain efficiency criteria are met – as a recovery operation. It also introduces two new concepts: that of the byproduct and that of "end of waste status". Once the directives have been adopted, criteria for end of waste status will be clarified through the comitology process. This same process was also used in 2011 to define a method for measuring waste recovery efficiency against targets.

A revision of the directive is expected under the circular economy package. The new directive should result in the simplification and harmonization of the objectives of various Member States, taking into account their current situations. Furthermore, other topics that would be dealt with include greater responsibility on the part of producers, support to green public markets, waste-to-energy production plans and heightened monitoring in the waste sector.

In March 2017, the European Parliament adopted the "waste package" under the circular economy package, which includes four reports reforming directives on waste. The package aims for 70% of municipal waste to be recycled by 2030 and also concerns the Landfill of Waste Directive, the WEEE (Waste electrical and electronic equipment) Directive and the Packaging and Packaging Waste Directive. The European Commission is expecting the final adoption of the package in May 2018 with entry into force planned for 2020.

Regulations relating to cross-border waste shipment

Regulation 1013/2006/EC governs cross-border shipments of waste, the objective being to provide ecologically sound management. The regulation establishes a system based on two procedures:

- information Procedure: A simple procedure consisting of inserting an informational document with shipments of waste. All non-hazardous waste intended for recovery within the European Union must be transferred by means of this procedure;
- notification and Prior Consent Procedure: A cumbersome procedure that requires prior consent from the competent authorities and the establishment of financial guarantees. All hazardous waste intended for recovery within the European Union must be transferred by means of this procedure.

Regarding waste to be eliminated:

- within the EU, these cross-border shipments are subject to a prior notification and consent procedure;
- such shipments to states not members of the EU are in principle prohibited.

This regulation also incorporates Basel Convention provisions on the control of cross-border hazardous waste movements and disposal.

The regulation provides for more rigorous performance measures. It requires Member States to carry out inspections and spot checks. It also authorizes physical controls of transferred waste, in particular the opening of containers, and requires Member States to notify the European Commission of their domestic legislation on illegal transfers and corresponding sanctions. A revision of the regulation was published in the form of Regulation 660/2014 in the OJEU on June 27, 2014 to mitigate the divergences and gaps identified in applying the regulation and inspections in Member States. This involves establishing inspection plans that are regularly and consistently planned to eliminate illicit waste shipments.

The European Commission issued in 2016 a report on the effective functioning of the waste market in the Union. The report outlines areas for operational improvement in cross-border transfers of waste in the perspective of modifying its legal framework by 2020. The Commission therefore recommends the development of a "Schengen waste area" and the strengthening of the consent system prior to recovery facilities, which allow a faster procedure for the transport of waste.

In 2017, the European Commission published a roadmap on regulations related to waste shipments. An assessment will be conducted which aims to evaluate if Regulation (EC) 1013/2006 relating to waste shipments (WSR) meets its objectives and is in line with the EU's environmental policy, domestic market. The assessment will be completed in 2018.

Landfill of Waste Directive

Directive 1999/31/EC on landfilling waste sets the technical and operational requirements applicable to both landfills and the waste deposited. It aims to prevent or reduce the environmental impact of the landfilling of waste – in particular on surface water, groundwater, soil, air and human health. It defines the various categories of waste (municipal, hazardous, non-hazardous and inert) and distinguishes between three types of facilities: landfills for hazardous waste (known as *installation de stockage de déchets dangereux* – ISDD in France), landfills for non-hazardous waste (known as *installation de stockage de déchets non dangereux* – ISDND in France) and landfills for inert waste (known as *installation de stockage de déchets inertes* – ISDI) in France).

The objective it sets out is for Member States to reduce the quantity of landfilled biodegradable waste: in 2009, the quantity of biodegradable waste landfilled could not exceed 50% of total biodegradable waste produced in 1995, with this goal dropping to 35% in 2016. The directive also provides that only waste that has been subjected to prior treatment be allowed, and that decommissioned sites be subject to surveillance and analyses for as long as the competent authorities deem necessary (a period of 30 years in France). This directive is now being revised under the circular economy package.

Industrial Emissions Directive

Directive 2010/75/EU on industrial emissions, published in the OJEU on December 17, 2010 (deadline for its transposition was January 7, 2013), incorporates Directive 96/61/EC on Integrated Pollution Prevention and Control (IPPC) along with six sector-based directives, including the directive on incineration (2000/76/EC) and the directive on limiting emissions of certain pollutants into the air from large combustion plants (2001/80/EC). Following a two-year deadline for transposition, the directive was supposed to come into effect in early 2014, or early 2016 for existing facilities.

Up to now, as a complement to the environmental thresholds put in place by the directive on the incineration and co-incineration of waste, Directive 96/61/EC called the "IPPC" directive, which provides that certain industrial and agricultural activities – one of which is waste services management – must be subject to a prior authorization, requiring for certain environmental conditions to be met. Companies are responsible for preventing and reducing pollution that they might cause, through the adoption of specific measures (for example: recycling, accident prevention and treatment of sites at end-of-life), and through meeting operating requirements (for example: limits to the emission of polluting substances and monitoring of discharges). The new directive introduces more stringent BREFs (Best Available Techniques Reference Documents), modifies emissions limit values and broadens the scope of application to new types of facilities, including recycling facilities.

A proposal to revise the BREF on waste incineration was released on May 24, 2017.

The BREF on waste treatment has been under revision since 2013. It applies to all treatment facilities for non-hazardous waste excluding incineration. A final version is expected in early 2019. Its scope of application covers the functioning of incineration plants (including emissions to air and water from such plants).

Directives relating to specific waste

Directive 94/62/EC aims to reduce the environmental impact of packaging and packaging waste. This directive established quantified targets for December 31, 2008 for the recycling and recovery of packaging used in the European market:

- a minimum of 60% of packaging waste must be reused or incinerated at energy recovery facilities;
- between 55% and 80% of packaging waste must be recycled;
- the following objectives must be met for materials contained in packaging waste: 60% for glass, paper and cardboard; 50% for metals; 22.5% for plastics and 15% for wood.

The directive was revised in 2004 to clarify the definition of the term "packaging," then again in 2005 to allow new Member States extra time for implementation. It is now being revised under the circular economy package.

Directive 2002/96/EC on Waste electrical and electronic equipment (WEEE) imposes measures concerning product design, the establishment of collection, treatment and especially recovery systems, and manufacturers' participation in these measures in such a way as to encourage them to integrate recycling measures into the design stage. The directive introduces the principle of Extended Producer Responsibility, making it mandatory for them to fund collection from the drop-off sites and treatment, recovery and disposal of WEEE (for both households and businesses). These obligations are accompanied by quantified targets for selective collection, recovery and reuse. This directive is now being revised under the circular economy package.

Directive 2012/19/EU entered into force on August 13, 2012, amending the previous directive. Accordingly, the objectives regarding collection rates were increased: in 2016, the rate was to amount to 45% of average EEE from household and professional sources marketed during the three preceding years, with the rate to attain by 2019 being 65%. In addition, recycling and recovery targets, currently set by equipment category at between 50% and 75% for reuse and recycling and between 70% and 80% for recovery, will be raised by 5% by 2018. Finally, the scope has been expanded to include, in principle, all electrical and electronic equipment (with the exception of a few equipment categories that are specifically excluded).

Similarly, Directive 2011/65/EU on the Restriction of Hazardous Substances (RoHS) in electrical and electronic equipment was published in the OJEU on July 1, 2011. The Directive was amended in 2015 to add four substances.

Directive 2006/66/EC lays down the rules for the collection, recycling, treatment and disposal of batteries and accumulators. It prohibits the sale of certain batteries containing mercury or cadmium in a proportion greater than a preset threshold, and sets two collection targets (25% minimum by September 26, 2012 and 45% minimum by September 26, 2016). This directive was amended by Directive 2008/12/EC, which came into force on March 30, 2008, and which specifically introduced changes in the implementing powers of the European Commission. This directive is now being revised under the circular economy package.

Directive 2000/53/EC on End-of-Life Vehicles (ELVs) requires owners of ELVs to return them to an authorized operator for destruction, on penalty of being unable to de-register their vehicle. Destruction involves extracting all materials and optimizing their reuse, recycling, or recovering what can be recovered. The recycling rate must reach 80% and the recovery rate 85% as from 2006, and 85% and 95% respectively by 2015. This directive is also now being revised under the circular economy package.

Directive 86/278/EEC on the protection of the environment, and in particular of the soil, regulates the use of sewage sludge in agriculture, so as to avoid harmful effects on soil, plants, animals and humans. Thus, in order for sludge from wastewater treatment plants to be recovered for agricultural purposes, it must comply with traceability requirements regarding organic compounds and the various metallic trace elements that it may contain (heavy metals such as cadmium, mercury and lead). French standard NFU 44-095, drafted in 2002, goes further, defining a strict framework for recovery of substances after treatment of wastewater or from the organic portion of household waste after composting.

In March 2016, the Commission proposed revising the regulation on fertilizers in order to facilitate access of fertilizers of organic origin to the European Union's internal market. Discussions are underway in the European Parliament, and a vote is planned for 2018.

B) FRENCH REGULATIONS

In France, ministry and prefecture decrees and orders define the rules governing the treatment of waste, in compliance with Articles L. 511-1 *et seq.* of the ICPE (Environmental Code regarding facilities classified for the protection of the environment). They specifically regulate the design, building, operation and monitoring after closure of these facilities. Energy recovery units are subject to numerous restrictions, including limitations on emissions of pollutants. A third ICPE system that complements the reporting and authorization systems, known as the registration system, was introduced in 2009. It helps speed up the licensing process by replacing the public inquiry procedure with a public information process. Waste is categorized according to hazard level. A distinction is drawn between inert, non-hazardous and hazardous waste. Hazardous waste is subject to strict tracking obligations throughout the entire treatment chain.

Traceability of hazardous waste is provided by a waste tracking form (BSD).

Furthermore, operators of companies producing or shipping waste, collection operators, transporters, traders and operators of centers for the transport, transfer or treatment of waste must keep an updated chronological register of the production, shipment, reception or treatment of said waste (R. 541-43 of the Environmental Code).

Waste reduction and recovery plan

The 2013 Environmental Conference showcased the transition towards a circular economy. Accordingly, the "National Waste Prevention Program 2014-2020" was published and constitutes the "Prevention" segment of a wider "waste plan." The waste plan is currently being drafted.

This plan is expected to set the following key targets:

- a 10% reduction of household and similar waste produced per capita and a 4% decrease of business waste produced per unit of GDP in 2020 compared to 2010;
- a 30% reduction by 2025 and 50% by 2030 of landfilling non-hazardous and non-inert waste by promoting their recovery;
- an increase to 55% in 2020 and 60% in 2025 of materials recovery; energy recovery should be reserved for waste that is non-recyclable in the form of materials; and incineration without energy recovery should no longer occur.

In 2014, France completed the transposition of European Directive 2012/19/EU on waste electrical and electronic equipment (WEEE). Since more types of equipment have been added, the collection rate was revised upward to 45% in 2016 and 65% in 2019.

In 2015, France had some 15 Extended Producer Responsibility (EPR) schemes, with the most recent ones covering furniture waste, special household waste, medical waste and gas bottles.

The Decree of February 15, 2016 relating to landfills for non-hazardous waste replaces the amended Decree of September 9, 1997 relating to landfills for non-hazardous waste. The provisions of the Decree update the technical supervision process of landfills for non-hazardous waste according to technological changes, particularly best practices in the area of passive and active leak-proof barriers, the implementation of a network of biogas collection at the beginning of its production phase, and operation of cells in a bioreactor mode. The ministerial decree also updates the list of waste that can be admitted to non-hazardous landfills.

Notre Law

Law 2015-991 of August 7, 2015 concerning the new territorial organization of the French Republic modifies the level of jurisdiction with relation to the drafting of waste management plans. Waste management plans will from now on be drawn up at the regional level, not at the departmental level. Regional prevention and waste management plans must be approved within a period of eighteen months following the enactment of the law. The Notre Law also strengthens the inter-community aspects and changes rules relating to territorial planning by introducing a regional planning and sustainable development scheme for territories, the STRADETT, a merger of several existing schemes. Since March 1, 2017, public decisions made regarding waste, environmental authorizations or facilities classified for the protection of the environment must be compatible with waste prevention and management plans.

Cross-Border Shipments of Waste (CBSW)

For CBSW leaving France, the French Environmental Code requires that organizers or entity providing notice of shipments be headquartered in France (L. 541-40 of the French Environmental Code).

As from publication of Decree 2015-1396 of November 3, 2015, the authority with CBSW jurisdiction is no longer a French administrative department center (DREAL), but rather a national one (PNTTD). Consequently, all CBSW notification documents must be forwarded to that center.

Decree 2016-288 of March 10, 2016, relating to various provisions for adapting and simplification in the area of waste prevention and management, modifies regulatory provisions of the circular economy and those relating to the prevention and management of waste. It modifies the rules applicable to the collection of household waste by the public waste management service. It inserts new measures for sorting and separate collection by producers or entities holding paper, metal, plastic, glass or wood waste. It adapts the provisions of the Environmental Code relating to management of waste electrical and electronic equipment waste (WEEE).

It determines the manner of applying Article L. 541-10-9 of the Environmental Code concerning distributors of construction materials, products and equipment to professionals to organize systems for taking back waste from materials, products and equipment of the same types that they sell.

It also provides several simplifications to waste prevention and management measures so as to accelerate the transition to the circular economy.

The notice to operators of waste processing facilities and operators of production facilities that use waste in place of raw materials dated January 13, 2016 states the legal status of what is produced by an installation for which the inputs have partial or full status as waste. Waste is defined in Article L. 541-1-1 of the Environmental Code as "any substance or object which a holder discards or intends or is required to discard."

C) CHINESE REGULATIONS

The 13th five-year plan for 2016-2020 continues to promote the adoption and stricter application of waste removal and treatment policies in the interest of environmental protection.

In early 2015, the Chinese Ministry of the Environment published temporary guidelines for screening risks concerning soil contamination in country planning. This document supplements the standard techniques for managing contaminated sites, including technical recommendations for soil remediation that were published by the Ministry of the Environment in 2014. These recommendations are consistent with the decontamination requirements of similar programs in countries with more developed environmental regulations.

In September 2014, the National Development and Reform Commission (NDRC), the Ministry of Finance, and the Ministry of Environmental Protection jointly issued rules on the nationwide implementation of differentiated tariff policies targeting pollutants discharged by industrial companies. The measure will raise the taxes collected for pollutant discharges by national and local authorities in order to reallocate these sums to fund environmental protection measures and policies.

On July 27, 2017, the Chinese Council of State published a plan to ban foreign waste from entering the country as well as a reform of the solid waste import administrative system (Plan). The Plan announced that at the end of 2017, solid waste presenting a serious threat to the environment and having a wide-ranging public concern will not be allowed to enter the country. Import licenses for solid waste will be cancelled. The ban includes eight types of plastic, paper, textile waste and vanadium slag.

D) AUSTRALIAN REGULATIONS

Each Australian state and territory has a different approach to waste legislation. Some, like New South Wales and Victoria, have comprehensive schemes for classifying waste. Others, such as Tasmania, pay particular attention to the most dangerous types of waste. Some states legislate at all levels, from waste generation to elimination, while others only regulate the elimination of waste.

In general, licenses are required for waste treatment, recovery and elimination. The terms of a given license generally stipulate the type of waste that a center may receive. Violations often occur when waste is eliminated in a plant other than the one for which the permit was obtained and that is authorized for a given operation. Transporters of certain types of waste must also hold permits that may be obtained in accordance with the various environmental regulations of the different states and territories.

Some waste must be traced as it crosses Australia. Each state has different legislation with regard to the type of waste that must be monitored. Authorizations to transport waste from one state or territory to another must be obtained prior to shipment from the jurisdiction where the shipment is being sent.

The Hazardous Waste Regulation of Exports and Imports Act of 1989 requires obtaining a permit for hazardous waste to be imported to or exported out of Australia. Some of this waste must then be traced during movement in Australia.

The fragmentation of the Australian market results in different frameworks for markets between the states and the territories and incurs added costs, more complex exchanges of information and in some case even adverse effects.

The National Waste Policy approved in 2009 sets regulations in the area of waste management and resource recovery by 2020 in six key areas and identifies 16 strategic priority actions that will feature a national and cohesive approach. These strategies will take the form of actions on the national level that will be carried out in close collaboration and under the authority of one or more jurisdictions.

6.8 Group environmental, corporate and social responsibility policy

Since the 2001 NRE (New Economic Regulations) law, French listed companies must report on their environmental and social impact in their Management Report. The Grenelle II Law (Article 225) reinforces these obligations by specifying the information that companies must report in three areas:

- environmental policy (section 6.8.1);
- employee relations policy (section 6.8.2);
- corporate social commitments to sustainable development (section 6.8.3).

Furthermore, the decree dated August 19, 2016 pursuant to the Law of August 17, 2015 on the energy transition for Green Growth added, inter alia, the following information, from 2016:

- measures for prevention, recycling, reuse, other ways of recovery and elimination of waste (section 6.8.1.1);
- actions for fighting against food waste (section 6.8.1.3), the significant greenhouse gas emissions items caused by the activities of the Company, especially through the use of goods and services it produces (section 6.8.1.5).

With ordinance 2017-1280 of July 19, 2017 and Decree 2017-1265 of August 9, 2017, France transposed European Directive 2014/95/EU on the disclosure of non-financial information, thereby requiring French listed companies to:

- take into account the amendments to Article 225 of the Grenelle II Law with regard to environmental information (section 6.8.1);
- prioritize an approach based on "materiality" (section 6.8.3.5);
- assume the obligations imposed by the "duty of care" law and the Sapin 2 law (section 6.8.3.1).

The new legislative and regulatory framework applies to fiscal years starting on September 1, 2017. It will therefore be applicable to SUEZ for its 2018 fiscal year. The Group has already implemented the few complementary measures required by the transposition of the European directive, in particular the update of its materiality analysis (section 6.8.3.5).

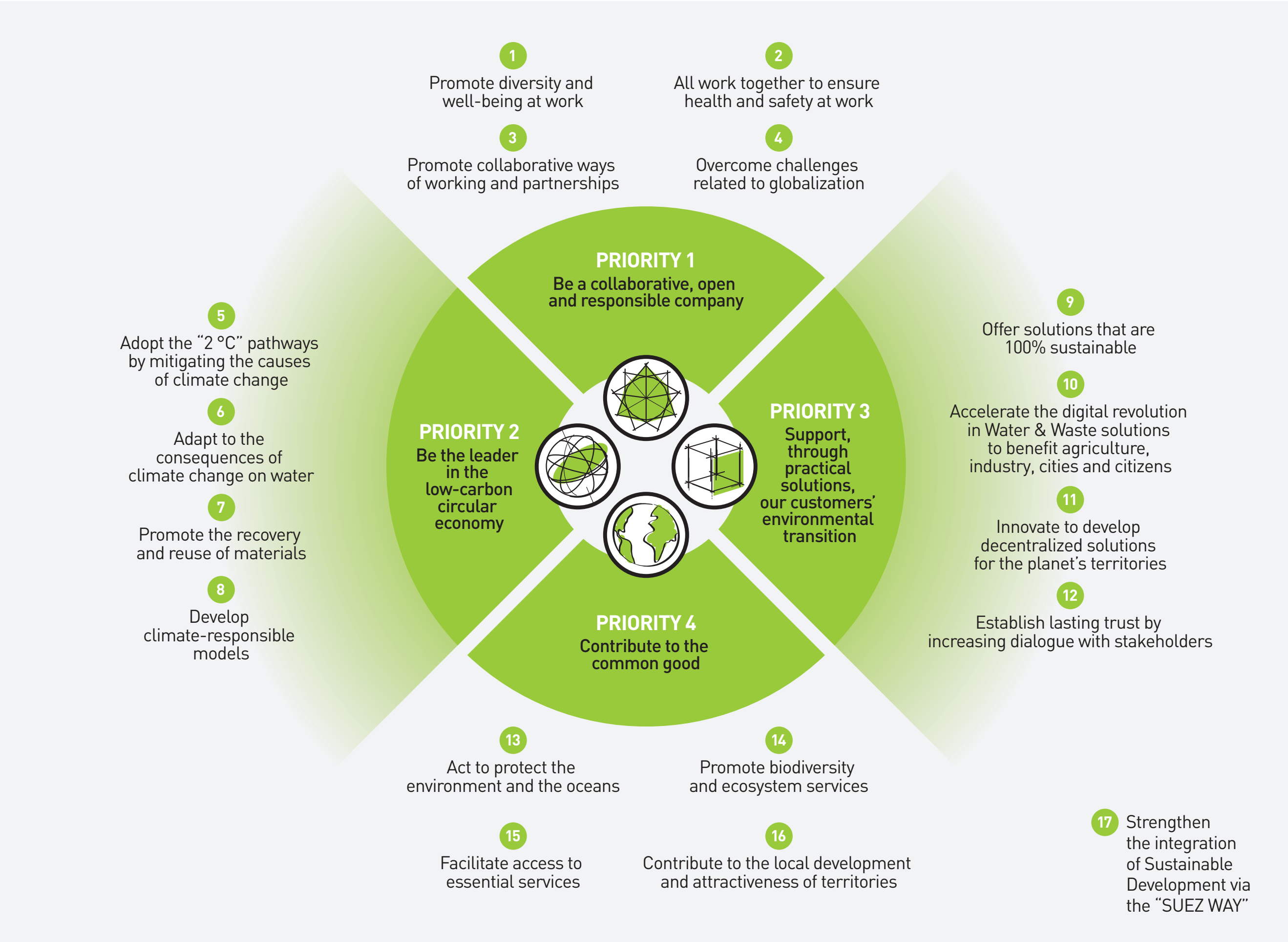
SUEZ's desire to be the leader in sustainable resource management aligns with its ambition to be evaluated in light of its overall operational, financial, environmental, corporate and social responsibility performance, something from which all stakeholders benefit. Therefore, by means of solutions promoting the environmental performance of its customers, its commitment to the conservation of resources and the fight against climate change, as well as its willingness to overcome challenges related to globalization such as respect for human rights, SUEZ strives to meet global performance requirements. Furthermore, SUEZ is committed to contributing to the common good by placing its sustainable development strategy within the framework of international agreements, in particular the United Nations Sustainable Development Goals for 2030 and the Paris Climate Agreement.

Following on from the previous Roadmaps (2008-2012; 2012-2016), the new 2017-2021 Sustainable Development Roadmap has been conceived as a guidance tool for the Group's transformation strategy. It was designed following an extensive internal and external consultation involving more than 5,000 people and a variety of different methods: a materiality analysis (section 6.8.3.5) which enabled challenges to be prioritized as well as consultation panels with employees, individual shareholders and external stakeholders. This robust dialogue process has allowed new or emerging challenges to be incorporated.

The new 2017-2021 Sustainable Development Roadmap was approved by the SUEZ Management Committee in December 2016, reviewed by the Ethics and Sustainable Development Committee held on February 23, 2017, presented in full to the Board of Directors on February 28, 2017, then at the Group Shareholders' Meeting held on May 10, 2017, and finally at the Board of Directors' Strategy Seminar held on November 2 and 3, 2017. It covers all the Group's business activities throughout the world and supports the Resource Revolution through its two main functions:

- to act as a lever for the Group's transformation and as a tool for management control: comprised of 17 measurable commitments with specific deadlines, it contains action plans to reach the objectives by 2021;
- to contribute to the Sustainable Development Goals, as defined by the United Nations in 2015.

As for the 2012-2016 Roadmap, the commitments of this new Roadmap will be accompanied by progress and performance indicators. A report on their progress is published annually in the Group's Integrated Report along with verification by an independent third party. It provides an opportunity to conduct an annual dialogue with a panel of internal and external stakeholders, to examine the implementation of the action plans and, if necessary, make adjustments.



6.8.1 Environmental management

SUEZ, a major player in the management of resources and the circular economy, operates in several sectors: water, waste and consulting. In this regard, it deals with the following environmental issues:

- reducing tension on natural resources through the conservation of water and raw materials resources, by integrating upstream customer requirements in the area of eco-design in relevant businesses, or downstream, through the development, improvement and diversification of the recycling and recovery sectors;
- supporting strong world population growth and urbanization trends, which exert heavy pressure on local resources, in particular those in emerging countries;
- fighting against climate change, for which the Group has set itself three commitments for the climate, published in 2015 and maintained in its new 2017-2021 Roadmap: mitigate the causes of climate change, adapt to its consequences such as drought and flooding, and build new alliances to foster the emergence of climate-responsible models;
- preserving environments: oceans, freshwater reservoirs, air, soil and control of potential impacts, and all types of pollution (noise, vibration, odor, visual discomfort, etc.) that may be caused by the operation of water and waste treatment plants;
- controlling energy use and developing renewable energies;
- protecting and promoting biodiversity at the sites where the Group operates;
- transitioning toward sustainable agriculture that can ensure food security and address the growing requirements of the population;
- the need to develop synergies between water, waste and energy production activities in the various regions.

SUEZ's customers cover a very wide spectrum:

- local authorities with which water and waste management contracts are signed, as well as the city residents – the end users of these services;
- professional customers, including industrial and services companies, managers of industrial parks, urban development companies, natural heritage managers and farmers;
- residential customers.

For water, SUEZ provides protection of this resource and of habitats, guarantees the production of drinking water and contributes to the purification of wastewater. Through high-performance management of resources and smart solutions, the Group streamlines use in order to sustainably conserve this resource. SUEZ purifies water to render it drinkable, desalinates seawater and manages sludge treatment and the treatment and recycling of wastewater for its reuse.

For waste management, SUEZ provides solutions for the recycling, management and recovery of materials, energy and biological matter from all types of waste. The Group pursues one primary objective: the production of new resources.

Thus, SUEZ is a major contributor to efforts to reduce nuisances and hazards and to conserve resources and habitats, to the development of the Circular Economy as well as the Sustainable Development Goals (section 6.8.4).

Furthermore, the Group is continuously innovating in order to reduce pressure on the environment and nuisances resulting from the operations of industrial waste and water treatment sites it manages, which, like all industrial activities, are governed by national and local environmental protection regulations. SUEZ is therefore committed to "Promoting biodiversity and ecosystem services" through objective 14 of its 2017-2021 Roadmap (section 6.8.1.6).

The risk of an impact on natural areas and resources generated by projects the Group manages are thus assessed, controlled and reduced *via* a control process through the mechanisms of environmental management at facilities.

Potential environmental pollution or damage expose the Group to various risks, which are likely to generate additional costs, but also affect its image and reputation. These risks are identified and managed as part of an overall risk management process implemented by the Group (see sections 4.1.2 and 4.2.2).

6.8.1.1 Environmental management

The Group has implemented a process aimed at improving its environmental management, minimizing the impacts of its activities and being proactive in its approach. Furthermore, complying with local, regional and national regulations is an ongoing concern:

- the Group develops innovative solutions in order to offer customers – whether municipalities or businesses – solutions that will deal with their environmental issues efficiently and at the lowest possible cost, and to more effectively assume the water and waste management responsibilities entrusted to them by legislative authorities;
- the Group constantly monitors the adequacy of all the plants and services it provides or manages to ensure that they meet the growing demands of environmental regulations. It also anticipates new legislation in order to be in the optimal position to meet the expectations of its customers and all of its stakeholders;
- it encourages its subsidiaries to implement their own environmental policies in line with the shared principles defined for the entire Group based on their activities, local economic conditions, and the needs of their industrial and municipal customers.

ENVIRONMENTAL AND INDUSTRIAL RISK MANAGEMENT

SUEZ has to take extreme care in monitoring environmental and industrial risks. SUEZ's environmental management is reviewed annually by the Board of Directors' Ethics and Sustainable Development Committee. In 2014, the Environmental Risks Management Policy was expanded to include Industrial Risks and approved by General Management.

In 2016, this policy was clarified to include management of the cybersecurity risk of Industrial Control Systems, consistent with the Information Systems Security policy.

This policy applies to all business units and to central services.

It addresses risks which may be of accidental or natural origin. They may be due to human or organizational factors, equipment breakdowns or malicious acts, including:

- all types of pollution (air, soil, aquatic environments) or environmental nuisance (noise, vibration, odor, visual discomfort, etc.);
- environmental damage as well as property damage and personal injury caused by fire, explosion, machine breakage, natural disasters, collapse of structures, etc.

This policy is consistent with the Global Risk Management and the Occupational Health and Safety Risks policies.

It clarifies the scope, policies and resources to be implemented and the respective roles of the business units and headquarters. It also aims to define the Group's management rules and to specify the environmental and industrial standards that are to be applied worldwide.

Where risks are identified, action plans to minimize the potential impact of a near-miss or environmental accident are implemented and monitored until their conclusion.

Section 4.2.2 of this Reference Document describes the management mechanisms for reducing industrial and environmental risks.

THE ENVIRONMENTAL OBJECTIVES INCLUDED IN THE GROUP'S 2017-2021 SUSTAINABLE DEVELOPMENT ROADMAP

The environment is an integral part of the Group's 2017-2021 Sustainable Development Roadmap with seven specific commitments, four of which (commitments 5 to 8) are dedicated to the climate and resource conservation. (see section 6.8.1.5 "SUEZ's commitments for the Climate").

Commitment No. 5: Adopt the "2 °C" pathways by mitigating the causes of climate change

Quantified targets

- Reduce GHG emissions over the entire scope of activities by more than 30% by 2030
- Enable our customers to avoid emitting 60 million metric tons of GHG
- Double the volume of recycled plastics
- Increase the production of renewable energy by more than 10%

Commitment No. 6: Adapt to the consequences of climate change on water

Quantified target

- Promote different uses of water that triple alternative water availability by 2030
- Save the equivalent of the water consumption of a city of over 2 million inhabitants

Progress objective

- Systematically suggest to our customers resilience plans for addressing the impact of climate change

Commitment No. 7: Promote the recovery and reuse of materials

Quantified targets

- Increase the production of secondary raw materials by 20%

Commitment No. 8: Develop climate-responsible models

Quantified targets

- Introduce a carbon shadow price in 60% of the total annual expenditure commitments for new projects

Progress objectives

- Establish a standardized global circularity indicator for goods and services
- Standardize the proposal of partially basing remuneration on our overall performance
- Raise awareness and train employees in emerging models (carbon accounting, new business models, etc.)

Commitment No. 9: Offer solutions that are 100% sustainable

Progress objective

- Implement a "Sustainable Portfolio Tool" for all our new solutions

Commitment No. 13: Act to protect the environment and the oceans

Quantified targets

- Continuously maintain emissions into the air below the thresholds established by local regulations (ratios of NO_X, SOx, Hg per metric ton incinerated)
- Accelerate the roll-out of integrated and collaborative approaches to significantly reduce plastic waste in the ocean
- Offer our customers treatment solutions for microplastics in wastewater before it is discharged into the sea

Commitment No. 14: Promote biodiversity and ecosystem services

Quantified targets

- Implement a biodiversity strategy within all the Group's business units
- Establish biodiversity action plans at 50% of the priority sites managed by the Group

The table below shows the results of indicators verified by the Statutory Auditors with reasonable assurance at SUEZ level:

Indicators (global scope)	2017 data
Energy consumption of Group Recycling and Recovery activities [a] (XXX)	4,186 GWh
Useful energy production of Group Recycling and Recovery activities [a] (XXX)	10,187 GWh
Energy consumption of Group Water activities [a] (XXX)	7,187.6 GWh
Useful renewable energy production of Group Water activities [a] (XXX)	848 GWh
Direct greenhouse gas (GHG) emissions from processes or equipment owned or controlled by SUEZ, and indirect emissions associated with the consumption of electricity and heat by SUEZ [b] (XXX)	8.53 Mt CO_2eq
Technical yield of Group Water activities networks (XXX)	80.1%

See meaning of (XXX) in section 6.8.1.8.
(a) Including internal consumption of energy produced.
(b) As of 2017, the calculation of greenhouse gas emissions is based on the recommendations contained in the fifth IPCC Report, specifically a global warming potential of 28 for methane.

EMPLOYEE TRAINING AND INFORMATION ON ENVIRONMENTAL PROTECTION

The Group informs its employees about its positioning, performance, actions and best practices to promote environmental protection by means of its intranet system, its Integrated Report and dedicated events on the subject. In 2015, SUEZ committed to a voluntary Integrated Report process, inspired by the reference framework published in December 2013 by the International Integrated Reporting Council (IIRC). The Integrated Report replaced the Group's Sustainable Development Report in 2015 and the Group's Annual Activity Report in 2016. Its purpose is to illustrate the reconciliation of the Group's financial and non-financial performance and it aims to provide better comprehension of the ecosystem in which the Company operates in order to accordingly strengthen the quality of dialogue with stakeholders.

Training actions in the area of environmental protection were also set up. Specifically, the Group has launched "Ambassador", its first "Serious Game", the purpose of which is to help all employees, particularly new recruits, to understand the Group's businesses and challenges, especially those involving sustainable development. In an urban environment, "Ambassador" simulates relationships between water and waste, the environment and society. The employee plays the central role, aiming to achieve and maintain a high level of customer satisfaction by resolving various problems. This scheme is being overhauled in the first half of 2018 in order to prepare for the launch of a new campaign in June 2018.

To support the dissemination of the environmental and industrial risks management policy and its operational rules, a set of distance training modules was developed and distributed within the business units.

At the subsidiary level, training and information activities tailored to the local context are also organized. For more information regarding the training policy in the Group, see section 6.8.2 of this Reference Document.

The employee representative bodies of the Group and its main subsidiaries are also regularly informed of the progress achieved by the Group in the areas of sustainable development and environmental protection.

ENVIRONMENTAL MANAGEMENT SYSTEMS CERTIFICATION

The Group encourages the organizations in charge of the services it offers to obtain ISO 14001 certification or equivalent, according to international standards. Environmental Management Systems certification is especially advanced in the Waste businesses. In the Water businesses, business units may prefer to implement other certifications, such as those related to quality management (ISO 9001), which has been obtained by the main business units of the Group, health and safety (OHSAS 18001), food safety (ISO 22000), energy management (ISO 50001), or asset management (ISO 55000).

ORGANIZATION AND OPERATIONAL AND ENVIRONMENTAL PERFORMANCE MEASUREMENT AND CONTROL SYSTEMS

Since 2003, SUEZ has employed a special reporting system to manage the deployment of its environmental and industrial actions, control environmental and industrial risks and keep stakeholders informed about its environmental performance and operating results. This system was developed on the basis of recommendations arising from the work performed at international discussion forums like the Global Reporting Initiative (GRI) or the World Business Council for Sustainable Development (WBCSD). It meets the requirements of the NRE law and covers the information required by Article 225 of the French Grenelle II Law of July 12, 2010, in accordance with Ordinance 2017-1280 of July 19, 2017, which transposes European Directive 2014/95/EU, and Decree 2017-1265 of August 9, 2017.

Indicators for measuring and improving environmental and operating performance are reported to headquarters, and the results are relayed *via* business intelligence applications. The indicators show the progress made and provide an overall view as well as specific views of each of the activity of the business units, which are comparable within the Group (benchmarking-type analysis).

In an annual Environmental and Industrial Compliance letter, the CEOs of SUEZ business units and subsidiaries express their commitment to the following:

- the data conveyed through the reporting process has been audited and is deemed fair and consistent;
- the Group's Environmental and Industrial Risk Management Policy is applied. Significant risks are identified and appropriate action plans are established, quantified and monitored.

Information regarding the Group's environmental and operational performance is communicated in the SUEZ Integrated Report, as well as through reports published by its business units.

Headed up by its network of Environmental and Industrial Risks Officers and its annual technical and performance reports, SUEZ monitors its subsidiaries' environmental activities and ensures that best practices are shared.

Since 2003, SUEZ has also been continuing its efforts to increase the reliability of its environmental data, which is audited by third parties. The aim is to make this non-financial reporting process an increasingly effective guidance tool for supporting the aims of the Group's Sustainable Development Roadmap, as well as a tool used in dialogue regarding the ongoing improvement of its non-financial performance.

The reporting exercise carried out in 2017 again contributed to a process of continual improvement of procedures for gathering and disseminating information, particularly relating to the environment, including a review of the nature of the indicators collected in order to align them with the process of monitoring the commitments established in the new Roadmap.

6.8.1.2 Health protection

WATER: ALWAYS BE A FEW STEPS AHEAD REGARDING THE QUALITY OF DISTRIBUTED WATER

Concern for consumers' health is the reason for implementing major control mechanisms within the Group, as well as for the use of methods and tools to prevent a potential health crisis. Self-monitoring programs for water quality in the system are, in general, superior to regulatory requirements and the Group's sites are equipped with remote surveillance systems or 24-hour operational alert systems. Service continuity is ensured by organizing work and especially through on-call systems.

In addition to this prevention policy, the Group has developed crisis management procedures in liaison with local authorities in the event of an accidental deterioration of water quality in municipal water systems.

Regulations concerning distributed water quality parameters are constantly changing in line with the emergence of new risks. Aside from bacteriological and physicochemical criteria, certain "emerging" pollutants (pharmaceutical products, endocrine disruptors, etc.) are of particular concern to experts and operators in the water and environment sector. The Group has put in place specific research programs in this area so as to be better able to understand, analyze, monitor and handle such new molecules, while participating in public debate on the subject. In May 2016, SUEZ and its Swiss partner Techfina were selected by the city of Lausanne to build and operate the Vidy wastewater treatment plant, with the objective of neutralizing 80% of micro-pollutants that come into the facility, thus better protecting the valuable Lake of Geneva resource.

The Group is also committed to developing partnerships with local authorities, industrial players and farmers to ensure the qualitative protection of water resources in river basins.

Furthermore, treating wastewater in facilities managed by the Group contributes more generally to significantly reducing the content of polluting substances (organic matter, nitrogen, phosphorous, etc.) discharged into the environment and that could reduce the quality of water resources.

WASTE: CONTROL POLLUTING ATMOSPHERIC EMISSIONS

In the Waste segment, polluting atmospheric emissions are due mainly to the incineration of hazardous and non-hazardous waste. They are monitored constantly in accordance with local, regional and/or national regulations. NO_X, SO_x, mercury and dust/particle emissions are monitored locally and are included in the data collected in the Group's annual environmental reports.

In order to meet expectations of local residents near sites in terms of air quality, the Group has committed to "Continuously maintain emissions into the air below the thresholds established by local regulations" as part of its 2017-2021 Roadmap. This performance above the thresholds established by local regulations applies in particular to the 56 ERUs (Energy Recovery Units) managed by SUEZ around the world.

WATER AND WASTE: LIMITING NOISE, ODOR AND VISUAL POLLUTION

SUEZ has developed a service called "NOSE", which objectively evaluates and models the impact of the olfactory footprint of wastewater collection and treatment activities or sites, sludge recovery or waste management on local residents.

This service enables the Group to suggest solutions for controlling the olfactory footprint, by keeping it below the level of two units of odor per cubic meter (UO.m^3) and thus meeting regulatory requirements (footprint below the threshold of five units of odor per cubic meter) when they exist.

Specific measures to prevent or treat odors can thus be planned from the design phase of the facilities.

For existing facilities, preventive and corrective measures are implemented to limit olfactory, noise and visual nuisances. The following examples illustrate these actions:

- design and installation of dedicated treatment units;
- installation of biogas capture and processing systems;
- operational practices to minimize the generation and dispersion of odors;
- application of masking agents (*e.g.*, in the working areas of landfills in operation);
- measurement and verification of compliance with regulatory thresholds for day/night noise levels;
- soundproofing of technical facilities and noisy machines;
- use of hybrid or all-electric waste collection vehicles;
- integrating works into surrounding landscapes.

6.8.1.3 Conservation of resources

WATER CONSERVATION

Population growth, changing eating habits and the resulting agricultural demand for water, and the inadequacy of cleanup systems have resulted in growing pressure on water resources. In addition, climate change is introducing the risk of increased tension in a growing number of regions, particularly through increasing incidences of droughts.

Water is a very unevenly distributed resource that must be protected. Some countries have already experienced water stress situations, which are harder to manage when the country is at a low level of economic development. By 2025, two-thirds of the world's population could be living in regions affected by strains in the water supply, particularly the Middle East and certain regions of Africa, Asia and Latin America.

Reduction of water usage has received particular attention throughout the world, through demand management programs. These include infrastructure measures (reducing leaks) and other measures targeting user behavior: putting in place rate structures to encourage water saving, awareness campaigns to combat waste. In addition, the objectives of such programs increasingly exceed the mere optimization of economic efficiency (reducing costs of consumable materials), and include careful management of the resource as an end in itself. The use of "non-conventional" water resources is expected to grow significantly. In particular, the reuse of wastewater for agricultural and industrial purposes, the upkeep of public parks, and the replenishment of groundwater reserves, is likely to increase significantly in the years to come.

As such, the conservation of water resources is a major priority for SUEZ. For this reason, in line with its commitments for the climate adopted in August 2015, the Group has committed to "adapt to the consequences of climate change on water" (Commitment 6, see section 6.8.1.1) as part of its 2017-2021 Sustainable Development Roadmap. This commitment is reflected in three objectives, which are to "Systematically recommend to our customers resilience plans for addressing the impact of climate change", "Promote different uses of water that triple alternative water availability by 2030" and "Save the equivalent of the water consumption of a city of over 2 million inhabitants".

Through its activities as a drinking water and wastewater treatment services operator, the Group's contribution to the protection of water resources and ecosystems falls into three specific categories:

- qualitative protection of water resources to prevent deterioration. Preventing pollution by controlling the quality of water released into the environment, by monitoring the quality of protected zones, and entering into partnerships for the qualitative protection of water resources in river basins are key priorities of the Group in protecting water resources;
- making alternative resources available. Reuse of treated wastewater in compliance with the most stringent health standards, for agricultural, industrial or municipal use, as well as the desalination of seawater, are all recommended solutions in situations where they are relevant;
- optimization of existing water resources, either *via* close status monitoring, ongoing precautionary sampling over the long term or encouraging users to consume water intelligently by carrying out awareness actions for the benefit of users. The Group innovates constantly to limit water wastage, since the resource is scarce and increasingly costly to produce – particularly in regions of high water stress – by offering geo-filtration techniques that consist of injecting purified surface water into underwater reservoirs and accelerating the roll-out of "smart" solutions. Smart metering solutions provide a means of optimal water resource management, especially through improved consumption forecasts, online calculations of water network yields and the precise location of leaks. Smart meters are also a way for users to control their water consumption: by the end of 2017, 3.9 million meters (utilizing Automated Meter Reading [AMR] and Advanced Metering Infrastructure [AMI]) had been installed at the premises of SUEZ's Water business customers; an increase of 26% compared to 2016. Furthermore, Aquadvanced Water Networks, the flagship product of the new Advanced Solutions line, is a tool for improving monitoring of water systems through the analysis of numerous data provided by sensors measuring flow, pressure and rate. As part of its 2017-2021 Roadmap, SUEZ supports its objectives in the area of optimized resource management by committing to "Accelerate

the digital revolution in Water and Waste solutions to benefit agriculture, industry, cities and citizens", through a 20% increase in the number of connected objects by 2021 (Commitment 10).

Even though water consumption in the Group's industrial processes is very low in contrast to the volumes managed by the drinking water production business, this use is still subject to local streamlining actions. SUEZ contributed to the establishment in December 2015 of the Business Alliance for Water and Climate, in partnership with CDP, the World Business Council for Sustainable Development and the CEO Water Mandate of the United Nations Global Compact, whose purpose is to gather industrial players together to commit to assessing and reducing their water footprints. Now acknowledged by the Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC) as one of the alliances of the "water" theme of the International Climate Agenda, the Business Alliance is a group currently comprising 49 companies on five continents that have total revenues of USD 650 million: it has set a target of reaching 100 companies with total revenues of USD 1 billion by the end of 2018.

WASTE RECOVERY AND THE CIRCULAR ECONOMY

In the waste sector, SUEZ provides circular economy solutions such as recycling and materials recovery, in addition to energy and biological matter recovery processes from all types of waste, with the objectives of creating new resources, producing renewable energy and reducing the greenhouse gas emissions of the Group's customers. These activities contribute to decorrelating economic growth from the consumption of raw materials and thus to generating cascading reductions in greenhouse gas emissions linked to production and consumption patterns.

The Group thus operates several types of facilities, such as:

- voluntary drop-off centers/household waste recycling centers;
- sorting and recycling centers;
- production facilities for Solid Recovered Fuel (SRF);
- disassembly and dismantling facilities: waste electrical and electronic equipment, end-of-life vehicles, bulky waste, furniture, etc.;
- facilities for reprocessing of specific, pre-sorted recyclable materials: transformation into secondary raw materials.

Biological treatment also represents opportunities for recovery:

- composting platforms: household waste, urban and industrial sludge, green waste, livestock sludge, grease, etc.;
- mechanical and biological treatment.

In line with the objectives of the Group's 2017-2021 Sustainable Development Roadmap, SUEZ has targeted a 20% increase in the quantity of secondary raw materials produced, a 10% increase in the production of renewable energy, and a doubling in the volume of recycled plastics by 2021.

In order to enable the implementation of its objectives in terms of recovery and acquiring new recyclable reserves, the Group is increasing the number of projects and initiatives, such as:

- Recycling electrical and electronic waste: SUEZ supported Bouygues Telecom and its partners, WWF France, Samsung and Recommerce, in a nationwide project aimed at raising public awareness of recycling and the reuse of mobile phones. Collections were organized at Bouygues Telecom stores across France, with SUEZ then recycling the used phones, primarily at its Feyzin plant.
- Environmental facility management for a more integrated and circular vision of waste management: with PSA, SUEZ is active at the heart of the Metz and Polaris factory production lines in order to optimize collection, improve waste recovery and the related logistics management, and create short recycling loops.
- Recycling plastic washed up on beaches: SUEZ assisted Procter & Gamble in creating the world's first recyclable shampoo bottle made from plastic collected from beaches. Carried out in partnership with TerraCycle, this innovation means that the new bottles will be made from 25% recycled ocean plastic content. It was rewarded with the United Nations "Momentum for Change" award.

SUEZ is continuing to develop solutions for eliminating non-recoverable residual waste, *i.e.*, which cannot be transformed into new resources, in ways that respect the environment and are affordable.

Because its business is the treatment, recovery and elimination of solid waste, the volume of waste produced by the Group's water and waste activities and its consumption of raw materials are very limited in relative terms. Specific action plans aimed at reducing waste have nevertheless been implemented in the various subsidiaries. These different plans at the local, regional and national levels reflect the local characteristics of the various contracts.

The Group places particular emphasis on reducing volumes of sludge from the treatment plants it manages that are not recovered by sustained materials recovery methods like composting or spreading "clean" sludge as a soil enriching agent in agriculture, or energy recovery, *via* the production of biogas, incineration or co-incineration.

As with the Water business and as set out in Commitment 10 of its 2017-2021 Roadmap, "Accelerate the digital revolution in Water and Waste solutions to benefit agriculture, industry, cities and citizens", SUEZ is committed to the digitization of its Waste activities, which will improve management and optimize environmental impacts. In this way, smart waste covers the entire waste value chain: at the collection stage, geo-tracking trucks streamlines movements; in the sorting sites, robotized arms improve recycling rates; lastly, end users benefit from new services, such as SITA.scope, SITA.connect and e-commerce.

SUEZ is also a founding member of the AFEP "Circular Economy" group (French private enterprise association) and contributed to the publication on February 1, 2017 of the document entitled "33 companies making 100 commitments to boost the circular economy".

COMBATING FOOD WASTE

As with action plans aimed at reducing waste production in the Recycling and Recovery business, SUEZ is investing in food waste reduction at its premises and at those of its customers.

According to the French Minister of Agriculture, over 10 million metric tons of food waste was produced in France in 2015, of which 1.5 million metric tons occurred in institutional and commercial catering. The *Food Wastage Footprint: Impact on Natural Resources* study, published by the FAO (Food and Agricultural Organization of the United Nations) in 2013, reports that food waste generated by the planet in 2005 was the third-largest source of GHG emissions, amounting to 3.5 Gt CO_2-eq., just after China and the United States. The same study indicated that food waste has the world's largest water footprint, ahead of India and China, at 250 cubic kilometers of water on average between 1995 and 2005.

Awareness of these circumstances is reflected in progressive reinforcement of the regulatory environment. On January 19, 2012, the European Parliament adopted a resolution intended to halve food waste in Europe by 2025, an objective that France reaffirmed in its National Pact for Combating Food Waste. In 2016, the fight against food waste became a restrictive legal reality in France, with Law No. 2016-138 on the fight against food waste, which introduced the following constraints: food retailers must use up unsold inventory by means of donations, animal feed, composting or energy recovery. In addition, the country has made food waste a part of corporate social and environmental responsibility.

In November 2016, SUEZ published an open source collaboration guide, in French and English, on reducing food waste in company cafeterias, which combined research, interviews and shared experience of various stakeholders, internal players, experts on the subject, social and environmental entrepreneurs and associations. The guide offers methodologies, solutions and contact information of key persons. Following publication of the guide, SUEZ conducted an internal audit at its headquarters in order to assess and identify the causes of food waste and to implement *ad hoc* solutions. As a result, smaller portion sizes were proposed and employee awareness-raising campaigns were undertaken. A partnership was also signed with the association *Le Chaînon Manquant* ("The Missing Link"), which collects surplus food from company cafeterias at the Tour CB21 building (SUEZ headquarter) and redistributes it to charities around the La Défense district.

In addition, SUEZ signed a partnership with a start-up to develop an application designed to reduce food waste at company cafeterias. Tested in spring 2018 by SUEZ employees eating lunch at the restaurants in the Group's headquarters in the La Défense district, the application will raise awareness among restaurant users and improve understanding of their consumption habits in order to adjust portion sizes and services, thereby limiting food waste.

Finally, in June 2017, SUEZ and De Facto (developer of the La Défense district) launched a working group comprising numerous associations, municipal customers and companies headquartered in the La Défense district. Its purpose is to discuss collective local solutions that could be applied to the issue of food waste within companies. A draft quantitative and qualitative analysis of food waste within corporate catering establishments in the La Défense district has been drawn up. It will enable us to establish the current state of play, develop an action plan and measure the impact within the business district, as well as propose solutions that can be rolled out in other districts around Europe. In order to finance this analysis at five La Défense office tower blocks, an association under the Law of 1901 was established comprising SUEZ, Allianz, Mazars, Arpège and COMPASS Group, supported by De Facto, EPT Paris-Ouest La Défense and by the associations *La Maison de l'Amitié* and *Le Chaînon Manquant*. In December 2017, this association responded to the call for proposals launched by the national food program of the DRIAAF, co-funded by ADEME and DGCS.

SOIL REMEDIATION

The Group's range of services includes the remediation of polluted soils. These treatments are conducted either on site or by excavating and transporting the soil to an appropriate Group facility. The Group has developed multi-modal treatment platforms that are capable of treating most of the pollutants encountered, including hydrocarbons, non-biodegradable organic substances, organic materials and heavy metals.

This treatment is performed under close environmental supervision and ensures traceability, which makes all parties in the chain more accountable.

The Group also engages in activities that have an impact on land use, particularly its landfill operations. The rehabilitation of landfills following their closing is part of the business plan and may be carried out by Group companies with a view to transforming them into landscaped or recreational areas for local communities.

6.8.1.4 Energy management

ENERGY EFFICIENCY

Use of electricity by the Group's Water business and consumption of fuel for its collection vehicles are the two items representing a preponderant portion of the Group's energy use.

As part of its 2017-2021 Sustainable Development Roadmap and in line with its commitments for the climate adopted in August 2015, the Group made increases in the energy performance of all of the sites it manages, together with streamlining waste collection logistics and bolstering its "clean vehicles" policy, three fundamental levers of its commitment to reduce GHG emissions by 30% across its operations by 2030 (see section 6.8.1.5).

It should, nonetheless, be noted that the sites managed by SUEZ are occasionally obliged to increase their energy consumption to improve services rendered, *e.g.*, treating pollution more effectively or increasing proportions of waste recovered, or due to heightened regulatory related to environmental protection. Improving the energy efficiency of its processes is therefore a challenge.

The Group strives to improve the energy efficiency of all processes it manages. It is especially seeking to reduce consumption of energy related to its collection activities, transportation of waste and urban cleaning carried out with a fleet of over 11,500 heavy vehicles. It strives to reduce fuel consumption by optimizing collection rounds (frequency and distance traveled, for example) and by introducing new engines and alternative fuels, as well as by training drivers to drive more economically.

In waste treatment facilities, examples of actions implemented include purchasing green energy, implementing new technologies, installing variable speed mechanisms, controlling consumption through metering, correcting the power factor and using new lighting systems (solar, LED, etc.).

In the water sector, context-specific action plans have also been put in place: purchasing green energy, renovating facilities and introducing more efficient equipment, implementing variable-speed pump systems; installing systems to modulate pressure in drinking water supply networks, establishing automated tools for checking treatment processes and creating inspection plans to identify potential energy savings.

The Group monitors changes in energy regulations at European level (EU Energy Efficiency Directive, the Climate and Energy Package, etc.) and at the national level, in France, such as the energy transition for Green Growth bill of August 17, 2015. Its subsidiary Water France has already achieved ISO 50001 certification for 100% of its energy invoicing, to address the new regulatory framework in France regarding the obligation of companies to carry out energy audits. Today, all actions taken by the Group in this area are in line with these regulations.

ENERGY PRODUCTION

A key priority for SUEZ, the useful energy produced (sum of electrical energy produced and thermal energy sold and used internally) from incineration plants, methanization plants and biogas recovery from landfills has increased continually in recent years to reach 10,187 GWh in 2017.

Therefore, as part of its 2017-2021 Sustainable Development Roadmap and in line with its commitments for the climate adopted in August 2015, SUEZ has committed to increase the Group's renewable energy production by 10% by 2021 (see section 6.8.1.1), in conjunction with local policies of transitioning from landfills to recovery and through a substantial increase in its production of biogas.

The two indicators "Useful energy production of Group Recycling and Recovery activities" and "Useful energy production of Group Water activities", consolidated and audited annually, enable follow-up and monitoring of this energy performance (section 6.8.1.1).

In order to enable the implementation of its renewable energy production objectives, the Group is multiplying its projects and initiatives, such as:

- Improved biogas recovery from non-hazardous waste landfills with WagaBox®: The SUEZ non-hazardous waste landfill in Saint-Maximin (Oise, France) now produces biomethane thanks to an innovative new biogas and biomethane recovery solution. This innovation, which is based on the WagaBox® solution, improves the energy efficiency of non-hazardous waste landfills by 38% for electrical recovery to reach 85%, and reduces greenhouse gas emissions. This biomethane is injected into the natural gas urban distribution network operated by GRDF.
- Local short-loop energy for growing vegetables: The Econôtre eco-hub near Toulouse (Haute-Garonne, France), has introduced a new heat network that enables the waste-to-energy recovery unit (ERU) to heat vegetable greenhouses built around the site. Indeed, the implementation of cogeneration at the site (electrical and thermal energy) enables Econôtre to achieve an energy performance of 86%.

6.8.1.5 Climate change mitigation and adaptation policies

REGULATORY FRAMEWORK FOR CLIMATE CHANGE

In recent years, there has been a significant increase in regulations to reduce greenhouse gas emissions globally, and in the European Union, in particular.

The institutional framework regulating carbon constraints is the result of the United Nations Framework Convention on Climate Change dated May 9, 1992, the Kyoto Protocol of December 11, 1997 and, in Europe, Directive 2003/87/EC of the European Parliament and of the Council of October 13, 2003 relating to the European Union Emissions Trading System (EU ETS).

In Europe, the 2020 Climate and Energy Package adopted by the European Union in 2008 aims to reduce greenhouse gas emissions by 20% compared to 1990 levels, to achieve a 20% share of renewable energy in overall energy consumption in the EU, and to improve energy efficiency by 20%. The new Climate and Energy Package and the European climate and energy framework adopted by the European Council on October 23, 2014 set European climate objectives up to 2030 that include a 40% reduction of greenhouse gas emissions, a 27% increase in energy efficiency and the achievement of a 27% share of renewable energy in the European Union energy mix.

In France, the Energy Transition for Green Growth Bill of August 17, 2015 includes new commitments for 2030 in line with the objectives of the European Climate and Energy Package: a 40% reduction in greenhouse gas emissions *versus* 1990 emissions levels and an increase in the share of renewable energy in the French energy mix to 32% of the country's final energy consumption. The law also stipulates the publication of information by companies regarding financial risks linked to climate change and the measures that individual companies are taking to reduce them by implementing a low carbon strategy in all aspects of their activities. In addition, the Climate Plan presented by the Minister for Ecological and Inclusive Transition on July 6, 2017 consists of a series of measures aimed at better seizing the opportunities related to climate action in terms of innovation, investment and job creation, and to accelerate the environmental transition of the main greenhouse gas-producing industries.

Decree No. 2011-829 (Article 75 of the Grenelle II Law) of July 11, 2011 together with the law of December 24, 2015 relating to greenhouse gas (GHG) emissions and the EU Climate and Energy Package (CEP) requires companies with more than 500 employees to produce a greenhouse gas emissions report every four years. This decree sets the framework of legal obligations and defines the content of the report and how it must be made available.

Article 173-IV of the Energy Transition for Green Growth Bill of August 17, 2015 increased reporting obligations in the French Commercial Code related to the impact of business on climate change. Article L. 225-102-1 of the French Commercial Code, as amended by Article 173-IV, states that any company falling within the scope of that article must include information on the impact of its activity and of the goods and services that it produces on climate change in its non-financial reporting.

Decree 2016-1138 of August 19, 2016 implementing Article 173-IV of the Energy Transition for Green Growth Bill amends Article R. 225-105-1 of the French Commercial Code. It establishes that the corporate and environmental responsibility (CER) report appended to the annual Management Report must account for "the significant greenhouse gas emissions items caused by the activities of the Company, especially through the use of goods and services it produces". This obligation concerns companies with more than 500 employees and with revenues or a balance sheet total of over EUR 100 million, as from the fiscal year ended December 31, 2016.

The Paris Agreement, adopted unanimously by the 196 parties present on December 12, 2015 at the end of the 21st Conference of Parties (COP21), of the UN Framework Convention on Climate Change, which entered into force in November 2016, confirms the objective to limit the increase in temperatures by the end of the century to less than 2°C compared to pre-industrial times. This agreement represents a major milestone in international negotiations on climate change because, for the first time, all countries are committing to reducing their greenhouse gas emissions in accordance with their national circumstances, through communication to the United Nations of their Intended Nationally Determined Contributions (INDCs). These commitments should lead to the multiplication of public climate policies and stimulate the creation of innovative carbon pricing mechanisms, to which the Paris Agreement also refers. The text also recognizes the key role of non-state organizations, including companies and cities in the deployment of solutions and commitments necessary for the effective reduction of greenhouse gas emissions and adaptation to the consequences of climate change. It also encourages the creation of voluntary coalitions on thematic topics identified as priorities, such as the Business Alliance for Water and Climate mentioned earlier.

The publication in October 2017, shortly before the COP23 conference, of the UNEP report on global climate action underlined the urgent need to accelerate the involvement of state and non-state actors in the "2 degrees" objective: it demonstrates that, at current levels, the commitments to reduce emissions by 2025 or 2030 made voluntarily by states at COP21 would lead to a temperature increase of over 3 degrees by the end of the century. The upward revision of these commitments will therefore be the main challenge facing the COP24 conference, to be held in Poland in December 2018.

Finally, the One Planet Summit held in Paris on December 12, 2017 led to increased public and private financing in climate action.

SUEZ'S CARBON PROFILE: DIRECT, INDIRECT AND AVOIDED EMISSIONS, AND THOSE FALLING UNDER "SCOPE 3 DOWNSTREAM"

Because the activities of its water and waste businesses use energy, but also because these businesses contain deposits that are still insufficiently exploited in terms of renewable energy production and secondary raw materials, SUEZ, true to its determination to lead by example, is innovating incessantly to mitigate its impacts on the climate and promote the solutions that are part of the momentum of local circular economies.

In 2017, SUEZ emitted 8.5 million tCO_2-eq through its activities, which themselves contributed to the avoidance of 9.4 million tCO_2-eq of greenhouse gas emissions to its customers.

SUEZ emissions in 2017 (in tCO_2-eq.)	
Waste	6,021,804
Water	2,505,638
Total	**8,527,442**

Emissions avoided by SUEZ customers in 2017 (in tCO_2-eq.)	
Waste	9,092,688
Water	281,394
Total	**9,374,082**

As of 2017, the calculation of greenhouse gas emissions is based on the recommendations contained in the fifth IPCC Report, specifically a global warming potential of 28 for methane.

The Group's emissions may be broken down as follows:

- In its waste business: 6,021,804 metric tons of CO_2-equivalent, *i.e.* 71% of total Group emissions. Up to 97% of these emissions are direct, resulting from fugitive methane emissions released when waste is landfilled or from greenhouse gases produced through incineration. These also include emissions from the vehicles of subcontractors transporting incoming waste and the secondary raw materials leaving facilities managed by the Group (169,502 tCO_2-eq. in 2017).
- In its water and wastewater business: 2,505,638 metric tons of CO_2-equivalent, *i.e.* 29% of total Group emissions. These emissions are primarily indirect (92%): they result essentially from the use of electricity in water treatment processes.
- Each year, SUEZ reports to the rating agency CDP (formerly Carbon Disclosure Project), which evaluates the performance of companies' climate strategies. In 2017, the CDP confirmed the inclusion of SUEZ in its "Climate A list"; SUEZ is the only French utility company to appear on the list in 2017.

Emissions avoided by SUEZ customers are part of emissions linked to the "use of goods and services that the Group produces", in the meaning of information obligations related to Article 225 of the Grenelle II law, as amended, which relate to materials and energy recovery activities. Accordingly, because of the multitude of sources available, the Group decided to base its calculations of avoided emissions on public data issued by Prognos on the Europe-27 scope, as 75% of waste processed by the Group is in Europe. As calculating avoided emissions is very sensitive to the choice of emission factors used, the Group has used the same source of information since 2012 to ensure comparability of data. Uncertainty about calculated data remains high due to the wide variability of emission factors that may be used.

The sources of emissions avoided are:

- Materials recovery by means of:
  - waste recovery, sorting and recycling,
  - composting,
  - recovery of residual waste from incineration of non-hazardous waste,
  - production of solid recovered fuel;

- Energy recovery by means of:
  - incineration of municipal or industrial waste,
  - burning of biogas recovered from landfills,
  - energy recovery from biogas produced from wastewater.

The other items falling under emissions produced by the Group and related to the use of its goods and services ("scope 3 downstream, pursuant to the GHG Protocol) are stated annually in SUEZ's published response to CDP, as are other items related to the "scope 3 upstream" classification. The most significant item of "scope 3 downstream" is related to end users' domestic water use, involving clean hot water production, cooking and other activities. It amounts to around 16 million tCO_2-eq. per year, according to a calculation carried out in part through expert assessments. SUEZ has relatively limited power to act on this item, but it can contribute to reducing it by recommending solutions to control consumption, such as remote meter reading, and conducting public awareness campaigns about saving water.

The other relevant "scope 3 downstream" items of the Group's activities are less significant. These are GHG emissions related to GHG emissions from sludge when agricultural recovery is carried out by outsourced contractors, and primarily N_2O emissions related to self-purification of residual pollutants in effluents discharged into the environment of around 384,000 tCO_2-eq. per year (calculation carried out in part through expert assessments).

SUEZ'S COMMITMENTS FOR THE CLIMATE

Commitments for the climate number 5, 6, 7 and 8 of the Roadmap, broken down into 12 different objectives assembled with the principal aim to "Be the leader in the low-carbon economy", use the commitments already adopted by the General Management of SUEZ in August 2015, in line with the "2 degrees" objective from the COP21 conference, and contributing to the Sustainable Development Goals adopted by the United Nations in September 2015.

These commitments aim to:

- continue efforts to reduce the Group's carbon footprint;
- promote the circular economy model that structurally reduces greenhouse gas emissions and protects resources;
- adapt to the consequences of climate change on water.

These 4 commitments and the 12 associated objectives are described in section 6.8.1.1: Commitments number 5, 6, 7 and 8.

The target to reduce greenhouse gas emissions by 30% by 2030 has been aligned with the objective set by the Intergovernmental Panel on Climate Change, of keeping the increase in global average temperature to below 2°C by the end of the century. This step was validated by the Science Based Targets international initiative in December 2017. SUEZ was the first environmental services business in the world to receive this recognition. SUEZ is also committed to making what it has learned from its process available to its stakeholders using an open source logic, so all those who wish to may benefit from this feedback. These shared best practices will contribute to implementing new climate-responsible alliances.

During 2017, SUEZ continued its commitment to collective projects designed to accelerate the involvement of non-state actors in climate action, be it in terms of their contribution to the circular economy, reducing greenhouse gas emissions or implementing solutions aimed at protecting water resources when faced with the consequences of climate change: the Group's General Management contributed to the work of the United Nations General Assembly and the Global Compact at Climate Week in New York in September 2017, and the work of the Marrakech Partnership for Global Climate Action (formerly Global Climate Action Agenda) at the COP23 conference in Bonn in November 2017.

At the One Planet Summit in Paris on December 12, 2017, the Chief Executive Officer of SUEZ, participating in the "Accelerating local and regional climate action" round table, reiterated the urgent need to introduce a meaningful carbon price. SUEZ, along with 90 other French companies, also renewed its commitment to the French Business Climate Pledge, which aims to raise EUR 320 billion for funding, research and development and innovation between 2016 and 2020 as part of the transition to a low carbon society.

Furthermore, SUEZ is a partner of several research centers or organizations that contribute to stepping up the fight against climate change, such as the Ellen MacArthur Foundation, the National Institute of the Circular Economy, the Climate Chance association, the Elsa-Pact research chair on life cycle analysis, and the French Meteorological Society (*Météo et Climat* – SMF). Finally, in October 2017, SUEZ signed a partnership with WWF France to promote the creation of local circular economy loops to support climate change commitments in French towns.

6.8.1.6 Protection of biodiversity and ecosystems

SUEZ acts to protect biodiversity for municipal customers and industry. The Group's activities in offering water and waste treatment solutions limit the physical, chemical and biological impact that human activities would have on the environment, if not for the services provided by the Group.

The key objective is to promote the proper functioning of ecosystems in order to:

- preserve the quality of water resources, thereby ensuring a sustainable supply of sufficient drinking water of good quality at a reasonable cost to municipal customers and consumers, and to maintain a good capacity for the downstream treatment of ecosystems;
- contribute, as a regional player, to the protection and restoration of terrestrial, aquatic, marine and coastal biodiversity on sites managed by municipal customers and industrial companies.

Since 2008, the Group's commitment to protecting and promoting biodiversity has been part of its sustainable development, which applies to all its activities around the world. Commitment No. 14 of the Group's 2017-2021 Sustainable Development Roadmap, "Promote biodiversity and ecosystem services", is therefore split into two objectives: "Implement a biodiversity strategy within all the Group's business units" and "Establish biodiversity action plans at 50% of the priority sites managed by the Group". This approach has allowed the Group, with the support of a network of internal experts, to initiate biodiversity action plans in all countries in which it operates; these plans aim to prevent or reduce the impact of the Group's activities on biodiversity and to promote it.

To achieve this, SUEZ relies on numerous expert partnerships with organizations specializing in the protection of nature; in France, this includes the *Muséum national d'histoire naturelle*, *France Nature Environnement*, and the *Ligue de Protection des Oiseaux* (LPO – French League for the Protection of Birds). In 2017, SUEZ therefore renewed its study and research partnership with the

National Museum of Natural History, with the primary aim of further investigating the challenges of biodiversity on the sites managed by SUEZ in France, improving the integration of these sites into ecological networks, providing information to contribute to the national inventory of natural heritage, and promoting the international use of the Ecological Quality Indicator, developed by the Museum in partnership with SUEZ and already in use on some sixty sites in France.

In France, SUEZ's commitment plans for the National Biodiversity Strategy (NBS) were acknowledged by the French Minister of the Ecology, Sustainable Development and Energy in October 2014.

It is based on three objectives:

- promote a framework of internal actions that promote biodiversity;
- integrate biodiversity in research and innovation programs;
- share knowledge and contribute to public awareness campaigns.

Furthermore, in connection with Commitment No. 13 of the Roadmap, "Act to protect the environment and the oceans", the Group is strongly committed to the subject of protecting the oceans and marine biodiversity through the formalization of a comprehensive offer for protecting coastlines, R&D projects on processing microplastics in water treatment facilities and several expert partnerships, especially with UNESCO's Intergovernmental Oceanographic Commission.

Through the range of products and services it offers, the Group contributes to its customers' biodiversity promotion policies, whether by establishing artificial wetlands which contribute to the improved functioning of the ecosystems while also helping to eliminate micropollutants (a zone of this type, known as the "Dragonfly Zone", was set up in 2017 in the SCIP industrial park in Shanghai), or by offering decision support tools for biodiversity strategies, such as Mesange®, or the fight against invasive exotic species.

Finally, SUEZ is currently working with the Bureau d'Études de Gally to study the development of sustainable agriculture projects on the sites where it operates, making use of the expertise that it could bring to farmers in the areas of organic waste recovery, sustainable water resource management, and the financial planning of projects.

6.8.1.7 Environment-related expenditure

Expenditure related to the protection of the environment

By the very nature of its businesses, the Group has a direct impact on the environment. It is therefore not relevant to distinguish between spending that impacts the environment directly and spending that impacts it indirectly.

In accordance with European regulations, the Group records provisions intended to cover the expenses of the long-term monitoring of landfills after their closure. Other provisions are also recorded to deal with potential environmental risks:

Indicators	2017 data
Provisions for current and non-current site restoration	EUR 543.3 million
Provisions for environmental risks	EUR 2.3 million
Provisions for the dismantling of non-nuclear facilities	EUR 11.7 million

Data excluding the provisions of GE Water activities acquired in September 2017

6.8.1.8 Reporting methodology and scope

SUEZ operates a variety of businesses that rely on extremely varied technical processes, from waste collection and transfer with a fleet of several thousand vehicles, to chemical, thermal, biological and mechanical processes carried out at several thousand facilities. This broad technical diversity complicates the task of defining, distributing and smoothing indicators, as well as collecting and computing statistical data. SUEZ is continuing its efforts to achieve greater rigor and provide reliable, audited data, in order to report on the improvement of its performance.

METHODOLOGICAL ASPECTS OF 2017 REPORTING

Regarding the environmental data published in this report, the following information should be noted:

1) Scope

The figures published in this report relate exclusively to fully consolidated companies whose operations are controlled by SUEZ. When a company becomes fully consolidated, 100% of its environmental data is incorporated, irrespective of the percentage held by the Group in its capital. The scope of consolidation is set on June 30 of each year. For disposals occurring after that date, the entity is expected to fill in the environmental questionnaire with the data available up until the date of disposal. Acquisitions completed after June 30 are not taken into account. The WTS business unit (resulting from the acquisition of the activities of GE Water in September 2017) is therefore not included within the scope of reporting. Legal entities included within the scope of environmental reporting are those whose activity is relevant in terms of environmental impact (therefore excluding financial, construction and engineering activities). Only entities that have industrial operations and on which SUEZ has a determining technical and operational influence are included within the scope of reporting. Comparisons between reporting periods are made on a like-for-like basis. Scope limitations may be applied to certain published variables. These are indicated in each case.

Waste businesses

Waste management includes collection, sorting and recycling, material, biological or energy recovery, incineration, landfilling, and the treatment of hazardous waste, including soil remediation. Closed landfills are not included in the published indicators.

Water businesses

The report covers all the activities of the water cycle, including the treatment and distribution of drinking water, the collection and treatment of wastewater, as well as sludge treatment and recovery.

2) Reporting tool

Since 2003, SUEZ has been using an online computer-based environmental reporting system. This software facilitates the management and documentation of the environmental reporting scope, the input, control and consolidation of indicators, the publication of reports, and finally, provision of the documentation needed to collect data and monitor the reporting process.

3) Procedures

For its environmental reporting, SUEZ uses the procedures, tools and supporting documents available online. Depending on the organization and distribution of current responsibilities, SUEZ's procedures and IT tools are directly deployed through the central management of the business units. The process for the reporting and validation of information at lower levels (subsidiaries, regional offices and operational sites) is organized in accordance with internal procedures and checks put in place by each business unit. Internal procedures and IT tools tailored to each local organization are used at these levels.

A Group-wide network of Environmental and Industrial Risk Officers formally appointed by each reporting entity is responsible for applying all of the procedures and instructions. The working procedures and instructions at Group level provide a detailed description of the various phases for gathering, checking, consolidating, validating and communicating environmental data to the corporate entity responsible for organizing the process. They are supported by technical documents laying down methodological guidelines for calculating certain indicators.

4) External audit

For 2017, the Group engaged the specialized services of the Statutory Auditors to verify six environmental variables (shown by the symbols XXX) and obtain a reasonable level of assurance. A total of 124 primary indicators are considered in calculating these six variables. The nature of the work and findings of the Statutory Auditors can be found in section 6.8.5 of this Reference Document.

6.8.2 Employee relations policy

The table below presents the employment-related disclosures as defined in the decree implementing Article 225 of the Grenelle II Law and their corresponding sections in this Reference Document:

Subject/Disclosure	Corresponding chapter(s) and section(s)
Employment	
► total number and breakdown of employees by gender, age and geographical area	► Chapter 17, sections 17.2.1 and 17.2.5
► new hires and layoffs	► Chapter 17, section 17.2.2 "New hires/Departures"
► compensation and changes thereto	► Chapter 17, section 17.2.2 "Compensation"
Organization of work	
► organization of working time	► Chapter 17, section 17.2.2 "Working hours"
► absenteeism	► Chapter 17, section 17.2.2 "Absenteeism"
Employee relations	
► the organization of employee dialogue, including procedures for informing, consulting and negotiating with staff	► Chapter 17, sections 17.1.3 "A constructive social dialogue", and 17.2.4
► review of collective bargaining agreements	► Chapter 17, sections 17.1.3 "A constructive social dialogue", and 17.2.4
Health and safety	
► health and safety conditions at work	► Chapter 17, sections 17.1.5 and 17.2.2 "Workplace safety"
► review of agreements with trade unions or employee representatives on health and safety in the workplace	► Chapter 17, sections 17.1.3 "A constructive social dialogue", 17.1.5 and 17.2.2 "Workplace safety"
► workplace accidents, including their frequency and severity, as well as occupational illnesses	► Chapter 17, section 17.2.2 "Workplace safety"
Training	
► training policies implemented	► Chapter 17, section 17.1.3 "Training is a fundamental concern"
► total number of training hours	► Chapter 17, section 17.2.3

Subject/Disclosure	Corresponding chapter(s) and section(s)
Equal opportunity	
► measures taken to promote gender equality	► Chapter 17, sections 17.1.3 "A constructive social dialogue", 17.1.4, 17.2.1 and 17.2.2 "Breakdown of employees by gender/Compensation", and 17.2.3
► measures taken to promote the employment and integration of people with disabilities	► Chapter 17, sections 17.1.4 and 17.2.2 "Employees with disabilities"
► anti-discrimination policy	► Chapter 17, section 17.1.4

"Promotion of and compliance with the core conventions of the International Labor Organization" is addressed in the next section (chapter 6, section 6.8.3).

6.8.3 Corporate commitments to sustainable development

SUEZ takes a proactive approach in order to ensure that its activities have a strong social base. Identifying and anticipating societal expectations, with the aim of aligning its business strategy, is therefore at the heart of SUEZ's approach (see section 6.8.3.5). The Company's responsibility is exercised in a globalized world that demands precautionary measures but also the promotion of the Group's convictions and values. SUEZ is therefore vigilant with regard to the practices of its employees and business partners (see section 6.8.3.1). For many years now the Company has been active in its promotion of human rights, and particularly the right to water and wastewater for all (see section 6.8.3.2), thereby contributing to the implementation of Sustainable Development Goal No. 6 as set out by the United Nations. Because SUEZ's businesses are, by definition, local businesses, SUEZ contributes to the attractiveness of the areas in which the businesses operate and involves itself in the development of those areas. Whether in the context of its procurement policy, its approaches to innovation or its human resource development activities, SUEZ strives to optimize its socio-economic footprint on the areas in which the Group operates (see section 6.8.3.4). Priority 4 of the Sustainable Development Roadmap sets out SUEZ's social ambitions for 2021. The Group intends to contribute to the common good, both in its actions and in its public statements, in terms of environmental health, the protection of the oceans, and the promotion of biodiversity, and ecosystem services, as well as to provide access to essential services and to make the areas in which it operates more cohesive and attractive. Section 6.8.3.4 gives details on the Group's sponsorship policy and activities.

6.8.3.1 Promotion of human rights and vigilance duty

HUMAN RIGHTS AND FUNDAMENTAL FREEDOMS

Having been committed for many years to human rights and the respect of human dignity, SUEZ is strongly reasserting this stance this year by explicitly incorporating this challenge into Commitment No. 4 of its 2017-2021 Sustainable Development Roadmap.

SUEZ's action principles in this regard are in line with international standards, in particular:

- the Universal Declaration of Human Rights and additional pacts;
- the International Labor Organization (ILO) conventions;
- the Charter of Fundamental Rights of the European Union;
- Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational companies;
- the United Nations Convention against Corruption.

SUEZ also participates in voluntary initiatives or working groups such as the Global Compact on Human Rights and is part of the *Entreprises pour les Droits de l'Homme* ("EDH" – Businesses in Favor of Human Rights) association.

Employees are asked to consider the impact of their actions and decisions on any person, to ensure that the integrity or dignity of said person is not compromised by a Group entity or one of its employees. The Group also strives to consistently defend human rights in sensitive situations, for example, by upholding the rules on protection of property in sensitive regions of the world.

In this respect, all SUEZ employees must ensure that their words and actions are non-discriminatory, particularly in terms of age, gender, ethnic, social or cultural origin, religion, political or union affiliation, lifestyle choices, physical characteristics or disability.

In 2017, under the leadership of an internal "Vigilance and Human Rights" committee specifically established for this purpose, the Group adopted a human rights policy. This policy has been formalized by a policy statement outlining the conditions for implementing SUEZ's commitment. This statement is intended to be incorporated into the Group's Ethics Charter. Before publication, this document will be submitted for an opinion to a panel of stakeholders during the first half of 2018.

Based on the United Nations Guiding Principles on Business and Human Rights, our human rights approach is fully incorporated into our compliance management and ethical procedures.

A preliminary assessment of the negative impacts on human rights that may be linked to the Group's activities has been carried out in connection with the drafting of its vigilance plan (see section 6.8.3.1 under the heading "Vigilance plan"). The identification, assessment and mapping of impacts will be pursued according to the terms of implementation of the Group's vigilance plan. Identified in the first instance thanks to the development of an overall matrix of potential impacts linking the specific rights in question with the type of activity, the type of stakeholder affected and the level in the relevant supply chain, the impacts assessed cover both rights related to compliance with working conditions (non-discrimination, promotion of diversity, health and safety, social dialogue) and ILO conventions (forced and illegal labor, child labor, etc.) as well as more specific issues, such as:

- personal data protection, which has resulted in the development of a compliance program that is periodically supplemented: in 2016, SUEZ notably implemented a specific governance system in order to boost the prevention of cybersecurity risks in view of the entry into force of the new European Regulation 2016/679 on the protection of personal data, the "GDPR", on May 25, 2018 (see section 6.7.1.3). A new user's charter was validated in March 2016 by the Group's Management Committee, and is to be implemented in all of the business units. In order to improve information security, an action plan was implemented. It includes an analysis of incidents and security violations, actions to follow to reduce risks, analysis of the monitoring of regulatory obligations and analyses of tests carried out, such as intrusion tests. Furthermore, SUEZ incorporated these new issues into the new 2017-2021 Roadmap with a commitment to "Guarantee the security of personal data of employees and customers." Since late 2016 SUEZ has made use of a network of "data and freedoms" officers coordinated by a Data Protection Officer (DPO) in charge of the global coordination of compliance with the GDPR, in cooperation with the Ethics and Compliance Department;
- the right to water and wastewater systems: for several years, SUEZ has been developing specific expertise to promote the right to access water and wastewater systems, and has deployed it in several parts of the world.

An action plan, aiming to strengthen the existing measures to mitigate and prevent the risk of human rights infringements that could occur in connection with the Group's activities and supply chain, has been established and will be implemented with effect from 2018. This plan is based on two major pillars:

- Informing and training staff in best practices to adopt in the event of a risk of human rights violation. For instance: factsheets providing information on the main points of vigilance to observe concerning human rights in certain countries will be regularly updated and sent to the managers of teams operating in these countries; internal events will be organized to raise awareness in this area among staff, such as the first internal human rights conference, which was organized at the SUEZ headquarters in Paris in February 2017 with partners specializing in the field (Vigeo and Entreprises pour les Droits de l'Homme) and other business partners; an internal e-learning module for staff will be launched in 2018. Inspired by the collaborative work of EDH member companies, this module will be tailored to SUEZ's businesses, its areas of operation and the main risks identified.
- Strengthening of qualification, control and support processes for suppliers and subcontractors by the Procurement Department, which coordinates relations and negotiations with the Group's strategic suppliers and which specifically ensures that they commit to respect the principles of sustainable development and human rights and to comply with SUEZ's ethical rules. These processes will be strengthened based on the mapping of risks specific to suppliers (see section 6.8.3.1 under "Vigilance plan" and section 6.8.3.3 under "Subcontracting and suppliers").

VIGILANCE PLAN

SUEZ is convinced that the businesses can count themselves as real contributors to the development and transformation of our societies, and has always conducted its business activities with a view to increasing its contribution to the common good, thereby seeking in the way to maximize the economic, social and environmental benefits generated by its presence in different regions. Building on the Group's long-standing actions and commitments to promote human rights, the health and safety of individuals and the protection of the environment, the Group now intends to integrate itself further upstream in the era of overall performance by being ever more vigilant. With this goal in mind, in 2017 the Group drew up a vigilance plan in accordance with the provisions of Law No. 2017-399 of March 27, 2017 on the duty of vigilance of parent companies and contractors, with a twofold ambition: to provide a broader understanding of the impacts generated by the Group's activities, and to implement the most appropriate means to allow it to maximize its positive impacts, while also preventing and mitigating its negative impacts.

1) Scope and composition of the plan

This vigilance plan is intended to identify and prevent the risk of serious harm to the environment, human rights and fundamental freedoms, as well as the health and safety of individuals arising from the Group's activities or those of the sub-contractors and suppliers when they are linked to the Group's activities.

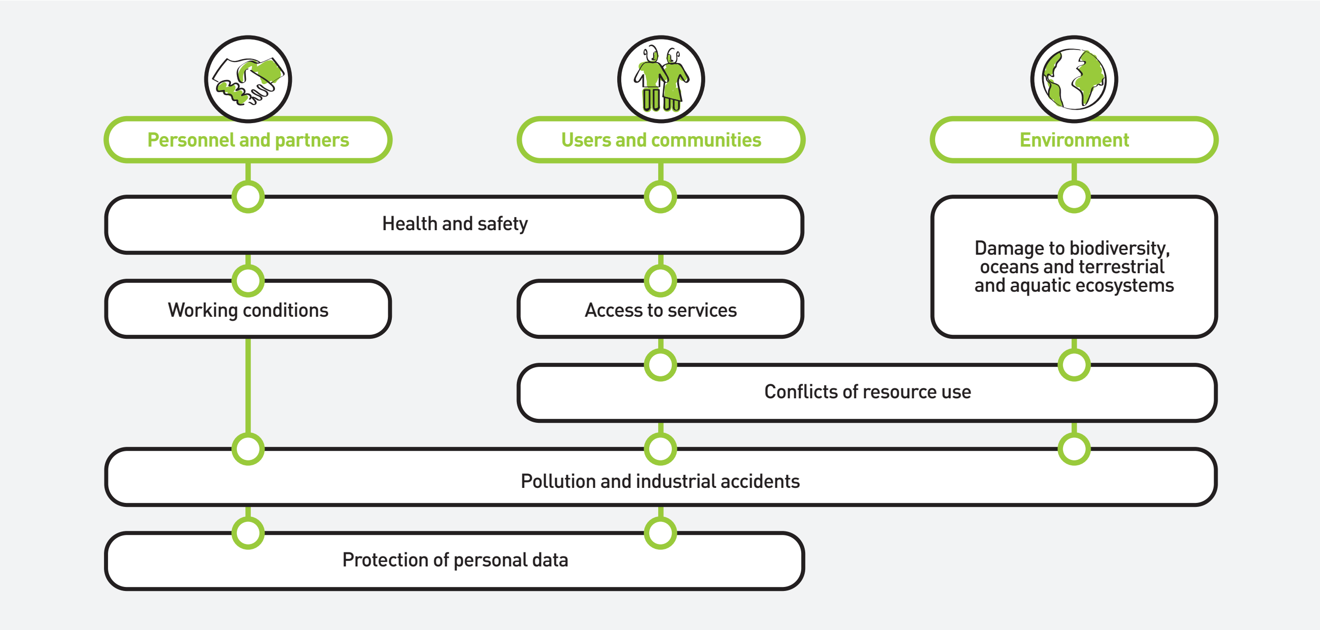
In line with the United Nations Guiding Principles on Business and Human Rights, this plan covers:

- a mapping of the risks identified, analyzed and prioritized and the methodology used;
- the procedures for regularly evaluating these risks;
- the actions taken by the Group to prevent and mitigate these risks;
- the alert and report collection mechanism for the existence or development of risks;
- the arrangements for steering and monitoring the plan and the measures implemented.

2) Risk mapping

By mapping the risks of serious violations of human rights and fundamental freedoms, environment, health and safety, the Group takes into account two main factors, represented by the risks inherent in the nature of its activities, and the risks inherent to the countries in which it operates. Additional work to identify and map the risks related to suppliers' and subcontractors' activities, taking the same factors into account, will back up this mapping.

Work to identify and classify risks was done jointly by the Departments of Sustainable Development, Human Resources, Health and Safety, and Risk & Investments, under the control of the "Internal Steering Committee on Human Rights and Duty of Vigilance". On the basis of interviews conducted with managers, risks were subject to an internal assessment aimed at describing their critical nature across the scope of the Group's activities, before being prioritized, culminating in the following mapping.



3) Risk monitoring and assessment

The procedures for monitoring and assessing the risks to human rights and fundamental freedoms, health, safety, and the environment are developed and updated in line with the Company's integrated risk policy. Under the supervision of the Chief Risk Officer, these risks will be assessed each year by the Risk Officers who, at the level of the various subsidiaries, are in charge of deploying the assessment methods for said risks, in coordination with the relevant operational departments, specifically Human Resources, Health and Safety, Sustainable Development, Innovation and Industrial Performance and Procurement. Said risks will also be incorporated by the Internal Audit and Transformation department in the construction of its annual audit plan.

4) Risk management, prevention and mitigation plans

The risks faced by Group entities depend directly on the nature of their activities and the geographical, political and legal context in which they are performed. Each of them, taking into account the Group's internal policies, sets out the measures which seem to it to be the most suited to the challenges it faces and is supported in this task by the operational departments.

Two cross-departmental policies will form the foundation of the plans for managing, preventing and mitigating the risks of violations of human rights and fundamental freedoms and of damage to health, safety and the environment:

- The Group's Ethics policy, which sets out the fundamental principles and ethical values upheld by SUEZ and frames the deployment of measures that make it possible to ensure that those principles and values are observed in all its activities. Further information on the Group's Ethics policy and the Group's Ethics and Sustainable Development Committee can be found in sections 4.2.6 "Ethics Policy" and 16.4, paragraph 3 "Conditions for the preparation and organization of the work of the Board of Directors and the Specialized Committees".
- The Group's Responsible Procurement policy, the main elements of which are described in detail below.

The Responsible Procurement policy

The Group believes that supporting its business partners in further integrating the challenges of Corporate Social Responsibility is a major lever of its overall performance.The Responsible Procurement policy therefore addresses this wish to extend the Group's ethical culture to all stakeholders in the procurement value chain. As a policy framework that is common to all Group entities, this policy is based on complementary tools and procedures with a single objective: to create environmental, social and economic value through business relationships. Managed by the Group's Procurement Department and Sustainable Development Department, this policy is deployed within the business units by a network of Responsible Procurement Officers. The procedure for monitoring and supporting the Group's suppliers is based on a number of complementary measures:

- a supplier qualification process incorporating criteria relating to the promotion of human rights and the respect of fundamental freedoms, the prevention of health and safety risks, and the management of environmental risks;
- the inclusion of CSR clauses in contracts with suppliers, whereby those suppliers undertake to respect the Ethics Charter and the ethical, social and environmental principles upheld by the Group;
- support measures to help the Group's suppliers to improve their CSR practices, such as providing access to the SUEZ Ethics practical guide;
- the implementation of measures for supervising and auditing suppliers with a deemed high level of risk.

As part of the formalization of the Group's vigilance plan, the Sustainable Development Department and the Procurement Department have jointly developed a risk mapping system relating specifically to the purchasing process in order to reinforce the mechanisms for managing the existing risks with regard to human rights, health and safety, and the environment. Based on the major purchasing categories and the primary risks identified when drawing up the vigilance plan, this mapping system has been drawn up on the basis of links between the criteria associated with the purchasing sectors (conditions of production or for executing a delivery or a service, risks associated with the delivery or inherent in its use) and the country of origin of the delivery or of provision of the service, using the mapping of risks by country as a basis. Intended to be reinforced throughout 2018, this framework for assessing the gross risks of suppliers will make it possible to develop a typology of those risks and to define the appropriate level of supervision and support.

Sector-based action plans and policies

In addition to these cross-disciplinary policies, the Group's operational departments have developed sector-based policies and action plans to mitigate and prevent the risks that may arise in the course of our business activities or those of our business partners. The following table lists these risks and indicates the relevant sections of this Reference Document.

Subject/Disclosure	Corresponding chapter(s) and section(s)
Health and safety	
► health and safety conditions at work	► Chapter 17, sections 17.1.5 and 17.2.2 "Workplace safety"
► review of agreements with trade unions or employee representatives on health and safety in the workplace	► Chapter 17, sections 17.1.3, 17.1.5 and 17.2.2 "Workplace safety"
► accidents in the workplace, including their frequency and severity, as well as occupational illnesses	► Chapter 17, section 17.2.2 "Workplace safety"
Management of environmental and industrial risks	► Chapter 4, section 4.2.2
Protection of biodiversity and ecosystems	► Chapter 6, section 6.8.1.6
Protection of personal data	► Chapter 4, section 4.2.3 and chapter 6, section 6.8.3.1
Compliance with regard to working conditions and the combating of discrimination	
► organization of working time	► Chapter 17, section 17.2.2 "Working hours"
► organization of social dialogue and review of collective bargaining agreements	► Chapter 17, sections 17.1.3 and 17.2.4
► non-discrimination	► Chapter 17, sections 17.1.3, 17.1.4, 17.2.1 "Breakdown of employees by gender", 17.2.2 "Compensation" and 17.2.3
Promotion of human rights and respect for fundamental freedoms	► Chapter 6, section 6.8.3.1 "Human rights and fundamental freedoms"
Conflict of use of resources	► Chapter 4, section 4.1.1 "Operational risks"
Access to services	► Chapter 6, section 6.8.3.2 "Offer access solutions to water and wastewater services"

5) Alert escalation systems

At present, two types of complementary systems for alert escalation and report collection are in force within the Group and cover all non-compliance risks with respect to violations of human rights and fundamental freedoms and damage to health and safety and the environment. Firstly, the email address ethics@SUEZ.com, which can be found in the Ethics section of the SUEZ website, allows any question, request for information or alert to be escalated directly to the Group's Ethics Officer and the Ethics and Compliance Director, who will analyze the information once it has been received and process it by implementing the most appropriate internal procedures. Secondly, if they become aware of a potential breach of the ethical principles, the Group's employees are encouraged to discuss it with their line manager, other managers as appropriate (Human Resources, Safety, Legal, etc.), an employee representative, the Ethics Officer of their entity, or the Group's Ethics Officer. Any discussions in this context will remain confidential and no penalty may be applied to any employees who, in good faith, take the initiative to share their concerns on matters of ethics or compliance.

While most of the business units have set up similar additional systems at the local level, thereby reinforcing the overall system, the Group intends to adopt a global report collection procedure with effect from 2018, in accordance with the above-mentioned law on the duty of vigilance and the requirements of Decree No. 2017-564 of April 19, 2017, issued by way of application of Article 8 of the Sapin 2 Law, applicable from January 1, 2018.

6) Steering and governance of the plan

The steering of this vigilance plan is carried out by the General Secretary of the Group, in coordination with the following operational departments:

- the Human Resources Department
- the Health and Safety Department
- the Sustainable Development Department
- the Innovation and Industrial Performance Department
- the Procurement Department
- the Risk and Investments Department
- the Internal Audit and Transformation Department
- the Ethics and Compliance Department

The measures derived from this plan are implemented by the business units of the Group with the support of its operational departments.

Each year, the results of implementing the actions in this plan will be presented to the Ethics and Sustainable Development Committee of the SUEZ Board of Directors.

7) Reporting

The results of monitoring the plan's implementation will be published annually as part of the Reference Document. The risk mapping will similarly be republished each year, taking into account any changes.

Many monitoring indicators for the sector-based action plans are already in force within the Group, particularly with respect to employee relations, health and safety, and the management of environmental and industrial risks. The indicators for human rights will be consolidated in the course of 2018.

6.8.3.2 Promote inclusive models

OFFER ACCESS SOLUTIONS TO WATER AND WASTEWATER SERVICES

The activities that the Group has been conducting in developing countries since 1990 have provided drinking water to 15.6 million people and wastewater systems to 8.2 million people. Having officially committed itself to implementing the right to water and wastewater services since the United Nations recognized this right in 2010, SUEZ intends to strengthen its contribution to the achievement of goal 6 of the Sustainable Development Goals and has therefore dedicated Commitment No. 15 of its 2017-2021 Sustainable Development Roadmap to improving access to essential services for all. This commitment on the part of the Group is based on three complementary objectives:

- to allocate EUR 4 million per year to the *Fondation SUEZ* and support 30 projects per year to promote access to essential services in the countries with the greatest need;
- to develop sustainable access to essential services within the framework of our contracts in developing countries;
- to share our know-how in order to accelerate access to services by supporting training and making our expertise available.

The expertise developed by the Group regarding access to basic services, which has been consolidated under the "Services for All" program since 1999 and deployed on five continents, now puts SUEZ in a position to offer a full range of solutions for addressing the issue of access to water and wastewater systems, in both developed and developing countries.

In developed countries, SUEZ offers to assist its customers in the determination and establishment of social water policies that aim to guarantee access to services for persons in economic difficulty. All programs are defined in concert with local actors, whether they involve implementing a mediation and social assistance program, setting up special pricing or creating subsidy mechanisms, in order to address the specific challenges of the region in the best manner possible. Since its establishment in 2013, the solidarity fund set up by the Group and its association partners in Barcelona has awarded over 55,000 grants, delivered exclusively to households in precarious circumstances to help them pay their water bills.

In order to address the major issues facing cities in developing countries regarding access to services, the Group has made the expertise and experience it has acquired available to customers to improve and extend services in disadvantaged neighborhoods with no services. The Group's know-how in the subject was especially of use in Argentina, South Africa and Algeria, and more recently in India, where it combined knowledge of water businesses with mastery of social engineering practices to ensure good understanding in a local context, involvement of communities throughout the project and establishment of technical and sales solutions appropriate to the circumstances. In this way, the INMAE program, which has been developing as part of the National Initiative for Human Development since 2004, was responsible for connecting 35,000 families in the informal settlements of Greater Casablanca to drinking water, wastewater systems and electricity, and expects to connect another 23,000 households shortly.

INCLUDING INFORMAL COLLECTORS IN WASTE MANAGEMENT

SUEZ is convinced that reducing inequalities of access to basic services and generating inclusive growth are essential to the socio-economic development of regions, and is therefore extending its "Services for All" expertise to waste treatment and recovery activities by developing know-how based on the creation of partnerships with waste collectors who operate informally on landfill sites in emerging and developing countries. To allow them to keep the revenue generated by their activities while also improving their living and working conditions, SUEZ is now proposing a solution to its municipal customers that is based on the creation of a formal recycling cooperative. Consisting of a comprehensive program that combines social mediation, training (accounting, legal, technical, etc.), the provision of equipment and administrative support, this solution is in place most notably in Meknes (Morocco), where a cooperative of 150 sorters has been active since 2014 and is now an integral part of the SUEZ Advanced Solutions waste recovery program.

More generally, the Group encourages the use of innovative public-private partnerships allowing players in the region to work together to build solutions that are adapted to the challenges and problems they face.

6.8.3.3 Contribute to a responsible economy through local employment and development

REGIONAL, ECONOMIC AND SOCIAL IMPACT OF OPERATIONS

Working toward more sustainable development implies environmental, economic and social responsibilities for the Company in the regions where it operates. This is why one of the commitments in the 2017-2021 Roadmap is "contributing to local development and territorial attractiveness".

SUEZ aims to contribute to a responsible economy through local employment and development by leveraging several kinds of drivers. The primary driver involves a responsible procurement policy that binds the Group's subcontractors and suppliers to its sustainable development requirements, contributing to the progress of the sector as a whole and encouraging the emergence of eco-industries (see the section "Subcontracting and suppliers" below). The second driver involves creating and maintaining jobs, either directly or by collaborating with social economy organizations, and with organizations that employ people with disabilities. Lastly, there is the integration of young people into the world of work. The Diversity "Equal Opportunities, social progress, commitment" program (entered by SUEZ into the competition for the French government's "Diversity" label in 2014 and confirmed in 2016), which is managed by the Human Resources department, gets the Procurement Department involved to increase the percentage of purchases made by these structures. Diversity specialists and purchasers work toward the goal of further increasing purchases from social and circular economy sources, especially from the sheltered employment sector. These internal discussions, to which companies in the sector are occasionally invited to attend, help to increase staff awareness, inform them of the regulatory and legal framework, dedicated platforms that list such suppliers and the categories of purchases that may be made from such companies.

SUEZ continues to strengthen relations with the social and circular economy in France. As a result, the Group entered into a partnership with the Social Entrepreneurs Movement (MOUVES) in 2014. The goal is to promote mutual knowledge between SUEZ and socially oriented companies in the regions where they operate in France and to contribute to the emergence of local solutions to social and environmental requirements.

Since July, 2016, the "SUEZ Collaborative Tour" has been setting up meetings between SUEZ employees and social and environmental entrepreneurs of a territory who are innovating in connection with our businesses. SUEZ seeks to co-construct innovative offers with these entrepreneurs through this tour, which create value in a region and beyond it.

The Group has been a signatory to the Responsible Supplier Relations Charter (formerly the Inter-Company Relations Charter) since 2012, and the SME Pact since 2013, two schemes that will bring it into closer collaboration with SMEs. SUEZ also participates in competitiveness clusters related to its businesses and is involved in the work of COSEI (Strategic Orientation Committee of Eco-Industry Sectors).

SUEZ also takes part in the development of regions through its policy of local procurement. In 2017, at the Group level, very small enterprises and SMEs represented around two-thirds of suppliers and one-third of addressable purchases. Part of its purchases is allocated to the sheltered employment sector (see the section "Subcontracting and suppliers" below).

SUEZ is committed to an ambitious employment policy in the regions in which it operates, with the aim of offering young people from deprived neighborhoods one-to-one support so that they can find permanent work or become entrepreneurs in their own right. This commitment is reflected in the Group's "Equal Opportunities, Social Progress and Commitment" program, which promotes access to jobs and economic and social insertion.

The main subsidiaries of the Group are rolling out programs for regional development and employment at the level of the territories where they are working (SUEZ RV Rebond Insertion, Water France Disability Initiative, Scavengers' Cooperative and their economic inclusion on the site of Meknes in Morocco, etc.). These societal action plans are developed in consultation with local stakeholders. In addition, SUEZ has created the *Maison pour Rebondir* (literally, the "Bounce-back House", a halfway-house program) to support people in difficulty, to create social links and to energize economically depressed neighborhoods by helping young people to find steady jobs or set up their own businesses (section 6.8.3.4 – Contributing to local development).

In accordance with the Commitment "Sustaining trust by reinforcing the means for inclusive governance" in its 2017-2021 Sustainable Development Roadmap, the Group has agreed to work with its stakeholders on assessing the economic and social consequences of its activities and its CSR policy in the regions where it operates.

In addition, each year (since its initial inclusion in the 2015 Integrated Report), the Group publishes a diagram showing the redistribution of cash flows generated by its business activities to the various stakeholders (suppliers and service providers, employees, states and municipalities, shareholders, financial institutions, NGOs and communities).

Finally, in 2017 SUEZ carried out a socio-economic footprint study in order to find out the direct and indirect impacts in terms of jobs generated by the Group throughout the different sectors of the European economy during the 2016 fiscal year. The LOCAL FOOTPRINT® method makes it possible to estimate how the effects of the activity are propagated along the entire supply chain. In 2016, the Group supported more than 103,000 jobs in Europe, almost twice the number of direct jobs provided by the Group's subsidiaries in its eight main countries of activity. This study will be continued in 2018 with a global scope.

SUBCONTRACTING AND SUPPLIERS

With almost EUR 7 billion spent on addressable purchases and 126,500 suppliers, procurement is a strategic challenge for SUEZ. The Group wants to be an actor and partner to its suppliers in the integration of Corporate Social Responsibility issues.

The Group Procurement Policy defines the principles and rules applicable to the management of purchasing and suppliers for the entire Group. It sets out the scope of this procurement, the roles and responsibilities of each partner, the procurement principles required to ensure competitive procurement and the arrangements governing supplier relationship management.

The governance of the supplier relationship specifies, inter alia, the principles that apply to supplier qualification and the management of related risks. The principal objective is to evaluate then mitigate risks by determining – depending on the type of procurement, the supplier and the place where services are provided – risk criteria and the practices that should be applied. The supplier qualification process is used to meet this objective. It enables the collection, assessment and updating of general information, commercial requirements, financial results and solvency, validity of legal documents and certificates, and practices in the areas of health and safety, the environment, and human rights.

SUEZ is committed to behaving toward suppliers with fairness, transparency and impartiality, in accordance with regulations and according to the rules and principles of its Ethics Charter.

The Group's procurement policy aims specifically to:

- innovate in partnership with suppliers by contributing to their integration into new services and into the circular economy;
- develop competitiveness by optimizing resources and implementing win-win supplier relationships and partnerships;
- contribute to the development of regions by fostering support for SMEs and the promotion of diversity among suppliers in the social and solidarity economy, economic inclusion, and disabled workers (sheltered employment in France) sectors.

These three themes are included in the SUEZ Responsible Procurement Policy. A factor driving the Group's procurement policy, this was published and distributed in 2016 to all business units and is divided into operational objectives that contribute to the creation of environmental, social and economic value.

As a signatory to the Responsible Supplier Relations Charter (formerly the Inter-Company Relations Charter) since 2012, and the SME Pact since 2013, SUEZ is part of a procurement partnership with its suppliers, particularly SMEs within France. A mediation process is also in place to address any difficulties SMEs may have in making themselves heard as part of their relations with the Group. They are first invited to inform the Group's Procurement Department or Ethics Officer before resorting to the Inter-Company Mediation mechanism for conflicts or unresolved disputes.

In France, as part of its commitments under the SME Pact, SUEZ is developing a supplier relationship barometer alongside a panel of very small enterprises/SMEs/intermediate-sized enterprises in order to measure the quality of the business relationship and the impact of the actions implemented with its suppliers. SUEZ then establishes an SME Pact action plan aimed at developing business relationships and partnerships that promote innovation.

Through its procurement policy, SUEZ also contributes to the development of the sheltered employment sector and professional integration through economic activity. The Diversity "Equal Opportunities, social progress, commitment" program, supported by the Human Resources Department, gets the Procurement Department involved in increasing the percentage of purchases carried out from these structures.

Through its procurement policy, SUEZ is also contributing to its commitment to "Promote biodiversity and ecosystem services" in the 2017-2021 Sustainable Development Roadmap. Within France, SUEZ has incorporated the objectives of the National Biodiversity Strategy (2011-2020) into its procurement policy (*e.g.*, purchases of green spaces).

Lastly, in accordance with its aim of "Promoting a responsible supply chain" from its 2017-2021 Sustainable Development Roadmap, SUEZ requires its business partners, suppliers and subcontractors to implement practices that are compatible with the Group's ethical, environmental and social commitments by means of its Ethics Charter and its "Ethical Practices" guide. The ethics and sustainable development clauses are specified in SUEZ's General Conditions of Purchase and standard contracts. In 2017, 40% of the Group's supplier contracts contained a CSR clause.

6.8.3.4 Partnerships and sponsorships

The Group operates a partnership and sponsorship policy based on support, dialogue and innovation. The actions supported by SUEZ focus on three main themes:

Solidarity, in the area of access to essential services, in line with the commitment to "Promote access to essential services" of the Group's 2017-2021 Roadmap.

- The Company intends to bolster its contribution in meeting the challenge of providing sustainable access to water, wastewater and waste management services using the experience it has gained in this area. In these three businesses, it intends to reinforce the skills of local players and address the challenges of urban growth in partnership with specialist players and by calling on the extensive know-how of the Group's employees. The Group trained over 100 water and wastewater service professionals and managers between 2012 and 2016. This training is provided to:
  - operators of water and wastewater system services in developing countries through the ParisTech "SUEZ – Water for All" chair; since its establishment in 2009, this chair has trained nearly 150 people from four continents,
  - young people in developing countries through e-learning courses supported by training scholarships for UNESCO-IHE courses.
- These actions are primarily carried out by the SUEZ Foundation, created in November 2017 through the statutory development of the *Fonds SUEZ initiatives*. In taking on the status of a foundation, it shows its willingness to focus solely on charitable work. The Foundation is governed collaboratively and with engagement; its Chairman and founder, Jean-Louis Chaussade, and nine other members approve endowments to the most promising projects. With a budget of EUR 4 million per year, as set out in the 2017-2021 Sustainable Development Roadmap, the Foundation has set itself several priorities:
  - to support and assist with projects to provide access to essential services – water, wastewater and waste management – for disadvantaged populations in developing countries,
  - to support urgent actions, especially through Aquassistance, the Group's employee volunteer association,
  - to support and assist with projects to integrate disadvantaged populations in France, through employment and training,
  - to increase the skill levels of local players and share their know-how, especially by means of academic partnerships for training water and wastewater professionals in emerging countries,
  - to stimulate innovation, mainly through the SUEZ Initiatives Award at the *Institut de France*.

With its partners, the Foundation ensures that conditions exist for lasting improvements to the living standards of populations concerned by the projects, and that the results are sustainable.

- On December 19, 2017, the Foundation, along with Aquassistance, the international solidarity association for SUEZ group staff, entered into a humanitarian partnership with the French Ministry of Europe and Foreign Affairs. In the event of a crisis, this partnership deploys expert action and supplies water, wastewater and waste management equipment, as well as provides training for local users.
- In addition, in 2013 the Group signed a partnership agreement with the *Fédération Française des Banques Alimentaires* (French Federation of Food Banks) that combines skills-based sponsorship with encouragement for Group employees to contribute to the Federation's actions by volunteering their skills.

Environment and biodiversity

- The Group's commitment to biodiversity in France, which was recognized as a National Biodiversity Strategy (SNB) in 2014 by the French Ministry for the Environment, Sustainable Development and Energy, features partnership and sponsorship initiatives that include participation in external working groups and specialized associations such as OREE, C3D (College of Directors for Sustainable Development) and EpE (Businesses in Favor of the Environment). In the United Kingdom, the SUEZ Communities Trust Fund (formerly Sita Trust) has supported nearly 4,000 environmental and community projects since 1997. Since 2010, SUEZ has been working with the NGO *France Nature Environnement* to develop joint actions in the area of protecting water resources and conserving biodiversity on sites operated by the Company. SUEZ has also contributed to partnerships with the National Park of Guadeloupe, the French League for the Protection of Birds (LPO) and the French National Museum of Natural History to promote biodiversity in the waste treatment facilities that it manages. Lastly, the Agbar Foundation manages a number of projects linked to environmental protection, such as the restoration of surface water along the Llobregat river.

- Since 2015, SUEZ has been a partner in World Ocean Day, an event set up by the Intergovernmental Oceanographic Commission of UNESCO. This partnership is a confirmation of the Group's commitment to the struggle against coast and marine waters pollution. SUEZ is also a partner of the 7th Continent, Expedition MED and Goodplanet NGOs.
- The "Action for Water Resources" call for projects by SUEZ Water France was launched in 2014 and is open to NGOs and research organizations. Its 2017-2018 edition was dedicated to solutions to anticipate or manage impacts on water management related to extreme climate events.

Contributing to local development

- In France, SUEZ created the *Maison pour Rebondir* to support people in difficulty, to create social links and to energize economically depressed neighborhoods by helping young people to find steady jobs or set up their own business. Since its foundation in 2012, it has paved the way for the creation of more than 200 jobs in the Bordeaux metropolitan area. This social innovation laboratory was intended to contribute to the development of the circular economy, and has established partnerships in order to facilitate optimal water management (changes of meters), to combat food waste, and to improve waste collection and recovery, among other things. Cultivated by the *Fondation SUEZ* in 2017, it has now been made into a fully-fledged association in its own right so that it continues to grow by itself. In addition, R&R France includes a structure for inclusion through economic activity, SUEZ RV Rebond Insertion, which specializes in assisting people in difficulty to get back into the workforce through waste management jobs.

  Furthermore, the Group supports several academic partnerships in the area of economic and social sciences (the "Cities" Chair at École des Ponts ParisTech, the University Paris-Dauphine Chair for the Economy of Public-private Partnerships), access to water in emerging countries (the ParisTech "SUEZ – Water for All" Chair in Montpellier), training for water professionals (UNESCO-IHE Institute for Water Education in Delft and the "Management of Water & Waste projects" Chair at ENGEES in Strasbourg). The Group also supports various social science research projects every year.

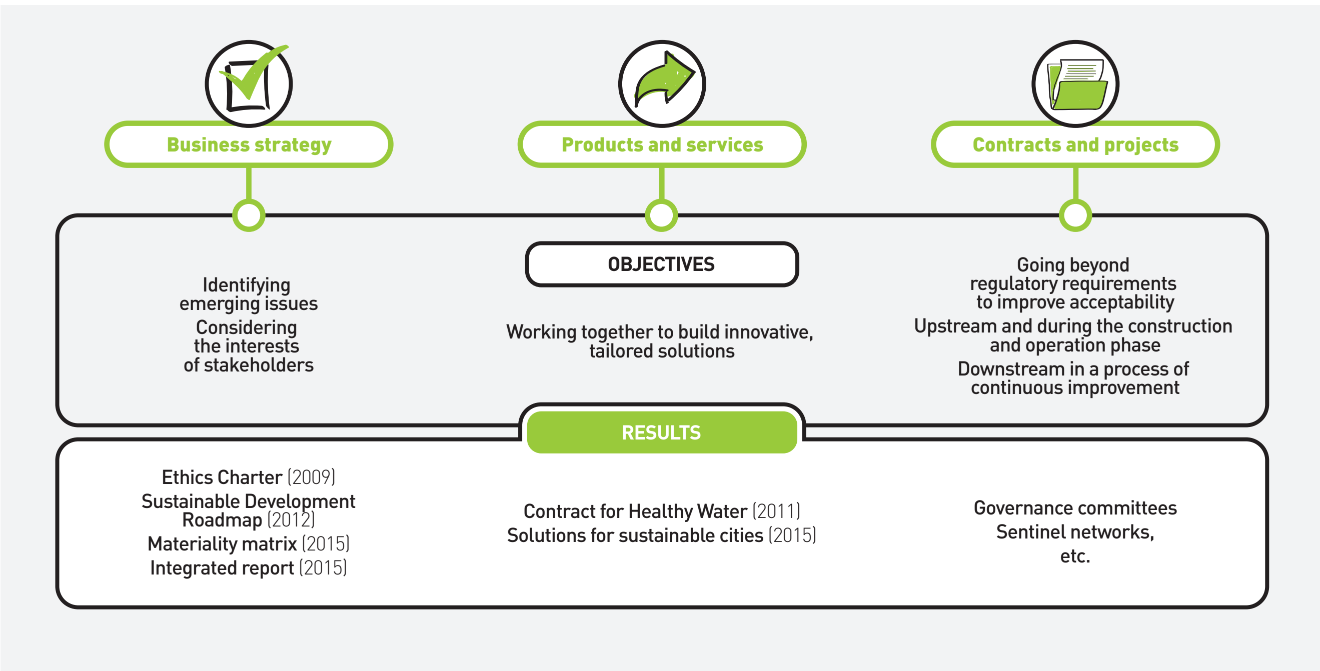
6.8.3.5 Sustaining trust by strengthening dialogue with stakeholders

SOCIAL DIALOGUE

For over 10 years, SUEZ has pursued a policy of active dialogue to direct its strategy and action plans, on both an institutional and an operational level. SUEZ spearheaded the development of common standards such as the OECD Principles on Water Governance or the Committee 21 principles of constructive dialogue with stakeholders.

As a member of the Steering Committee for the OECD Water Governance Initiative, SUEZ is helping to develop indicators to measure the implementation of good water governance principles and of mechanisms for sharing experiences between stakeholders in order to improve governance practices worldwide. These indicators and experiences will be presented at the World Water Forum in Brasília in March 2018. SUEZ ensures that these standards are integrated into its internal procedures and promotes them to its customers and stakeholders.

On the Group level, SUEZ regularly sets up consultations at all relevant levels in order to improve the manner in which the Company's strategy addresses corporate expectations. The 2017-2021 Roadmap provides for an annual review of the implementation of its sustainable development commitments by a panel of stakeholders, moderated by a third-party guarantor. The following figure illustrates the different organizational levels of the dialogue at SUEZ and the concrete results it has had.



The Group focuses its dialogue with stakeholders on the most relevant challenges surrounding its scope and activities. This was the reason that SUEZ designed and implemented a robust methodology to carry out a materiality analysis in 2015, to identify the most important issues in its various markets. The analysis involved more than 5,000 people in over 40 countries. A list of 51 issues were determined on the basis of sector references, a report covering five years of dialogue with the stakeholders and interviews with experts and futurist specialists. These issues were then tested *via* an online survey by seven categories of stakeholders – employees, investors and shareholders, private sector, public and civil society players, the educational and research community and the media – in three representative geographic areas: France, the rest of Europe and the rest of the world. The economic impact of these issues in five years and the maturity of internal processes associated with these issues were evaluated by several of the Company's departments.

The results of the survey were displayed in the form of a materiality matrix in compliance with international standard AA 1000, as presented below. The vertical axis represents the importance of issues to stakeholders, including the level of press coverage over six months and the results of the survey, with no weighting between categories of respondents. The horizontal axis represents the impact of these issues on SUEZ.

SUEZ 2015 materiality matrix

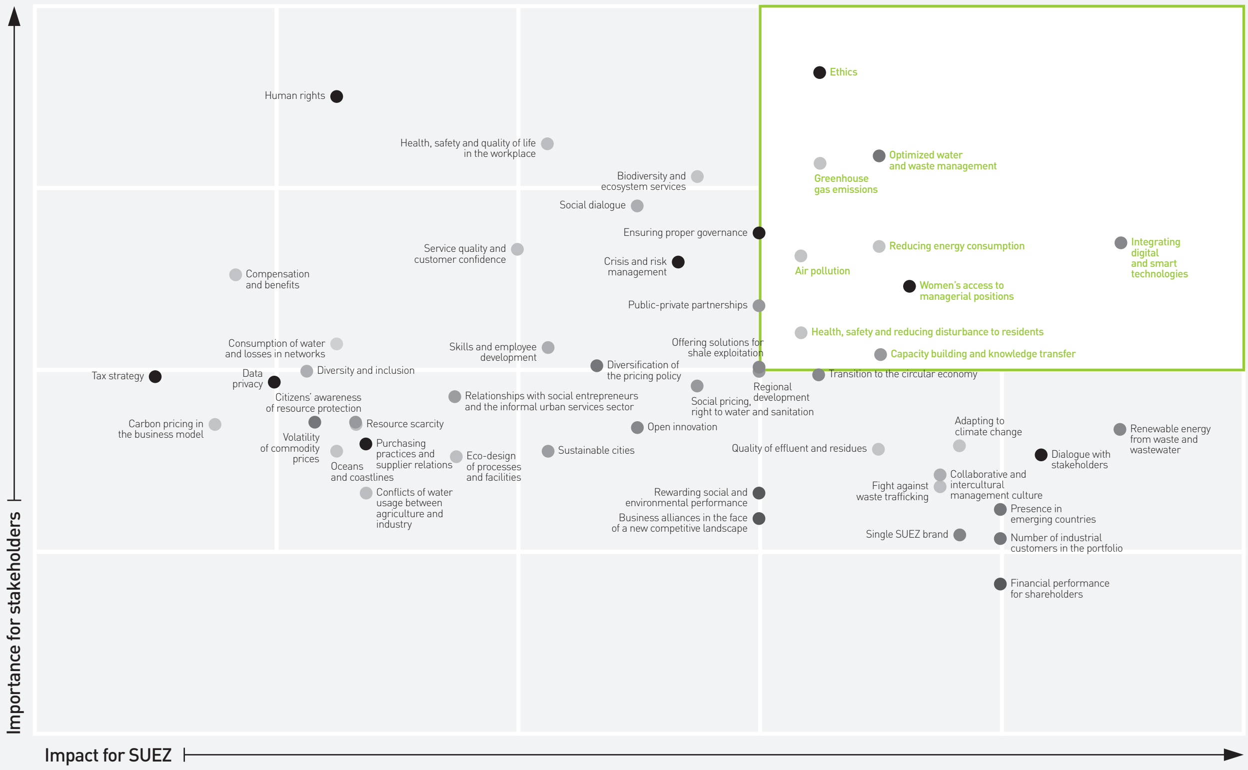
4,913 respondents in 49 countries

7 categories of stakeholders [a]

16 issues submitted for public consultation [b]

3 geographical areas [c]

9 priority issues identified



(a) Employees, investors and shareholders, public sector, private sector, civil society, research and education, media.
(b) In France, the United Kingdom, Spain and Morocco.
(c) France, rest of Europe and rest of the world.

GRI DISCLOSURE LABELS
G4-19, G4-24, G4-25, G4-27

In the context of its commercial contracts, the Group systematically proposes mechanisms and tools for open governance, particularly with regard to the sharing of operating data.

Finally, the Group has developed a method for planning and facilitating dialogue, which is used at both a local and a global level and has been translated into a piece of software, the "Stakeholder Toolkit". The managers are trained and supported in implementing it. An e-learning module on the management of the Group's reputation is also available to all employees *via* the intranet, where a Yammer group also brings together the community of participants in the dialogue and open innovation that takes place within SUEZ. SUEZ strives to develop a culture of collaboration among all its employees, which forms an integral part of the evaluation of individual and collective performance.

At the regional level, SUEZ has designed a specific dialogue system with innovation-driving social and environmental entrepreneurs related to its businesses, responding to the specific challenges of the region. The "SUEZ Collaborative Tour" has thus visited Nantes, Bordeaux, Lyon, Val-de-Marne, and the west of Paris (section 6.8.3.3).

RESPONSIBLE LOBBYING

SUEZ maintains regular dialogue with public institutions at the local, national, European and international levels. As part of its lobbying activities, the Group regularly communicates with French and European institutions, in particular through position statements, direct contact and participation in professional bodies and think tanks. The main issues addressed include such general-interest subjects as combating climate change, the efficient management of natural resources, and sustainable production and consumption. They also deal with subjects that have a more direct link to the day-to-day activities of the Group, such as management procedures and public procurement, the revision of the Water Framework Directive, the circular economy package, the Waste Framework Directive, and the Industrial Emissions Directive, or the provisions relating to the monitoring of waste transfer operations.

The Group is registered as an official lobbyist with European institutions. It publishes the following information each year on the European Commission's website: the Group's centers of interest, its membership of associations linked with the European Union, the amounts and sources of finances received from institutions of the European Union, and the costs of activities for representing interests to European institutions (personnel and travel costs, memberships in professional associations, and external consultants). These costs amounted to between EUR 800,000 and EUR 899,000 in 2016.

Furthermore, in France, in accordance with the Sapin 2 law of December 9, 2016, the Group has been registered with the French High Authority for Transparency in Public Life (HATVP). As of April 2018, SUEZ will include an Annual Report of all its activities as representative of the public interest to public institutions and of the associated costs.

Much of the cost associated with these activities is due to SUEZ's membership of national and international associations; for France, for example, this represented an amount of EUR 300,000 in 2017.

Finally, in 2013 the Group adopted an internal Code of Conduct to guarantee the use of responsible practices in the area of lobbying, in line with its Ethics Charter. This Code of Conduct, which features eight key commitments for each employee or consultant involved in lobbying activities on the Group's behalf, is implemented as part of the Ethics Program described in section 4.2.6 of this document.

REPUTATION MANAGEMENT

The implementation of a single brand in 2015 reinforces the need to listen to and analyze stakeholders' perceptions of different markets with different cultures in order to adapt SUEZ's offering and modes of operation to their needs. SUEZ's reputation management strategy consists in basing its recommendations on the experience and tools developed by its subsidiaries and sharing them extensively within the Group, while simultaneously reinforcing them. The Group action plan revolves around four objectives:

- **Assess:**
  - integrate a Reputation Risk Method within business processes (risk analysis, operations committee),
  - assess and adapt the monitoring tools,
  - define reputation performance indicators,
  - annually assess the Group's reputation in accordance with the commitment made in the 2017-2021 Roadmap.
- **Act:**
  - develop a reputation management method and tools, with a published guide,
  - implement the method and software for planning and facilitating dialogue with stakeholders (Stakeholder Toolkit) in all subsidiaries and, on a mandatory basis, for all strategic projects in accordance with the commitment made in the 2017-2021 Sustainable Development Roadmap,
  - implement two training modules: one on managing reputation at the site level, the other on managing reputation at a national or international level (multi-activity),
  - provide all employees with training to face the challenges of managing the Group's reputation in the form of three e-learning modules on the Group's platform.
- **Share:**
  - promote the exchange of information between managers in the Group on matters of reputation,
  - share thematic notes on basic societal issues and new types of mobilization, like crowdsourcing,
  - distribute a monthly newsletter intended for functional and operational managers.
- **Manage alerts and controversies:**
  - monitor and address controversies and crises,
  - monitor the issues that are most important to stakeholders (see "Materiality analysis" above),
  - take the lead in responding to non-financial rating agencies on controversies identified by them.

6.8.4 SUEZ's contribution to the Sustainable Development Goals

The sustainable development Goals (SDGs) were adopted by 193 Member States of the UN in September 2015 and pertain to the period 2015-2030.

There are 17 SDGs, each one broken down into some dozen targets. They may be viewed at https://sustainabledevelopment.un.org/sdgs: (1) no poverty; (2) zero hunger; (3) good health and well-being; (4) quality education; (5) gender equality; (6) clean water and sanitation; (7) affordable and clean energy; (8) decent work and economic growth; (9) industry, innovation and infrastructure; (10) reduced inequalities; (11) sustainable cities and communities; (12) responsible consumption and production; (13) climate action; (14) life below water; (15) life on land; (16) peace, justice and strong institutions; (17) partnerships for the goals.

The table below shows SUEZ's contribution to these objectives and the associated targets with regard to the various information present in this chapter. SUEZ has made a particular contribution to SDGs 12, 8 and 6.

Section of the Reference Document	SDG					
6.8.1 Environmental management						
6.8.1.1 Environmental management	9.4	13.3				
Environmental and industrial risk management	6.3	12.4				
The environmental objectives in the Sustainable Development Roadmap	12.6					
Employee training and information on environmental protection	12.8					
Environmental management systems certification	9.4	12.4				
Organization and operational and environmental performance measurement and control systems	12.6					
6.8.1.2 Health protection						
Water: always be a few steps ahead regarding the quality of distributed water	6.3	9b	9.4	9.5		
Waste: control polluting emissions into the atmosphere	3.9	11.6	12.4			
Water and waste: limiting noise, odor and visual pollution	9.4					
6.8.1.3 Conservation of resources						
Water conservation	2.4	6.3	6.4	6.5	9.4	12.4
Waste recovery and the circular economy	6.3	7.2	11.6	12.4	12.5	
Combating food waste	12.3					
Soil remediation	3.9	12.4				
6.8.1.4 Energy management						
Energy efficiency	7.3	9.4	11.6			
Energy production	7.2					
6.8.1.5 Climate change mitigation and adaptation policies						
Regulatory framework for climate change						
SUEZ's carbon profile	12.6					
SUEZ's commitments for the climate	12.6	12.8	17.16	17.17		
6.8.1.6 Protection of biodiversity and ecosystems	15.1	15.5	15.8			
6.8.1.7 Environment-related expenditure						
6.8.1.8 Reporting methodology and scope	12.6					

Section of the Reference Document	SDG									
6.8.2 Employee relations policy										
Employment Compensation and changes thereto										
Total number and breakdown of employees by gender, age and geographical area										
New hires and layoffs	8.5	10.2								
Organization of work Absenteeism										
Organization of working time										
Employee relations Organization of employee dialogue	16.7	16.10								
Review of collective bargaining agreements										
Health & Safety Health and safety conditions at work										
Review of agreements with trade unions or employee representatives on health and safety in the workplace										
Accidents in the workplace, including their frequency and severity, as well as occupational illnesses										
Training Training policies implemented	4.4	4.5								
Total number of training hours	4.4	4.5								
Equal opportunity Measures taken to promote gender equality	5.1	5.5	8.5	8.8	10.4					
Measures taken to promote the employment and integration of people with disabilities	8.5									
Anti-discrimination policy	4.5	5.1	8.5	8.6	10.3					
6.8.3 Corporate commitments to sustainable development										
6.8.3.1 Promotion of human rights and duty of vigilance										
Human rights and fundamental freedoms	5.1	5.5	6.1	6.2	8.7	8.8	16.7	16.10		
6.8.3.2 Promote inclusive models										
Offer access solutions to services Informal collectors in waste management	1.4	3.3	3.9	4.2	5.2	5.4	6.1	6.2	9.1	11.1
6.8.3.3 Contribute to a responsible economy through local employment and development										
Regional, economic and social impact of operations	4.4	8.3	8.5	8.10						
Subcontracting and suppliers	8.3	9.3								
6.8.3.4 Partnerships and sponsorships	14.1	14a	15.1	15.5	17.3	17.9	16.5			
6.8.3.5 Sustaining trust by strengthening dialogue with stakeholders										
Social dialogue	16.7	17.9	17.17							
Responsible lobbying	16.6	17.17								
Reputation management	12.6									

6.8.5 Independent verifier's report on the consolidated social, environmental and societal information included in the Management Report

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

To the shareholders,

In our capacity as independent third party, certified by COFRAC under number 3-1058 (scope available at www.cofrac.fr), and member of the Mazars network of one of the company's Statutory Auditors, we hereby report to you on the consolidated Human Resources, environmental and social information for the year ended December 31st, 2017, included in chapters 6.8 and 17.2 of the Management Report (hereinafter named "CSR Information"), pursuant to Article L. 225-102-1 of the French Commercial Code (*Code de commerce*).

Company's responsibility

The Board of Directors is responsible for preparing a company's Management Report including the CSR Information required by Article R. 225-105-1 of the French Commercial Code in accordance with the guidelines used by the Company (hereinafter the "Guidelines"), summarised in chapters 6.8 and 17.2 of the Management Report and available on request from the company's head office.

Independence and quality control

Our independence is defined by regulatory texts, the French Code of Ethics (*Code de déontologie*) of our profession and the requirements of Article L. 822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the independent third party

On the basis of our work, our responsibility is to:

- attest that the required CSR Information is included in the Management Report or, in the event of non-disclosure of a part or all of the CSR Information, that an explanation is provided in accordance with the third paragraph of Article R. 225-105 of the French Commercial Code (Attestation regarding the completeness of CSR Information);
- express a limited assurance conclusion that the CSR Information taken as a whole is, in all material respects, fairly presented in accordance with the Guidelines (Conclusion on the fairness of CSR Information).

It is however not our responsibility to attest compliance with other legal dispositions where appropriate, in particular those included in Article L. 225-102-4 of the French Commercial Code (vigilance plan of parent companies) and law n° 2016-1691, dated December 9th, 2016, said Sapin II (fight against corruption).

Our work involved 8 persons and was conducted between October 2017 and March 2018 during a twenty-week period.

We performed our work in accordance with the professional standards and with the order dated 13 May 2013 defining the conditions under which the independent third party performs its engagement, and with ISAE 3000[1] concerning our conclusion on the fairness of CSR Information.

1. Attestation regarding the completeness of CSR Information

Nature and scope of our work

On the basis of interviews with the individuals in charge of the relevant departments, we obtained an understanding of the Company's sustainability strategy regarding Human Resources and environmental impacts of its activities and its social commitments and, where applicable, any actions or programmes arising from them.

We compared the CSR Information presented in the Management Report with the list provided in Article R. 225-105-1 of the French Commercial Code.

For any consolidated information that is not disclosed, we verified that explanations were provided in accordance with Article R. 225-105, paragraph 3 of the French Commercial Code.

We verified that the CSR Information covers the scope of consolidation, *i.e.*, the Company, its subsidiaries as defined by Article L. 233-1 and the controlled entities as defined by Article L. 233-3 of the French Commercial Code, within the limitations set out in the methodological note, presented in sections 6.8.1.8 and 17.2.6 of the Management Report.

Conclusion

Based on the work performed and given the limitations mentioned above, we attest that the required CSR Information has been disclosed in the Management Report.

2. Conclusion on the fairness of CSR Information

Nature and scope of our work

We conducted about thirty interviews with the persons responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and understandability, and taking into account industry best practices where appropriate;
- verify the implementation of data-collection, compilation, processing and control process to reach completeness and consistency of the CSR Information and obtain an understanding of the internal control and risk management procedures used to prepare the CSR Information.

(1) ISAE 3000 – Assurance engagements other than audits or reviews of historical financial information.

We determined the nature and scope of our tests and procedures based on the nature and importance of the CSR Information with respect to the characteristics of the Company, the Human Resources and environmental challenges of its activities, its sustainability strategy and industry best practices.

Regarding the CSR Information that we considered to be the most important [1]:

- at parent entity level, we referred to documentary sources and conducted interviews to corroborate the qualitative information (organisation, policies, actions), performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the Management Report;
- at the level of a representative sample of entities selected by us [2] on the basis of their activity, their contribution to the consolidated indicators, their location and a risk analysis, we conducted interviews to verify that procedures are properly applied, and we performed tests of details, using sampling techniques, in order to verify the calculations and reconcile the data with the supporting documents. The selected sample represents on average 23% of headcount, considered as material data of social issues and between 27% and 63% of quantitative environmental data considered as material data of environmental issues.

For the remaining consolidated CSR Information, we assessed its consistency based on our understanding of the Company.

We also assessed the relevance of explanations provided for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

Conclusion

Based on the work performed, no material misstatement has come to our attention that causes us to believe that the CSR Information, taken as a whole, is not presented fairly in accordance with the Guidelines.

Paris-La Défense, February 28, 2018

The independent verifier

MAZARS SAS

Achour Messas Partner	Edwige Rey Partner CSR & sustainable development

(1) **Human resources indicators (quantitative information):** Total headcount; Distribution of the headcount between managers and non-managers ; Proportion of women (mix rate) in total headcount ; Proportion of women (mix rate) amongst managers ; Age pyramid ; Turnover ; Resignation rate – voluntary turnover ; Hiring rate (permanent and fixed-term contracts) ; Annual number of training hours per employee ; Proportion of employees who benefitted from training (excluding e-learning); Gross salaries; Lost-time accidents frequency rate ; Severity rate ; Number of fatal accidents (employees) ; Number of newly recognized occupational diseases; Rate of employees covered by social dialogue schemes (at the company and more global level).

Social indicators (quantitative information): Number of trained professionals from water/ sanitation services in developing countries ; SUEZ Initiatives Fund 's annual dotation amount.

Social indicator (qualitative information): Commitment n°4 of the roadmap2017-2021, "Mastering the stakes linked to globalization: promoting a responsible supply chain".

Environmental indicators (quantitative information): Energy production and energy consumption (primary and secondary sources) of the Group's Water activities; Production of useful energy and energy consumption of the Group's Recycling and Recovery activities; Material recovery tonnage; Direct greenhouse gas (GHG) emissions from processes or equipment owned or controlled by the Group, and indirect emissions associated with the consumption of electricity and heat; Greenhouse gas emissions avoided by the Group's customers linked to the recovery of materials and to the energy recovery activities; Technical yield of the networks of the Group's Water activities (equivalent inhabitants).

(2) **Human resources information:** SUEZ Recycling & Recovery Holdings UK Ltd, SUEZ Recycling AB, SUEZ R&V Nord Est, SUEZ Eau France, LYDEC SA, SUEZ Water Inc.

Environmental information: SUEZ R&V France (of which the Astria site), SUEZ Recycling & Recovery UK (of which the Packington site), Water North America (of which the New Jersey site), SUEZ Eau France (of which the Bordeaux site), AGBAR IG (of which the EMASAGRA and SGAB Aigues de Barcelona sites).

6.8.6 Reasonable assurance report by the Statutory Auditors on a selection of consolidated information included in the Management Report

To the shareholders,

In our capacity as SUEZ's Statutory Auditors, we hereby report to you our reasonable assurance report on the information selected by SUEZ[1] and identified by the XXX sign in chapters 6.8 and 17.2 of the Management Report (hereinafter named "the Information"), for the financial year ended December 31st, 2017.

I – COMPANY'S RESPONSIBILITY

The Information was prepared, under the responsibility of the Board of Directors, in accordance with the HR, Health & Safety, and Environment reporting protocols used by the Company (hereinafter the "Criteria"), summarized in chapters 6.8 and 17.2 of the Management Report and available on request from the Human Resources Performance Department, the Health and Safety Direction, and the Technical and Performance Department.

II – INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulatory texts, the French Code of Ethics *(Code de déontologie)* of our profession and the requirements of Article L. 822-11 of the French Commercial Code. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the ethical requirements, professional standards and applicable legal and regulatory requirements.

III – STATUTORY AUDITORS' RESPONSIBILITY

On the basis of our work, our responsibility is to provide, at the request of the Company, a reasonable assurance as to whether the Information identified by the symbol XXX in Chapters 6.8 and 17.2 of the Management Report was prepared, in all material respects, in accordance with the adopted Criteria. Conclusions hereinafter expressed relate to these information only, and not on the whole of the Management Report's chapters 6.8 and 17.2.

We performed the work described below in accordance with the relevant National Statutory Auditors company's professional standards and with the ISAE 3000[2] international norm.

IV – NATURE AND SCOPE OF OUR WORK

- We conducted interviews with the persons responsible for preparing the Information, the departments in charge of collecting the information and, where appropriate, responsible for internal control and risk management procedures.
- We assessed the suitability of the Criteria in terms of relevance, completeness, neutrality, clarity and reliability, by taking into consideration, when relevant, the sector's best practices.
- We verified the set-up within the Group of a process to collect, compile, process and check the Information with regard to its completeness and consistency. We familiarized ourselves with the internal control and risk management procedures relating to the compilation of the Information.
- We performed analytical procedures on the information and verified, using sampling techniques, the calculations and the consolidation of the data. We also verified that the information was consistent and in agreement with the other information in the Management Report.
- We performed detailed tests, using sampling techniques, on a representative sample of entities[3] that we selected based on their activity, their contribution to consolidated indicators, their localization and a risk analysis, consisting in verifying the calculations made and reconciling the data with supporting documents.

The selected sample thus represents 46% of the total headcount and between 32% and 86%[4] of the quantitative environmental information.

(1) **Social and Societal information:**

Social indicators (quantitative information): Total headcount; Distribution of the headcount between managers and non-managers; Proportion of women (mix rate) in total headcount; Proportion of women (mix rate) amongst managers; Resignation rate – voluntary turnover; Lost-time accidents frequency rate; Severity rate; Number of fatal accidents (employees); Proportion of employees who benefitted from training (excluding e-learning).

Societal Indicators (quantitative information): Environment Initiatives Fund 's annual dotation amount; Number of trained professionals from water/ sanitation services in developing countries.

Environmental information (quantitative information): Energy production and energy consumption (primary and secondary sources) of the Group's Water activities; Production of useful energy and energy consumption of the Group's Recycling and Recovery activities; Direct greenhouse gas (GHG) emissions from processes or equipment owned or controlled by the Group, and indirect emissions associated with the consumption of electricity and heat; Technical yield of the networks of the Group's Water activities (equivalent inhabitants).

(2) ISAE 3000 - Assurance engagements other than audits or reviews of historical financial information

(3) **Human resources information:** SUEZ Recycling & Recovery Holdings UK Ltd, SUEZ Recycling AB, SUEZ R&V Nord Est, SUEZ Eau France, LYDEC SA, Agbar Chili, SUEZ Spain, S.L., SUEZ El Beida, SUEZ Boughaz, SUEZ Recycling & Recovery Pty Ltd Australia, SUEZ Recycling & Recovery Deutschland GmbH, SUEZ Recycling & Recovery Netherlands B.V., SUEZ Vyuziti zdroju, SUEZ Water Inc.

Environmental information: SUEZ R&V France (of which the Astria site), SUEZ Recycling & Recovery UK (of which the Packington site) , R&R China (of which the STTS site), R&V Deutschland (of which the Bielefeld site), SUEZ Recycling & Recovery Australia (audit of GHG emissions), SUEZ Eau France (of which the Bordeaux site), Water North America (of which the New Jersey sites), AGBAR IG (of which the EMASAGRA et SGAB Aigues de Barcelona sites) ; and remote audits on GHG emissions: R&V Belgium Treatment, R&V Sita Atlas, as well as the Rekem Roussillon et Rekem Pont de Claix sites from IWS.

(4) Of which 71% of the Group's direct and indirect greenhouse gas (GHG) emissions.

We believe that the sampling methods and sample sizes we have used, based on our professional judgement, allow us to express a reasonable assurance on the Information. Due to the use of sampling techniques and other limitations inherent to information and internal control systems, the risk of not detecting a material misstatement in the CSR information cannot be totally eliminated.

V – CONCLUSION

In our opinion, the Information identified by the XXX symbol was prepared, in all material respects, in accordance with the Criteria.

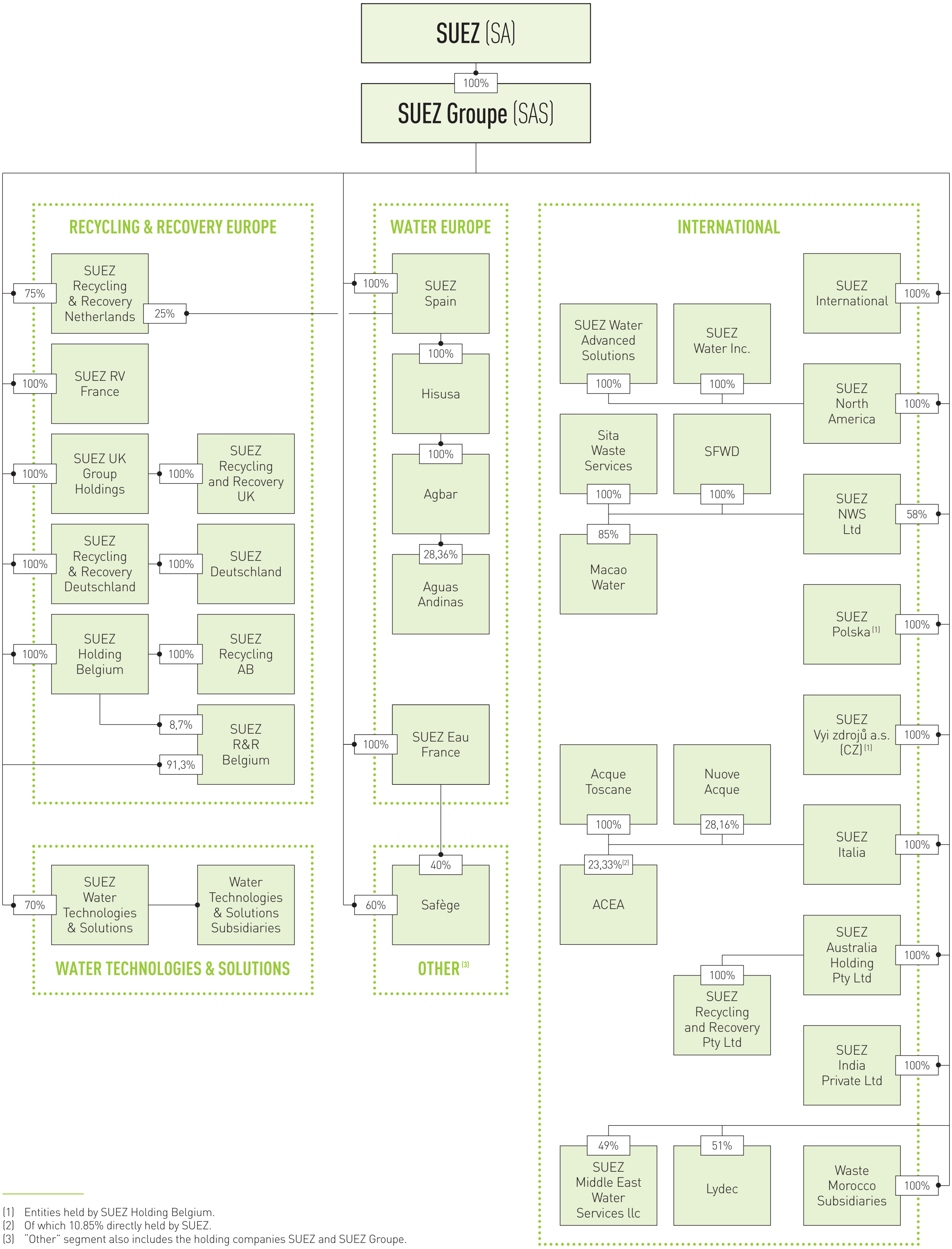
Courbevoie and Paris-La Défense, March 8th, 2018

The Statutory Auditors

MAZARS	ERNST & YOUNG ET AUTRES
Achour MESSAS	Stéphane PEDRON

7 organizational chart

7.1 Simplified Group organization as of December 31, 2017



(1) Entities held by SUEZ Holding Belgium.
(2) Of which 10.85% directly held by SUEZ.
(3) "Other" segment also includes the holding companies SUEZ and SUEZ Groupe.

7.2 Presentation of the Group's main subsidiaries

The presentation of the activities of the Group's main subsidiaries is found in chapter 6 of this document. Note 28 to the Consolidated Financial Statements in chapter 20.1 gives the list of the main Group's companies.

7.3 Relations with subsidiaries

SUEZ is a holding company. As of December 31, 2017, it owns, 100% of the share capital of SUEZ Groupe SAS and 10.85% of Acea SpA share capital. It carries the Group's bond debt (see chapter 10.3 of this Reference Document).

On January 1, 2008, a tax consolidation group was created in France between the Company and the subsidiaries in which it holds at least 95% of the capital. As a result of this tax group, SUEZ and each of the tax group member companies have entered into tax consolidation agreements. Every year, subsidiaries might leave or enter the consolidated SUEZ tax group. When subsidiaries enter the tax group, new agreements are concluded between SUEZ and each subsidiary entering the group.

The Group has established a centralized cash management system for its main French and international subsidiaries, which optimizes net cash positions at the SUEZ Groupe SAS level.

Other cash flows within the Group consist primarily of loans granted by SUEZ Groupe SAS to some of its subsidiaries.

In addition to cash flows related to cash management and financing, SUEZ Groupe SAS receives dividends from its subsidiaries; for fiscal year 2016, these dividends totaled EUR 266.6 million, and were almost fully paid out in 2017.

Moreover, SUEZ Groupe SAS provides different types of services to other subsidiaries of the Group. In 2017, the total amount billed by SUEZ Groupe SAS for these services amounted to EUR 229.5 million.

8 real estate and equipment

8.1 Group real estate and equipment

The Group operates several drinking water production plants, wastewater treatment plants and water distribution and wastewater collection networks.

The Group also operates a number of waste treatment plants: incineration plants, sorting plants, landfills, composting platforms, hazardous waste treatment plants, etc.

Finally, the Group operates manufacturing sites for water treatment equipment or reagents used in water treatment.

Information on some facilities and plants operated by the Group as of December 31, 2017, is provided in the table below:

Sector	Country	City/Area/State	Activity	Capacity
WATER	Australia	Anstey Hill	Production of drinking water	313,000 m³/day
		Happy Valley	Production of drinking water	850,000 m³/day
		Hope Valley	Production of drinking water	273,000 m³/day
		Perth	Desalination plant	155,000 m³/day
		Sydney	Production of drinking water	3,000,000 m³/day
	Bangladesh	Saidabad	Production of drinking water	280,000 m³/day
	Chile	Santiago	Production of drinking water	2,900,000 m³/day
		Santiago	Wastewater treatment	1,340,000 m³/day
	China	Baoding	Production of drinking water	260,000 m³/day
		Changshu	Production of drinking water	875,000 m³/day
		Chongqing	Production of drinking water	876,000 m³/day
		Chongqing Tangjiatuo	Wastewater treatment	400,000 m³/day
		Macao	Production of drinking water	330,000 m³/day
		Qingdao	Production of drinking water	726,000 m³/day
		Sanya	Production of drinking water	245,000 m³/day
		Shanghai SCIP	Production of industrial water	200,000 m³/day
		Tanggu	Production of drinking water	280,000 m³/day
		Tanzhou	Production of drinking water	150,000 m³/day
		Tianjin	Production of drinking water	500,000 m³/day
		Zhengzhou	Production of drinking water	300,000 m³/day
		Zhongshan	Production of drinking water	1,000,000 m³/day
	Colombia	Cartagena	Production of drinking water	270,000 m³/day
	Egypt	Gabal El Asfar	Wastewater treatment	625,000 m³/day
		Alexandria	Wastewater treatment	819,000 m³/day
	Spain	Alicante	Wastewater treatment	135,000 m³/day
		Barcelona	Production of drinking water	900,000 m³/day
		Barcelona	Wastewater treatment	525,000 m³/day
		El Prat	Wastewater treatment	315,000 m³/day
		Granada	Production of drinking water	286,000 m³/day
		Murcia-ESTE	Wastewater treatment	121,000 m³/day
		Santander	Wastewater treatment	159,000 m³/day
		Valladolid	Wastewater treatment	214,000 m³/day
	France	Aubergenville	Production of drinking water	132,000 m³/day
		Bordeaux	Wastewater treatment	210,000 m³/day
		Bordeaux	Production of drinking water	547,000 m³/day
		Clos de Hilde	Wastewater treatment	100,000 m³/day
		Dijon	Production of drinking water	125,000 m³/day
		Dijon	Wastewater treatment	84,000 m³/day
		Grimonpont	Wastewater treatment	285,000 m³/day
		La Feyssine	Wastewater treatment	91,000 m³/day
		Le Pecq-Croissy	Production of drinking water	160,000 m³/day
		Marseilles (SERAM)	Wastewater treatment	325,000 m³/day
		Mont Valérien	Production of drinking water	108,000 m³/day
		Morsang	Production of drinking water	225,000 m³/day
		Mougins Sicasil	Production of drinking water	242,000 m³/day
		Nantes (Tougas)	Wastewater treatment	111,500 m³/day
		Nice (Haliotis)	Wastewater treatment	220,000 m³/day
		Strasbourg	Wastewater treatment	242,000 m³/day
		Valenton	Wastewater treatment	800,000 m³/day
		Viry-Châtillon	Production of drinking water	120,000 m³/day

Sector	Country	City/Area/State	Activity	Capacity
WATER	India	Bandhup	Production of drinking water	990,000 m^3/day
		Chembarambakkam	Production of drinking water	530,000 m^3/day
		Okhla	Wastewater treatment	136,000 m^3/day
		Rhitala	Wastewater treatment	182,000 m^3/day
		Sonia Vihar	Production of drinking water	635,000 m^3/day
		TK-Hali	Production of drinking water	950,000 m^3/day
	Morocco	Casablanca	Production of drinking water	165,000 m^3/day
		Casablanca	Wastewater treatment	950,000 m^3/day
	Mexico	Ciudad Juarez Norte	Wastewater treatment	140,000 m^3/day
		Ciudad Juarez Sur	Wastewater treatment	170,000 m^3/day
	Panama	Panama	Wastewater treatment	238,000 m^3/day
	Qatar	Doha West	Wastewater treatment	175,000 m^3/day
	Czech Republic	Brno	Production of drinking water	193,000 m^3/day
	Taiwan	Kaohsiung	Production of drinking water	450,000 m^3/day
	USA	Bay Park	Wastewater treatment	125,000 m^3/day
		Delaware	Production of drinking water	136,000 m^3/day
		Haworth	Production of drinking water	610,000 m^3/day
		Idaho	Production of drinking water	356,000 m^3/day
		Jersey City	Production of drinking water	303,000 m^3/day
		New Rochelle	Production of drinking water	340,000 m^3/day
		New York	Production of drinking water	219,000 m^3/day
		South Huron Valley	Wastewater treatment	70,000 m^3/day
		Springfield	Wastewater treatment	254,000 m^3/day
INDUSTRIAL WATER	Belgium	Herentals	Manufacture of reagents for water treatment	
	Brazil	Sorocaba	Manufacture of reagents for water treatment	
	Canada	Edmonton	Manufacture of reagents for water treatment	
	China	Wuxi	Manufacture of equipment and reagents for water treatment	
	USA	Bakersfield	Manufacture of reagents for water treatment	
		Beaumont	Manufacture of reagents for water treatment	
		New Philadelphia	Manufacture of reagents for water treatment	
		Norfolk	Manufacture and maintenance of mobile stations	
		Trevose	Laboratory and equipment manufacturing	
		West Orange	Manufacture of reagents for water treatment	
	France	Crissey	Manufacture of reagents for water treatment	
	Hungary	Oroszlany	Manufacture of equipment	
	United Kingdom	Peterborough	Manufacture and maintenance of mobile stations	
RECYCLING AND RECOVERY	Germany	Neuwied	Sorting and composting center	150,000 t/year
		Zorbau	Energy recovery from waste	300,000 t/year
	Australia	Cairns	Composting center	125,000 t/year
		Eastern Creek	Non-hazardous landfill	550,000 t/year
		Epping	Composting center	65,000 t/year
		Kemps Creek	Sorting/recycling center	135,000 t/year
		Lucas Heights	Non-hazardous landfill	575,000 t/year
		Mindarie	Mechanical and biological treatment	100,000 t/year
		Newline Road	Non-hazardous landfill	200,000 t/year
		Raymond Terrace	Sorting/recycling center	40,000 t/year
		Wingfield	Sorting/recycling center	150,000 t/year
	Belgium	Bruges	Non-hazardous waste sorting and transfer station	84,000 t/year
		Brussels	Energy recovery from waste	450,000 t/year
		Grimbergen	Treatment of bottom ash	120,000 t/year
		Maasmechelen	Sorting center	82,000 t/year
		Sleco – Beveren	Energy recovery from waste	466,000 t/year
	Canada	Edmonton	Composting center	300,000 t/year
	China	Hong Kong – NENT	Non-hazardous landfill	810,000 t/year
		Hong Kong – WENT	Non-hazardous landfill	2,300,000 t/year
		Hong Kong – West Kowloon	Transfer station	990,000 t/year
		Shanghai SCIP	Hazardous industrial waste incineration	60,000 t/year
	France	Argenteuil	Energy recovery from waste	185,000 t/year
		Bègles	Energy recovery from waste	252,000 t/year
		Bessières	Energy recovery from waste	170,000 t/year
		Carrières-sur-Seine	Energy recovery from waste	140,000 t/year
		Créteil	Energy recovery from waste	235,000 t/year

Sector	Country	City/Area/State	Activity	Capacity
RECYCLING AND RECOVERY	France	Gennevilliers	Pre-treatment of household waste	190,000 t/year
		Hersin-Coupigny	Non-hazardous landfill	600,000 t/year
		La Roche-Molière	Non-hazardous landfill	500,000 t/year
		Lagny	Energy recovery from waste	150,000 t/year
		Les Aucrais	Non-hazardous landfill	300,000 t/year
		Lyon	Energy recovery from waste	165,000 t/year
		Pont-de-Claix	Hazardous industrial waste incineration	80,000 t/year
		Roussillon	Hazardous industrial waste incineration	115,000 t/year
		Satolas	Non-hazardous landfill	300,000 t/year
		Vedène	Energy recovery from waste	180,000 t/year
		Villeparisis	Hazardous landfill	250,000 t/year
		Villeparisis	Treatment of polluted soil	60,000 t/year
		Villers-Saint-Paul	Energy recovery from waste	156,000 t/year
		Ivry-sur-Seine	Energy recovery from waste	680,000 t/year
	Morocco	Meknès	Waste recovery center and landfill	300,000 t/year
	The Netherlands	Roosendaal	Energy recovery from waste	260,000 t/year
		Amsterdam	Non-hazardous waste transfer station	52,000 t/year
	Poland	Radom	Pre-treatment of industrial waste	95,000 t/year
		Ryman	Non-hazardous landfill	220,000 t/year
		Starol – Chorzow	Production of RDF	250,000 t/year
	Czech Republic	Spovo	Hazardous waste incineration	18,500 t/year
		Nemcice	Hazardous and non-hazardous landfill	55,000 t/year
	United Kingdom	Billingham-Teesside	Energy recovery from waste	390,000 t/year
		Cleveland	Energy recovery from waste	756,000 t/year
		Clifton marsh	Non-hazardous landfill	525,000 t/year
		Fareham	Pre-treatment of non-hazardous waste	300,000 t/year
		Kirklees (Huddersfield)	Energy recovery from waste	136,000 t/year
		Path Head	Non-hazardous landfill	220,000 t/year
		Sidegate Lane	Non-hazardous landfill	400,000 t/year
		Stoneyhill	Non-hazardous landfill	100,000 t/year
		Whinney Hill	Non-hazardous landfill	700,000 t/year
	Sultanate of Oman	Muscat	Non-hazardous landfill	700,000 t/year
	Taiwan	Ren Wu	Energy recovery from waste	400,000 t/year

At the beginning of a project, the client awards the Group the right to use preexisting buildings and facilities, which are made available for the duration of the contract. For the duration of the contract, and depending upon the legal systems involved, the Group may or may not be the legal owner, but it almost always controls the assets needed for the operations and provides for their maintenance and renewal, as necessary.

8.2 Environmental constraints that may affect the Group's use of its fixed assets

Environmental issues that may affect the use of the various facilities fully owned or operated by the Group are described in section 6.8.1 of this Reference Document.

9

financial review

9.1 General Information

9.1.1 Introduction

In 2017, SUEZ posted a +3.6% increase in **revenues** due to growth in all its divisions, but above all due to the contribution of GE Water group's business activities during the fourth quarter.

Current operating income dropped -2.6% and EBITDA shrunk by -0.4% (see section 9.2.2 for a description of these variations).

Net income Group share totaled EUR 302 million, down EUR 118 million compared to 2016; it included EUR 158 million in restructuring costs, *versus* EUR 76 million in 2016, as well as EUR 44 million in expenses related to the GE Water group acquisition.

Free cash flow[1] before disposals and development capital expenditure amounted to EUR 1,004 million, unchanged compared to 2016.

Net debt amounted to EUR 8,473 million as of December 31, 2017, up +5.4% compared to December 31, 2016. Net debt accounted for 93.5% of total equity at the end of 2017, *versus* 109.2% at the end of 2016. The net debt/EBITDA ratio was 3.2 at year-end 2017, higher than at the end of 2016.

A dividend of EUR 0.65 per share, for a total amount of EUR 401.9 million[2], will be proposed to the SUEZ Shareholders' Meeting convened on May 17, 2018 to approve the financial statements for the fiscal year ended December 31, 2017.

The table below shows the key figures of the statement of financial position for the years 2017 and 2016:

(in millions of euros)	2017	2016
Non-current assets	22,217.8	20,197.9
Current assets	10,152.5	8,954.3
Assets classified as held for sale [a]	–	131.8
Total assets	**32,370.3**	**29,284.0**
Shareholders' equity, Group share	6,562.3	5,495.9
Non-controlling interests	2,503.7	1,869.9
Other liabilities	23,304.3	21,825.7
Liabilities directly linked to assets classified as held for sale [a]	–	92.5
Total liabilities	**32,370.3**	**29,284.0**

(a) See Note 11 in chapter 20.1 of this Reference Document.

9.1.2 Significant events in the period

Acquisition of GE Water & Process Technologies

On September 29, 2017, SUEZ finalized the acquisition of GE Water & Process Technologies (GE Water) from General Electric Company for EUR 2,903 million in an all-cash transaction.

This transaction enabled the Group to affirm its global leadership in industrial Water Services, equipment and systems, and chemical water treatment products – all high-growth and strategic markets for the Group – and it strengthens the Group's presence outside Europe, particularly in the United States.

This transaction was carried out *via* SUEZ Water Technologies and Solutions (SWTS), which is 70% held by SUEZ and 30% held by CDPQ (Caisse de dépôt et placement du Québec). To finance the transaction, SWTS received capital contributions from SUEZ and CDPQ for EUR 1,559 million and EUR 668 million, respectively, as well as a loan from SUEZ for the balance.

The new "WTS" business unit, which includes former GE Water entities and SUEZ entities that are specialized in industrial water, has been fully consolidated into SUEZ group's financial statements since October 1, 2017. Based on unaudited *proforma* 2016 figures, WTS, which has nearly 10,000 employees, would have generated USD 2.7 billion in revenue and USD 281 million in EBITDA.

Provisional goodwill generated at the time of the acquisition totaled EUR 2,170.5 million (see Note 9.1). The purchase price allocation will be completed in 2018. No impact relating to this allocation has been recognized as of December 31, 2017.

(1) The Group uses the free cash flow indicator to measure cash generated from existing operations before development capex. The reconciliation of cash generated from operations before financial expenses and income tax to free cash flow is presented in section 9.3.1 of this document.
(2) Based on the number of shares as of December 31, 2017, excluding treasury shares.

New bond issues

On March 27, 2017, in order to secure the financing of the GE Water acquisition, SUEZ placed two bonds totaling EUR 1.2 billion:

- EUR 500 million maturing on April 3, 2025, bearing a 1.00% fixed annual coupon;
- EUR 700 million maturing on April 3, 2029, bearing a 1.50% fixed annual coupon.

On September 13, 2017, SUEZ also placed another bond for EUR 500 million maturing on September 21, 2032, with a 1.625% fixed annual coupon.

New issue of Undated Deeply Subordinated Notes

On April 19, 2017, in order to secure the financing of GE Water acquisition, SUEZ placed EUR 600 million in Undated Deeply Subordinated Notes with an initial fixed coupon of 2.875%, which will be revised for the first time seven years after issuance based on the five-year swap rate, and then every five years.

In accordance with the provisions of IAS 32, these securities or hybrid bonds constitute an equity instrument rather than a debt in the Group's Consolidated Financial Statements. In fact, in the normal course of life of these securities, there is no direct or indirect obligation to pay interests (except in the event that the issuer distributes dividends or redeems securities), even if only optional redemption dates exist rather than a final redemption maturity date.

After this issue, the Group's outstanding hybrid bonds amounted to EUR 1.6 billion as of December 31, 2017.

Capital increase

On May 24, 2017, in order to secure the financing of the GE Water acquisition, SUEZ launched a EUR 750 million capital increase without preferential subscription rights and with a three-day priority subscription period. This transaction received support from its three main shareholders – ENGIE, Criteria Caixa and Caltagirone – representing overall around 42% of the amount (approximately EUR 314 million).

The transaction resulted in the creation of 47.5 million new shares with a par value of EUR 4 issued at a EUR 15.80 per share.

Sale of Torre Agbar

On January 12, 2017, SUEZ sold the Agbar tower to the Spanish real estate group Merlin for EUR 142 million.

This asset and the corresponding finance lease liability had been reclassified as "assets and liabilities held for sale" in accordance with IFRS 5 on December 31, 2016.

Group transformation plan

SUEZ launched a support function transformation plan in France at the end of 2016. In January 2017, SUEZ set up a voluntary redundancy scheme from April to July 2017, as part of this transformation plan. The voluntary redundancy plan resulted in the recognition of EUR 73 million in restructuring costs as of December 31, 2017.

Sale of a 9.1% stake in Aquasure

In August 2017, AMP Capital and Unisuper signed an agreement to sell 9.1% of the equity interest the Group holds in Aquasure, the company that holds a management contract for a seawater desalination plant in Melbourne, Australia (a company accounted for in SUEZ's financial statements using the equity method). The transaction was finalized in early December. After this transaction, the Group still holds an 11.7% stake and significant influence in Aquasure.

The transaction generated a EUR 47.8 million capital gain.

Sale of Palyja

On September 14, 2017, SUEZ sold all its equity interest in Palyja, which manages a water concession contract in Jakarta, for USD 23 million (EUR 19.6 million), to Cantonment Investments Limited and Belle Peau PTE Ltd.

The gross capital gain from this transaction was EUR 10.2 million.

Employee share issue – Sharing Plan

In September 2017, SUEZ launched Sharing, its third shareholder offering reserved for more than 76,000 Group employees in 22 countries, to grow the Group's employee shareholding.

The reference price communicated on November 9, 2017 was EUR 15.38 per share (the average opening price of SUEZ shares for 20 trading days from October 12 through November 8). The subscription price was EUR 12.31 per share (80% of the reference price).

Nearly 29% of Group employees subscribed to shares under this transaction.

This third Sharing plan sharply increased employees' equity interest in the company, reaching 3.81% as of December 31, 2017.

This transaction resulted in the issue of 9,978,030 shares with a EUR 4 par value and a EUR 120 million capital increase, before issue costs.

Completion of the purchase price allocation related to the takeover of SUEZ NWS (Hong Kong) at the end of 2016

SUEZ had finalized the extension of its partnership with NWS Holdings Limited in China at the end of December 2016 for all activities of the Group within their joint Sino French Holdings (SFH) entity.

SUEZ contributed a portion of its activities to SFH and received new SFH shares in exchange, which enabled SUEZ to own 58% of the new SUEZ NWS Limited entity when the transaction was completed, with NWS owning 42% of this entity.

This major transaction for SUEZ group was accounted for in the Consolidated Financial Statements on December 31, 2016 as well as on December 31, 2017, in accordance with IFRS 3 (Revised), Business Combinations. In 2016, SUEZ had already remeasured the shares held by SFH at fair value, but identifying the assets and liabilities to be remeasured as part of the purchase price allocation was completed in 2017.

The table below shows the fair value of identifiable assets and liabilities as of the transaction date:

(in millions of euros)	**Fair value of identifiable assets and liabilities as of the transaction date**
Non-current assets	
Net intangible assets	87
Net property, plant and equipment	1
Investments in joint ventures	682
Current assets	
Other assets	15
Cash and cash equivalents	29
Non-current liabilities	
Other liabilities	117
Deferred tax liabilities	16
Current liabilities	
Other liabilities	54
Total net assets (100%)	**626**
Consideration transferred for the acquisition of 8% in SUEZ NWS Limited	89
Remeasured previously held interests	339
Non-controlling interests	267
Goodwill	**69**

Concession contracts in Macao designated as intangible assets under IFRIC 12, were measured using the Discounted Future Cash Flow (DCF) method while taking into account best estimate assumptions of renewal probability. The remeasurement was recognized under intangible assets and will be amortized on a straight-line basis over the term of the contract (taking the renewal period into account). Contracts in Chinese joint ventures were also measured using the DCF method while taking into account a renewal period when one is likely. A remeasurement of equity interests in joint ventures was recognized.

The EUR 69 million in goodwill primarily represents growth capacity in Asia as well as synergies with the Group.

Since the business combination took place on December 30, 2016, the full-year impact of the business combination and the purchase price allocation are included in 2017.

The additional annual depreciation linked to these various remeasurements had a -EUR 3.6 million impact on net income Group share.

9.2 Analysis of income statements

9.2.1 Explanations on main income statement items

Revenues

Revenues generated by water supply are based on volumes delivered to customers that are either individually metered and invoiced or estimated based on the output of the supply networks.

The price for wastewater services and wastewater treatment is either included in the water distribution invoice, or is sent in a separate invoice to the local municipality or industrial client.

Revenues arising from waste collection are generally based on the tonnage collected and the service provided by the operator.

Revenues from other forms of waste treatment (primarily sorting and incineration) are based on volumes processed and services rendered by the operator, plus the additional revenues from recovery operations, such as the sale of raw materials for sorting centers (paper, cardboard, glass, metals, plastics, etc.) and the sale of energy (electricity or heat) for incinerators.

Revenues from engineering, construction and service contracts are determined using the percentage of completion method. Depending on the contract concerned, the stage of completion may be determined either based on the proportion that costs incurred to date bear to the estimated total costs of the contract, or on the physical progress of the contract based on factors such as contractually defined stages.

Purchases

Purchases primarily include purchases of unpurified water intended for treatment prior to delivery to customers, as well as purchases of equipment, parts, energy, fuel and recyclable materials.

Other operating income and expenses

Other operating income includes re-invoicing direct charges and overheads.

Other operating expenses mainly include costs relating to subcontracting and other external services, maintenance and repair costs for waste collection and treatment equipment, production costs, water and waste treatment costs, and administrative costs. This item also includes other routine operating expenses such as rental expenses, external personnel costs, commissions and fees to intermediaries, and taxes other than corporate income tax.

Current operating income

Current operating income is an indicator used to present a certain level of operating performance. It is a subtotal that facilitates interpretation of the Group's performance by excluding elements which, in the Group's view, are insufficiently predictable due to their unusual, irregular or non-recurring nature. These elements relate to asset impairments, disposals, scope effects, restructuring costs and Mark-to-Market of trading instruments.

EBITDA

The Group uses EBITDA to measure its operating performance and its ability to generate operating cash flows.

EBITDA is not defined in IFRS and does not appear directly in the Group's consolidated income statement. Current operating income can be reconciled with EBITDA as follows:

Current operating income

– Net depreciation, amortization and provisions
– Share-based payments (IFRS 2)[a]
– Net disbursements under concession contracts[b]
+ Share in net income of equity-accounted companies considered as core business

EBITDA

(a) This item includes the allocation of stock options, bonus shares and payments made by the Group in relation to Company savings plans (including employer's matching contributions or matching shares).
(b) This item corresponds to the sum of the renewal expenditure relating to concessions and to changes in assets and liabilities for concession renewals.

The reconciliation of current operating income to EBITDA for 2017 and 2016 is set out in Note 3.4.1 to the Consolidated Financial Statements (chapter 20.1 of this Reference Document).

9.2.2 Comparison of fiscal years ended December 31, 2017 and 2016

(in millions of euros)	2017	2016
Revenues	15,871.3	15,322.0
Purchases	(3,092.4)	(2,995.9)
Personnel costs	(4,115.1)	(3,990.2)
Depreciation, amortization and provisions	(1,099.8)	(1,091.3)
Other operating income and expenses	(6,491.3)	(6,143.0)
Current operating income	**1,072.7**	**1,101.6**
MtM on operating financial instruments	1.3	(1.3)
Impairment on property, plant and equipment, intangible and financial assets	(20.3)	(159.5)
Restructuring costs	(157.6)	(76.1)
Scope effects	77.6	182.9
Other gains and losses on disposals and non-recurring items	33.6	91.3
Rebranding costs	–	(28.1)
Costs related to the acquisition of GE Water group	(44.4)	–
Income from operating activities	**962.9**	**1,110.8**
Share in net income of equity-accounted companies considered as core business	211.6	179.0
Of which: share in net income of joint ventures	92.2	84.4
Of which: share in net income from associates	119.4	94.6
Income from operating activities after share in net income of equity-accounted companies considered as core business	**1,174.5**	**1,289.8**
Financial expenses	(518.5)	(516.9)
Financial income	89.6	93.4
Net financial income	**(428.9)**	**(423.5)**
Income tax expense	(225.4)	(243.5)
Net income	**520.2**	**622.8**
Of which non-controlling interests	**218.4**	**202.5**
Net income Group share	**301.8**	**420.3**

Other income items

(in millions of euros)	2017	2016
EBITDA	2,641.4	2,651.0
EBIT	1,284.3	1,281.9

In 2017, all operating segments changed their composition to correspond to managerial restructuring decided on by the Management Committee.

These changes resulted, in particular, in:

- reclassifying entities of the Latam Business Unit (Latin America) from the International segment to the Water Europe segment;
- reclassifying entities of the Water France and SUEZ Advanced Solutions (former USG) Business Units from the Water Europe segment to the International segment;
- reclassifying entities from R&R Poland and Czech Republic in the Recycling and Recovery Europe segment to the International segment.

In addition, since January 1, 2017, as part of the organizational changes resulting from the acquisition of GE Water, the Industrial Water business, which was previously included in the Water Europe and International segments, now reports its performance within the WTS segment.

The data for 2017 shown in various tables has been restated for comparison purposes.

Revenues

(in millions of euros)	2017	2016 restated	Change	% change
Water Europe	4,680.4	4,670.1	10.3	0.2%
Recycling and Recovery Europe	6,164.5	6,103.7	60.8	1.0%
International	3,952.0	3,933.3	18.7	0.5%
WTS	971.5	514.7	456.8	88.8%
Other	102.9	100.2	2.7	2.7%
Revenues	**15,871.3**	**15,322.0**	**549.3**	**3.6%**

SUEZ posted revenues of EUR 15,871 million in 2017, a +3.6% increase. This growth is the result of the following elements:

- organic growth of +EUR 233 million (+1.5%), broken down as follows:
  - the Recycling & Recovery Europe segment posted +3.1% growth with a growing level of activity in France and in the Benelux/Germany regions, but lower activity in the United Kingdom,
  - the Water Europe segment posted +1.0% growth; the slightly inflationary economy in Europe and the political climate in Spain had an adverse effect on the division's revenues, but the impact was partially offset by the Latam region,
  - the International segment achieved limited growth of +0.9%; Australia's good performance was only able to partially offset the decline in regulated water activity in the United States due to bad weather conditions,
  - the WTS division posted a decrease of -7.6%;
- favorable scope effects of +EUR 401 million (+2.6%), basically due to the contribution of GE Water in the WTS division;
- unfavorable exchange impacts of -EUR 84 million (-0.5%), mostly from the appreciation of the euro against the pound sterling and US dollar.

As of December 31, 2017, the Group generated 32% of its revenues in France and 34% outside Europe.

WATER EUROPE

The Water Europe segment contributed EUR 4,680 million to Group revenues in 2017, up EUR 10 million (+0.2%).

Water Europe posted a +1.0% organic growth in revenues (+EUR 46 million):

- Water France recorded an organic increase of +1.0% (+EUR 24 million). This change primarily comes from water volumes sold during summer of 2017 due to particularly favorable weather conditions, with price increases remaining very moderate (+0.4%) in an economy experiencing a lack of inflation;
- Spain recorded negative organic growth of -1.2% (-EUR 20 million), despite satisfying volumes during the summer, as it was impacted by a new tariff in Barcelona that took effect during the fourth quarter of 2016 and by unfavorable sales;
- Latin America achieved organic growth of +5.3% (+EUR 42 million), due to increased volumes and tariff increases of +0.9%.

The scope effect was -1.1% (-EUR 50 million), resulting primarily from the deconsolidation of Ocea Smart Building in 2016.

Changes in currencies against the euro have had a positive impact on revenues (+EUR 14 million, or +0.3%), mostly due to the appreciation of the Chilean peso.

RECYCLING AND RECOVERY EUROPE

The Recycling and Recovery Europe segment's contribution to Group revenues was EUR 6,165 million in 2017, up EUR +61 million (+1.0%) compared to 2016.

Recycling and Recovery Europe posted organic growth of revenues by +3.1% (+EUR 187 million). Business activity in the segment improved substantially and changes in raw materials prices benefited the segment (40% price increase for ferrous metals and an +11% price increase for paper) and of electricity:

- revenues for France rose +5.3%, with a positive impact from rising raw materials prices and a slight improvement in the macroeconomic environment;
- activity grew outside France, in both the Benelux/Germany region (+2.5%) as well as for hazardous waste (+4.8%); only the United Kingdom was down (-3.1%) following a sharp decline in landfill activity.

The scope effect was -0.8% (-EUR 51 million).

Changes in currencies against the euro had a net negative impact on revenues (-EUR 75 million, or -1.2%), mostly due to the depreciation of the pound sterling.

INTERNATIONAL

The International segment's contribution to Group revenues was EUR 3,952 million in 2017, up EUR 19 million (+0.5%) compared to 2016.

The organic variation was +EUR 37 million, or +0.9%, resulting from the following trends:

- the Italy Central and Eastern Europe business unit rose significantly, +13% (+EUR 48 million), at constant exchange rates and scope of consolidation, mostly due to the Recycling and Recovery business in the Czech Republic and in Poland, notably with the incinerator being built in Poznan;
- Australia grew +3.2% (+EUR 31 million) at constant exchange rates and scope of consolidation. This performance is due to sustained growth in volumes handled as well as a positive price effect;
- Asia recorded slight growth of +0.3% (+EUR 1 million) at constant exchange rates and scope of consolidation. The termination of the Huai Fang contract had an adverse impact on

business activities, while water and waste were largely positive;

- the Africa/Middle East/India region grew +0.2% (+EUR 2 million) at constant exchange rates and scope of consolidation, due to the termination of construction contracts such as the Doha West contract (Qatar) and the Barka contract (Oman) without an equivalent during this period;
- North America posted a sharp -4.6% decrease in business activity (-EUR 46 million) at constant exchange rates and scope of consolidation, due to particularly bad weather conditions;

Changes in currencies against the euro had a negative impact on revenues (-EUR 21 million, or -0.5%).

WTS

This new division accounted for EUR 972 million in 2017, compared to EUR 515 million in 2016, a EUR 457 million increase due to GE Water's contribution to the fourth quarter 2017.

Operating expenses

PURCHASES

Purchases totaled EUR 3,092 million in 2017, up EUR 96 million (+3.2%) compared to 2016.

PERSONNEL COSTS

Personnel costs reached EUR 4,115 million in 2017, up EUR 125 million (+3.1%) compared to 2016 (for a breakdown of personnel costs, see Note 4.2 to the Consolidated Financial Statements in chapter 20.1 of this Reference Document).

DEPRECIATION, AMORTIZATION AND PROVISIONS

Net depreciation, amortization and provisions amounted to EUR 1,100 million in 2017, up EUR 9 million compared to 2016.

OTHER OPERATING INCOME AND EXPENSES

Other operating income and expenses reached -EUR 6,491 million in 2017, a EUR 348 million net increase in expenses compared to 2016.

CURRENT OPERATING INCOME

(in millions of euros)	2017	2016 restated	Change	% change
Water Europe	443.3	488.3	(45.0)	–9.2%
Recycling and Recovery Europe	213.7	204.2	9.5	4.7%
International	341.9	370.3	(28.4)	–7.7%
WTS	54.9	3.4	51.5	NA
Other	18.9	35.4	(16.5)	–46.6%
Current operating income	**1,072.7**	**1,101.6**	**(28.9)**	**–2.6%**

Group current operating income was EUR 1,073 million in 2017, down -EUR 29 million compared to 2016. The decline is broken down as follows:

- a -EUR 60 million decline in organic growth (-5.5%);
- a scope effect of +EUR 30 million (+2.8%);
- a positive exchange rate effect for +EUR 1 million, mainly related to the appreciation of the Chilean peso and the depreciation of the pound sterling and US dollar against the euro.

WATER EUROPE

The Water Europe segment's contribution to Group current operating income was EUR 443 million in 2017, down -EUR 45 million (-9.2%) compared to 2016. This change includes a favorable exchange rate (+EUR 6 million), but it was impacted by a lack of inflation in Europe, which affected price indexation formulas and by political uncertainty in Spain after Catalonia's referendum to declare independence from Spain.

RECYCLING AND RECOVERY EUROPE

The Recycling and Recovery Europe segment's contribution to Group current operating income totaled EUR 214 million in 2017, up +EUR 10 million (+4.7%) compared to 2016. This includes a slightly unfavorable exchange rate effect (-EUR 3 million).

INTERNATIONAL

The International segment's contribution to Group current operating income was EUR 342 million in 2017, down -EUR 28 million (-7.7%) compared to 2016, with a scope effect of -EUR 18 million (-4.7%).

WTS

This new segment's contribution to Group current operating income was EUR 55 million in 2017, up +EUR 52 million due to GE Water's contribution.

EBITDA

(in millions of euros)	2017	2016 restated	Change	% change
Water Europe	1,165.4	1,222.7	(57.3)	–4.7%
Recycling and Recovery Europe	707.5	720.0	(12.5)	–1.7%
International	800.9	814.7	(13.8)	–1.7%
WTS	92.0	13.2	78.8	NA
Other	(124.4)	(119.7)	(4.7)	–3.9%
EBITDA	**2,641.4**	**2,651.0**	**(9.6)**	**0.4%**

Group EBITDA amounted to EUR 2,641 million in 2017, down EUR 10 million compared to 2016, of which a drop of -2.0% in organic growth.

Income from operating activities

Income from operating activities was EUR 963 million in 2017, down EUR -148 million compared to 2016.

The main items behind reconciliation between current operating income and income from operating activities are detailed below.

IMPAIRMENT ON PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE AND FINANCIAL ASSETS

The Group posted -EUR 20 million in impairment on property, plant and equipment, intangible and financial assets in 2017, compared to -EUR 160 million in 2016 a change of +EUR 140 million. In 2017, this item mainly included impairment on property, plant and equipment in the Recycling and Recovery Europe and Water Europe segments related to difficult market trends.

SCOPE EFFECTS

In 2017, the largest transactions concerned the disposals of 9.1% of Aquasure and Palyja, which generated capital gains of EUR 47.8 million and EUR 10.2 million respectively.

OTHER GAINS AND LOSSES ON DISPOSALS AND NON-RECURRING ITEMS

In 2017, it mainly concerned the sale of Torre Agbar in Spain and two sites in the United Kingdom.

RESTRUCTURING COSTS

Restructuring costs amounted to -EUR 158 million in 2017, compared to -EUR 76 million in 2016. As of December 31, 2017, this item mainly consisted of restructuring costs. For the most part, these costs concerned adjustment plans related to the level of activity in the three operational segments (Water Europe, Recycling and Recovery Europe, International) as well as costs to implement the voluntary redundancy scheme in the French entities for EUR 73 million.

COSTS RELATED TO THE GE WATER ACQUISITION

In 2017, external service providers provided consulting services to SUEZ regarding the acquisition of GE Water. All of these costs represented a net amount of -EUR 44.4 million.

Net financial income

(in millions of euros)	2017	2016	Change	% change
Cost of net debt	(377.8)	(360.2)	(17.6)	–4.9%
Other financial income and expenses	(51.1)	(63.3)	12.2	+19.3%
Net financial income	**(428.9)**	**(423.5)**	**(5.4)**	**–1.3%**

The Group's net financial income in 2017 was -EUR 428.9 million euros, a decline of -EUR 5.4 million compared to 2016 (see Note 6 to the Consolidated Financial Statements in chapter 20.1 of this Reference Document).

The cost of net debt totaled -EUR 377.8 million, compared to -EUR 360.2 million in 2016, with an average rate of 3.84%, *versus* 3.67% in 2016. In 2017, the average duration of net debt was 6.9 years.

Income tax expense

Group income tax expense totaled -EUR 225 million in 2017, down EUR 19 million compared to 2016. The difference between the effective tax rate for the Group in 2017 (42.2%) and the prevailing tax rate in France in 2017 (34.43%) is mainly explained by the impairments of deferred tax assets within French and Spanish tax consolidation groups and by the impact from changes in tax rates in the United States. These events were partially offset by the French government reimbursing the 3% contributions on dividends paid.

Net income Group share

Net income Group share was EUR 302 million, down EUR 118 million compared to 2016.

9.3 Financing and net debt

9.3.1 Cash flows in fiscal years 2017 and 2016

(in millions of euros)	2017	2016
Cash flows from/(used in) operating activities	1,962.4	1,913.4
Cash flows from/(used in) investing activities	(3,589.1)	(833.0)
Cash flows from/(used in) financing activities	1,811.8	(272.9)
Impact of changes in exchange rates and other	(51.7)	38.2
Total flows for the period	**133.4**	**845.7**
Opening cash and cash equivalents	2,924.7	2,079.0
Closing cash and cash equivalents	3,058.1	2,924.7

Cash flows from operating activities

(in millions of euros)	2017	2016	Change	% change
EBITDA	**2,641.4**	**2,651.0**	**(9.6)**	**-0.4%**
+ Net disbursements under concession contracts	(255.9)	(271.8)	15.9	5.8%
+ Impairment of current assets	(27.2)	(43.4)	16.2	37.3%
+ Impact of restructuring operations	(101.6)	(77.2)	(24.4)	-31.6%
+ Dividends received from joint ventures and associates	140.8	91.9	48.9	53.2%
– Net allocation to provisions for employee benefits	(46.6)	(8.6)	(38.0)	-441.9%
+ Acquisition costs of subsidiaries (excluding GE Water)	–	(3.3)	3.3	100.0%
+ Costs related to the GE Water acquisition	(44.4)	–	(44.4)	NA
+ Costs linked to rebranding	–	(28.1)	28.1	100.0%
– Share in net income of equity-accounted companies considered as core business	(211.6)	(179.0)	(32.6)	-18.2%
– Other	(0.5)	(2.4)	1.9	79.2%
Cash flows generated from operations before financial income (expense) and income tax	**2,094.4**	**2,129.1**	**(34.7)**	**-1.6%**
Tax paid	(192.5)	(147.7)	(44.8)	-30.3%
Change in working capital requirement	60.5	(68.0)	128.5	189.0%
Cash flows from/(used in) operating activities	**1,962.4**	**1,913.4**	**49.0**	**2.6%**

Cash flow from operating activities amounted to EUR 1,962 million in 2017, up +EUR 49 million compared to 2016.

This change mainly reflects:

- a +EUR 129 million net improvement in change in working capital requirement;
- a -EUR 45 million increase in tax paid;
- a drop in cash flows from operations before net financial income and income tax (-EUR 35 million), related mostly to acquisition costs for GE Water.

Cash flows from investing activities

(in millions of euros)	2017	2016	Change	% change
Investments in property, plant and equipment and intangible assets	(1,177.2)	(1,086.4)	(90.8)	-8.4%
Financial investments	(2,763.5)	(195.0)	(2,568.5)	NA
Including acquisitions of entities net of cash and cash equivalents acquired	*(2,744.7)*	*(168.8)*	*(2,575.9)*	*NA*
Including acquisitions of available-for-sale securities	*(18.8)*	*(26.2)*	*7.4*	*28.2%*
Disposals of property, plant and equipment and intangible assets	234.1	233.3	0.8	0.3%
Disposals of entities net of cash and cash equivalents sold	117.9	206.2	(88.3)	-42.8%
Disposals of available-for-sale securities	3.9	48.0	(44.1)	-91.9%
Interests from on non-current financial assets	(5.2)	(4.3)	(0.9)	-20.9%
Dividends from non-current financial assets	5.0	7.8	(2.8)	-35.9%
Change in loans and receivables issued by the Company and others	(4.1)	(42.6)	38.5	90.4%
Cash flows from/(used in) investing activities	**(3,589.1)**	**(833.0)**	**(2,756.1)**	**-330.9%**

Cash flow from investing activities amounted to -EUR 3,589 million as of December 31, 2017, compared to -EUR 833 million as of December 31, 2016.

Total investments in property, plant and equipment, intangible and financial assets rose EUR 2,659 million due to the significant increase in financial investments related to the GE Water acquisition. Disposals generated a positive flow of EUR 356 million.

MAINTENANCE AND DEVELOPMENT CAPITAL EXPENDITURE AND FREE CASH FLOW

Within "Investments in property, plant and equipment and intangible assets", the Group distinguishes:

- maintenance capital expenditure, corresponding to investments incurred to replace equipment and machinery operated by the Group, as well as investments made in order to comply with new regulations; and
- development capital expenditure[1], corresponding to investments incurred to build new facilities for operation.

The maintenance capital expenditure as of December 31, 2017 and 2016 is presented in the following table:

(in millions of euros)	2017	2016
Total maintenance capital expenditure[a]	**(626.2)**	**(594.8)**
Of which maintenance capital expenditure	(598.1)	(584.6)
Of which change in maintenance asset supplier debt[b]	(28.1)	(10.2)

(a) The total amount of maintenance capital expenditure breaks down as follows in 2017: EUR 204.9 million for the Water Europe segment, EUR 201.0 million for the Recycling and Recovery Europe segment, EUR 192.8 million for the International segment, EUR 16.2 million for the WTS segment and EUR 11.3 million for the Other segment. The breakdown as of December 31, 2016 (restated) was as follows: EUR 184.9 million for the Water Europe segment, EUR 242.7 million for the Recycling and Recovery Europe segment, EUR 138.5 million for the International segment, EUR 10.5 million for the WTS segment and EUR 18.2 million for the Other segment.
(b) Change in trade payables concerning the acquisition of maintenance-related property, plant and equipment and intangible assets.

The Group uses free cash flow as an indicator to measure cash generation from the Group's existing operations before development capital expenditure.

The reconciliation of cash generated from operations before income tax and financial expenses with free cash flow as of December 31, 2017 and 2016 is presented in the following table:

(in millions of euros)	2017	2016
Cash flows from operations before net financial income and income tax	2,094.4	2,129.1
Total maintenance capital expenditure	(626.2)	(594.8)
Change in working capital requirement	60.5	(68.0)
Tax paid	(192.5)	(147.7)
Financial interest paid	(364.5)	(358.1)
Financial interest received on cash and cash equivalents	32.4	40.2
Interests from non-current financial assets	(5.2)	(4.3)
Dividends from non-current financial assets	5.0	7.8
Other	0.3	0.6
Free cash flow	**1,004.2**	**1,004.8**

(1) Total development capital expenditure (EUR 551.0 million in 2017 vs. EUR 491.6 million in 2016) breaks down as follows in 2017: EUR 221.3 million for the Water Europe segment; EUR 102.2 million for the Recycling and Recovery Europe segment; EUR 215.5 million for the International segment, and EUR 12.0 million for the WTS segment.

Free cash flow totaled EUR 1,004 million as of December 31, 2017, almost the same as of December 31, 2016. However, there was a sharp increase in taxes paid of EUR 45 million.

In 2017, the breakdown of free cash flow by segment was as follows:

- Water Europe segment: +EUR 482 million;
- Recycling and Recovery Europe segment: +EUR 203 million;
- International segment: -EUR 248 million;
- WTS segment: +EUR 2 million;
- Other segment: +EUR 565 million.

Cash flows from financing activities

(in millions of euros)	2017	2016	Change	% change
Dividends paid	(570.8)	(601.7)	30.9	5.1%
Repayment of borrowings	(1,172.2)	(354.6)	(817.6)	–230.6%
Change in financial assets at fair value through income	5.7	(2.0)	7.7	385.0%
Financial interest paid	(364.5)	(358.1)	(6.4)	–1.8%
Financial interest received on cash and cash equivalents	32.4	40.2	(7.8)	–19.4%
Flows on financial derivatives qualifying as net investment hedges and compensation payments on financial derivatives	96.5	(28.4)	124.9	439.8%
Increase in borrowings and long-term debt	1,703.6	926.1	777.5	84.0%
Increase/decrease in share capital	1,592.7	17.0	1,575.7	NA
Issue of undated deeply subordinated notes net of issuance costs	597.7	–	597.7	NA
Purchase/sale of treasury shares	(47.9)	(1.7)	(46.2)	NA
Change in share of interests in controlled entities	(61.4)	90.3	(151.7)	–168.0%
Cash flows from/(used in) financing activities	**1,811.8**	**(272.9)**	**2,084.7**	**763.9%**

Cash flow from financing activities amounted to EUR 1,812 million as of December 31, 2017, a +EUR 2,085 million difference compared to December 31, 2016.

The EUR 1,812 in cash flow from financing activities in 2017 was due to:

- an issue in March 2017 of two bonds amounting to EUR 500 million and EUR 700 million and maturing in 8 and 12 years, respectively;
- an issue in September 2017 of a bond amounting to EUR 500 million and maturing in 15 years;
- an issue of undated deeply subordinated notes on April 19, 2017, net of costs, generating a EUR 597.7 million decrease in net debt;
- a SUEZ capital increase carried out on May 24, 2017, net of costs, generating a EUR 745.6 million decrease in net financial debt;
- the redemption of a EUR 200 million bond that matured on January 26, 2017;
- the redemption of a EUR 150 million bond that matured on October 12, 2017;
- a decrease in outstanding commercial paper amounting to EUR 364 million;
- EUR 367 million in cash dividends paid by SUEZ;
- EUR 219 million corresponding to dividends paid to non-controlling interests by other Group entities.

The reconciliation of the changes in financial debt (excluding derivatives) presented in Note 13.2.1 of chapter 20.1 of this document for +EUR 599.7 million and the net increase in financial debt of +EUR 531.4 million presented in the consolidated statement of cash flows is composed of the following items:

- exchange rate effects for -EUR 223.9 million;
- changes in scope effect for +EUR 227.9 million;
- fair value and amortized cost for -EUR 23.2 million;
- other items for +EUR 87.5 million.

9.3.2 Net debt

Net debt as of December 31, 2017 and 2016

(in millions of euros)	2017	2016	Change	% change
Bonds	9,345.5	8,073.2	1,272.3	15.8%
Commercial paper	400.0	764.0	(364.0)	-47.6%
Draw-downs on credit facilities	72.5	90.9	(18.4)	-20.2%
Borrowings under finance leases	149.1	199.0	(49.9)	-25.1%
Other bank borrowings	704.5	790.4	(85.9)	-10.9%
Other borrowings	140.1	227.1	(87.0)	-38.3%
Total borrowings	**10,811.7**	**10,144.6**	**667.1**	**6.6%**
Bank overdrafts and current accounts	824.6	845.4	(20.8)	2.5%
Total outstanding borrowings	**11,636.3**	**10,990.0**	**646.3**	**5.9%**
Financial assets measured at fair value through income excluding financial derivative instruments	(56.9)	(62.3)	5.4	8.7%
Cash and cash equivalents	(3,058.1)	(2,924.7)	(133.4)	-4.6%
Total net financial debt (excluding financial derivatives and amortized cost)	**8,521.3**	**8,003.0**	**518.3**	**6.5%**
Impact of derivative financial instruments and amortized cost	(48.6)	38.5	(87.1)	-226.2%
Net debt	**8,472.7**	**8,041.5**	**431.2**	**5.4%**

Net debt amounted to EUR 8,473 million as of December 31, 2017, compared to EUR 8,042 million as of December 31, 2016.

Key transactions that led to an increase of net debt are the following:

- GE Water's acquisition:
  - global amount of the Investment (a) of EUR 2,902.6 million,
  - the increase in SUEZ's share capital on May 24, 2017, net of costs (b), generated a EUR 745.6 million reduction in the net financial debt,
  - the issue of undated deeply subordinated notes on April 19, 2017 net of costs (c), for an amount of EUR 597.7 million,
  - cash contribution of EUR 668.2 million by CDPQ to SWTS capital (d), in exchange CDPQ received 30% of SWTS capital,
  - net financed by debt: (a) – (b) – (c) – (d)= EUR 891.1 million;
- the payment of cash dividends to shareholders of SUEZ amounting to EUR 366.6 million;
- the payment of cash dividends to minority shareholders of subsidiaries amounting to EUR 218.8 million (withholding taxes included).

Key transaction that led to a decrease of net debt are the following:

- sale of 9.1% of Aquasure for EUR 98.7 million;
- reimbursement of the 3% contributions on dividends paid amounting EUR 53.1 million, perceived between 2013 and 2017;
- the securitization of CICE (tax credit for competitiveness and employment) receivables for years 2016 and 2017, contributing to a reduction of EUR 76.7 million in financial debt;
- capital increase reserved to employees net of costs realized on December 19, 2017, for EUR 117.9 million;
- change in of foreign exchange rates for EUR 364.3 million, primarily related to the depreciation of the US dollar against the euro for EUR 220 million;
- excess cash from the Group activities generated a decrease in net debt of EUR 448.4 million.

Net debt represents 93.5% of total equity at the end of 2017 compared to 109.2% at the end of 2016. The Net Debt/EBITDA ratio was 3.2 at year-end 2017, up in comparison to year-end 2016 which amounted to 3.

As of December 31, 2017, the Group had undrawn confirmed credit facilities for a total of EUR 2,614.4 million.

9.3.3 Return on capital employed (ROCE)

ROCE is calculated by dividing net operating profit after taxes (NOPAT) for the period (see details below) by the opening capital employed adjusted for the scope effects on a *prorata temporis* basis, as well as for material foreign exchange rate effects.

Current tax used in the calculation of NOPAT is the tax payable on current operations and does not include the tax due on non-recurring operations.

The calculations of NOPAT, capital employed and return on capital employed for 2017 and 2016 are presented in the following tables:

(in millions of euros)	2017	2016
EBIT	1,284.3	1,281.9
Dividends	5.0	7.9
Interest and income from receivables and current assets	15.3	6.0
Other financial income and expenses	(59.9)	(66.6)
Income tax expense	(167.5)	(178.2)
NOPAT	**1,077.2**	**1,051.0**

(in millions of euros)	2017	2016
Goodwill (net)	3,646.9	3,479.5
Property, plant and equipment and intangible assets (net)	12,502.8	12,488.5
Available-for-sale securities	142.6	182.9
Investments in associates	984.3	762.5
Investments in joint ventures	916.0	586.1
Provisions	(1,663.7)	(1,538.9)
Impact of material foreign exchange fluctuations and scope effects	186.3	72.4
Other	(842.1)	(952.8)
Capital employed as of January 1[a]	**15,873.1**	**15,080.2**

(a) Opening capital employed, adjusted for material scope and foreign exchange effects.

The amount of available-for-sale securities used to calculate the capital employed does not include changes in the fair value of financial assets recognized in equity.

The "Other" item, for -EUR 842.1 million mainly includes:

- trade receivables and payables in the net amount of +EUR 977.8 million;
- other assets and liabilities in the net amount of -EUR 2,969.6 million;
- actuarial gains and losses on pension obligations in the amount of EUR 7.7 million;
- loans and receivables at amortized cost in the amount of +EUR 879.3 million; and
- inventories in the amount of +EUR 262.7 million.

(in millions of euros)	NOPAT	Capital employed	ROCE[a]
2017	1,077.2	15,873.1	6.8%
2016	1,051.0	15,080.2	7.0%

(a) To be compared to the weighted average cost of capital (WACC) estimated at 6.1% in 2017 (6.3% in 2016).

ROCE by segment breaks down as follows:

- in 2017: Water Europe segment: 7.3%, Recycling and Recovery Europe segment: 7.3%, WTS segment: 7.9%, International and Other segments: 5.9%;
- in 2016 restated: Water Europe segment: 7.4%, Recycling and Recovery Europe segment: 5.2%, WTS segment: 2.2%, International and Other segments: 7.9%.

9.4 Provisions

The table below presents the changes in provisions between December 31, 2017 and December 31, 2016:

(in millions of euros)	2017	2016	Change	Change in %
Pensions and other post-employment and long-term benefits	788.1	801.1	-13.0	-1.6%
Sector-related risks	83.6	88.5	-4.9	-5.5%
Warranties	25.3	20.4	4.9	24.0%
Disputes, claims, and tax risks	90.3	134.1	-43.8	-32.7%
Site restoration	543.3	567.0	-23.7	-4.2%
Restructuring costs	104.3	46.9	57.4	122.4%
Other contingencies	445.8	421.5	24.3	5.8%
Total provisions	**2,080.7**	**2,079.5**	**1.2**	**0.1%**

The main provisions as of December 31, 2017 were the following:

- **provisions for pensions and other post-employment and long-term benefits**, which totaled EUR 788 million in 2017, down -EUR 13 million compared to December 31, 2016. For a detail of provisions for pensions and other post-employment and long-term benefits, see Note 18 to the Consolidated Financial Statements (chapter 20.1 of the present Reference Document);
- **provisions for site restoration**, for EUR 543 million in 2017, down -EUR 24 million from December 31, 2016. The purpose of these provisions and the methods for calculating them are explained in Note 17.4 to the Consolidated Financial Statements (chapter 20.1 of the present Reference Document);
- **provisions for other contingencies** for EUR 446 million in 2017, up EUR 24 million compared to December 31, 2016. This item mainly includes miscellaneous employee-related and environment-related contingencies, and various business risks;
- **provisions for disputes, claims, and tax risks**, claims and tax risks, which amounted to EUR 90 million in 2017, down -EUR 44 million compared to December 31, 2016, primarily in Spain (see Note 26 to the Consolidated Financial Statements in chapter 20.1);
- **provisions for restructuring costs**, which totaled EUR 104 million in 2017, up EUR 57 million compared to December 31, 2016. This increase is mainly due to the voluntary redundancy scheme in France that has not yet been paid in full;
- **provisions for sector-related risks**, which totaled EUR 84 million in 2017, down -EUR 5 million compared to December 31, 2016. This item primarily includes provisions for risks relating to court proceedings involving the Argentinean contracts and to warranties given in connection with divestments that are likely to be called upon.

9.5 Contractual commitments

9.5.1 Commitments relating to Group financing

Financial debt

The Group's total outstanding borrowings and its repayment schedule as of December 31, 2017 are set out in the following table:

(in millions of euros)	Total	2018	2019	2020	2021	Beyond 2021
Total borrowings	10,811.7	1,048.2	1,074.4	582.1	1,122.1	6,984.9
Bank overdrafts and cash current accounts	824.6	824.6				
Outstanding borrowings	**11,636.3**	**1,872.8**	**1,074.4**	**582.1**	**1,122.1**	**6,984.9**

Secured, pledged and mortgaged assets

Assets pledged and mortgaged as collateral borrowings amounted to EUR 11.0 million as of December 31, 2017, against EUR 12.3 million as of December 31, 2016.

The maturities of these commitments are as follows:

(in millions of euros)	December 31, 2017	December 31, 2016
2017	–	0.6
2018	0.7	0.3
2019	0.2	0.7
2020	0.7	0.1
2021	0.1	0.0
Beyond	9.3	10.6
Total	**11.0**	**12.3**

Financing commitments

The following table presents financing commitments provided or received by the Group for the fiscal years ended December 31, 2017 and 2016:

(in millions of euros)	December 31, 2017	December 31, 2016
Personal securities provided for borrowings	1,008.1	981.1
Total commitments given	**1,008.1**	**981.1**
Financing commitments received	2,614.4	2,105.3
Total commitments received	**2,614.4**	**2,105.3**

Commitments received related to financing mainly concern undrawn confirmed credit facilities.

Personal securities cover the repayment of the principal amount and interest on the debt: the latter is not recognized as a liability on the Group's statement of financial position. Guarantees are also provided in the context of the receivables securitization program for EUR 421 million.

9.5.2 Contractual investment commitments

Contractual commitments to invest in property, plant, and equipment

In the ordinary course of their operations, certain Group companies have also entered into commitments to purchase, and related third parties to deliver property, plant and equipment. These commitments break down by maturity as follows:

(in millions of euros)	December 31, 2017	December 31, 2016
2017	–	213.3
2018	248.3	106.1
2019	113.6	56.9
Beyond	67.8	56.6
Total	**429.7**	**432.9**

The decrease observed between 2016 and 2017 mainly results from Agbar's reduction in property, plant and equipment commitments related to the completion of investments in Chile, and from SUEZ Recycling & Recovery UK due to the Surrey Eco Park project. These changes were partially offset by new investment commitments in Chile.

Other contractual investment commitments

The Group has made various investment commitments in intangible assets, and, to a lesser extent to equity interest purchases, for a total of EUR 293 million as of December 31, 2017. These investment commitments amounted to EUR 347 million as of December 31, 2016.

9.5.3 Lease-related commitments given

Commitments related to finance leases

The main financial leases entered into by the Group mainly concern the Novergie incineration plants in France.

The future minimum lease payments under these leases were as follows as of December 31, 2017 and 2016:

(in millions of euros)	Future minimum lease payments as of December 31, 2017 – Undiscounted value	Future minimum lease payments as of December 31, 2017 – Present value	Future minimum lease payments as of December 31, 2016 – Undiscounted value	Future minimum lease payments as of December 31, 2016 – Present value
During year 1	76.6	76.0	51.0	50.2
During year 2 and up to year 5 inclusive	66.5	59.8	140.0	135.4
Beyond year 5	20.3	13.9	24.2	14.1
Total	**163.4**	**149.7**	**215.2**	**199.7**

Commitments related to operating leases

Future minimum lease payments under non-cancelable operating leases can be analyzed as follows:

(in millions of euros)	December 31, 2017	December 31, 2016
During year 1	252.5	242.4
During year 2 and up to year 5 inclusive	638.2	584.3
Beyond year 5	483.4	473.6
Total	**1,374.1**	**1,300.3**

9.5.4 Operation-related commitments given

Operation-related commitments given amounted to EUR 3.2 billion as of December 31, 2017, compared to EUR 3.4 billion as of December 31, 2016. They concern guarantees given by the Group with respect to contracts and markets, including bid bonds accompanying tender offers, advance payment bonds and completion or performance bonds given in the context of signing contracts or concession arrangements. The EUR 0.2 billion decrease is due to the release of several guarantees, and particularly at SUEZ Water Inc.

9.6 Parent Company financial statements

See chapter 20.3 of this Reference Document, which also includes the position of accounts payable by maturity.

9.7 Outlook

See section 6.3.4 of this Reference Document.

10 cash and shareholders' equity

10.1 Company shareholders' equity

Total shareholders' equity as of December 31, 2017 amounted to EUR 9,066.0 million, up EUR 1,700.2 million compared to December 31, 2016. This change notably includes the impact of dividend payments in cash for fiscal year 2016 in the amount of -EUR 572.5 million and -EUR 27.5 million paid as coupon relating to undated deeply subordinated notes. It also includes foreign exchange adjustments (-EUR 329.9 million), changes in actuarial gains and losses (+EUR 7.8 million), and net income for fiscal year 2017 (+EUR 520.2 million).

Additionally, in 2017, total shareholders' equity was mainly impacted by:

- the EUR 750 million capital increase as well as the EUR 600 million issue of undated deeply subordinated notes as part of the financing to purchase GE Water (see Note 2.4 and 2.3 in chapter 20.1 of this Reference Document);
- the EUR 117.9 million (net of costs) employee share issue called "Sharing 2017" (see Note 2.9 in chapter 20.1 of this Reference Document).

Group net debt (including amortized cost and impact of derivative instruments) was EUR 8,473 million as of December 31, 2017, *versus* EUR 8,042 million as of December 31, 2016. Consequently, the net debt/EBITDA ratio was 3.2 as of December 31, 2017.

10.2 Source and amount of the issuer's cash flows and description of cash flows

10.2.1 Cash flow from operating activities

CASH FLOWS FROM OPERATIONS BEFORE FINANCIAL INCOME/(EXPENSE) AND INCOME TAX

(in millions of euros)	2017	2016	Gross change as a %
Water Europe	881.3	902.7	–2.4%
Recycling and Recovery Europe	505.4	517.1	–2.3%
International	624.8	621.6	0.5%
WTS	17.1	1.7	902.9%
Other	65.8	86.1	–23.5%
Total	**2,094.4**	**2,129.1**	**–1.6%**

Cash flows from operations before financial income/(expense) and income tax came to EUR 2,094 million as of December 31, 2017, down -1.6% compared to 2016.

In total, cash flows from operating activities generated a cash surplus of nearly EUR 2.0 billion in 2017.

10.2.2 Cash flows from investing activities

Cash flows from investing activities in 2017 totaled EUR 3,589.1 million and included:

- financial investments of EUR 2,763.5 million (EUR 195.0 million in 2016), including EUR 7.2 million for acquisitions in the Water Europe segment, EUR 25.0 million in the Recycling and Recovery Europe segment, EUR 24.3 million in the International segment, EUR 2,445.8 million in the WTS segment (primarily the acquisition of GE Water) and EUR 261.2 million in the Other segment;
- maintenance capital expenditure of EUR 626.2 million (EUR 594.8 million in 2016), including EUR 204.9 million for the Water Europe segment, EUR 201.0 million for the Recycling & Recovery Europe segment, EUR 192.8 million for the International segment, EUR 16.2 million for the WTS segment, and EUR 11.3 million for the Other segment;
- development capital expenditure of EUR 551.0 million (EUR 491.6 million in 2016), broken down by segment as follows: EUR 221.3 million for the Water Europe segment, EUR 102.2 million for the Recycling & Recovery Europe segment, EUR 215.5 million for the International segment, EUR 12.0 million for the WTS segment.

Disposals in 2017 represented EUR 355.9 million, *versus* EUR 487.5 million in 2016. The primary transactions impacting the disposals for fiscal year 2017 are described in Note 2 to the Consolidated Financial Statements, in chapter 20.1 of this Reference Document.

In total, cash flows from investing activities resulted in a cash outflow of EUR 3,589 million in 2017, *versus* an outflow of EUR 833 million in 2016.

10.2.3 Cash flows from financing activities

This figure includes the dividends paid in cash for 2017 of EUR 570.8 million[1] (compared to EUR 601.7 million in 2016). These include dividends paid by SUEZ to its shareholders in the amount of EUR 366.6 million, the payment of the 3% contribution on dividend distributions for the 2017 financial year for EUR 11 million, and the repayment by the French State of the 3% contributions on dividend distributions paid between 2013 and 2017 for EUR 53 million, as well as the EUR 27.5 million coupon for the subordinated notes.

It also includes the dividends paid by certain subsidiaries to non-controlling interests in the amount of EUR 212 million and withholding taxes in the amount of EUR 6.8 million. Net financial interest paid totaled EUR 332.1 million in 2017, *versus* EUR 317.9 million in 2016.

In total, cash flows from financing activities resulted in a cash surplus of EUR 1,812 million in 2017, *versus* an outflow of EUR 273 million in 2016.

10.3 Borrowing terms and issuer's financing structure

10.3.1 Debt structure

Outstanding borrowings (excluding amortized cost and the effect of derivatives) as of December 31, 2017 was EUR 11,636 million *versus* EUR 10,990 million as of December 31, 2016, and breaks down as follows:

- bonds (mainly subscribed by the Parent Company SUEZ) in the amount of EUR 9,346 million (EUR 8,073 million in 2016);
- commercial paper in the amount of EUR 400 million (EUR 764 million in 2016);
- bank borrowings in the amount of EUR 777 million (EUR 881 million in 2016); and
- other borrowings and current accounts totaling EUR 1,113 million (EUR 1,272 million in 2016).

Including amortized cost and the impact of derivatives, 44% of net debt was denominated in euros, 27% in US dollars, 5% in pound sterling, 14% in Chilean pesos and 8% in Hong Kong dollars at the end of 2017. In 2016, it was 53% denominated in euros, 21% in US dollars, 4% in pound sterling, 15% in Chilean pesos and 1% in Hong Kong dollars.

61% of outstanding borrowings and 86% of net debt is fixed rate. The Group's 2017 objective was to implement a dynamic distribution between the various reference rates, taking into account changes in the market. The average cost of net debt was 3.84%, *versus* 3.67% in 2016. In 2017, the average term of net debt was 6.9 years at the end of 2017.

10.3.2 Major transactions in 2017

The year 2017 was marked by the financing of the acquisition of GE Water & Process Technologies alongside Caisse de dépôt et placement du Québec (CDPQ):

- On March 27, 2017, SUEZ placed two bonds totaling EUR 1.2 billion as part of its EMTN program:
  - EUR 500 million maturing on April 3, 2025, with a 1.00% fixed annual coupon, and
  - EUR 700 million maturing on April 3, 2029, with a 1.50% fixed annual coupon.

SUEZ also issued a EUR 500 million bond on September 13, 2017 as part of its EMTN program. It matures on September 21, 2032 and has a fixed annual coupon of 1.625%.

On December 15, 2016, the Company's Board of Directors had authorized renewal of the EUR 8 billion *Euro Medium-Term Note* program and the use of a EUR 3 billion issuance package.

(1) The EUR 570.8 million above correspond to the dividends and coupons of undated deeply subordinated notes paid in cash in 2017, while the EUR 600.0 million presented in the consolidated statement of changes in shareholders' equity correspond to the dividends approved by shareholders in 2017 (see chapter 20.1 of this document).

10.3.3 Group rating

SUEZ has its senior debt rated by Moody's rating agency. The rating confirmed on February 6, 2018 is A3 for long-term debt and Prime 2 for short-term debt, along with a negative outlook.

Moody's applied the following main adjustments to the Group's net debt:

- addition of funding shortfall on pension liabilities (see chapter 20.1, Note 18);
- addition of the present value of future minimum payments on operating leases (see chapter 20.1, Note 21).

10.4 Restrictions on the use of capital

As of December 31, 2017, the Group had undrawn confirmed credit lines (which may be used for such purposes as back-up credit facilities for the commercial paper program) totaling EUR 2,614.4 million.

Some loans contracted by Group subsidiaries or by SUEZ on behalf of its subsidiaries include clauses requiring specific ratios to be maintained. Such ratios, as well as their levels, are known as financial covenants and are agreed to with the lenders, and may be revised during the term of the loan. The liquidity risk arising from the Group's possible breach of financial covenants is described in section 4.1.3.3 of this Reference Document.

For most loans relating to subsidiaries and involving negotiation of financial covenants, the lending banks usually require the relevant company to maintain a minimum level of debt coverage (with respect to the principal amount and interest), which is measured by the DSCR (debt service cover ratio), or, with respect to interest, by the ISCR (interest service cover ratio).

With regard to project financing, lending banks may also require that the concerned company maintains an actuarial ratio for debt coverage for the remaining term of the loan, called the LLCR (loan life cover ratio). Within the context of other financing, lending banks may also require the relevant company to observe a balance sheet ratio, which generally takes the form of a debt to equity ratio.

The Group has implemented a semi-annual procedure for monitoring its financial covenants that involves the CFOs of the major subsidiaries sending representation letters, indicating (i) whether the subsidiary or other legal entities supervised by this subsidiary have, as of the last account closing, been in default or potential default situations (situations likely to become default situations contingent upon a decision of the lenders or the expiry of time limits), or (ii) whether default or potential default situations may occur at the next half-year closing. The letters of representation must include an appendix listing the loan agreements, including covenants, types of covenants, and the consequences to the borrower in the event of a breach of such covenants.

10.5 Expected sources of financing to meet commitments relating to investment decisions

10.5.1 Contractual commitments

The following table shows outstanding borrowings maturities as of December 31, 2017:

	Amount per period				
(in millions of euros)	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Outstanding borrowings	1,315.7	557.1	3,648.2	6,115.3	11,636.3

10.5.2 Expected sources of financing

As of December 31, 2017, the Group had EUR 2,290.4 million in available cash (consisting of EUR 3,058.1 million in cash and cash equivalents, EUR 56.9 million in financial assets valued at fair value through income, net of bank overdrafts and liabilities current account for EUR 824.6 million) and EUR 2,614.4 million in unused confirmed credit facilities, including EUR 176.2 million due to expire in 2018.

The Group anticipates that its future financing needs for major capital investments will be covered by its net cash, future cash flows from operating activities and possibly the use of available credit facilities.

Liquidity as of December 31, 2017 is sufficient to cover medium-term cash requirements and the split between net cash and unused confirmed credit facilities is optimized to minimize carrying costs.

11 research and innovation, trademarks, patents and licenses

11.1 Research and Innovation

Every day, SUEZ is taking up the challenge created by the double revolution – the resource revolution and the digital revolution – with the goal of supplying its customers with technologies, products and services, driving growth in its domestic markets, and conquering new markets.

2017 was characterized by the acquisition of GE Water & Process Technologies. The acquisition was finalized on September 29 and resulted in the creation of a new business unit – Water Technologies and Solutions (WTS). Thanks to this major acquisition, the Group has expanded the expertise and know-how it needs to be innovative and to create value for its customers.

Worldwide, SUEZ provides its customers (local authorities, industrial companies, consumers) with practical solutions to respond to new resource management challenges and facilitate the rise of a circular economy. As a driving force for transformation, innovation is at the core of Group strategy. Beyond just words, this entails concrete actions and commitments: investing in people and tools, reinventing our ways of working by introducing more interdisciplinary collaboration within our businesses and business units, and adopting a mindset that is resolutely turned towards the future.

The objective of the ambitious Research and Innovation (R&I) policy practiced by SUEZ is to create differentiated and high value-added offers to enable its customers to more efficiently manage their resources.

In 2017, the Group invested EUR 92 million in Research, Development, the continued improvement of its processes, top-level technical assistance and the management of acquired knowledge. Beyond the conquest of new markets, this investment is aimed at enhancing operational performance through the incorporation of innovative industrial practices into the businesses, thus ensuring that they will be circulated and shared thanks to a network of international experts. Our Research and Innovation policy is executed through a variety of programs and projects developed in the Group's Research and Development centers, and through the wordwide openness of innovation.

11.1.1 The innovation ecosystem

In order to offer increasingly efficient and innovative solutions to its customers, SUEZ has organized its Research and Innovation around an open and collaborative ecosystem, forming a truly international network of internal resources and external partnerships.

The Group started a Twitter account over a year ago – @suezINNOV – specifically dedicated to communicating about the Group's Research and Innovation efforts. As of December 31, 2017, the account has 2,200 followers.

11.1.1.1 An internal program to stimulate innovation

To foster innovation, SUEZ relies upon the talent of more than 650 researchers and experts worldwide, coming from the 17 centers of expertise and research or from the Group's network of operational experts. Their roles range from technical assistance to the operations teams, to implementing advanced research programs that pave the way for the Group's future activities, expertise and technologies. The Group's main centers of expertise and research are located in France (Le Pecq-Croissy and Bordeaux), Spain (Barcelona), Belgium (Haasrode), the United States (Houston, Trevose), China (Shanghai), India (Bangalore), Hungary (Oroszlany) and in Singapore. On March 16, 2017, SUEZ opened up a second research center dedicated to hazardous waste treatment at the SCIP industrial park in Shanghai.

The Group's acquisition of GE Water & Process Technologies is enabling the Group to enhance its expertise, especially in the areas of ultra-filtration, electroseparation, packaging products and advanced process water treatment for the oil and gas sectors.

Significant achievements in 2017:

- In Bordeaux, the LyRE (SUEZ research center) is coordinating the research project named REGARD (Reduction and Management of Micropollutants in the Bordeaux Metropolitan Area). This four-year large-scale national research project co-funded by ONEMA (the French National Agency for Water and Aquatic Environments) and the Adour-Garonne Water Agency, managed by the LyRE on behalf of the city of Bordeaux in collaboration with the University of Bordeaux, IRSTEA, Ineris and Cap Sciences, aims to improve water quality in natural environments located in the Bordeaux area. Its results are expected in 2019.
- SUEZ is participating in the European program Horizon 2020: BIOFOREVER – "BIO-based products from FORestry *via* Economically Viable European Routes". Launched on September 1, 2016 for a duration of three years, its objective is to compare the different ways of pre-treating waste wood for the manufacture of chemical products. For this project, SUEZ contributes its international expertise in resource management and is turning waste into a key resource for the creation of a new value chain in biorefinery.
- The MICROPOLIS project led in collaboration with IRSTEA, Ineris and TOXEM on the water treatment plants in Sophia-Antipolis (France) ended in 2017. The project aimed to validate biological indicators to detect endocrine disruptors and other genotoxic substances (MICROPOLIS Indicators) and to assess how successfully these substances were eliminated using various treatment processes (MICROPOLIS Processes). The results were published and will be presented at an event to be held for the two projects on May 31, 2018 in Lyon.
- SUEZ (through its center of expertise and research CIRSEE, based in Le Pecq) on the European project called DECISIVE,

which is led by IRSTEA. Subsidized by the H2020 European program for EUR 8 million, the DECISIVE project involves issues around managing urban waste. The project aims to develop an eco-friendly and innovative solution involving a decision-making tool to plan, design and assess the efficiency of decentralized management networks for bio-waste in urban areas. This project aims to encourage cities to more holistically process their organic matter (food, plants, etc.), energy and biowaste.

- Anaerobic digestion is a complex process that has a substantial impact on biogas production from waste treatment plants. Managing this process involves having a better understanding of bacterial populations. For this purpose, CIRSEE led the Master AD project, a waste treatment plant that uses an advanced digestion process, with the support of EDAM in Mapocho-Trebal (Chile). Based on molecular biological studies, identifying and classifying more than 300 microbial family populations in sludge provided insight into their effects on biogas production. Based on this, the operational strategy was adapted at the site to stabilize biogas production, increase digestion capacity by 40% and highlight a series of molecular biology tools that will be taken and used in some of the Group's other activities.
- In February, SUEZ won a contract to rehabilitate and expand the vegetated discharge area at the SCIP industrial park in Shanghai, the largest petrochemical platform in Asia. This contract, which represents an investment of EUR 18.5 million, is SUEZ's first Dragonfly Zone project in Asia and the largest application for industrial water treatment. It is derived directly from research led by CIRSEE under the ZHART project. This project involved developing and industrializing the layout of discharge areas leaving wastewater treatment plants so they can be used as artificial wetlands to provide complementary treatment safeguards on micropollutants and create biodiversity from the water.

At SUEZ, far beyond large research programs, innovation is a state of mind shared by all. A number of tools and procedures are deployed by the Group to strengthen the dynamic of innovation and to encourage the expression of ideas by employees. Among these methods are the challenges and competitions of ideas organized by different Group entities that eventually feed into the SUEZ Innovation Awards. Encompassing not just technological aspects but also all the innovations that encourage the Group's forward progress – with regard to management, safety, sustainable development and working conditions. The Innovation Awards recognized 30 innovative projects in six categories this year.

In 2017, the innovation department within SUEZ's Water France segment launched Le Lab, an area for experimentation that promotes a culture of learning and open innovation. Le Lab functions as an incubator and aims to nurture projects, accelerate them and provide commercial and industrial support. "Puits de Carbone" (carbon well) is one of the projects supported at Le Lab. It is a harvesting solution for CO_2 and other microalgae particles, using the principle of photosynthesis. Another project is Smart Curage, which uses sensors to show how clogged sewers are, and there is also Drone Surveillance, which monitors the perimeters of large sites *via* drone.

Every year, SUEZ organizes its technical committees to ensure that Group technical knowledge and know-how is shared, to strengthen best practices from feedback from the Business Units and Global Business Lines and to guarantee that they are aligned on major subjects.

11.1.1.2 Open innovation

SUEZ has implemented a structured policy of Open Innovation in order to fully benefit from the innovative capacity of its partners in areas that contribute to its growth. To this end, partnerships are formed and consist of stimulating, promoting, and co-financing innovative projects in technical, commercial and managerial fields. Such partnerships allow the Group to leverage its Research and Development efforts while benefiting from collaborative work with some of the best research teams or operators in the world. They take various shapes (including technological tests, direct investments or investments *via* funds dedicated to start-ups, research partnerships, etc.) to adapt to the maturity of technologies and to the size of the structures with which SUEZ works. Thanks to these collaborative projects, the Group has access to knowledge and technologies that complement its internal expertise and accelerate the time-to-market of innovative products and solutions.

AN INTERNATIONAL NETWORK OF PARTNERS

SUEZ maintains long-term privileged relationships with numerous high-level scientific and technical actors:

- academic partnerships with the University of Bordeaux, the University of Barcelona, the Polytechnic University of Catalonia, IRSTEA, CNRS, the University of Tsinghua (Beijing), the Harbin Institute of Technology (China), etc. as well as WTS's long-standing partners: NUS (Singapore), Rice University (USA), the University of Toronto (Canada), the University of Darmstadt (Germany); or
- French innovation and skills networks such as competitiveness clusters Axelera (environmental chemistry), Advancity (sustainable cities and mobility), and DREAM (sustainability of water resources, renewable energy and natural environments), which will address ecotechnologies for the water industry, as well as the Montpellier and Alsace Lorraine competitiveness clusters (inland water quality); and
- European networks (Water Supply and Sanitation Technology Platform, Climate-KIC).

SUEZ VENTURES

Created in 2010, SUEZ Ventures is the Group investment fund. A leading player in corporate venture capital in the water, recycling and recovery, and urban services businesses, SUEZ Ventures invests in and forms industrial partnerships with young and innovative tech start-ups. This investment fund, which invests several million euros per year, rounds out the Group's array of Open Innovation tools by helping operating entities access innovative solutions for the various businesses.

SUEZ Ventures detects several hundreds of innovative start-ups per year. SUEZ Ventures has made eight investments into high-growth potential SMEs that have synergies with the Group, and has bought stakes in Demeter 3 Amorçage and Demeter 6 Amorçage – seed fund investment companies. Several other partnership collaborations have been launched through additional Group programs and initiatives.

In May, SUEZ Ventures invested in an American-Australian start-up called Optimatics, a global leader in water and wastewater treatment plant optimization software. This equity interest has enabled SUEZ to strengthen its digital solutions offering and round out its AQUADVANCED® range *via* a service that optimizes the overall performance of water infrastructures throughout their life cycle.

In September, SUEZ Ventures purchased a non-controlling interest in the startup NextAlim, whose expertise lies in using insects that transform food residues into protein for the animal nutrition and green chemistry sectors. The first industrial unit is expected to start up in Poitiers (France) in 2018.

In December, SUEZ Ventures invested in ETIA group by purchasing an equity interest in ETIA and in the start-up COGEBIO alongside Demeter 3A and ETIA. The goal of these investments, totaling EUR 4.2 million, is to help ETIA group grow in France and abroad and to create a comprehensive range of green energy production solutions.

TECHNOLOGICAL TESTS

The "Technological Innovation Tests" are additional measures that test, in industrial conditions, innovative solutions provided by our partners, whether they are start-ups, large groups, or Small and Medium-sized Companies.

This procedure has the advantage of accelerating time-to-market for new technological solutions that meet the needs of our customers and encourage partnership-type collaborations.

These tests have already resulted in more than 88 achievements since their inception in 2010. They tend to give rise to offers with minimum delay and result in effective and profitable business collaborations.

Among all the tests conducted in 2017, the Group retained:

- the thermo-chemical plastic waste recovery demonstrator with ETIA, an innovative pyrolysis-controlled technology that produces combustible gas (syngas) that can be used in electric cogeneration engines;
- the test on an industrial agri-foodstuff company's anaerobic digester with BIOENTECH, which helps to optimize the performance of a biogas plant by better managing operating parameters.

CHALLENGES

In 2017, SUEZ dedicated a significant portion of its open innovation to challenges in which start-ups are involved. As a result, the Group participated in the second edition of the DataCity challenge organized by start-up incubator NUMA and the City of Paris Hall, and with which we have been an industrial partner since the beginning. This challenge invites startups to imagine solutions to meet the short- and medium-term needs of cities and their inhabitants. After selecting start-ups based on their case and pitch, the ones chosen have two months to develop an initial prototype (Minimum Viable Product) by using data made available to them by the City of Paris and its partners. In 2017, SUEZ partnered up with two noteworthy projects. The first, led by start-up Craft.ai, consists of a mobile app that predicts the times that waste collection trucks come by to collect household waste using artificial intelligence. The second, led by start-up AID, uses data related to tourist flows to provide cities and tourism professionals with a decision-making tool to help customize their service. In 2017, DataCity went international and launched its first edition of DataCity Casablanca with Lydec as its partner.

Additionally, various Group entities organize their own hackathons or are invited to participate in hackathons organized by external partners. In March 2017, Lydec organized its first hackathon on new services for the population of Greater Casablanca. At the end of the year, SUEZ Water France participated in a hackathon organized by our partner Université de Paris-Est-Créteil. 38 Group employees joined 300 students to brainstorm solutions to broaden access to water for the entire planet.

11.1.2 Significant achievements in 2017

SUEZ launched programs to respond to the needs of its customers and offer them increasingly innovative solutions. In 2017, the innovation ecosystem implemented by SUEZ continued to grow through new projects and new partnerships. The main highlight of this year was the boost given to the Group's digital transformation *via* several initiatives and projects.

DIGITIZING OUR COMPANY AND OUR SYSTEMS

Digitization represents a powerful lever in responding to the environmental and societal challenges with which our customers are confronted. SUEZ innovates to support them in this process and strengthen the performance of their facilities.

In order to give a decisive boost to its digital transformation, the Group created a Chief Digital Officer (CDO) position. Reporting to the Director of Innovation, Marketing and Industrial Performance, the CDO's primary responsibilities are to:

- define the Group's digital roadmap;
- speed up key operational projects related to data, Artificial Intelligence and the Internet of Things (IoT);
- connect the Group to digital ecosystems (incubators, accelerators, start-ups, etc.).

DIGITIZING OUR WASTE RECYCLING AND RECOVERY BUSINESS

The world of waste recycling and recovery is facing rapid and permanent change, creating new pressures, but also new opportunities for SUEZ, particularly due to the benefits of digital innovation. In January 2017, SUEZ and Rubicon Global, an American company, officially announced an innovative strategic partnership. This partnership aims to boost the digitization of the Group's Recycling & Recovery activities and transform waste management to conform with smart city design. To do this, SUEZ relies on Rubicon's innovative optimization technologies for waste collection and sustainable recovery services. The combination of Rubicon's innovative model and SUEZ's experience in sustainable resource management is going to lead to the roll-out of new efficient solutions on European markets.

In June, Recycling & Recovery France launched Organix®, the first digital marketplace for organic waste. This innovative platform connects organic waste producers (industrial agri-foodstuff companies, co-ops, etc.) with biogas plant operators that transform waste into energy. The user-friendly platform enables users to carry out secure transactions, and SUEZ handles the transport and logistics. SUEZ also ensures matter quality by auditing producers and conducting diagnostic tests on flows. Initially available in Brittany, Normandy and in the Loire Valley regions, Organix® now covers all of France and will be gradually enhanced with new functionalities.

MAKING SUSTAINABLE AND CONNECTED CITIES A REALITY

In 2017, SUEZ and Bouygues Construction started working together on sustainable and smart cities. The two groups have signed a global memorandum of understanding for an initial three-year period covering the design and development of new solutions to optimize resource management and encourage a more sustainable development.

In September, the city of Dijon granted the connected public area management contract to Bouygues Energies & Services and Citelum (EDF group) along with SUEZ and Capgemini. Using digital data generated by connected public equipment, the city of Dijon wants to develop an unparalleled smart city initiative by offering inhabitants new public services and open urban governance that relies on open data, making it the first major smart city project in France.

In addition, GRDF, Sagemcom and SUEZ announced the formation of the WIZE Alliance to promote an international standard for the Industrial Internet of Things. The open and non-profit organization includes major international companies in the industrial and utilities sectors that want to develop long range wide area radio networks called WIZE. In addition to the founding members, more than 30 partners have already expressed their desire to join the Alliance.

In today's cities, increasing amounts of data are collected, analyzed and reported on a daily basis to provide information on water quality, air quality, noise, temperature, etc. Currently, nearly all this data is recorded by personnel or equipment dedicated to that specific service. In 2017, SUEZ launched its first Smart Truck capable of collecting all urban data acquired on a daily basis along the waste collection route, processing it and then making it available on a dedicated platform. The city of Rennes will be the first local authority to roll out two pilot units of these trucks in the coming months. These new generation collection trucks are equipped with sensors that can measure air quality or produce thermographic maps of the city showing how much energy buildings are losing.

ACTING TO PRESERVE THE SANITARY QUALITY OF WATER

Each year, SUEZ co-organizes, with the Universities of Lorraine (France) and Bonn (Germany), the International seminar for PhD students on water and health. This event allows students from all over the world to discuss the results of their research (pollutants of waterborne origin, epidemiology, microbiology, sociological aspects and risk management, etc.) with major international scientists. The SUEZ Award, handed down by the Scientific Committee, rewards a student whose work contributes the most to improving the sanitary quality of water. In 2017, the winner was Terica SINCLAIR, a doctoral student from the University of Twente (Netherlands), for work relating to cationically modified membranes for the removal of waterborne viruses.

PROMOTING THE EMERGENCE OF A CIRCULAR ECONOMY FOR WATER

Since 2013, in Barcelona, the CETaqua Research Center has coordinated the European LIFE WIRE project which aims to encourage industrial companies to reuse urban wastewater through decentralized treatment. The featured prototype consists of a combination of ultrafiltration membranes, a large-capacity adsorbent and reverse-osmosis membranes. It has been used to treat water produced by the recovery system at the El Baix Llobregat station (Barcelona) to meet the quality requirements of three industrial partners. The technology has been optimized, different configurations have been tested and quality parameters have been validated. A technical and economic viability assessment on investment costs and operating costs has been conducted. Agbar is currently working to define operational strategies that can be used to provide these new services.

RECOVERING BIOMETHANE FROM BIOGAS

Produced from anaerobic digestion of sewage sludge and other biowaste, biogas contains approximately 60% methane. Once it has reached near 100% purity and respects all the properties of natural gas, biomethane has been obtained. Equipped with its expertise in the management of the biogas production chain, SUEZ intends to increase biogas production from 30% to 50% by 2020 and develop new solutions using biomethane for and with its customers.

In collaboration with start-up WAGA ENERGY, and with financial support from ADEME, SUEZ has created a new solution for recovering biomethane from biogas. This innovation improves the energy efficiency of non-hazardous waste storage facilities, reduces GHG emissions and contributes to the development of the circular economy. The biomethane is injected into the local urban natural gas distribution network used by the national operator GRDF to support the region's energy transition. In June 2017, this technology was implemented in a landfill operated by SUEZ in Saint-Maximin (Oise – France).

INCREASING THE AMOUNT OF PLASTIC WASTE RECYCLED

In the Netherlands, SUEZ created a joint venture named SK Polymers in collaboration with recycling company Kempenaars Recycling with the goal of finding a "smart" and sustainable way to solve the problem of hard to handle plastic waste. Demand for plastic now exceeds 50 million metric tons every year in Europe. By participating in this joint venture, the Group intends to strengthen its core business in the plastic recycling chain as well as its determination to encourage the efficient use of resources.

SUEZ has a laboratory dedicated to plastic recovery called PLAST'lab® at its Le Pecq site. The lab analyzes, tests and classifies plastic materials to formulate new lines of high-quality plastic that meet the demands of industrial companies, using recycled plastic products. This laboratory, which is the only one of its kind in the plastic recovery market, relies on demand from industrial companies to receive and secure plastic materials, to optimize their formulation (shock resistance, heat resistance, etc.) and to produce high-quality recycled raw materials that meet industrial companies' specifications.

COMBATING CLIMATE CHANGE AND STRIVING FOR GREENER CITIES

A carbon well is a natural or artificial reservoir that accumulates and stores a chemical compound that contains carbon for an indefinite period of time. Jointly developed with start-up Fermentalg, the Group's carbon well aims to fight against climate change by capturing carbon dioxide and producing green energy in the form of biomethane. After having presented this solution to the COP21, the teams from the Carbon Sink project signed two experimental agreements with the SIAAP (public authority for the collection and treatment of wastewater in Greater Paris) and with the City of Paris. An industrial demonstrator is currently being tested at the Colombes wastewater treatment plant, and an urban demonstrator connected to an advertising column was installed in Paris place d'Alésia in early 2017.

DEVELOPING AN EXPERTISE IN DATA SCIENCE

Digitizing our businesses requires us to process increasingly large quantities of data, whether it be data from our own business activities (remote meter readings, information transmitted *via* sensors, etc.) or data made available by our stakeholders (open data). To make the most of this bulk data, the Group decided to strengthen its knowledge and expertise in data science. What can we do with all this data? How can we add value to the data to provide new services to our customers and improve our industrial performance? How can artificial intelligence help to overcome these challenges? What type of expertise and Human Resources do we need? These were some of the main questions that were discussed at the Group's first meeting on data science. Experts from Kynapse, SNCF, Atos, ENS-Paris-Saclay shared their points of view and their experience, prompting productive discussions. Then, 20 data scientists and engineers participated in a workshop to build and strengthen a center of expertise that has been centralized in CIRSEE so far.

OPTIMIZING INDUSTRIAL FACILITY PERFORMANCE THROUGH DATA PROCESSING

Industrial applications generate substantial quantities of very different types of operating data. This collected and analyzed data plays a vital role in lowering a facility's overall operating costs. With its state-of-the-art digital platform called InSight, developed by GE Water, SUEZ now offers its industrial customers the ability to translate their often untreated data into relevant and useful information for optimizing and efficiently managing their facilities' performance. Stored in a secure cloud, the data is returned to the person when they need it and in the format they need it.

11.2 Patents and Trademarks

The assets developed by SUEZ to offer its customers new products and services with high added value contribute significantly to value creation. That is why the Group is particularly attentive to the development, recovery, and especially the protection of, its assets. Whether with regard to trademarks or patents, SUEZ employs a deliberate policy to protect industrial property.

In 2015, SUEZ launched an intellectual property action plan which aims, on the one hand, to differentiate it from its competitors thanks to the protection of innovative proprietary technologies, and on the other hand, to defend its market share to better anticipate the risks that the intellectual property rights of third parties present to the freedom of use of certain technologies.

This action plan emphasizes a reinforcement of the Group's patent portfolio. It concerns not just the number of patents but their quality and their relevance to the strategy: this occurs through the centralization of patent filings within the Intellectual Property Department of the Group. This plan also allows for improved responsiveness in the choices and decisions of patent filing, and in the formalization and capitalization of know-how. It should also result in the systemization of the use of patent documentation and the inclusion of "intellectual property" deliverables at an early stage of each innovation project.

Since 2015, the Group has centralized its intellectual property strategy and had it supervised by an *ad hoc* department. Made up of several qualified patent engineers (European representatives), this department ensures the proper functioning of the entire process in order to professionalize and reinforce the Group's capacity to defend its intellectual property.

In 2017, all of the work accomplished by the team since the Intellectual Property department was created was rewarded with a Trophée d'Or du Droit – Corporate Edition.

At the end of 2017, all of GE Water's patent data was integrated into SUEZ's intellectual property database.

11.2.1 Patents

The Group's intellectual property portfolio has 1,063 patents broken down into 337 families (before the acquisition of GE Water). Patents are broken down into four cross-entity business portfolios: Treatment Infrastructures, Industrial Solutions, Recycling and Recovery, Advanced Solutions.

Since the GE Water acquisition, as of December 31, 2017, the Intellectual Property Department manages a total of 3,748 active patents, representing 829 active patent families.

In 2017, SUEZ filed 61 new patent applications, including 27 applications made for the former GE Water scope. For SUEZ's historic scope, we have filings to protect industrial solutions, such as the combination of "Ice Pigging" and ozone technologies, or the latest-generation ozonizer called "Ozonia M". Advanced treatment methods using the Anamox technology have also been protected. The Recycling & Recovery portfolio has also been reinforced, with seven new filings, including a portion dedicated to biogas production and purification technologies. Lastly, in the Advanced Solutions portfolio, there is a new filing in the AQUADVANCED line as well as drawings and models on urban carbon wells.

A significant part of the filings made for the former GE Water scope pertain to chemical activity and concern products and systems, such as chemical compositions to treat industrial water or membrane designs.

A portfolio review process has been implemented for the purpose of optimizing, structuring and aligning the patent portfolio with Group priorities.

11.2.2 Trademarks

Regarding institutional trademarks held by SUEZ and its subsidiaries, in 2017 the Group pursued the implementation of its unique trademark.

The "SUEZ" trademark was filed in France in March 2005 and was registered internationally in August 2005.

Apart from the "institutional" trademarks, at the end of 2017, SUEZ was at the head of a portfolio of over 1,892 "product" trademarks, 1,169 of which from the consolidation of GE Water at the end of 2017. These trademarks protect product names such as "AQUADVANCED" and "Densadeg", as well as names of services and technological platforms. In 2017, the Group filed the "ON'CONNECT" trademark, which is a support offering for cities undergoing digital transformation, "PROSOLV", a trademark covering demulsifying products for industrial companies, "ZEELUNG" for its membrane aerated biofilm reactor, and "PIPEBOARD", "MEMBOARD" and "CHEMBOARD," which refer to CIRSEE's technological platforms.

12 information on trends

The major trends that have affected the Group's activities since the close of the latest fiscal year are described in chapters 6 and 9 of this Reference Document.

13 profit forecasts or estimates

Taking into account the additional contribution of new activities in the "industrial water" sector, a better anticipated momentum in the Recycling and Recovery Europe and International divisions, and the new action plan decided at the beginning of the year, the Group reaffirms the following goals in 2018:

- revenues up by around 9% at constant exchange rates;
- EBIT up by around 10% at constant exchange rates before allocation of the GE Water purchase price;
- generate around EUR 1 billion [1] in free cash flow;
- net financial debt/EBITDA ratio close to 3;
- pursue an attractive dividend policy: dividend payment in 2019 of at least EUR 0.65 per share for 2018 results [2].

(1) Excluding cash out associated with the voluntary redundancy plan in France and GE Water integration costs.
(2) Subject to approval by the 2019 Shareholders' Meeting.

14 governance, management and supervisory bodies, and general management

14.1 Composition of governance and management bodies

14.1.1 Composition of the Board of Directors

Since the beginning of 2017, the following change has taken place in the composition of the Board of Directors:

- the cooptation as Director of Mr. Francesco Caltagirone on February 28, 2017, replacing Gilles Benoist, who has resigned, until the end of the latter's term of office, *i.e.*, until the Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2017. This cooptation was ratified at the Shareholders' Meeting on May 10, 2017.

The Board of Directors therefore has 19 members as of the date of this document. In addition, a representative of the Works Council of SUEZ's Economic and Social Unit attends the meetings of the Board of Directors.

Detailed information on the composition of the Board of Directors can be found in section 1 of the Report on Corporate Governance in chapter 16.4 of this Reference Document.

The information below shows the composition of the Board of Directors as at December 31, 2017, which has 19 members, as well as individual information about each of the Directors (including the offices and positions held by the Directors during the last five years).

Gérard Mestrallet

69 years old
French

Business address:
ENGIE
Tour T1
1, place Samuel-de-Champlain
Faubourg de l'Arche
92930 Paris-La Défense, France

Main position:
Chairman of the Board of Directors of ENGIE

Offices and positions held at the Company:
Chairman of the Board of Directors
Chairman of the Strategy Committee

Number of SUEZ shares held:
19,564 shares (of which 2,000 as a loan granted by ENGIE)

BIOGRAPHY

Born on April 1, 1949, Gérard Mestrallet is a graduate of École Polytechnique and École nationale d'administration. After occupying various positions in the Treasury Department and in the office of the Minister of Economics and Finance, Mr. J. Delors, in 1984 Gérard Mestrallet joined Compagnie Financière de SUEZ as a Project Manager. In 1986, he was appointed Executive Vice-President for industrial affairs. In 1991, Mr. Mestrallet was appointed Executive Director and Chairman of the Management Committee of Société Générale de Belgique. In 1995, he became Chairman and Chief Executive Officer of Compagnie de SUEZ. Gérard Mestrallet was Chairman and Chief Executive Officer of GDF SUEZ (now ENGIE) following the merger between SUEZ and Gaz de France on July 22, 2008 until May 3, 2016, the date on which he became Chairman of the Board of Directors of ENGIE. Moreover, he is Chairman of the Paris EUROPLACE Association, Chairman of the Chongqing Mayor's International Economic Advisory Council, a member of the Shanghai and Bejiing Mayor's International Councils, and Honorary Doctorate from Cranfield University (UK).

LIST OF OTHER MAJOR OFFICES AND POSITIONS HELD DURING THE LAST FIVE YEARS

Current

Chairman of the Board of Directors of **ENGIE**
Director of **Société Générale**
Director of **Saudi Electricity Company** (since January 21, 2018)

Expired during the last five years

Chairman and Chief Executive Officer of **ENGIE** (until May 3, 2016)
Various offices held at companies in the ENGIE group and the SUEZ group
Director of **Saint-Gobain** (until June 4, 2015)
Director of **Pargesa Holding SA** (until May 6, 2014)
Member of the Supervisory Board of **Siemens AG** (until January 31, 2018)

14

In bold: listed companies.

Jean-Louis Chaussade

66 years old
French

Business address:
SUEZ
Tour CB21
16, place de l'Iris
92040 Paris-La Défense, France

Main position:
Chief Executive Officer of SUEZ

Offices and positions held at the Company:
Chief Executive Officer and Director

Number of SUEZ shares held:
80,619 shares
17,844 units of the Company mutual fund, SUEZ Actionnariat France, acquired under the SUEZ group Employee Shareholding Plans

BIOGRAPHY

Jean-Louis Chaussade, born on December 2, 1951, has an engineering degree from ESTP (1976) and holds a Master's degree in Economics (Sorbonne, 1976). He is also a graduate of Institut d'études politiques de Paris (1980) and the Harvard Business School's Advanced Management Program (1988). He first joined Degrémont in 1978, and was subsequently appointed Chief Operating Officer of Degrémont Espagne, headquartered in Bilbao, in 1989. During that period, he was also appointed Director of Aguas de Barcelona. In addition, Jean-Louis Chaussade became Chief Executive Officer of Dumez Copisa Espagne in 1992. In 1997, he was appointed Chief Operating Officer of Lyonnaise des Eaux in South America, and Chief Operating Officer of SUEZ (now ENGIE) for South America. He was appointed Chairman and Chief Executive Officer of Degrémont in 2000 and, in 2004, Deputy CEO of SUEZ (now ENGIE) and Chief Executive Officer of SUEZ Environnement (now SUEZ). He has been Chief Executive Officer of SUEZ since July 23, 2008. Jean-Louis Chaussade has been a Director of Criteria Caixa SAU since October 19, 2011. He co-chairs the France-China Committee, and also chairs the France-Algeria Council of Chief Executives within MEDEF International. He also chairs the "circular economy" group within AFEP.

LIST OF OTHER MAJOR OFFICES AND POSITIONS HELD DURING THE LAST FIVE YEARS

Current

Director of Criteria Caixa SAU (Spain)
Director of **Kaufmann & Broad** (France)
Director of SUEZ Water Technologies and Solutions[1] (France)
Director of the Institute for Responsible Capitalism
Chairman of the Board of Directors of University of Technology of Compiègne
Chairman of the Board of Directors of SUEZ NWS Ltd (Hong Kong)[1]

Expired during the last five years

Director of **ACEA SpA** (Italy) (until April 2013)
Chairman of the Supervisory Board of the Institute of Economic Forecasting of the Mediterranean World (IPEMED) (until December 5, 2013)
Various offices held at companies in the SUEZ group

In bold: listed companies.
(1) Companies in the SUEZ group.

Nicolas Bazire

60 years old
French

Business address:
Groupe Arnault
22, avenue Montaigne
75008 Paris, France

Main position:
Chief Executive Officer
of Groupe Arnault SAS

Offices and positions held at the Company:
Independent Director
Member of the Audit and Financial Statements Committee, the Appointments and Governance Committee and the Strategy Committee

Number of SUEZ shares held:
2,000 shares

BIOGRAPHY

Nicolas Bazire, born on July 13, 1957, is a graduate of the French Naval Academy and Institut d'études politiques de Paris, and studied at École nationale d'administration. Mr. Bazire was an auditor and then an auxiliary judge at the Cour des comptes. In 1993, he became Chief of Staff and Special Assistant to Prime Minister Édouard Balladur. Managing Partner of Rothschild & Cie Banque from 1995 to 1999, Mr. Bazire was then appointed Chairman of the Partnership Board. He has served as Chief Executive Officer of Groupe Arnault SAS since 1999.

LIST OF OTHER MAJOR OFFICES AND POSITIONS HELD DURING THE LAST FIVE YEARS

Current

Chief Executive Officer of Groupe Arnault SAS
Chief Operating Officer and Permanent Representative of Groupe Arnault SAS [1] to the Board of Directors of Financière Agache SA [1]
Vice-Chairman of the Supervisory Board of Les Échos SAS [1]
Director of LVMH Fashion Group [1], **LVMH Moët Hennessy-Louis Vuitton SA** [1], Louis Vuitton pour la création [1], Financière Agache Private Equity SA [1], Agache Développement SA [1], Europatweb SA [1], **Carrefour SA**, Groupe Les Échos SA [1] and **Atos**
Member of the Supervisory Board of Montaigne Finance SAS [1] and Semyrhamis SAS [1]
Manager of Les Chevaux de Malmain SARL
Member of the Board of Directors of SBM (Monaco)

Expired during the last five years

Chairman of Société Financière Saint-Nivard SAS, of Tajan SA and Go Invest SA (Belgium)
Member of the Supervisory Board of Lyparis SAS

In bold: listed companies.
(1) Companies in the LVMH group/Arnault group.

Miriem Bensalah-Chaqroun

55 years old
Moroccan

Business address:
SUEZ
Tour CB21
16, place de l'Iris
92040 Paris-La Défense, France

Main position:
Vice-Chairwoman and Chief Executive Officer of Eaux Minérales d'Oulmès

Offices and positions held at the Company:
Independent Director

Number of SUEZ shares held:
2,000 shares

BIOGRAPHY

Miriem Bensalah-Chaqroun was born on November 14, 1962 and received an MBA in International Management and Finance from the University of Dallas/Texas (USA) in 1986. She held various positions at Société Marocaine de Dépôt et de Crédit from 1986 to 1989, before joining the Holmarcom group (the family holding Company) in 1990. She is currently Vice-Chairwoman and Chief Executive Officer of Eaux Minérales d'Oulmès. Since 2012, she has also been Chairwoman of the Conféderation Générale des Entreprises du Maroc, Morocco's employers' association.

LIST OF OTHER MAJOR OFFICES AND POSITIONS HELD DURING THE LAST FIVE YEARS

Current

Vice-Chairwoman and Chief Executive Officer of **Eaux Minérales d'Oulmès** [1]
Chairwoman and Chief Executive Officer of Oulmès Drinks Development [1]
Chairwoman of the Board of Directors of Orangina Maroc
Director of Holmarcom
Director of **Renault**
Director and Chairwoman of the Audit Committee of Bank Al Maghrib (Moroccan Central Bank)

Expired during the last five years

Director of **Eutelsat Communications**

In bold: listed companies.
(1) Companies in the Holmarcom group.

Valérie Bernis

59 years old
French

Business address:
ENGIE
Tour T1
1, place Samuel-de-Champlain
Faubourg de l'Arche
92930 Paris-La Défense, France

Main position:
Vice-Chairwoman of ENGIE Foundation

Offices and positions held at the Company:
Director
Member of the Appointments and Governance Committee and of the Ethics and Sustainable Development Committee

Number of SUEZ shares held:
2,608 (of which 2,000 shares as a loan granted by ENGIE)

BIOGRAPHY

Valérie Bernis, born on December 9, 1958, is a graduate of Institut Supérieur de Gestion de Paris and Université de Sciences Économiques in Limoges. Valérie Bernis was a member of the minister's office at the Ministry of Economy, Finance and Privatization (1986-1988), Director of Communications at Cerus (1988-1993), and the Communications and Press Officer at the French Prime Minister's Office (1993-1995). Later, she was Director of Communications at Compagnie de SUEZ (1995-1997), Deputy Chief Financial Communication officer of the SUEZ Lyonnaise des Eaux group (1997-2001), Chairwoman and CEO of the television channel Paris Première (1999-2004), Deputy CEO, and member of the Executive Committee of SUEZ, in charge of Communications and Sustainable Development (2001-2008). In July 2008, Valérie Bernis became a member of the Executive Committee of GDF SUEZ in charge of Communications and Institutional Relations (2008-2011). Between 2011 and 2016, Valérie Bernis was a member of the General Management Committee and Deputy CEO of ENGIE (formerly GDF SUEZ) in charge of Communications, Marketing and Environmental and Corporate Responsibility. She has been the Vice-Chairwoman of the ENGIE Foundation since 2010.

LIST OF OTHER MAJOR OFFICES AND POSITIONS HELD DURING THE LAST FIVE YEARS

Current

Director of **Atos**
Director and Member of the Appointments Committee of **Occitane International SA**
Vice-Chairwoman of the ENGIE Foundation[1]
Director of AROP

Expired during the last five years

Various offices held at companies in the ENGIE group
Member of the Supervisory Board of **Euro Disney SCA** (until January 11, 2017)
Director of **Cegid Group** (until July 2013)
Member of the Board of Directors and of the Audit Committee of **Bull** (until October 23, 2013)

In bold: listed companies.
(1) Company in the ENGIE group.

Francesco Caltagirone

49 years old
Italian

Business address:
Cementir Holding SpA
200, corso di Francia
00191 Rome, Italy

Main position:
Chairman and Chief Executive Officer of Cementir Holding SpA

Offices and positions held at the Company:
Independent Director
Member of the Strategy Committee

Number of SUEZ shares held:
2,000 shares

BIOGRAPHY

Francesco Caltagirone Jr. was born in Rome on October 29, 1968. He began working in his family's company at the age of 20. After 6 years of experience in the building sector, he joined the Cementir group in 1995. The company operates in the cement sector (specifically in the production and distribution of gray and white cement, ready-mix concrete, aggregates and concrete products) and also in waste management. He worked his way up in the group and in 1996, at the age of 27, he became its Chairman and CEO. Over the last 20 years Francesco Caltagirone Jr has been Chairman and Chief Executive Officer of the Cementir group, showing deep knowledge and extensive experience in the cement and recycling sectors. Through a series of mergers and acquisitions he led and transformed an Italian company into a group having a multi-national presence in 17 countries and five continents, with EUR 1.3 billion in revenues and 3,600 employees.

LIST OF OTHER MAJOR OFFICES AND POSITIONS HELD DURING THE LAST FIVE YEARS

Current

Chairman of the Board of Directors of **Caltagirone SpA** (1) (Italy)
Chief Executive Office of Aalborg Portland Holding A.S (1) (Denmark)
Chairman and Chief Executive Officer of **Cementir Holding SpA** (1)

Expired during the last five years

Vice-Chairman of the Board of Directors of **Cimentas AS** (1) (Turkey)
Vice-Chairman of the Board of Directors of **Cimbeton AS** (1) (Turkey)
Member of the Board of Directors of **Caltagirone Editore SpA** (1) (Italy)
Member of the Board of Directors of **ACEA SpA** (Italy)

In bold: listed companies.
(1) Companies in the Caltagirone group.

Delphine Ernotte Cunci

51 years old
French

Business address:
France Télévisions
7, esplanade Henri de France
75015 Paris, France

Main position:
Chairwoman of France Télévisions

Offices and positions held at the Company:
Independent Director
Chairwoman of the Ethics and Sustainable Development Committee and member of the Audit and Financial Statements Committee

Number of SUEZ shares held:
2,000 shares

BIOGRAPHY

Delphine Ernotte Cunci, born on July 28, 1966, was appointed as Director by the Shareholders' Meeting of May 24, 2012. Delphine Ernotte Cunci is a graduate of École Centrale de Paris. Ms. Ernotte Cunci joined the France Telecom group in 1989 in various operational roles throughout the group, particularly in research and development. Delphine Ernotte Cunci then pursued her career with commercial management responsibilities, as Director of the Distribution Agency and Centre Val-de-Loire Regional Director, before becoming Director of Communications and of Sponsoring for France. From 2010 to August 2014, she was Deputy Chief Executive Officer of the France Telecom/Orange Group and Executive Director of Orange France in charge of operations for the France Telecom Group in France. She has been Chairwoman of France Télévisions since August 22, 2015.

LIST OF OTHER MAJOR OFFICES AND POSITIONS HELD DURING THE LAST FIVE YEARS

Current

Chairwoman of France Télévisions
Member of the Board of Directors of the École Centrale de Paris and of Le Cent-Quatre, a cultural institution
Chairwoman of the Board of Directors of École Nationale Supérieure de la Photographie in Arles

Expired during the last five years

Deputy CEO of France Telecom/**Orange** Group and Executive Director of Orange France

In bold: listed companies.

Lorenz d'Este

62 years old
Belgian

Business address:
COBEPA
Rue de la Chancellerie, 2
1000 Brussels
Belgium

Main position:
Managing Partner of E. Gutzwiller & Cie

Offices and positions held at the Company:
Independent Director
Chairman of the Compensation Committee, member of the Appointments and Governance Committee and the Ethics and Sustainable Development Committee

Number of SUEZ shares held:
2,139 shares

BIOGRAPHY

Lorenz d'Este was born on December 16, 1955. After his studies at the University of Saint Gallen in Switzerland, he subsequently obtained a Master's degree in Economics and Politics from the University of Innsbruck, Austria. Lorenz d'Este joined the Swiss bank E. Gutzwiller & Cie in 1983, first as a banking executive and then as a Director. He became Managing Partner at E. Gutzwiller & Cie, Banquiers in 1990. He is also a Director of Six Group in Switzerland.

LIST OF OTHER MAJOR OFFICES AND POSITIONS HELD DURING THE LAST FIVE YEARS

Current

Director of Six Group (Switzerland)

Expired during the last five years

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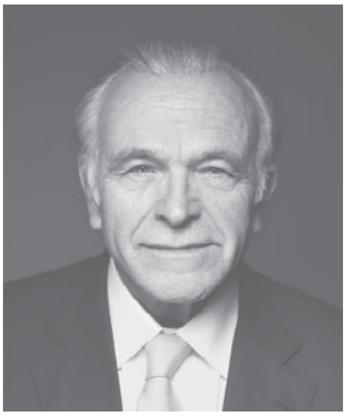
Isidro Fainé Casas



75 years old
Spanish

Business address:
La Caixa
Avenida Diagonal 621-629
Torre 2 – Piso 11
08028 Barcelona
Spain

Main position:
Chairman of Criteria Caixa

Offices and positions held at the Company:
Director and member of the Strategy Committee

Number of SUEZ shares held:
2,000 shares

BIOGRAPHY

Isidro Fainé Casas, born on July 10, 1942, has been Chairman of the Board of Trustees of La Caixa banking foundation and Chairman of Criteria Caixa. He holds a Doctorate in Economics, an International Senior Managers Program certificate in Business Administration from Harvard Business School, and is a graduate in Senior Management from the IESE Business School. He is a member of the Spanish Royal Academy of Economics and Finance and the Spanish Royal Academy of Doctors. He began his professional career in the banking sector as Investment Manager for Banco Atlántico in 1964, and was appointed as General Manager of Banco de Asunción in Paraguay in 1969. He then returned to Barcelona, taking on various responsibilities in financial institutions: Director of Human Resources at "Banca Riva y Garcia" (1973), Advisor and Managing Director of Banca Jover (1974) and Managing Director of "Banco Unión" (1978). In 1982, he joined La Caixa as Deputy CEO, subsequently taking on various other positions. In April 1991, he was appointed Executive Assistant Managing Director and then, in 1999, Chief Executive Officer of the bank, of which he served as Chairman from June 2007 to June 2014. Isidro Fainé Casas is Chairman of Gas Natural, Vice Chairman of Telefónica and Director of The Bank of East Asia. He currently chairs Confederación Española de Cajas de Ahorros (the Spanish Confederation of Savings Banks) and is Chairman of the European Savings Banks Group (ESBG), as well as Vice-Chairman of the World Savings Banks Institute. He is also Chairman of Confederación Española de Directivos y Ejecutivos (the Spanish Confederation of Directors and Executives), the Spanish section of the Club de Roma (Club of Rome) and of the Circulo Financiero (the Financial Circle). He is also a member of the Board of Trustees of the Prado National Museum.

LIST OF OTHER MAJOR OFFICES AND POSITIONS HELD DURING THE LAST FIVE YEARS

Current

Chairman of the Board of Trustees of "La Caixa" banking foundation
Chairman of Criteria Caixa [1]
Vice-Chairman of **Telefónica** [1]
Chairman of **Gas Natural** [1]
Director of **The Bank of East Asia** [1]

Expired during the last five years

Chairman of **CaixaBank** [1]
Director of **Grupo Financiero Inbursa** and **Banco BIP** [1]
First Vice-Chairman of **Repsol** [1]
First Vice-Chairman of **Abertis** [1]
Second Vice-Chairman of Sociedad General de Aguas de Barcelona

In bold: listed companies.
(1) Companies in the "La Caixa" group or in which "La Caixa" holds a stake.

Judith Hartmann

48 years old
Austrian

Business address:
ENGIE
Tour T1
1, place Samuel-de-Champlain
Faubourg de l'Arche
92930 Paris-La Défense, France

Main position:
Deputy CEO of ENGIE in charge of Finance and oversight of the North America and United Kingdom BUs

Offices and positions held at the Company:
Director and Member of the Audit and Financial Statements Committee

Number of SUEZ shares held:
2,000 shares (as a loan granted by ENGIE)

BIOGRAPHY

Judith Hartmann, of Austrian nationality, received a Master's in International Business Administration and a Doctorate in Economics from WU Vienna University of Business Administration & Economics. She began her career in 1993 at the Canadian Department of Transportation in Ottawa. In 1997, she joined the Finance Department at Walt Disney Europe in France. In 2000 she joined GE, where she worked in various positions over 12 years, first in Finance at GE Healthcare Europe in France and later at GE Healthcare headquarters in the US, before becoming CFO of a subsidiary of GE Healthcare in 2004 and of GE Water Europe, Middle-East & Africa (GE Energy) in Belgium (2007). She was appointed CFO in 2009 in Brazil, then Chief Executive Officer of GE Healthcare Latin America. In 2011, she became CFO of GE Germany. In 2012 she was appointed CFO and member of the Management Committee of the German group Bertelsmann and non-executive Director of the RTL Group, and was a member of the Board of Directors of Penguin Random House LLC and Gruner & Jahr AG & Co KG until the end of 2014. In 2015, she joined ENGIE as Deputy CEO in charge of Finance. Then, in 2016, she was appointed Deputy CEO of ENGIE in charge of Finance and oversight of the North America and United Kingdom BUs. She is also a non-executive Director at Unilever.

LIST OF OTHER MAJOR OFFICES AND POSITIONS HELD DURING THE LAST FIVE YEARS

Current

Non-executive Director at **Unilever** (United Kingdom)

Expired during the last five years

Director at Penguin Random House LLC (United States) and at Gruner & Jahr AG & Co KG (Germany)
Non-executive Director of the **RTL** Group

In bold: listed companies.

Isabelle Kocher

51 years old
French

Business address:
ENGIE
Tour T1
1, place Samuel-de-Champlain
Faubourg de l'Arche
92930 Paris-La Défense, France

Main position:
Chief Executive Officer
and Director of ENGIE

Offices and positions held at the Company:
Director
Member of the Strategy Committee

Number of SUEZ shares held:
4,100 shares (of which 2,000 shares as a loan granted by ENGIE)

BIOGRAPHY

Isabelle Kocher, born on December 9, 1966, was co-opted as a Director by the Board of Directors on February 7, 2012 (an appointment ratified by the Shareholders' Meeting of May 24, 2012). She is a graduate of École Normale Supérieure (ENS-Ulm) and a member of Corps des Mines. In 1997, she was appointed Budget Officer for Telecommunications and Defense at the French Ministry of the Economy. She was Industrial Affairs Advisor to the French Prime Minister's Office between 1999 and 2002. In 2002, she joined the SUEZ group, where she held various positions (from 2002 to 2005 in the Strategy and Development Department; from 2005 to 2007 as Director of Performance and Organization; from 2007 to 2008 as Deputy Chief Operating Officer of Lyonnaise des Eaux; from 2009 to October 2011 as Chief Executive Officer of Lyonnaise des Eaux, in charge of water development in Europe). She was Deputy CEO of ENGIE in charge of Finance from October 2011 to November 2014. Isabelle Kocher was then appointed as Chief Operating Officer and Director of ENGIE. She has been Chief Executive Officer of ENGIE since May 3, 2016.

LIST OF OTHER MAJOR OFFICES AND POSITIONS HELD DURING THE LAST FIVE YEARS

Current

Chief Executive Officer and Director of **ENGIE**
Chairwoman of Electrabel[1] (Belgium), Director of **Axa** and of the ENGIE Foundation[1]

Expired during the last five years

Various offices held at companies in the ENGIE group
Chief Operating Officer of **ENGIE** (until May 3, 2016) – France
Vice-Chairwoman of Electrabel[1] (until April 26, 2016) – Belgium

In bold: listed companies.
(1) Companies in the ENGIE group.

Ines Kolmsee

47 years old
German

Business address:
Aperam 12C, rue Guillaume Kroll
L-1882 Luxembourg

Main position:
Chief Executive Officer of Aperam's Services & Solutions division

Offices and positions held at the Company:
Independent Director
Member of the Strategy Committee

Number of SUEZ shares held:
2,000 shares

BIOGRAPHY

Ines Kolmsee, born on April 4, 1970, was appointed as Director by the Shareholders' Meeting of May 22, 2014. She holds several engineering degrees (TU Berlin, Germany and École des Mines de Saint-Étienne, France), as well as an MBA (INSEAD Business School – France/Singapore). From 2004 to 2014 she was Chief Executive Officer of SKW Stahl-Metallurgie Group, a chemicals specialist with activities around the world. In 2010, she founded her own company in the rural electrification sector. In May 2015 she joined EWE AG, one of Germany's largest energy companies, as Chief Technology Officer (CTO). She then focused on her own company, Smart Hydro Power GmbH. In October 2017, she was appointed Chief Executive Officer (CEO) of Aperam's Services & Solutions division. She is also a Director at Umicore SA. Previously, she held several positions, including Chief Financial Officer at Arques Industrie AG.

LIST OF OTHER MAJOR OFFICES AND POSITIONS HELD DURING THE LAST FIVE YEARS

Current

Director of Smart Hydro Power GmbH (Germany)
Director of **Umicore SA** (Belgium)

Expired during the last five years

Member of the Management Board in charge of the Technology division at EWE AG (2015-2016)
Member of the Supervisory Board of **Fuchs Petrolub AG** (from 2011 to 2015)
Member of the Supervisory Board of **Deutsche Telekom** (2015)
Chief Executive Officer of **SKW Stahl-Metallurgie Group** (from 2004 to 2014)

In bold: listed companies.

Anne Lauvergeon

58 years old
French

Business address:
ALP
13, rue du Docteur Lancereaux
75008 Paris, France

Main position:
Chairwoman and Chief Executive Officer of ALP SA

Offices and positions held at the Company:
Independent Director
Chairwoman of the Appointments and Governance Committee and member of the Compensation Committee

Number of SUEZ shares held:
2,570 shares

BIOGRAPHY

Anne Lauvergeon, born on August 2, 1959, is a Chief Engineer from École des Mines, a former student of École Normale Supérieure, and also has a degree in Physics. She started her career in 1983 in the steel industry at Usinor. In 1984, she was tasked with chemical safety-related issues in Europe for the Commissariat à l'Énergie Atomique (CEA), the French nuclear energy authority. From 1985 to 1988, she was in charge of subsoil administration in Île-de-France. In 1988, she was appointed Deputy Department Head at the Conseil Général des Mines. In 1990, Ms. Lauvergeon was appointed Special Assistant for International Economy and Trade to the President of France, and in 1991 she was named Deputy Chief of Staff and Representative to the President of France for the organization of international summits (G7/G8). In 1995, she joined Lazard Frères as Managing Partner. In March 1997, Anne Lauvergeon joined the Alcatel group as Deputy CEO of Alcatel Télécom. She joined the Executive Committee of the Alcatel group in 1998. She supervised the group's international activities and was in charge of the Group Shareholdings in the Defense, Energy, Transportation and Nuclear Power sectors (Thomson, CSF, Alstom, Framatome). From June 1999 to July 2011, Ms. Lauvergeon was appointed Chairwoman and Chief Executive Director of COGEMA (now Areva NC). She founded Areva in June 2001. She was Chairwoman of the Board of the Areva group from July 2001 to June 2011. Since 2011, Anne Lauvergeon has been the Chair of ALP SA, a consultancy services firm. In 2013, Anne Lauvergeon was appointed Chairwoman of the Innovation Commission 2030. In 2014, she was Chairwoman of the Board of Directors of Sigfox. From 2015 to 2017, she was Chairwoman of the Board of Directors of BoostHeat.

LIST OF OTHER MAJOR OFFICES AND POSITIONS HELD DURING THE LAST FIVE YEARS

Current

Director at **American Express** (USA), **Rio Tinto** (Australia) and **Koç Holding** (Turkey)
Chairwoman of the Board of Directors of Sigfox
Chairwoman and Chief Executive Officer of ALP SA

Expired during the last five years

Chairwoman of the Board of Directors of BoostHeat (until September 29, 2017)
Director of **Airbus** (until May 2016)
Director of **Total** (until May 29, 2015)
Director of **Vodafone** (until July 2014)

In bold: listed companies.

Pierre Mongin

63 years old
French

Business address:
ENGIE
Tour T1
1, place Samuel-de-Champlain
Faubourg de l'Arche
92930 Paris-La Défense, France

Main position:
Deputy CEO and General Secretary of ENGIE

Offices and positions held at the Company:
Director
Member of the Compensation Committee

Number of SUEZ shares held:
2,000 shares (as a loan granted by ENGIE)

BIOGRAPHY

Pierre Mongin was born on August 9, 1954 and holds a Master's degree in Economics from the University of Paris I, as well as degrees from Institut d'études politiques de Paris and from École nationale d'administration (Voltaire Class). In 1980, he held the position of Deputy Prefect in the Ain, Ariège and Yvelines departments. He became a technical advisor for the National Police in the French Interior Affairs Ministry in 1984, and then advisor to the Interior Affairs Minister for local authorities, and finally Chief of Staff to the deputy minister for local authorities. He was in charge of administrative and financial affairs and relations with the Paris Council at the Paris Prefecture of Police from 1988 to 1993. In 1993, he became Chief of Staff to Prime Minister Édouard Balladur and Advisor for French Overseas Departments and Territories. In April 1993 he was appointed Prefect, first in the Eure-et-Loir, then in the Vaucluse, and from 1995 to 2004, Prefect of the Auvergne region and Prefect in the Puy de Dôme, where he was appointed Chief of Staff to the Minister of the Interior, and then in 2005 Chief of Staff to the French Prime Minister. From 2006 to 2015, he was Chairman and CEO of RATP (the Paris area transportation company). He has been Deputy CEO and General Secretary of ENGIE since July 1, 2015.

LIST OF OTHER MAJOR OFFICES AND POSITIONS HELD DURING THE LAST FIVE YEARS

Current

Director of ENGIE Énergie Services [1], of the ENGIE Foundation (France) [1] and Electrabel (Belgium) [1]
Director of CMA-CGM
Member of the Steering Council for the Chambord estate

Expired during the last five years

Chairman and CEO of RATP (2006 to 2015)

(1) Companies in the ENGIE group.

Guillaume Pepy

59 years old
French

Business address:
SNCF
2, place aux Étoiles
93633 La Plaine-Saint-Denis, France

Main position:
Chairman of the Management Board of SNCF

Offices and positions held at the Company:
Independent Director
Chairman of the Audit and Financial Statements Committee and member of the Strategy Committee

Number of SUEZ shares held:
2,087 shares

BIOGRAPHY

Guillaume Pepy, born on May 26, 1958, studied at École nationale d'administration and is a Legal Advisor at the Conseil d'État (France's highest administrative court). Guillaume Pepy has held various roles at SNCF (Director of Main Lines, then Investment, Economy and Strategy Director, and since 2003 Chief Executive Officer) and in ministerial offices (technical advisor to the office of Michel Charasse, then Chief of Staff for Michel Durafour and Chief of Staff for Martine Aubry). Since February 26, 2008, Guillaume Pepy has been Chairman and Chief Executive Officer, and subsequently, Chairman of the Management Board of SNCF (French Railways).

LIST OF OTHER MAJOR OFFICES AND POSITIONS HELD DURING THE LAST FIVE YEARS

Current

Chairman of the Management Board of SNCF
Chairman and CEO of SNCF Mobilités [1]
Member of the Supervisory Board of Systra [1]

Expired during the last five years

Various offices held in SNCF group companies

(1) Companies in the SNCF group.

Jérôme Tolot

66 years old
French

Business address:
ENGIE
Tour T1
1, place Samuel-de-Champlain
92930 Paris-La Défense Cedex, France

Main position:
Director

Offices and positions held at the Company:
Director

Number of SUEZ shares held:
28,093 shares (of which 2,000 as a loan granted by ENGIE)

BIOGRAPHY

Jérôme Tolot, born on January 4, 1952, has a degree from INSEAD and Institut d'études politiques de Paris and holds a DESS in Economics. Mr. Tolot joined Lyonnaise des Eaux in 1982 as Financial Controller, after beginning his career at the consulting firm McKinsey and Indosuez bank. He was then successively Deputy CEO for Finance and Development at Degrémont, Director and Chief Executive Officer of the GTM and VINCI groups, and Chairman and Chief Executive Officer of Sita. In 2002, he was appointed Deputy CEO and member of the Management Board of SUEZ. In 2005, he was appointed Director and Chief Executive Officer of SUEZ Énergie Services, which became ENGIE Énergie Services. In July 2008, he became a member of ENGIE's Executive Committee, then a member of the Management Committee and Deputy CEO of ENGIE in 2011, where he oversaw the Group's European entities (with the exception of regulated and international activities) from January 1st through December 31, 2016.

LIST OF OTHER MAJOR OFFICES AND POSITIONS HELD DURING THE LAST FIVE YEARS

Current

Chairman of the Board of Directors of Société Monégasque de l'Électricité et du Gaz – SMEG [1] (Monaco)
Chief Executive Officer of Chantiers du cardinal

Expired during the last five years

Various offices held at companies in the ENGIE group

(1) Companies in the ENGIE group.

Directors representing employees

Enric Xavier Amiguet i Rovira

49 years old
Spanish

Business address:
SUEZ
Tour CB21
16, place de l'Iris
92040 Paris-La Défense, France

Main position:
Project Development at the Marketing Department of SUEZ Spain

Offices and positions held at the Company:
Director elected by employees (nominated by the European Works Council) and member of the Ethics and Sustainable Development Committee

Number of SUEZ shares held:
63 shares
41.36 units of SUEZ Shareholding international mutual fund

BIOGRAPHY

Enric Xavier Amiguet i Rovira, born on November 21, 1968, is a graduate of the Catalan School of Public Relations and of the ESIC Business and Marketing School. He also holds an Executive MBA from EADA Business School and participated in several training programs at IFA. He joined Aguas de Barcelona in 1996, where he has held various positions. He started out in the Office of the Chairman as in charge of Protocol, Public Relations and Press. In 2002, he joined the Safety Department, where he was responsible for customer relations. He then worked in the corporate marketing department, with a particular focus on digital and environmental matters. Since 2010, he has held project development roles within the Customer Management Department. He is currently developing projects at the Corporate Marketing Department of SUEZ Spain.

LIST OF OTHER MAJOR OFFICES AND POSITIONS HELD DURING THE LAST FIVE YEARS

Current

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Expired during the last five years

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14

Agatta Constantini

53 years old
French

Business address:
SUEZ
Tour CB21
16, place de l'Iris
92040 Paris-La Défense, France

Main position:
Project Manager at SUEZ

Offices and positions held at the Company:
Director elected by the employees (nominated by the France Group Work Council), member of the Compensation Committee and of the Strategy Committee

Number of SUEZ shares held:
137 shares
155.9 units of SUEZ Actionnariat France mutual fund

BIOGRAPHY

Agatta Constantini, born on February 23, 1965, holds a diploma in secretarial studies and communications. She joined Lyonnaise des Eaux in 1993 as a receptionist. She then became a switchboard operator. She participated in the creation of network scheduling in 1999 and held various positions there until 2007. She was appointed store manager in 2007 and senior purchasing technician in 2008. Agatta Constantini is currently a project manager at SUEZ.

LIST OF OTHER MAJOR OFFICES AND POSITIONS HELD DURING THE LAST FIVE YEARS

Current

—

Expired during the last five years

—

Director representing employee shareholders

Guillaume Thivolle

58 years old
French

Business address:
SUEZ
Tour CB 21
16, place de l'Iris
92040 Paris-La Défense, France

Main position:
Project Director within the Group Human Resources Department (Training Department)

Offices and positions held at the Company:
Employee Shareholder Director, member of the Audit and Financial Statements Committee

Number of SUEZ shares held:
38 shares
446.5 units of SUEZ Actionnariat France mutual fund

BIOGRAPHY

Guillaume Thivolle was born on July 16, 1959. He holds a diploma from École Supérieure d'Administration des Entreprises (Paris), and has worked in several industrial groups: Pernod Ricard, Grosfillex and Alcatel, before joining the Environment sector, first with GLS and later with the IRH Ingénieur Conseil group. He joined the teams at Degrémont in January 2011 and was then appointed, within the SUEZ group, in charge of the Water Treatment Services Development Division. He is now a Project Director in the SUEZ group's Human Resources Department.

LIST OF OTHER MAJOR OFFICES AND POSITIONS HELD DURING THE LAST FIVE YEARS

Current

—

Expired during the last five years

—

Under the declaration of interests that must be made yearly by the Directors of the Company in application of the Code of Good Conduct relating to the prevention of market abuse, as amended in 2016, none of the members of the Board of Directors has declared to the Company that he/she:

- has family ties with other members of the Company's Board of Directors (including the Chief Executive Officer);
- has been convicted of fraud in the last five years;
- has participated as a manager in any bankruptcy, receivership or liquidation in the last five years;
- has been incriminated or received an official public sanction by statutory or regulatory authorities;
- has been barred by a court of law from acting as a member of an administrative, management or supervisory body of any issuer or participating in the management or business of any issuer in the last five years.

14.1.2 Management bodies

In order to successfully perform his mission, the Chief Executive Officer is assisted by a Management Committee, which is an analysis and decision-making body that examines the Group's major decisions and strategic objectives, and meets every two weeks. The composition of the Management Committee was changed in 2018. As of March 19, 2018, it included nine members together with Jean-Louis Chaussade:

Jean-Marc Boursier, born October 5, 1967, worked as a Statutory Auditor for Mazars in Paris and London between 1993 and 1999. He holds a civil engineering degree from Telecom SudParis and a master's degree in international finance from École des hautes études commerciales (HEC Paris). Mr. Boursier joined the SUEZ group in 1999 as financial controller for Sita France (now SUEZ RV France). He became Head of Financial Control for Sita (now SUEZ) in 2000, then Head of Financial Control and Mergers-Acquisitions for Sita (now SUEZ) in 2001, and finally Head of Planning and Control for SUEZ in 2002. He was appointed CFO of SUEZ in 2004 and then Deputy CEO in charge of Finance and Procurement and CEO of Safege, SUEZ's consulting subsidiary, and has headed performance improvement plans starting in April 2013. In September 2015 he was appointed Group Deputy CEO for the Recycling and Recovery Europe segment. Since March 1, 2018, he has been Deputy CEO in charge of Finance and Recycling and Recovery in Northern Europe (United Kingdom, Germany, Benelux and Sweden).

Isabelle Calvez was born on March 1, 1965 and is a graduate of Institut d'études politiques de Paris. She began her career at Thomson-CSF group (now Thalès), where she worked both in Human Resources and in operations, where she was appointed Head of Strategy and International Cooperation for Electronic Warfare Communications Activities. In 2000, Isabelle Calvez joined the Canal+ group as Head of Human Resources of Canal+ Technologies and Head of Human Resources for the group. Then, in 2003, she was appointed Head of Human Resources France and Benelux for Accenture, and in 2007, Head of Group Human Resources for Groupama. In 2012, she was appointed Head of Human Resources for Carrefour France. On April 18, 2017, Isabelle Calvez joined SUEZ as Head of Group Human Resources.

Bertrand Camus, born on February 9, 1967, is a graduate of École nationale des Ponts et Chaussées. Prior to joining the SUEZ group in 1994, he held various roles within the Project Financing division of BNP Paribas. He was Chief Operating Officer of the subsidiary Aguas Andinas from 2000 to 2006, then Director of Internal Audit at SUEZ. From 2008 to 2015, he was Chief Executive Officer of United Water and SUEZ North America. In 2015, he was appointed Deputy CEO of the Water Europe division before being appointed Deputy CEO in charge of the Africa, Middle East, India, Asia and Australia-Pacific areas in 2018.

Christophe Cros, born August 3, 1959, was a magistrate at the Cour des comptes (1985-1989) and then Head of Financial Organization for the Centre National des Caisses d'Épargne. Mr. Cros studied at École nationale d'administration (ENA), and is a graduate of Institut d'études politiques de Paris and holds a Master's degree in Economics from Université de Paris I. He joined the SUEZ group in 1991, where he became Chief Financing and Treasury Officer in 1993. From 1995 to 1998, he was Chief Operating Officer, then Chairman and Chief Executive Officer of Crédisuez, the division covering all the Group's real estate activities. He was appointed Chief Operating Officer of Sita (now SUEZ) in 1999, head of all European activities in 2002, Chief Operating Officer of SUEZ in 2004, and Chief Executive Officer of Sita France (now SUEZ RV France) in 2007. In April 2013, Christophe Cros was appointed Deputy CEO in charge of the Recycling and Recovery Europe segment. In September 2015, he was appointed Group Deputy CEO in charge of Finance. Since October 2017, he has been Chairman of Water Technologies & Solutions (WTS) which combines the activities of the former GE Water & Process Technologies, a company acquired in 2017, and SUEZ's industrial services. He oversees the partnership relations with CDPQ (Caisse des Dépôts et Placements du Québec), the proper integration of these activities within the Group, and the implementation of synergies. He supports Heiner Markhoff, CEO of WTS.

Marie-Ange Debon, born May 18, 1965, is a graduate of HEC and ENA, and has a Master's degree in law. In 1990, she started her career as a magistrate at the Cour des comptes. She then joined France 3 and was Management Director, then Deputy CEO for Resources. In 1998, she joined the Thomson group as Deputy Chief Financial Officer and as of July 2003 as General Secretary. She joined SUEZ in 2008 as General Secretary in charge of legal affairs and auditing, and in 2009 took over responsibility for Water and Waste Projects, Information Systems, Risks/Investments, Insurance, and Procurement. She has been a Director and member of the Audit Committee of Technip since 2010. She has also been a member of the Board of the French Financial Markets Authority (AMF) from 2008 to 2014 and Chairwoman of the Corporate Law Committee of MEDEF from 2009 to 2013. In April 2013 Marie-Ange Debon was appointed Group Deputy CEO in charge of the International segment. Since March 19, 2018, she has been Deputy CEO in charge of France, Italy, and Central Europe.

Angel Simon, born November 9, 1957, holds a degree in civil engineering *(Ingeniero de Caminos, Canales y Puertos)* from the Universidad Politécnica in Barcelona (1980) and an MBA from ESADE. From 1989 to 1995 he was Director of the Barcelona Urban Community. He joined Agbar in 1995 as the Group's representative in Portugal before being appointed in 1998 as Chief Executive

Officer of the International segment for the Water and Wastewater division. In 1999, he became Head of Aguas Andinas, SA in Chile, one of the largest wastewater companies in Latin America, which provides services to more than six million inhabitants of Santiago and its surrounding communities. In 2002, he was appointed Chief Executive Officer of Aguas de Barcelona and of the Water and Wastewater division of the Agbar group, before becoming Chief Executive Officer of the Agbar group in September 2004. Since June 2010, Angel Simon has served as Chairman of Aguas de Barcelona (Agbar). This holding company, which brings together over 150 companies, has operated in the water cycle and systems sector for more than 140 years. Following its global expansion (to Chile, the UK, Peru, Colombia, Algeria, Cuba and Mexico), Agbar serves more than 37 million people worldwide. Angel Simon is also the Chairman of Aqualogy, the integrated water solutions brand launched by Agbar. In April 2013, Angel Simon was appointed Group Deputy CEO in charge of the Water Europe segment. Since March 19, 2018, he has been Deputy CEO in charge of Spain and the North America and Latin America areas.

Jean-Yves Larrouturou, born October 17, 1961, holds degrees from École Centrale Paris and from École nationale d'administration. He began his career in the French Administration and has held various positions in the Ministry of Economy and Finance. In 2003, he joined the France Télécom Orange group where he was General Secretary and Deputy CEO. On June 3, 2013 Jean-Yves Larrouturou was appointed General Secretary of the SUEZ group. In April 2016 he was appointed Deputy CEO at SUEZ in charge of a division that includes the General Secretariat, Sustainable Cities, SUEZ Consulting, Chemicals and Pharmaceuticals Markets and Key Accounts, Innovation and Industrial Performance, Procurement and Information Technology. Since March 1, 2018, he has also been in charge of Key Industrial Accounts.

Denys Neymon, born June 18, 1960, worked for 10 years in the construction industry (Bouygues Group) as Director of Human Resources. In 2002, Mr. Neymon joined the Group as the Director of Human Resources of Degrémont. He has degrees in law (1983) and Human Resources (1984). In 2004, he was appointed Head of Human Resources of SUEZ. He has been CEO of the Water and Waste Treatment Infrastructures Global Business Line since September 1, 2015.

Frédérique Raoult, born July 13, 1966, is a graduate of Institut d'études politiques de Paris and holds a Master's degree in history. She has held a number of communication positions relating to the environment within the Group. In 1997, she joined Degrémont as Director of Communications. Director of Communications at SUEZ since 2004, Frédérique Raoult has been a member of the SUEZ Management Committee since January 1, 2009. In April 2013, Frédérique Raoult was appointed Group Director of Sustainable Development and Communications.

The Company also has an Executive Committee, which is a Group policy management and implementation body that meets approximately every two months. It comprises 26 members starting March 19, 2018: the ten members of the Management Committee and the 16 Chief Executive Officers of the main business units and support function representatives. Its exact composition is detailed on the Company website (www.suez.com).

14.2 Conflicts of interest within administrative bodies and General Management

The Company has put in place various mechanisms to prevent any conflict between the private interests of its Directors and those of the Company.

The Director's Charter (as annexed to the Board of Directors' Internal Regulations) stipulates that every Director must inform the Board of any conflict of interest, even potential, in which he or she could be directly or indirectly involved. In the event that a Director cannot avoid being in conflict of interest, he or she must refrain from participating in discussions and any decisions on the relevant matters.

Moreover, the Board of Directors, under the recommendation of the Appointments and Compensation Committee, adopted a Code of Conduct in 2012 in relation to the prevention of market abuse, updated in 2016 in order to take into account the provisions of EU Regulation 596/2014. This code:

- sets internal procedures for identifying privileged information and, as the case may be, for deciding to defer the publication of such information;
- recalls legal and regulatory provisions concerning crime and insider trading, and the rules applicable to the Company's list of insiders;
- sets "blackout periods" during which members of the Board of Directors, Management Committee, Executive Committee and certain management positions having access to Company financial information before its publication must withhold from engaging in transactions involving Company shares, as follows:
  - a period of 30 days prior to the publication of the Company's annual and interim results until two days after their publication, and
  - a period of 15 days prior to the publication of the Company's first- and third-quarter results, until two days after their publication;
- recalls the obligation of corporate officers and certain "Top Executives" of the Group to report transactions involving Company shares;
- establishes the obligation for Directors to make an annual declaration of interests, indicating in particular any potential conflict of interest that could exist between their duties to the Company and other duties or private interests.

Under the declaration of interests made yearly by all the Directors of the Company at the end of 2017, none of the members of the Board of Directors (including the CEO) has declared to the Company that he/she is in potential conflict of interest between his/her duties toward the Company and other private duties or interests.

Furthermore, to the Company's knowledge, as of the date of this Reference Document, no member of the Board of Directors or the Chief Executive Officer enjoy benefits as a result of service contracts between them and the Company or any of its subsidiaries.

15 compensation and benefits

15.1 Compensation and benefits in kind

15.1.1 Compensation policy for the Chairman of the Board of Directors and the Chief Executive Officer

The compensation policies for the Chairman of the Board of Directors and the Chief Executive Officer described below were established in application of Article L. 225-37-2 of the French Commercial Code. They present the principles and criteria for the determination, breakdown, and allotment of the elements making up total compensation and benefits of any kind for which the Chairman of the Board of Directors and the Chief Executive Officer are eligible due to their office.

These compensation policies will be subject to a vote during the Combined Shareholders' Meeting on May 17, 2018.

Compensation policy for the Chairman of the Board of Directors

The compensation of the Chairman of the Board of Directors was determined in 2014 by the Board of Directors, upon recommendation of the Compensation Committee. It has remained unchanged since that date and was renewed for fiscal year 2018.

Under this policy, the Chairman of the Board of Directors, whose duties are described in chapter 16.4 of this Reference Document, does not receive any compensation for his office apart Directors' fees allotted to him in application of the allotment rules set by the Board of Directors, upon the recommendation of the Compensation Committee (these rules are described in chapter 15.1.4 below), which have also remained unchanged since 2014.

The Chairman of the Board of Directors receives the following Directors' fees:

- a fixed annual part of EUR 15,000 (applicable to each Director);
- a variable part of EUR 4,000 per meeting of the Board of Directors;
- a variable part of EUR 4,000 per meeting of the Strategy Committee, chaired by the Chairman of the Board of Directors.

It should be noted that a reduction proportional to the amount of Directors' fees is applied in case the annual ceiling of EUR 700,000 set by the Shareholders' Meeting is exceeded, and that the Board may decide to share the unpaid balance, based on the participation rate of each Director, in the event such ceiling is not reached.

The Chairman of the Board of Directors receives no other element of compensation or benefits from the Company.

Compensation policy for the Chief Executive Officer

The compensation policy recommended by the Compensation Committee for the Chief Executive Officer has been developed by the Board of Directors in accordance with the principles for determining compensation for executive and corporate officers set out in the AFEP-MEDEF Code. The principles governing this compensation policy were reviewed and confirmed for 2018 by the Board of Directors, upon recommendation of the Compensation Committee, at its meeting on February 28, 2018.

General principles for determining the compensation of the Corporate Executive Officer

The Board of Directors and the Compensation Committee determine the compensation policy for the Chief Executive Officer on the basis of the following principles:

- comparability and competitiveness: the Compensation Committee makes recommendations and proposals and submits them to the Board of Directors, drawing on studies and analyses of market practices of similar companies that have been done by independent experts;
- balance: the Compensation Committee and the Board of Directors ensure that there is proper balance between the elements comprising the total short- and long-term compensation of the Chief Executive Officer;
- alignment with the interests of shareholders: the Compensation Committee ensures that the compensation allotted to the Chief Executive Officer is determined in a manner consistent with Group performance on the financial, strategic, environmental and corporate levels. A majority part of total compensation is subject to achieving performance criteria, for both long- and short-term compensation;
- stability: the compensation policy must be sustainable, as criteria determining this compensation are only reviewed after long intervals. However, it can be adjusted if deemed appropriate in order to adapt to changes of objectives adopted by the Group or if a major transaction occurs that substantially changes the Group's scope.

Description of the compensation policy applicable to the Corporate Executive Officer

In application of the principles determined above, the compensation of the Chief Executive Officer is comprised of the following elements, the first three of which were defined in a balanced manner by the Board of Directors:

- **annual fixed compensation** (including annuities paid under pension plans): the purpose of fixed compensation is to retain and attract high-level and experienced executives *via* a consistent and competitive compensation plan. It is determined according to each executive's experience, their years of service and market comparables for the same position outside the Company.

It is intended to be stable, only changing over relatively longer periods or following significant changes in the Group's scope.

- annual variable compensation

  The purpose of annual variable compensation is to motivate and reward executives when the Company meets annual financial and non-financial objectives.

  The main characteristics of the annual variable compensation are as follows:

  – amount: it is comprised between 0% and 145% of fixed annual compensation (the achievement of set objectives corresponds to a variable portion equivalent to 80% of fixed compensation),
  – conditions governing compensation: these are based on achieving quantifiable objectives (accounting for 75% of the award), meaning criteria related to changes in the share price or financial criteria and set consistent with objectives and forecasts communicated to the market by the Group, whose level can be identified by the public, as well as achieving qualitative objectives (accounting for 25% of the award) during the fiscal year. The type of these objectives as well as their expected level of achievement are determined at the beginning of the relevant year;

- long-term variable compensation

  The purpose of long-term variable compensation is mainly to retain executives and align their interests with that of the Company and its shareholders.

  The main characteristics of the long-term variable compensation are as follows:

  – type: it can take the form of variable cash compensation or of performance share awards. By way of information, the long-term variable compensation plan granted to the Chief Executive Officer since 2014 has been variable long-term compensation paid in cash,

  – amount: the maximum amount of the variable long-term compensation awarded to the Chief Executive Officer is capped at 100% of fixed compensation on the date it is awarded, thus avoiding that it represents an excessive proportion of the Chief Executive Officer's total compensation,

  – conditions governing compensation: the variable long-term compensation is fully subject to the achievement of two performance conditions, assessed over a minimum period of three fiscal years and relating to an "internal" performance requirement established on the basis of a financial indicator audited and disclosed by the Company, consistent with the forecasts and/or objectives published by the Group, as well as the Group budget and medium-term plan, such as EBIT for long-term variable compensation awarded in 2017. The second condition concerns an "external" performance requirement, used to evaluate the Company's performance compared to a group of similar companies, such as average change in Total Shareholder Return (TSR) of the Company over a three-year period, compared to the trend in TSR for the Euro Stoxx Utilities Index over the same period. These two conditions are cumulative in that no amount will be allocated to the Chief Executive Officer if only one of the two conditions is met. A non-financial performance condition related to the corporate and environmental responsibility of the Group may also be included,

  – other conditions: award of long-term variable compensation is subject to a commitment by the Chief Executive Officer to hold 25% of his shares until the end of his term, or to reinvest in SUEZ shares 15% of cash payments effectively made up until the value of the shares held by the Chief Executive Officer represents 150% of his fixed compensation, with the portion of shares to be held or the amount to be reinvested being set at the time of each award by the Board of Directors. Finally, the Chief Executive Officer has agreed not to engage in hedging transactions with respect to the performance shares or stock-options that he receives from the Company;

- other benefits of all kinds: mandatory Group defined-contribution plan for health care and company car.

The Chief Executive Officer does not receive Directors' fees.

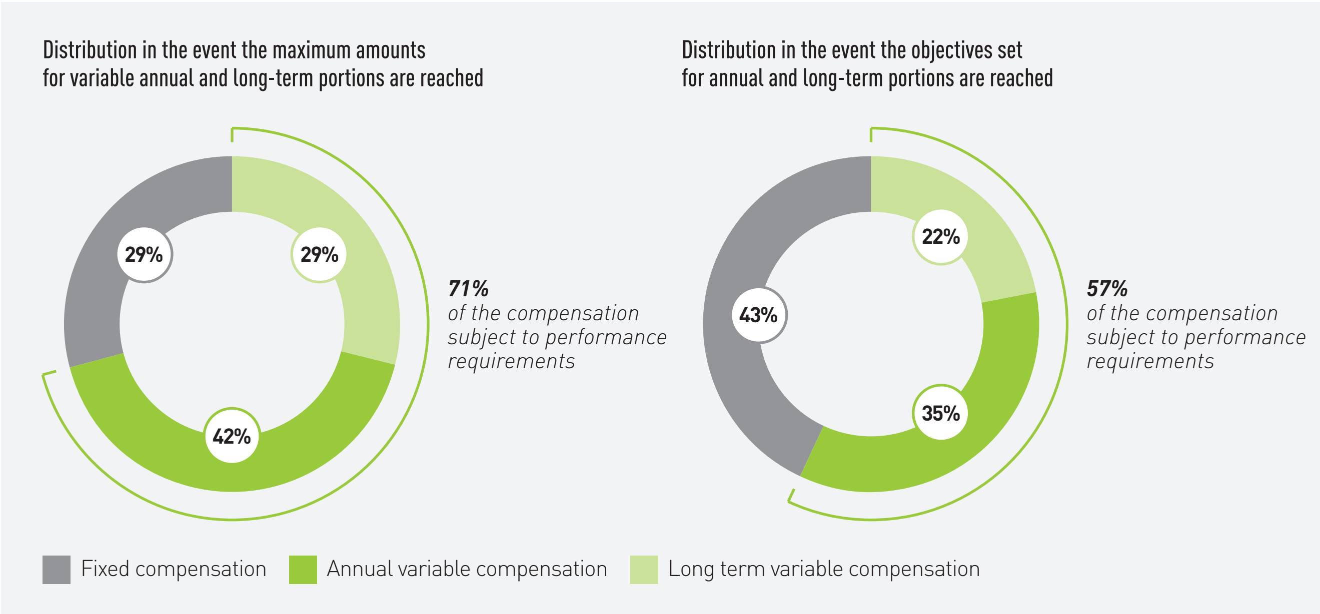
In addition, since the Chief Executive Officer decided to claim benefits under all of his retirement plans in 2014, he is not entitled to severance pay in case of termination of his office, to compensation under a non-competition clause or Company supplementary retirement plans.

- Lastly, in accordance with the AFEP-MEDEF Code (Article 24.3.4), the Board of Directors can decide to grant exceptional compensation to the Chief Executive Officer exclusively if there is a significant change in the Group's scope. The payment of this exceptional compensation would be fully subject to meeting performance conditions. As a result, in early 2018, the Board of Directors decided to grant variable exceptional compensation to the Chief Executive Officer. The amount of the compensation will depend on the results of and integration of the new Water Technologies and Solutions Business Unit created after the GE Water & Process Technologies acquisition. This acquisition, the largest carried out by the Group since its IPO in 2008, is a strategic and significant move for the Group, which is why the Board made the Chief Executive Officer as well as certain members of the Management Committee responsible for ensuring that the acquisition is successfully integrated within the Group, for achieving the cost and development synergies announced in the deal and for driving the new business unit's strategy. As a result, the Board of Directors, upon the Compensation Committee's recommendation, deemed it necessary to add this exceptional compensation to Jean-Louis Chaussade's compensation structure. Details of this exceptional compensation are provided below.

As a reminder, SUEZ has not awarded any exceptional compensation to Jean-Louis Chaussade since he was appointed Chief Executive Officer in 2008.

Note that, in accordance with Article L. 225-37-2 of the French Commercial Code, variable and exceptional compensation can only be paid with the prior approval of the Shareholders' Meeting.

The weighting of fixed, annual variable and long-term variable elements in the total compensation of the Chief Executive Officer (excluding exceptional compensation) is as follows:



The compensation policy for the Chief Executive Officer will be reviewed by the Board of Directors regarding the various elements described above, in the event of the succession of the Chief Executive Officer. The Board of Directors will conduct a comprehensive analysis of the situation of the executive concerned and will decide on all the executive's elements of compensation (fixed compensation, annual variable compensation, long-term variable compensation, supplementary retirement, severance pay, etc.) while taking into consideration the Company's existing practices and the executive's past individual compensation.

Elements of the Chief Executive Officer compensation for 2018

At its February 28, 2018 meeting, on the recommendation of the Compensation Committee and in accordance with the compensation policy described above, the Board of Directors decided for fiscal year 2018:

- to maintain the fixed compensation of the Chief Executive Officer at EUR 750,000, including annuities under mandatory retirement plans paid to Jean-Louis Chaussade;
- to set performance criteria applicable to his annual variable compensation as follows:
  - quantifiable criteria, weighing 75% of the overall variable portion, related to EBIT (20%), to Free Cash Flow (20%), to ROCE (10%) and to Total Shareholder Return of the Company relative to that of the Eurostoxx Utilities Index (25%), and
  - qualitative criteria, weighting 25% of the overall variable portion.

  In accordance with Article L. 225-100 of the French Commercial Code, payment of the annual variable compensation is contingent upon approval at the annual Shareholders' Meeting called to approve the 2018 financial statements.
- to grant exceptional compensation in a target amount corresponding to two times Jean-Louis Chaussade's fixed compensation, *i.e.*, EUR 1,500,000, which can be increased to a maximum of EUR 1,650,000 if the objectives set regarding the integration and performance of the Water Technologies and Solutions Business Unit are exceeded, subject to meeting the following performance conditions and applicable for an 18-month period from October 1, 2017 through March 31, 2019:
  - quantifiable criteria, accounting for 80% of the total weight, based on the business unit's organic growth (20%), its EBITDA (32%), and its operating cash flow (28%).

    The above criteria would be applied as follows, with the understanding that the target objective corresponds to the business plan approved by the Board of Directors and the objectives of this new business unit communicated to the market:

Minimum	Triggering threshold	Target	Maximum	Remarks
No allocation if the achievement level is less than 94% of the target objective.	Allocation of 75% if the achievement level is greater or equal to 94% of the target objective.	Allocation of 100% if the target objective is achieved.	Allocation of 110% if the achievement level is greater or equal to 104% of the target objective (102% for organic growth).	Linear calculation between milestones.

- qualitative criteria, accounting for 20% of the total weight, related to managing the integration (change management, consistency of teams, growth and dynamic development of Group revenue among industrial customers, accelerating the Group's overall transformation through the integration of GE Water).

In accordance with Article L. 225-100 II, payment of exceptional compensation items is contingent upon the approval of the Shareholders' Meeting called to approve the 2018 financial statements.

- to decide, at Jean-Louis Chaussade's request, not to grant him long-term variable compensation for the 2018 fiscal year.

15.1.2 Total compensation of the Chief Executive Officer

Compensation for 2017

The tables below summarize the compensation of the Chief Executive Officer, the Company's sole corporate executive officer, according to the model defined by the AFEP-MEDEF Code and AMF recommendations.

SUMMARY TABLE OF COMPENSATION, STOCK OPTIONS AND PERFORMANCE SHARES ALLOCATED TO THE CORPORATE EXECUTIVE OFFICER – GROSS AMOUNTS (IN EUROS)

Jean-Louis Chaussade, Chief Executive Officer	Fiscal year 2017	Fiscal year 2016	Fiscal year 2015
Compensation due for the fiscal year (see breakdown below)	1,301,471	1,397,828	1,700,665
Value of long term variable compensation awarded during the fiscal year (under IAS 19 revised)	166,386	254,389	277,360
Value of stock options/performance shares allocated during the fiscal year	–	–	–
Total	**1,467,857**	**1,642,467**	**1,978,025**

SUMMARY TABLE OF COMPENSATION FOR THE CORPORATE EXECUTIVE OFFICER (IN EUROS)

	Amounts in fiscal year 2017		Amounts in fiscal year 2016		Amounts in fiscal year 2015	
Jean-Louis Chaussade, Chief Executive Officer	Due	Paid	Due	Paid	Due	Paid
Fixed compensation [b]	750,000	750,000	750,000	750,000	750,000	750,000
Variable compensation	541,098 [c]	637,455 [a]	637,455	940,292 [a]	940,292	909,421 [a]
Long-term compensation	–	750,000 [d]	–	–	–	–
Exceptional compensation	–	–	–	–	–	–
Benefits in kind	10,373	10,373	10,373	10,373	10,373	10,373
Total	**1,301,471**	**2,147,828**	**1,397,828**	**1,700,665**	**1,700,665**	**1,669,794**

(a) Variable compensation paid corresponds to the variable compensation in respect of year n-1.
(b) Including contributions under the general social security retirement plan (CNAV) and under the mandatory supplementary pension plans (AGIRC and ARRCO).
(c) Subject to approval by the Shareholders' Meeting on May 17, 2018.
(d) The payment of EUR 750,000 in 2017 corresponds to long-term compensation granted for the 2014 fiscal year.

The gross fixed compensation for Mr. Jean-Louis Chaussade has remained unchanged since 2009 and amounts to EUR 750,000 for 2017. Since August 1, 2014, the amount of the annuities paid to Mr. Jean-Louis Chaussade under the general social security retirement plan of the National Pension Fund (CNAV) and under the mandatory supplementary pension plans ARRCO and AGIRC has been deducted from the amount paid by the Company, and the total fixed compensation actually paid in 2017 by SUEZ to Mr. Jean-Louis Chaussade was EUR 639,251. The amount paid for his mandatory pension plans in 2017 was EUR 110,749.

In addition to this fixed compensation, variable compensation ranging from 0% to 145% of the total fixed compensation is paid, with the achievement of set objectives corresponding to a variable part equal to 80% of the fixed compensation.

This variable part of the compensation was determined on the basis of budget-based quantifiable criteria (75%) and qualitative criteria (25%). The details of these criteria, the expected achievement level of which was pre-established by the Board of Directors at its meeting of February 28, 2017, upon the recommendation of the Compensation Committee, are shown below.

The Compensation Committee has recommended to the Board of Directors that 117% be the level of achievement for qualitative criteria. However, the Chief Executive Officer has indicated that he would like to partially waive 10% of the total amount of this compensation recommended by the Compensation Committee. As a result, the Board decided to apply this reduction to the compensation portion related to the qualitative criteria, in compliance with the recommendation made by the AMF in its 2017 report on corporate governance, executive compensation, internal control and risk management.

	Weighting	Scope of evaluation [a]	Level of completion	Amount *(in EUR)*
EBIT	20%	0 to 120%	96.93%	101,570
Free Cash Flow	20%	0 to 120%	104.82%	143,498
ROCE	15%	0 to 120%	103.43%	102,559
Total Shareholder Return	20%	0 to 120%	below 80%	–
Total quantifiable criteria	**75%**		**95.45%**	**347,626**
Total qualitative criteria [b]	**25%**	0 to 120%	**107.13%**	**193,472**
Total variable part	**100%**		**98.04%**	**541,098**

(a) The achievement of quantifiable criteria, as determined by the budget reviewed by the Board of Directors, corresponds to an 80% achievement level of the objective. The level of completion is 0% if the level of achievement is less than or equal to 80% of the budget. The level of completion is 145% if the level of achievement is greater than or equal to 120% of the budget.
(b) Qualitative criteria pertained to health and safety results, the implementation of the Group transformation plan and management of Key Industrial Accounts.

As a reminder, the 2016 variable part, paid in 2017, was EUR 637,455.

In addition to the fixed and variable compensation mentioned above, 2017 benefits in kind totaled EUR 10.373, corresponding to the provision of a company car.

Long-term compensation

At its meeting on February 28, 2017, the Board of Directors decided to award to the Chief Executive Officer long-term compensation for fiscal year 2017, as part of a plan that will also benefit 1,412 other people within the Group.

This long-term variable compensation covers a maximum amount of EUR 750,000 (EUR 390,000 in the event that the objectives set are achieved at 100%, as specified in section 15.1.5 of this Reference Document) and provides, as the case may be, for a payment in cash in 2020, subject to the level of achievement of performance conditions, determined by the Board of Directors, over the period 2017 to 2019. This compensation is also subject to an obligation to reinvest 15% of the net amount actually received in 2020 in SUEZ shares, until the number of shares held represents 150% of his annual fixed compensation.

Detailed information on this long-term variable incentive plan is available in section 15.1.5 of this Reference Document.

Additionally, the Chief Executive Officer was paid EUR 750,000 in 2017 for the long-term compensation plan set up by the Board of Directors on March 26, 2014. As a reminder, the amount paid under this plan was subject to cumulative performance conditions:

Performance conditions	Level of completion	Award level
The Group's recurring cumulative net income for fiscal years 2014 to 2016 inclusive;	120%	100%
Change in TSR for SUEZ compared to average TSR for companies in the DJ Euro Stoxx Utilities Index from January 1, 2014 to December 31, 2016	110%	100%

Other benefits

RETIREMENT AND HEALTH CARE COVERAGE

No specific supplementary retirement plan has been established for the Corporate Executive Officer. Mr. Chaussade thus benefited from the supplementary Group retirement plan, with defined contributions and defined benefits, applicable to employees of the Company and some of its subsidiaries.

Mr. Chaussade decided to claim benefits under all of his pension plans as of August 1, 2014, including the defined contribution and defined benefit pension plans of the SUEZ group. He did, however, decide to waive any pension payments under these supplementary plans until his current functions as Chief Executive Officer come to an end.

The annual pension resulting from Group supplementary retirement plans to be paid to Jean-Louis Chaussade (once he is no longer Chief Executive Officer) will be EUR 276,814, or 21% of his 2017 annual compensation (including fixed and variable compensation payable by the Company).

Mr. Chaussade is also eligible for benefits under the Company's current mandatory Group health care plans.

EMPLOYMENT CONTRACT AND SEVERANCE PAY

As of December 31, 2017, Mr. Chaussade did not have an employment contract and did not benefit from any severance pay or other compensation under a non-compete clause.

	Employment contract		Supplementary retirement plan		Compensation or benefits due or that may become due pursuant to termination or a change in duties		Compensation due under a non-compete clause	
Corporate Officers	Yes	No	Yes	No	Yes	No	Yes	No
Jean-Louis Chaussade **Director and Chief Executive Officer**		X		X		X		X
Start of term of office: 7/23/2008 **End of term of office:** 2020 Shareholders' Meeting called to approve the financial statements for fiscal year 2019								

15.1.3 Compensation of Management Committee members

The Management Committee has had ten members since March 2018.

Nine members of the Management Committee, including the Chief Executive Officer, received total gross compensation in 2017 of EUR 8,583,694 (excluding annuities paid to Jean-Louis Chaussade under the mandatory pension plans totaling EUR 110,749).

The table below specifies the annual fixed and variable amounts paid to Management Committee members over the last three years (amounts in euros). It does not include the valuation of the long-term compensation plans to which they are entitled. Note that there were eight members on the Management Committee from September 2016 to April 2017 and nine members from April 2017 to March 2018.

Year of payment	Total fixed portion	Total variable portion	Total compensation
2015	3,846,098	3,413,361	7,259,459
2016	3,758,858	3,583,606	7,342,464
2017	3,793,191	3,080,503	6,873,694

Added to the compensation described above is an amount corresponding to employee profit-sharing, which totaled EUR 54,582 paid to the entire Management Committee in 2017 for fiscal year 2016. This amount was EUR 49,797 in 2016 for 2015.

Lastly, a total of EUR 1,710,000 was paid to eight Management Committee members in 2017 for the long-term compensation plan awarded in 2014.

15.1.4 Compensation of Directors

The compensation of Directors (excluding the Chief Executive Officer, the Directors representing employees and the Director representing employee shareholders) consists only of Directors' fees.

Mr. Mestrallet received no compensation for his term of office as Chairman of the Board of Directors of SUEZ, apart from Directors' fees, which amounted to EUR 63,032 for 2017.

Jean-Louis Chaussade, Chief Executive Officer of the Company, does not receive any Directors' fees for his SUEZ directorship. The Directors representing employees, appointed pursuant to Article 10 of the Company bylaws, and the Director representing employee shareholders do not receive Directors' fees either, pursuant to Article 13 of the Board of Directors' Internal Regulations.

The total amount for Directors' fees set by the Combined Shareholders' Meeting of May 22, 2014 was EUR 700,000.

Since fiscal year 2014, the Directors' fees have been allocated according to the following rules, with the understanding that a proportional reduction of the amount of Directors' fees is applied in the event that the amount has been exceeded, and that the Board may decide to share the unpaid balance, depending on the attendance rate of each Director, in the event that the amount has not been used in full:

- a fixed annual portion of EUR 15,000 per Director;
- a variable portion of EUR 2,000 per meeting for each Director eligible to receive Directors' fees and of EUR 4,000 per meeting for the Chairman of the Board of Directors;
- a variable portion of:
  - EUR 2,000 per meeting for each of the members of the Board of Directors' committees,
  - EUR 4,000 per meeting of the Committee that they chair for the Chairman of the Appointments and Governance Committee,

the Compensation Committee, the Strategy Committee and the Ethics and Sustainable Development Committee,
- EUR 6,000 per meeting of the Audit and Financial Statements Committee for the Chairman of the Committee.

The variable portion for attending a meeting of the Board of Directors or of a Committee is reduced to EUR 1,000 if attendance is by means of telecommunication (phone, video conference), except in exceptional circumstances.

These distribution rules mean that the variable amount related to the Directors' attendance at Board and Committee meetings is greater than the annual fixed amount allocated thereto, in compliance with the AFEP-MEDEF Code.

For fiscal year 2017, 16 Directors received Directors' fees.

The following table shows Directors' fees allocated to Directors, calculated in accordance with the above rules and approved by the Board of Directors at its meeting of February 28, 2017.

Board member	2016 Directors' fees [a] *(in euros)*	2017 Directors' fees [a] *(in euros)*
Gérard Mestrallet, Chairman of the Board of Directors and Strategy Committee	74,176	63,032
Nicolas Bazire	52,572	52,746
Gilles Benoist [b]	61,176	13,750
Miriem Bensalah-Chaqroun [c]	15,041	30,381
Valérie Bernis	37,572	44,388
Harold Boël [d]	14,500	–
Francesco Caltagirone [e]	–	32,282
Delphine Ernotte Cunci, Chairwoman of the Ethics and Sustainable Development Committee	51,636	53,506
Lorenz d'Este, Chairman of the Compensation Committee	58,176	65,032
Isidro Fainé Casas	38,318	43,031
Judith Hartmann	43,954	45,389
Isabelle Kocher	21,857	29,016
Ines Kolmsee	33,906	36,425
Anne Lauvergeon, Chairwoman of the Appointments and Governance Committee	53,827	57,389
Pierre Mongin [f]	33,382	40,148
Guillaume Pepy, Chairman of the Audit and Financial Statements Committee	77,731	59,819
Jérôme Tolot	32,176	33,666
Total	**700,000**	**700,000**

(a) Gross amounts before any mandatory fixed levies, social security contributions or withholding tax, as applicable. Directors' fees for the second half of 2016 were paid in February 2017; Directors' fees for the second half of 2017 were paid in February 2018.
(b) Gilles Benoist resigned from his directorship on February 28, 2017.
(c) Miriem Bensalah-Chaqroun was appointed as Director by the Shareholders' Meeting on April 28, 2016.
(d) The Directors' fees were paid to SOFINA. In addition, the term of office of Harold Boël ended at the Shareholders' Meeting of April 28, 2016.
(e) Francesco Caltagirone was co-opted as Director on February 28, 2017. His cooptation was ratified at the Shareholders' Meeting on May 10, 2017.
(f) Pierre Mongin was co-opted as Director on February 2, 2016.

15.1.5 Long-term incentive plans

General allocation policy

The Board of Directors, following a proposal of the Compensation Committee, confirmed the Company's long-term compensation policy in 2017. The Board of Directors, without rejecting the principle of allocation of performance shares (the Company having ended the allocation of stock options in 2012), decided in 2017 (as it did in 2014, 2015 and 2016), to implement a long-term compensation plan based on a cash payment, fully subject to the achievement of performance conditions evaluated over several years. The objective of the long-term incentive is to associate certain categories of employees or corporate officers with the Company's future growth and value creation, to retain them and recognize their performance. These categories include:

- executives and senior managers ("Top Executives"), including members of the Management Committee and the Executive Committee, as well as high-potential managers and experts ("A Beneficiaries"); and
- employees who demonstrate outstanding performance but do not fall within the above categories ("B Beneficiaries").

Long-term variable compensation provided to all of the beneficiaries is fully subject to the achievement of an internal performance condition (related to audited financial indicators, made public and in line with the Company's published forecasts and/or objectives).

In addition, the long-term variable compensation is subject to a cumulative external performance condition (related to stock market performance or the Company's Total Shareholder Return) in addition to the internal performance condition for 100% of the amount awarded to the Executive Corporate Officer and members of the Management Committee and the Executive Committee and for 50% of the amount awarded to other Top Executives of the Group.

Finally, the long-term variable compensation awarded to A Beneficiaries is also subject to non-financial performance conditions (for example, based on the percentage of women in management). This performance condition is also evaluated over a period of several fiscal years.

Pursuant to the Code of Conduct in relation to the prevention of market abuse, as approved by the Board of Directors on December 15, 2016, upon the recommendation of the Appointments and Governance Committee, the members of the Management Committee, including the Chief Executive Officer may not engage in trading in Company shares, including the sale of shares resulting from the exercise of stock options or allocation of performance shares, if they are in possession of inside information, as well as during the following blackout periods:

- a period of 30 days prior to the publication of the Company's annual and interim results until two days after their publication; and
- a period of 15 days prior to the publication of the Company's first and third-quarter results, until two days after their publication.

Long-term variable compensation in cash awarded in 2017

Upon the proposal of the Compensation Committee, the Board of Directors of SUEZ, at its meeting of February 28, 2017, decided on the principles of the 2017 long-term variable compensation plan taking the form of a payment in cash subject to the achievement of performance conditions. The purpose of this plan is to continue its policy of associating staff with the future development of the business and to the creation of value, and to build the loyalty of executives and senior managers, as well as of high-potential executives and experts ("A Beneficiaries"), and also to reward employees who demonstrate outstanding performance but do not fall within the above categories ("B Beneficiaries").

The plan concerns 1,413 beneficiaries for a total maximum amount payable of EUR 15 million. The plan provides for a payment in 2020, on the condition of achievement of the performance conditions, which are more stringently applied according to the beneficiary's profile:

- an internal performance condition, based on the Group's aggregate EBIT for the fiscal years 2017 to 2019 inclusive (noting that the achievement of the target goal set by the Board of Directors only gives rise to the payment of 65% of the part of the amount subject to this condition), applies to all beneficiaries of the plan for all amounts distributed;
- a market performance condition, related to the level of SUEZ's Total Shareholder Return (TSR) compared to the average TSR for companies listed on the DJ Euro Stoxx Utilities Index, for the period from January 1, 2017 to December 31, 2019, which applies cumulatively with the internal performance condition to the Corporate Executive Officer, to the members of the Management Committee and the Executive Committee for 100% of the amount provided and for 50% of the provided amount for the other executives and senior managers of the Group, called "Top Executives", *i.e.*, 132 beneficiaries.

The above criteria would be applied as follows, with the understanding that the target objective for internal conditions corresponds to the objectives as they appear in the Group's medium-term plan:

	Minimum	Triggering threshold	Target	Maximum	Remarks
Internal Condition (related to EBIT)	No allocation if the achievement level is less than 90% of the target objective.	Allocation of 20% if the achievement level is greater than or equal to 90% of the target objective.	Allocation of 65% if the target objective is achieved.	Allocation of 110% if the achievement level is greater than or equal to 110% of the target objective.	Linear calculation between milestones.
External Condition (related to TSR)	No allocation if the change in TSR is less than 90% of the change in the TSR of the index.	Allocation of 50% if the change in TSR is greater than or equal to 90% of the change in the TSR of the index.	Allocation of 80% if the change in TSR is greater than or equal to the change in the TSR of the index.	Allocation of 110% if the change in TSR is greater than or equal to 110% of the change in the TSR of the index.	Linear calculation between milestones.

Furthermore, the amount that could be paid in 2020 to A Beneficiaries, depending on the level achieved for the two performance conditions stated above, could be increased or reduced by 10% as a function of the level of women representation in management at December 31, 2019.

The Board of Directors thus allocated long-term variable compensation to the Chief Executive Officer of EUR 750,000, which was fully subject to the two cumulative performance conditions stated above, *i.e.*, internal and market performance conditions, as well as to the women representation in management condition.

The long-term compensation plan provides for the loss of entitlement to payment in the event of resignation or termination due to gross negligence or serious misconduct; payment is maintained in other cases of termination of employment (retirement, disability, death).

Finally, the plan, for the corporate officer and the other members of the Management Committee, provides for an obligation of reinvestment in SUEZ shares of 15% of the net amount that will actually be received in 2020, until the number of shares held represents 150% of the fixed annual compensation for the corporate officer and 100% of the fixed annual compensation for the other members of the Management Committee.

Summary of long-term variable compensation paid in cash to the Chief Executive Officer as of December 31, 2017

Plan	Target Amount [a] *(in euros)*	Maximum amount *(in euros)*	Amount due *(in euros)*	Performance conditions
2015	375,000	750,000	351,000	The amount which may be paid in 2018 was subject to two cumulative performance conditions: ► the Group's recurring cumulative net income for fiscal years 2015 to 2017 inclusive (level of completion: 104.9% Award level: 62.2%); ► the change in TSR for SUEZ compared to the average TSR of companies in the DJ Euro Stoxx Utilities Index from January 1, 2015 to December 31, 2017 (level of completion: 97% Award level: 83.6%). This amount may also be raised or lowered by 10% depending on the level of women representation in management at December 31, 2017 (Award level: – 10%). The total award rate thus came to 46.8%.
2016	375,000	750,000	Not known	The amount which may be paid in 2019 is subject to two cumulative performance conditions: ► the Group's cumulative EBIT for fiscal years 2016 to 2018 inclusive; ► change in TSR for SUEZ compared to the average TSR of companies in the DJ Euro Stoxx Utilities Index from January 1, 2016 to December 31, 2018. This amount may also be raised or lowered by 10% depending on the level of women representation in management at December 31, 2018.
2017	390 000	750 000	Not known	The amount which may be paid in 2020 is subject to two cumulative performance conditions: ► the Group's cumulative EBIT for fiscal years 2017 to 2019 inclusive; ► change in TSR for SUEZ compared to the average TSR of companies in the DJ Euro Stoxx Utilities Index from January 1, 2017 to December 31, 2019. This amount may also be raised or lowered by 10% depending on the level of women representation in management at Tuesday, December 31, 2019.

a) Corresponding to the achievement of objectives set in the Group's medium-term plan, applicable when the internal performance condition takes effect and when there is a change in SUEZ TSR that is equal to or greater than the TSR of the DJ Euro Stoxx Utilities Index.

Stock option plans

The Company did not offer any new stock option plans in 2017.

As of December 31, 2017, the number of outstanding stock options was 635,738, representing 0.10% of the Company's share capital if all options were exercised. The Company has never set up a stock subscription plan.

In accordance with the Company's long-term incentive policy, no stock option plans have been set up since December 2010.

Status of the performance conditions applicable to the stock option plans

	Applicable performance conditions	Level of completion	Proportion of shares delivered relative to the initial allocation
Plan of December 17, 2009 [a]	Company stock price evolution from December 17, 2009 to December 16, 2013 compared to the CAC 40 and Euro Stoxx Utilities Indices	0%	Management Committee and Executive Committee: 30% Other beneficiaries: 50%
	Group's cumulative recurring net income for fiscal years 2009 to 2012	90%	
Plan of December 16, 2010	Company stock price evolution from December 16, 2010 to December 15, 2014 compared to the CAC 40 and Euro Stoxx Utilities Indices	0%	Corporate Officer, Management Committee and Executive Committee: 0% Top Executives: 17.5% Other beneficiaries: 50%
	Group's cumulative recurring net income for fiscal years 2010 to 2013	0% for the Corporate Officer, 35% for the other beneficiaries	

(a) The Chief Executive Officer was not a beneficiary under this stock purchase option plan, which lapsed on December 16, 2017.

Stock option plans allocated to the Corporate Officer in 2017

	Plan	Type of option	Valuation of stock options based on the method used for the Consolidated Financial Statements *(in euros)*	Number of options allocated during the fiscal year	Adjusted Exercise price	Exercise period
Jean-Louis Chaussade, Chief Executive Officer	No options were awarded to the Corporate Officer by the Company in fiscal year 2017.					

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Stock option plans subscribed or exercised by the Corporate Officer in 2017

	Plan	Number of options exercised during the fiscal year	Adjusted Exercise price
Jean-Louis Chaussade, Chief Executive Officer	The Corporate Officer exercised no Company stock options during fiscal year 2017.		

Stock options granted to the first ten eligible non-corporate officer and options exercised by them

	Total number of options awarded/ shares subscribed or purchased	Purchase price	Plan
Options granted in 2017 by the Company or any company within the scope of option awards, to the ten employees of the Company or any other company within this scope, who received the highest number of such options (aggregate information)	Not applicable – No stock options granted in 2017		
Options held on the Company and the aforesaid companies exercised during fiscal year 2017 by the ten employees of the issuer and these companies who purchased or subscribed to the highest number of such options (aggregate information)	91,123 15,389	€15.49 €14.20	12/17/2009 12/16/2010

Summary and features of active stock option plans as of December 31, 2017

	2010 Plan
Date of authorization by the Shareholders' Meeting	May 26, 2009
Date of Board of Directors' meeting	December 16, 2010
Type of option	Purchase
Total number of shares that may be purchased (initial allocation)	2,944,200
Of which by the Corporate Officer (initial allocation)	120,300
Total number of beneficiaries	977
Starting point for exercise of the options	December 16, 2014
Expiration date	December 15, 2018
Purchase price *(in euros)*	14.20
Number of options exercised as of December 31, 2017	185,906
Aggregate number of options canceled or forfeited	2,122,556
Stock options outstanding as of December 31, 2017	635,738
Of which for the Corporate Officer	–

Performance share plans

No new performance share plan has been set up in 2017.

As of December 31, 2017, there are no longer any outstanding performance shares.

Status of performance conditions applicable to the performance share plans

	Applicable performance conditions	Level of completion	Proportion of shares delivered relative to the initial allocation
Plan of December 17, 2009	**For the Corporate Officer:** Company stock price evolution from December 17, 2009 to December 16, 2013 compared to the CAC 40 and Euro Stoxx Utilities Indices (on 100% of the shares)	0%	0%
	Group's cumulative recurring net income for fiscal years 2009 to 2012 (on 50% of the shares)	90%	
	For the other beneficiaries: Group EBITDA for 2011	100%	100%
Plan of December 16, 2010	Group's cumulative recurring net income for fiscal years 2010 to 2013	0% for the Corporate Officer, 35%, for the other beneficiaries	Corporate Officer: 0% Other A Beneficiaries: 35%
	Company stock price evolution from December 16, 2010 to December 15, 2014 compared to the CAC 40 and Euro Stoxx Utilities Indices	100%	
	Group EBITDA for fiscal year 2012	32%	B Beneficiaries: 32%
Plan of March 15, 2012[a]	Group's cumulative recurring net income for fiscal years 2012 to 2014	39%	Top Executives: 39% Other A Beneficiaries: 27.5%
	Company stock price evolution from March 14, 2012 to March 13, 2015 compared to the CAC 40 and Euro Stoxx Utilities Indices	100%	
	Cumulative Group EBITDA for fiscal years 2012 and 2013	16%	B Beneficiaries: 16%
Plan of March 27, 2013	Group's cumulative recurring net income for fiscal years 2013 to 2014	114%	Corporate Officer, Management Committee, Executive Committee and Top Executives: 114% Other A Beneficiaries: 94%
	Company stock price evolution from January 1, 2013 to February 27, 2015 compared to the CAC 40 and Euro Stoxx Utilities Indices	100%	
	Cumulative Group EBITDA for fiscal years 2013 and 2014	74%	B Beneficiaries: 74%

(a) The Chief Executive Officer and the members of the Management Committee and of the Executive Committee were not beneficiaries of this performance share plan.

Performance shares allocated to the Corporate Executive Officer in 2017

	Plan	Number of shares allotted during fiscal year	Value of shares based on the method used for the Consolidated Financial Statements *(in euros)*	Vesting date	Availability date	Performance conditions
Jean-Louis Chaussade, Chief Executive Officer	No performance shares granted to the Corporate Officer in 2017					

Performance shares fully vested during 2017 for the Corporate Executive Officer

	Plan	Vesting date	Number of shares that became available	Vesting conditions
Jean-Louis Chaussade, Chief Executive Officer	No performance shares fully vested by the Corporate Executive Officer in 2017			

Performance shares that became available to the Corporate Executive Officer during the fiscal year

	Plan	Vesting date	Number of shares that became available	Vesting conditions
Jean-Louis Chaussade, Chief Executive Officer	2013	March 30, 2015	68,400	(a)

(a) All the shares granted to the Chief Executive Officer (which may not exceed 72,000) were subject to a service condition until the end of the vesting period as well as to two cumulative performance conditions, which are as follows:
- an internal performance condition relating to the Group's cumulative recurring net income in 2013 and 2014;
- an external performance condition relating to the performance of SUEZ shares compared to the average performance of the CAC 40 and DJ Euro Stoxx Utilities Indices from January 1, 2013 through February 27, 2015.

Performance shares granted to the first ten eligible non-corporate officers

	Total number of performance shares granted	Plan
Performance shares granted by the Company in fiscal year 2017 to the ten non-corporate officer employees of the Group (aggregate information)	No performance shares granted in 2017	

Summary and features of performance share plans

	2009 Plan	2010 Plan	2012 Plan	2013 Plan
Date of authorization by the Shareholders' Meeting	May 26, 2009	May 20, 2010	May 20, 2010	May 24, 2012
Date of Board of Directors' meeting	December 17, 2009	December 16, 2010	March 15, 2012	March 27, 2013
Maximum number of performance shares initially granted	173,852	829,080	828,710	1,578,120
Of which for the Corporate Officer	28,800	24,060	–	72,000
Number of beneficiaries	1,071	2,124	1,995	1,773
Vesting date of shares				
For French tax residents	February 28, 2012 [a]	December 16, 2014 [c]	March 16, 2015 [e] [f]	March 30, 2015 [h]
For foreign tax residents	February 28, 2014	December 16, 2014	March 15, 2016	March 28, 2017
Date of transferability of shares				
For French tax residents	February 28, 2014	December 16, 2016 [d]	March 16, 2017 [g]	March 30, 2017
For foreign tax residents	February 28, 2014 [b]	December 16, 2014	March 15, 2016	March 28, 2017
Number of performance shares canceled or forfeited	–	–	615,064	342,408
Number of performance shares fully vested	130,438	251,532	213,646	1,235,712
Of which by the Corporate Officer	–	–	–	68,400
Performance shares outstanding as of December 31, 2017	–	–	–	–

(a) Also applies to tax residents of Belgium, Spain and Italy.
(b) For tax residents in Spain and Italy the date of transferability was February 28, 2015.
(c) The vesting date for "B Beneficiaries" who are French tax residents was March 1, 2013.
(d) The date of transferability for "B Beneficiaries" who are French tax residents was March 1, 2015.
(e) Also applies to tax residents of Belgium, Spain and Italy.
(f) The vesting date for "B Beneficiaries" who are tax residents of France, Spain and Italy was March 17, 2014.
(g) The date of transferability for "B Beneficiaries" who are French tax residents is March 17, 2016. For "B Beneficiaries" who are tax residents of Spain and Italy, the date of transferability is March 17, 2017.
(h) Also applies to tax residents of Belgium and Spain.

15.1.6 Elements of compensation due or awarded in 2017 to each Corporate Officer, submitted for vote by the shareholders

In accordance with Article L. 225-100-II of the French Commercial Code, on May 17, 2018, the Shareholders' Meeting will be required to vote on the elements of compensation due or awarded for 2017 to Gérard Mestrallet, Chairman of the Board of Directors, and to Jean-Louis Chaussade, Chief Executive Officer.

The Shareholders' Meeting of May 10, 2017 approved the 7th resolution on the elements of compensation due or awarded for fiscal year 2016 to Gérard Mestrallet with a 99.95% vote and the 9th resolution on the elements of compensation due or awarded for fiscal year 2016 to Jean-Louis Chaussade with a 96.03% vote.

The Shareholders' Meeting had also approved the 6th resolution relating to the 2017 compensation policy for Gérard Mestrallet (approved by 99.3%) and the 8th resolution relating to the 2017 compensation policy for Jean-Louis Chaussade (approved by 98.06%). Elements of compensation due or awarded to Gérard Mestrallet and Jean-Louis Chaussade for 2017, as presented below, were approved in accordance with these compensation policies.

Elements of compensation due or awarded for fiscal year 2017 to Gérard Mestrallet, Chairman of the Board of Directors (13th resolution)

With regard to Gérard Mestrallet, no compensation was paid to him by the Company during 2017, except for Directors' fees allocated to him for that year, in the amount of EUR 63,032.

Elements of compensation due or awarded for fiscal year 2017 to Jean-Louis Chaussade, Chief Executive Officer

The Shareholders' Meeting on May 17, 2018 (15th resolution) will be asked to vote on the elements of compensation due or awarded for fiscal year 2017 to Jean-Louis Chaussade, Chief Executive Officer:

Elements of compensation due or awarded for fiscal year 2017	Amount or value	Presentation
Fixed compensation	EUR 750,000	This is the gross fixed compensation for fiscal year 2017, unchanged since 2009. Since August 1, 2014, the retirement benefits claim date, the amount of annuities paid to Jean-Louis Chaussade under the mandatory pension plan (EUR 110,749 for fiscal year 2017) has been deducted from the amount of the fixed compensation paid by the Company.
Annual variable compensation	EUR 541,098	At its meeting on February 28, 2018, upon recommendation of the Compensation Committee, the Board of Directors adopted the annual variable compensation for Jean-Louis Chaussade for fiscal year 2017, which amounts to EUR 541,098, or 72% of his fixed compensation (compared to EUR 637,455 for fiscal year 2016). The Board of Directors deliberated on Jean-Louis Chaussade's compensation outside his presence. Jean-Louis Chaussade's variable compensation may represent between 0% and 145% of his fixed compensation and has been determined on the basis of: ► quantifiable criteria previously set by the Board of Directors in February 2017, based on the 2017 budget. These criteria represent 75% of the overall weight of the variable part and are related to EBIT (20%), free cash flow (20%), ROCE (15%) and TSR (20%); and ► qualitative criteria, which account for 25% of the overall weight of the variable part and that are related to health and safety results, the implementation of the Group's transformation plan and Key Industrial Accounts management. The Compensation Committee has recommended to the Board of Directors that 117% be the level of achievement for the qualitative criteria. However, the Chief Executive Officer has indicated that he would like to partially waive 10% of the total amount of this compensation recommended by the Compensation Committee. As a result, the Board decided to apply this reduction to the compensation portion related to the qualitative criteria, in compliance with the recommendation made by the French Financial Market Authority's in its 2017 report on corporate governance, executive compensation, internal control and risk management. The payment of this annual variable compensation is subject to approval at the Shareholders' Meeting on May 17, 2018.

Elements of compensation due or awarded for fiscal year 2017	Amount or value	Presentation
Deferred variable compensation	N/A	Jean-Louis Chaussade is not entitled to deferred variable compensation.
Long-term compensation	No amount is due for fiscal year 2017. (IFRS value in the Consolidated Financial Statements: EUR 166,386)	At its meeting of February 28, 2017, the Board of Directors decided to award Jean-Louis Chaussade long-term compensation for fiscal year 2017, of a maximum amount of EUR 750,000, or 100% of his annual fixed compensation, and providing, as the case may be, for a cash payment in 2020. The amount to be paid to Jean-Louis Chaussade in 2020 depends on the level of achievement of the following two cumulative performance conditions: ► an internal performance condition based on the Group's aggregate EBIT from 2017 to 2019, ► a market performance condition based on the level of Total Shareholder Return (TSR) of SUEZ compared to the average TSR of the companies in the DJ Euro Stoxx Utilities Index over the period from January 1, 2017 to December 31, 2019. Furthermore, the amount that may be paid to Jean-Louis Chaussade in 2020, depending on what level he achieves for the two performance conditions stated above, could be increased or reduced by 10% depending on the level of women representation in management at December 31, 2019. The payment of this long-term compensation is subject to approval by the Shareholders' Meeting. Under the long-term compensation plan, Jean-Louis Chaussade is also subject to an obligation to reinvest 15% of the net amount received in 2020 in the Company's shares, until the number of shares that he holds represents 150% of his annual fixed compensation.
	EUR 750,000 paid	At its meeting on March 26, 2014, the Board of Directors decided to award Jean-Louis Chaussade long-term compensation for fiscal year 2014, of a maximum amount of EUR 750,000, or 100% of his annual fixed compensation, and providing, as the case may be, for a cash payment in 2017, subject to meeting two cumulative performance conditions: ► an internal performance condition based on the Group's cumulative recurring net income from 2014 to 2016; ► a market performance condition based on the level of Total Shareholder Return (TSR) of SUEZ compared to the average TSR of the companies included in the DJ Euro Stoxx Utilities Index over the period from January 1, 2014 to December 31, 2016. Since these two conditions were met at more than 120% for the internal condition and more than 110% for the external condition, the Chief Executive Officer was paid EUR 750,000 in 2017.
Exceptional compensation	N/A	Jean-Louis Chaussade was not entitled to exceptional compensation in 2017.
Stock options, performance shares or any other item relating to long-term compensation	N/A	No allocation was made during fiscal year 2017.
Directors' fees	N/A	Jean-Louis Chaussade does not receive Directors' fees.
Value of benefits of all kind	EUR 10,373	Jean-Louis Chaussade has a company car.
Severance pay	N/A	Jean-Louis Chaussade will receive no severance pay in the event of termination of his office.
Compensation due under a non-compete clause	N/A	Jean-Louis Chaussade is not entitled to compensation under a non-compete clause.

Elements of compensation due or awarded for fiscal year 2017	Amount or value	Presentation
Insurance and healthcare plans	EUR 5,112	Jean-Louis Chaussade is covered by the Company's mandatory defined-contribution plan for health care.
Supplementary retirement plan	No payment	Jean-Louis Chaussade was covered by the Group supplementary retirement plans applicable to SUEZ employees: a mandatory defined-contribution plan under Article L. 441-1 of the French Insurance Code and a supplementary variable Group defined-benefit pension plan. Mr. Jean-Louis Chaussade decided to claim benefits under all of his retirement plans as of August 1, 2014, including collective defined-contribution and defined-benefit pension plans. He did, however, decide to waive any pension payments under these supplementary plans until his current functions as Chief Executive Officer come to an end. The annual amount of the annuity resulting from Group supplementary retirement plans to be paid to Mr. Jean-Louis Chaussade (once he is no longer Chief Executive Officer) will be EUR 276,814, or 21% of his 2017 annual compensation (including fixed and variable compensation payable by the Company).

15.2 Amounts provisioned by the Company and its subsidiaries for the payment of pensions, retirement benefits, and other benefits to members of the Management Committee

The total retirement obligations provisioned in the Consolidated Financial Statements as of December 31, 2017 for the members of the Management Committee, including tax on employer contributions, amounted to EUR 17.1 million, compared to EUR 16.5 million in 2016. This change is mainly due to the commitment corresponding to an additional year within the plan.

16 functioning of governance and management bodies

16.1 Terms of office of members of the Board of Directors

The following table shows the dates of first appointment and the expiration dates of the terms of office of the Directors of the Company, in office as of December 31, 2017:

Name and title	Date of first appointment	Start date of current term of office	Term of office expiration date
Gérard Mestrallet, Chairman of the Board of Directors	December 5, 2007	April 28, 2016	Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2019
Jean-Louis Chaussade, Director and Chief Executive Officer	December 5, 2007	April 28, 2016	Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2019
Nicolas Bazire, Director	July 15, 2008	May 12, 2015	Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2018
Valérie Bernis, Director	July 15, 2008	May 12, 2015	Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2018
Miriem Bensalah-Chaqroun, Director	April 28, 2016	April 28, 2016	Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2019
Francesco Caltagirone, Director [a]	February 28, 2017	February 28, 2017	Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2017
Delphine Ernotte Cunci, Director	May 24, 2012	April 28, 2016	Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2019
Lorenz d'Este, Director	July 15, 2008	May 12, 2015	Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2018
Isidro Fainé Casas, Director	October 29, 2014	April 28, 2016	Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2019
Judith Hartmann, Director	July 28, 2015	July 28, 2015	Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2017
Isabelle Kocher, Director	February 7, 2012	May 12, 2015	Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2018
Ines Kolmsee, Director	May 22, 2014	May 22, 2014	Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2017
Anne Lauvergeon, Director	October 29, 2014	May 12, 2015	Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2018
Pierre Mongin, Director	February 2, 2016	February 2, 2016	Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2017
Guillaume Pepy, Director	July 15, 2008	May 22, 2014	Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2017
Jérôme Tolot, Director	July 15, 2008	May 22, 2014	Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2017
Agatta Constantini, Director representing employees [b]	December 12, 2014	December 12, 2014	December 11, 2018
Enric Xavier Amiguet i Rovira, Director representing employees [b]	February 11, 2015	February 11, 2015	February 10, 2019
Guillaume Thivolle, Director representing employee shareholders [c]	April 28, 2016	April 28, 2016	Shareholders' Meeting called to approve the financial statements for the fiscal year ending December 31, 2019

(a) The co-optation of Francesco Caltagirone as Director was approved at the Shareholders' Meeting of May 10, 2017.
(b) Directors representing employees appointed pursuant to Article L. 225-27-1 of the French Commercial Code and Article 10 of the Company bylaws.
(c) Director representing employee shareholders, appointed pursuant to Article L. 225-23 of the French Commercial Code and Article 10.3 of the Company bylaws.

The Shareholders' Meeting of May 17, 2018 will be called to approve the renewal of the terms of office of Judith Hartmann, Francesco Caltagirone, Pierre Mongin and Guillaume Pepy. Furthermore, the Shareholders' Meeting of May 17, 2018 will be called to approve the appointments of Brigitte Taittinger-Jouyet and Franck Bruel, as Directors, as Ines Kolmsee and Jérôme Tolot will not seek to renew their terms of office.

16.2 Information on service contracts between members of the Company's governance and management bodies and the Company or any of its subsidiaries

To the knowledge of the Company, as of the date of this Reference Document, no member of the Board of Directors or the Chief Executive Officer enjoy benefits as a result of service contracts between them and the Company or any of its subsidiaries.

16.3 Committees of the Board of Directors

In accordance with Article 15 of the Company bylaws, the Board of Directors may decide to set up committees responsible for studying issues that the Board or its Chairman may ask them to examine.

In this context, the Board of Directors is supported by five Committees: the Strategy Committee, the Audit and Financial Statements Committee, the Ethics and Sustainable Development Committee, the Appointments and Governance Committee and the Compensation Committee. Their respective missions are described in the Board of Directors' Internal Regulations.

16.4 Report on corporate governance prepared in accordance with Article L. 225-37 of the French Commercial Code

This report has been prepared in accordance with Article L. 225-37 paragraph 6 *et seq.* of the French Commercial Code.

This report was approved by the Board of Directors on February 28, 2018, upon the recommendations of the Appointments and Governance Committee for the parts relating to corporate governance and the Compensation Committee for the part relating to the compensation of corporate officers. It will be presented at the Shareholders' Meeting of May 17, 2018.

1. Composition of the Board of Directors

BOARD OF DIRECTORS IN 2017 [a]

50% independent Directors [b]
41% women [c]

37% of foreign nationality
7 different nationalities represented

1 employee shareholder representative
2 employee representatives

6 meetings of the Board of Directors
90% attendance

(a) Information as of December 31, 2017.
(b) Directors representing employees and employee shareholders are not taken into account in calculating this percentage, in accordance with the French AFEP-MEDEF Code.
(c) Directors representing employees are not taken into account in calculating this percentage, in accordance with the provisions of Article L. 225-27 of the French Commercial Code.

The Board of Directors is thus composed, as of the date of this Report, of 19 Directors.

The only change that has occurred since the beginning of 2017 is the co-optation of Francesco Caltagirone as Director on February 28, 2017, replacing Gilles Benoist, who resigned, until the end of his term of office, *i.e.* until the end of the Shareholders' Meeting of May 17, 2018. This co-optation was ratified at the Shareholders' Meeting of May 10, 2017.

When new Directors join the Board of Directors, it is proposed that they have interviews with members of the Group's Management Committee and conduct site visits, in order to present the Group's activities to them. With reference to the Directors representing employees, the specific training program was carried out, primarily concerning governance issues, the activities of the Group and the issues falling within the competence of the Board, including the financial aspects, and health and safety themes. This program also includes linguistic training and interpersonal skills development modules.

The bylaws provide for a four-year term of office for Directors and require every Director to hold at least 2,000 Company shares, unless otherwise provided by law, especially with reference to the Directors representing employee shareholders or employees.

Jean-Louis Chaussade, Chief Executive Officer, is the only Director with executive functions within the Group.

THE COMPOSITION OF THE BOARD OF DIRECTORS AS OF THE DATE OF THIS REPORT IS AS FOLLOWS:

- eight independent Directors:
  Nicolas Bazire, Miriem Bensalah-Chaqroun, Francesco Caltagirone, Delphine Ernotte Cunci, Lorenz d'Este, Ines Kolmsee, Anne Lauvergeon and Guillaume Pepy;
- six Directors fulfilling or having fulfilled executive functions within ENGIE:
  Gérard Mestrallet, Chairman of the Board of Directors, Valérie Bernis, Judith Hartmann, Isabelle Kocher, Pierre Mongin and Jérôme Tolot;
- the Chief Executive Officer:
  Jean-Louis Chaussade;
- one Director appointed on the proposal of La Caixa:
  Isidro Fainé Casas;
- two Directors representing employees:
  Agatta Constantini and Enric Xavier Amiguet i Rovira;
- one Director representing employee shareholders:
  Guillaume Thivolle.

Details of the terms of office and functions fulfilled by each of the Directors can be found in chapter 14.1 of the Reference Document.

STAGGERED SCHEDULE OF RENEWALS

In line with the best governance practices and in accordance with the recommendations of the AFEP-MEDEF Code, in 2010 the Board of Directors decided to put in place a staggered renewal of the terms of office of Directors by third approved by the Shareholders' Meeting.

Six Directors will reach the end of their terms of office at the Shareholders' Meeting of May 17, 2018. The other Directors' terms of office will be renewed by third over the course of the next two fiscal years.

Information relating to the terms of office of Directors within the Company are specified in chapter 16.1 of the Reference Document.

DIVERSITY WITHIN THE BOARD OF DIRECTORS

At its meeting of October 27, 2010, the Board of Directors, upon the recommendation of the Appointments and Compensation Committee, promised to review diversity issues within the Board, especially gender balance. The review has continued and, in relation to the self-assessment conducted at the beginning of 2014, the Board reiterated its desire to diversify its composition. The members of the Board formulated, in this context, the recommendations which aim principally for a more international Board with a greater proportion of women, as well as the strengthening of the representation of the industrial sector. The Appointments and Governance Committee has since carried out a recruitment process that meets these criteria, examined several applications and submitted proposals to the Board.

Between 2014 and 2016, four women with substantial professional experience in the industrial sector joined the Board of Directors. Ines Kolmsee (German), Anne Lauvergeon (French), Judith Hartmann (Austrian) and Miriem Bensalah-Chaqroun (Moroccan) thus became members of the Board of Directors.

The agreements made with Criteria Caixa in July 2014 and with the Caltagirone group in July 2016 also gave rise to the co-optation of two Directors: Isidro Fainé Casas (Spanish, Chairman of Criteria Caixa), with international professional experience in the banking sector and the financing of major projects – experience as yet little represented on the Board – and Francesco Caltagirone (Italian), with significant international experience in the cement and recycling sectors.

Furthermore, in accordance with the modifications to the bylaws adopted at the Shareholders' Meeting of May 22, 2014, two Directors representing employees, a French citizen and a Spanish citizen (as these two countries are those in which the Group has the most significant presence in terms of revenues and personnel) also joined the Board of Directors.

Finally, a Director representing employee shareholders was appointed at the Shareholders' Meeting of April 28, 2016.

Accordingly, changes in the composition of the Board of Directors in previous fiscal years have helped to strengthen the diversity of Directors' profiles.

Specifically, the percentage of women on the Board of Directors has increased, from 5.6% as of December 31, 2009 to 42.1% as of December 31, 2017 (or 41.2% not taking into account the Directors representing employees), which is a rate that exceeds the 40% rate required by law.

The Board of Directors also includes seven Directors of foreign nationality, representing 36.8% of its members (taking into account the Directors representing employees and employee shareholders). Seven different nationalities are therefore represented on the Board of Directors.

INDEPENDENCE OF DIRECTORS

The independent status of some Directors (as defined by the AFEP-MEDEF Code) was reviewed in early 2018 by the Board of Directors, on the recommendation of the Appointments and Governance Committee.

To carry out this review, the Board of Directors referred to the definition of the AFEP-MEDEF Code which considers that *"a Director is independent if (s)he has no relationship of any kind with the Company, its Group or its management that could compromise his/her freedom of judgment"*, and took into account all the criteria of that Code. Specifically, a Director must not:

- be an employee or corporate officer of the Company, or an employee or Director of a company within its scope of consolidation and must not have been one during the previous five years;
- be a corporate officer of a company in which SUEZ directly or indirectly holds a directorship, or in which an employee appointed as such or a corporate officer of the Company (currently or within the previous five years) holds a directorship;
- be, or have a direct or indirect relation with, a customer, supplier or corporate or investment banker:
  - of significance to the Company or its Group, or
  - whose business has a significant share provided by the Company or Group;
- have close family ties with a corporate officer;
- have been a Statutory Auditor of the Company during the previous five years;
- have been a Director of the Company for more than 12 years.

Directors representing major shareholders of the Company may be considered independent provided that they do not exercise control over the Company. If a Director exceeds a threshold of 10% of the share capital or voting rights, the Board, based on the Appointments and Governance Committee's report, must systematically review the independent status of the Director(s) concerned, taking into account the Company's ownership structure and whether or not there may be conflicts of interest.

In accordance with the AFEP-MEDEF Code, as amended in November 2016, the Appointments and Governance Committee, then the Board of Directors evaluated the significance of business relationships maintained by the Company (and its subsidiaries) with the companies (and their subsidiaries) to which the Directors are related according to the following criteria:

- the proportion of business conducted between the Group and such companies, both in terms of purchases and revenue, which is far below 1% and the absence of economic dependence;
- whether contracting is by tender or mutual agreement;
- the type of functions exercised by the Director concerned (whether executive or not) and the certainty that it does not affect the business relationship;
- the nature of services provided; and
- the length of the business relationship.

On the basis of this analysis, business relationships between the Group and the companies (and subsidiaries) in which Directors meeting all other criteria of independence have a role in management or a directorship were not considered to be significant.

Thus, the Board of Directors, on the recommendation of the Appointments and Governance Committee, decided, at its meeting of February 28, 2018, in relation to the review of this Chairman's Report, to:

- confirm the independence of eight Directors: Miriem Bensalah-Chaqroun, Delphine Ernotte Cunci, Ines Kolmsee, and Anne Lauvergeon, as well as Nicolas Bazire, Francesco Caltagirone, Lorenz d'Este, and Guillaume Pepy;
- confirm the non-independent status of the following Directors:
  - Jean-Louis Chaussade, Chief Executive Officer,
  - Valérie Bernis, Isabelle Kocher, Judith Hartmann, Gérard Mestrallet (Chairman), Pierre Mongin, and Jérôme Tolot, as members fulfilling or having fulfilled functions within ENGIE, which holds 31.96% of the Company's share capital,
  - Isidro Fainé Casas, in view of his office as Chairman of Criteria Caixa, where Jean-Louis Chaussade is a Director,
  - Agatta Constantini and Enric Xavier Amiguet i Rovira, Directors representing employees, and Guillaume Thivolle, representing employee shareholders, due to their status as employees of a Company subsidiary.

The Board of Directors is therefore 50% composed of independent Directors, without taking into account the Directors representing employees and employee shareholders, in accordance with the French AFEP-MEDEF Code.

Criteria / Directors	Gérard MESTRALLET	Jean-Louis CHAUSSADE	Nicolas BAZIRE	Miriem BENSALAH-CHAQROUN	Valérie BERNIS	Francesco CALTAGIRONE	Delphine ERNOTTE CUNCI	Lorenz D'ESTE	Isidro FAINE CASAS	Judith HARTMANN	Isabelle KOCHER	Ines KOLMSEE	Anne LAUVERGEON	Pierre MONGIN	Guillaume PEPY	Jérôme TOLOT	Agatta CONSTANTINI	Enric Xavier AMIGUET I ROVIRA	Guillaume THIVOLLE
Not to be an employee or Executive Corporate Officer of the Company or of a company of the Group [a]	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓			
Absence of cross mandates with another executive officer or Director of the Company	✓		✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Absence of significant business relationships	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Not to be related by close family ties to another corporate officer	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Not to have been a statutory auditor of the Company during the previous five years	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Not to have been a Director of the Company for more than 12 years	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Not to represent a shareholder holding more than 10% of the Company's share capital		✓	✓	✓		✓	✓	✓	✓			✓	✓		✓		✓	✓	✓
Independent Director			✓	✓		✓	✓	✓				✓	✓		✓				

(a) Or not to have held such a position during the previous five years.

DIRECTORS' CHARTER

The Directors' Charter, annexed to the Board of Directors' Internal Regulations, contains guidelines to which each Director must adhere in order to fully exercise their functions, ensuring the full effectiveness of their personal contribution, in accordance with the rules of independence, ethics and integrity.

The Charter states that each Director must act in the Company's interest and must represent all shareholders. It also reminds them of the principles of independence, duties of expression, loyalty, discretion, confidentiality, professionalism, commitment, and the collegiality and efficiency of the Board's work.

In addition, the Directors' Charter stipulates that every Director must inform the Board of any conflict of interest, even potential, that might directly or indirectly affect him or her. In the event that a Director cannot avoid being in a conflict of interest, he must refrain from participating in discussions and any decisions on the relevant matters.

The Board of Directors, upon the recommendation of the Appointments and Compensation Committee, also adopted in June 2012 a Code of Conduct relating to the prevention of market abuse that was reviewed by the Appointments and Governance Committee and then approved by the Board of Directors, in December 2016. The main provisions of this code can be found in chapter 14.2 of the Reference Document.

2. General Management

METHOD OF EXERCISING GENERAL MANAGEMENT

The Company is a public limited company with a Board of Directors that, since the date of its initial public offering in July 2008, opted to dissociate the functions of the Chairman of the Board of Directors from those of the Chief Executive Officer, whose respective duties are clearly defined in the Company bylaws and the Board of Directors' Internal Regulations. The Board of Directors, on July 23, 2008, then appointed Gérard Mestrallet, Chairman of the Board of Directors, and Jean-Louis Chaussade, Chief Executive Officer.

The decision to separate the two roles and the appointments of Gérard Mestrallet and Jean-Louis Chaussade has been confirmed on various occasions by the Board of Directors and for the last time after the renewal of their directorships at the Shareholders' Meeting of April 28, 2016.

The Board of Directors considers that this form of governance makes it possible to clearly separate the powers of control and determination of the Company strategy exercised by the Board, for which the Chairman shall ensure the smooth operation, from the powers of management and implementation of this strategy, which lie with the Chief Executive Officer.

DUTIES OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

In accordance with the law and Article 3 of the Internal Regulations, the Chairman of the Board of Directors organizes and manages its work and reports on it to the Shareholders' Meeting. The Chairman ensures that the Company's governing bodies function correctly and, in particular, that the Directors are fit to carry out their duties. The Chairman also participates in the process of appointing Directors. Finally, he may be consulted on certain significant or strategic events. Thus, during fiscal year 2017, the Chairman provided active support in the acquisition of GE Water & Process Technologies business activities.

LIMITS OF THE CHIEF EXECUTIVE OFFICER'S POWERS

The Chief Executive Officer holds the most extensive powers to act, under all circumstances, on behalf of the Company. He exercises those powers within the limit of the corporate purpose and subject to (i) the powers granted by law to Shareholders' Meetings and the Board of Directors, and (ii) internal limits on executive powers.

In this regard, the Internal Regulations define the limits on the powers of the Chief Executive Officer, which are summarized below.

- The Chief Executive Officer shall submit the following to the Board of Directors for prior approval:
  - material transactions likely to affect Group strategy or modify its financial structure, scope, activities or risk profile. The following in particular are considered material: transactions involving a commitment in excess of EUR 350 million, agreements, transactions and settlements in case of a dispute if the amount is greater than EUR 100 million, and
  - transactions that fall outside the Company's stated strategy.

  In addition, at its meeting of September 24, 2013, and in the context of the end of the Shareholders' Agreement, the Board of Directors specified that any acquisition, investment or disposal of an investment worth over EUR 100 million (other than maintenance capital expenditure), as well as any standard financing transactions with banks or on the bond market amounting to over EUR 700 million must have the Board's prior approval.
- In addition, the Chief Executive Officer may grant securities, endorsements and guarantees up to a total amount granted by the Board of Directors, which in fiscal year 2017 was EUR 500 million, with an added secondary limit of EUR 100 million per transaction. Beyond these two limits, the Chief Executive Officer must request the prior approval of the Board of Directors.
- The Chief Executive Officer consults the Appointments and Governance Committee prior to any appointment of a member of the Management Committee.

To successfully perform his duties, the Chief Executive Officer is assisted by a Management Committee, composed of nine other members whose biographies are provided in section 14.1.2 of the Reference Document and are available on the Company's website (www.suez.com). The Chief Executive Officer is also assisted by an Executive Committee, the detailed composition of which is available on the Company's website (www.suez.com).

3. Preparation and organization of tasks performed by the Board of Directors and the specialized Committees

FUNCTIONING AND TASKS OF THE BOARD OF DIRECTORS

The Board of Directors has Internal Regulations which, beyond the provisions of the law and the Company bylaws, set out the rules on the composition, role and powers of the Board of Directors and its Committees. The main aspects of the Internal Regulations concerning the Board of Directors' operations are described in section 21.2.2.1 of this Reference Document.

The Internal Regulations were first adopted by the Board of Directors on July 23, 2008 at the time of the Company's initial public offering. These Internal Regulations were amended by the Board of Directors at its meeting of February 7, 2012. Indeed, it was decided at that time, with a view towards proper governance of the Company, to update the Internal Regulations, notably to strengthen the engagement of the Committees, and in particular the Audit and Financial Statements Committee, to update and clarify certain provisions relating to the functioning of the Board of Directors, and the limits on the powers of the Chief Executive Officer and, lastly, to establish a Directors' Charter aimed at recalling the terms and conditions under which the Directors are to perform their duties, their contribution to the work of the Board and its Committees, the rights and resources granted to the Directors, and the rules on confidentiality, independence, ethics and integrity, which are an intrinsic part of their functions (see paragraph 1 of this Report).

The Internal Regulations were also updated on July 30, 2013, to take into account the end of the Shareholders' Agreement relating to the Company on July 22, 2013, on July 28, 2015, in order to split the Appointments and Compensation Committee into two separate committees – the Appointments and Governance Committee and the Compensation Committee – and on February 28, 2018 to adapt the duties of the Audit and Financial Statements Committee to the legal audit reform.

Activities of the Board of Directors in 2017

The Board meets as often as the interests of the Group require. In 2017, the Board met six times (excluding the Directors' strategy seminar mentioned below), with an attendance rate of 90% (85% in 2016).

The main issues addressed included a business review, the financial situation and earnings (review of the annual, half-year and quarterly results, and analysis of earnings forecasts), the Group's financing situation (debts, available cash, bond issue and renewal of the securitization program), the renewal of the share buyback program, governance (change of the composition of the Board of Directors and Committees and evaluation of the organization and functioning of the Board and Committees), the acquisition, in the scope of a partnership with the Caisse de dépôt et de placement du Québec (CDPQ), of GE Water & Process Technologies business activities, its financing (bridge loan, capital increase and senior and hybrid bond issues) and its integration through the creation of the new Water Technologies and Solutions business unit, as well as the implementation of the Sharing 2017 employee shareholding plan.

The Board also renewed the Chief Executive Officer's annual authorization to issue securities, endorsements and guarantees, and approved guarantee projects of amounts greater than the Chief Executive Officer's authorization threshold. Finally, it regularly reviewed the work of its various Committees.

Attendance rate of Directors at meetings of the Board of Directors in 2017

Gérard Mestrallet	100%
Jean-Louis Chaussade	100%
Enric Amiguet i Rovira	100%
Nicolas Bazire	67%
Gilles Benoist	100%
Miriem Bensalah-Chaqroun	67%
Valérie Bernis	83%
Francesco Caltagirone	100%
Agatta Constantini	100%
Delphine Ernotte Cunci	100%
Lorenz d'Este	100%
Isidro Faine Casas	100%
Judith Hartmann	100%
Isabelle Kocher	67%
Ines Kolmsee	83%
Anne Lauvergeon	100%
Pierre Mongin	83%
Guillaume Pepy	67%
Guillaume Thivolle	100%
Jérôme Tolot	83%
Overall Average	**90%**

Performance assessment of the Board of Directors and Committees

As part of the work undertaken by the Board of Directors, to improve its composition, its functioning, its organization and its relations with the Committees, the Appointments and Governance Committee follows a process each year to assess the functioning of the Board of Directors and its committees. This process takes the form of a self-assessment or, at regular intervals and at least every three years, an evaluation conducted by an external consultant (who then also assesses the individual contribution of Directors). Such an assessment by an external consultant was conducted in 2016.

During fiscal year 2017, individual self-assessment questionnaires relating to the composition and functioning of the Board of Directors, the relations between the Board and the Committees and the composition and functioning of each Committee, which take into account the standard questionnaire circulated by the AFEP and MEDEF, were prepared by the Appointments and Governance Committee. These questionnaires include factors for assessing the individual contribution of Directors.

The answers provided by the Directors were presented anonymously in December 2017 to the Appointments and Governance Committee, which also examined the individual attendance rates of Directors. The self-assessment report was then presented by the Chair of this Committee to the Board of Directors at its meeting of February 28, 2018. After this evaluation and discussion of it, the Directors granted their approval of the organization and functioning of the Board and its Committees. The Board's composition is seen as rich in expertise and experience, and increasingly international. The Directors nevertheless indicated that it could, in future, be strengthened by new expertise in terms of entrepreneurship and innovation. Regarding the functioning of the Board and the matters it handles, the directors highlighted the quality of the strategy seminar, the format of which was very well received. Areas due for improvement have also been specified and decisions have been made by the Board in their regard, on the recommendation of the Appointments and Governance Committee. It was therefore decided to systematize the practice that allows Directors to meet at regular intervals without the executive corporate officers being present, at the annual strategy seminar, for example.

SPECIALIZED COMMITTEES

The Board of Directors is supported by five committees since July 28, 2015: the Audit and Financial Statements Committee, the Appointments and Governance Committee, the Compensation Committee, the Strategy Committee and the Ethics and Sustainable Development Committee.

The Internal Regulations set out the rules governing the composition and role of each Committee. The Committees have the option of requesting assistance from external experts.

Minutes from each meeting of these various committees were submitted to the Board of Directors and, where appropriate, recommendations were made for decisions within the Board's remit.

The Board of Directors will, like every year, conduct a review, after the Shareholders' Meeting of May 17, 2018, of the composition of the various Committees.

The Audit and Financial Statements Committee

7 meetings
83% attendance

75% Independent Directors

Composition

The Audit and Financial Statements Committee is composed of five members: Guillaume Pepy (Chairman), Delphine Ernotte Cunci, Judith Hartmann, Nicolas Bazire and Guillaume Thivolle. Guillaume Thivolle has joined the Audit and Financial Statements Committee in 2017.

With Delphine Ernotte Cunci, Guillaume Pepy and Nicolas Bazire qualifying as independent, the proportion of independent Directors is 75% of the Committee members (excluding the Director representing employee shareholders), including the Chairman, in line with the recommendations of the AFEP-MEDEF Code. As described in the biographies of the members of the Audit and Financial Statements Committee in chapter 14 of the Reference Document, Delphine Ernotte Cunci, Judith Hartmann, Nicolas Bazire and Guillaume Pepy have financial and/or accounting competency based on their education or functions and as defined by Article L. 823-19 of the French Commercial Code. Moreover, Delphine Ernotte Cunci, Judith Hartmann, Nicolas Bazire and Guillaume Pepy hold Senior Management positions in large corporations.

Missions

The Audit and Financial Statements Committee assists the Board of Directors in ensuring the accuracy and fair presentation of SUEZ's Parent Company and Consolidated Financial Statements and the quality of the internal control procedures and information provided to shareholders and financial markets. The Committee presents opinions and recommendations in the areas described below to the Board of Directors.

The Board of Directors specifically entrusts the Committee with the following engagements, consistent with the engagements defined for the Audit Committee by Article L. 823-19 of the French Commercial Code. The Company also refers to the report of the working group on Audit Committees published by the AMF on July 22, 2010.

- As regards the financial statements, the Committee:
- monitors the process of preparing the financial information and, where applicable, draws up recommendations to ensure its integrity;
- reviews, before publication, the draft annual and interim financial statements, the activity and income report and any financial statements (including forecasts) drawn up for specific major transactions and significant financial press releases, before they are circulated to the Board of Directors or publicly released;
- assesses the relevance and permanence of the accounting rules and principles used in preparing the statutory and Consolidated Financial Statements and prevents any potential breach of those rules;
- requests details of any change in the scope of consolidation and, where necessary, obtains all required explanations;
- meets, whenever it deems it necessary, with the Statutory Auditors, Senior Management, the Finance Department, internal auditors and any other member of management; these hearings may take place, where necessary, without the presence of the General Management;
- ensures the quality of procedures to guarantee compliance with stock exchange regulations;
- is informed annually on financial strategy and on the terms and conditions of the Group's main financial transactions;
- is periodically informed about the Group's tax situation.
- As regards the external auditing of the Company, the Committee:
- ensures that both the annual and Consolidated Financial Statements are audited by the Company's Statutory Auditors;
- issues a recommendation on the Statutory Auditors appointment or renewal at the Shareholders' Meeting; it also examines issues relating to the potential dismissal of the Statutory Auditors;
- supervises the rules for using the Statutory Auditors for work other than the auditing of the financial statements, by ensuring observance of the principles guaranteeing the independence of the Statutory Auditors, by analyzing the risks constraining their independence, as well as safeguard measures applied to reduce these risks;
- gives prior approval to any duty entrusted to the Statutory Auditors outside of the legal audit of financial statements, insofar as these duties are not prohibited by the regulations;
- monitors the fulfillment by the Statutory Auditors of their mission, taking into account, where applicable, the findings and conclusions of the Haut Conseil du Commissariat aux Comptes (Audit Office Control Board) arising from checks that it may carry out;
- examines the additional report prepared by the Statutory Auditors, which is intended for it;
- examines each year with the Statutory Auditors the audit fees paid by the Company and the Group to entities of the networks to which the Statutory Auditors belong, their audit schedule, the conclusions reached by the latter, their recommendations, and the follow-up to these recommendations;
- examines each year with the Statutory Auditors the amounts of fees relating to duties not arising from the legal audit paid by the Company and its Group to entities of the networks to which the Statutory Auditors belong;
- arbitrates, where necessary, on issues that may arise between the Statutory Auditors and General Management in the course of their work.
- As regards internal control and auditing of the Company, the Committee:
- monitors the efficiency and the quality of the Group's internal control systems, as well as the internal audit, with regard to the procedures relating to the preparation and handling of accounting and financial information without this infringing its independence;
- examines, with the heads of internal audit, the audit schedules and action plans involved in internal audit, the conclusions of these audits and actions, and the recommendations and their follow-up, without the General Management necessarily being present;
- is informed by the General Management, or by any other means, of any complaints from third parties or any internal information critical of the Company's accounting documents or internal control procedures, as well as the procedures put in place for this purpose and the remedies for such claims or criticisms;
- entrusts the internal audit with any assignment it deems necessary.

- As regards risks and commitments, the Committee:
  - evaluates the efficiency and quality of the Group's systems and procedures for evaluating and managing risks;
  - is regularly updated on the Group's financial and cash position and major commitments and risks;
  - is regularly informed of the Group's main disputes.

Activity in 2017

The Audit and Financial Statements Committee met seven times in 2017 (including two joint meetings with the Strategy Committee), with an attendance rate of 83%. The Committee's files are sent to Committee members several days before the Committee meeting, to give them enough time to review the documents concerned. The Committee has regular discussions with Company executives who are responsible for matters within the Committee's scope of authority: Deputy CEO in charge of Finance, General Secretary, Director of Internal Audit, Director of Risk and Investment, Group General Counsel, Director of Accounting, Consolidation, Tax and Internal Control, Director of Treasury and Capital Markets, Director of Corporate Planning and Finance. The Statutory Auditors, barring exceptional circumstances, attend all Audit and Financial Statements Committee meetings.

The main issues addressed by the Committee were as follows: the review of the annual financial statements as of December 31, 2016, the half-year accounts as of June 30, 2017, the quarterly results and press releases relating thereto, the financing and debt situation, the analysis of the acquisition of the GE Water & Process Technologies business activities and its financing.

The Statutory Auditors presented the key points of the Company's results and the main accounting options taken to the Committee.

In addition, the Committee was asked to discuss earnings forecasts and updates, cash flow projections, the medium-term plan (jointly with the Strategy Committee) and the estimated financial documents for the current fiscal year. An overview of the off-balance sheet commitments of the Group, for which a report is issued for the consolidated half-year and annual financial statements, was also carried out by the Finance Department.

The Committee supervised the execution of the 2017 internal audit plan and the main conclusions of the most significant audits. The Committee also reviewed and monitored progress in the internal control plans defined in conjunction with the main Group entities. The Committee also reviewed the internal audit and internal control plans for 2018.

The Committee analyzed the risk presentation prepared by the Management Committee with support from the Risk and Investment Department, as well as the measures taken to manage identified risks. The Committee regularly took stock of the major litigation cases in progress. The Committee also reviewed the Group's tax position, particularly in view of the developments that took place in fiscal year 2017, as well as the insurance policy.

In 2017, the Committee approved the fees paid to the Statutory Auditors. The Committee also gave its prior approval to the tasks assigned to the Statutory Auditors outside of their audit responsibilities and reviewed, at the end of 2017, the applicable procedure in this area. The Committee also examined the question of renewal of the term of office of EY as the Company's incumbent Statutory Auditor. Furthermore, at its request, the Committee may meet with the Statutory Auditors without Company management being present.

The Appointments and Governance Committee

4 meetings
100% attendance

75%
Independent Directors

Composition

The Appointments and Governance Committee is composed of four members: Anne Lauvergeon (Chairwoman), Valérie Bernis, Nicolas Bazire and Lorenz d'Este.

With Anne Lauvergeon, Lorenz d'Este and Nicolas Bazire qualifying as independent, the proportion of independent Directors is 75% of the Committee members, in line with the recommendations of the AFEP-MEDEF Code.

The Chief Executive Officer is not a member of the Appointments and Governance Committee, in accordance with the AFEP-MEDEF Code. He participates in Committee meetings when the succession plan for the main executives of the Group is discussed. He is involved in the selection process for new Directors (with the Chairman of the Board of Directors), as well as other Committee work. In addition, he does not participate in discussions regarding his own position.

Missions

The Board of Directors tasks the Appointments and Governance Committee with the following:

- regularly reviewing the principles and independence criteria relating to members of the Board of Directors considered to be independent Directors;
- examining all applications for appointment to a seat on the Board of Directors or as a Board observer, where applicable, and formulating an opinion and/or recommendation to the Board of Directors on these applications;
- formulating all pertinent recommendations regarding the composition of Committees;
- preparing, in due course, recommendations for the successor to the Chief Executive Officer and, where necessary, the Chairman of the Board of Directors;
- preparing the discussions of the Board of Directors regarding the appointment of one or more Chief Operating Officers;
- periodically reviewing the succession plan for members of the Management Committee and the main executives;
- ensuring that the Company applies rules in the area of governance, especially the recommendations of the AFEP-MEDEF Code;
- formulating recommendations on governance issues that fall under the competence of the Board of Directors, especially with regard to implementing differentiated rights for certain categories of shareholders.

The Committee is also consulted on appointments to positions on the Management Committee. It is informed beforehand of the changes to managerial structures in the Group and of changes in its senior executives.

Lastly, the Committee is tasked by the Board of Directors with issuing an opinion on any new office that the Chief Executive Officer might consider holding in a listed French or foreign company. The Committee was also informed of any new office held by a Director in a listed French or foreign company (including on a Committee).

Activity in 2017

In 2017, the Appointments and Governance Committee met four times, with an attendance rate of 100%.

The main issues addressed by the Committee were questions relating to governance, such as evaluation of the functioning of the Board and Committees, review of the independence of Directors, review of the composition of the Board of Directors and Committees and the detailed review of succession plans, which are then reviewed in the presence of all Directors at the annual strategy seminar. Ahead of the October 2017 strategy seminar, a first meeting of this sort was held where all issues relating to the succession of Management Committee and Executive Committee members (including the Chief Executive Officer) were discussed. In addition, according to the SUEZ governance principles and in line with the best practices, the Chairman of the Board of Directors ensures, in coordination with the Chief Executive Officer and the Chairwoman of the Appointments and Governance Committee, that the necessary work is carried out, in particular within this Committee, so that the Board of Directors is in a position to take decisions on the succession of corporate officers in due time.

The Compensation Committee

3 meetings
93% attendance

66% Independent Directors

Composition

The Committee is composed of four members: Lorenz d'Este (Chairman), Pierre Mongin, Agatta Constantini and Anne Lauvergeon.

In accordance with the recommendations of the AFEP-MEDEF Code, a Director representing employees is thus a member of this Committee.

As Lorenz d'Este and Anne Lauvergeon are independent Directors, the Committee is two-thirds composed of independent Directors (excluding the Director representing employees).

Missions

The Committee is responsible for:

- setting the Chief Executive Officer's targets each year, which will subsequently serve as a reference in assessing his performance and in determining the portion of his compensation that is performance-based, and to assess, in due course, the level at which these performance criteria were achieved;
- making recommendations to the Board of Directors on compensation, retirement and employee benefit schemes, benefits in kind, and other cash entitlements, including, when applicable, the allocation of a long-term compensation in the form of stock options to subscribe or purchase shares of the Company, as well as the allocation of bonus shares or cash to the Chairman, Chief Executive Officer, and if applicable, the Chief Operating Officers;
- preparing the Board's work on issues related to employee shareholding and long-term incentive plans;
- making recommendations to the Board of Directors on the compensation of directors and, if applicable, any Board observers.

Activity in 2017

In 2017, the Committee met three times, with an attendance rate of 93%.

The Committee reviewed the variable compensation of the Chief Executive Officer, compensation of the Management Committee and the amounts and distribution of Directors' fees, as it does yearly. The Committee examined the long-term compensation in cash plan, as well as the exceptional compensation plan envisaged in the context of the acquisition of GE Water. Finally, the Committee monitored the implementation of the Sharing 2017 employee shareholding plan.

The Strategy Committee

4 meetings
78% attendance

57% Independent Directors

Composition

During fiscal year 2017, the composition of the Strategy Committee changed, with Francesco Caltagirone being appointed a member of this Committee, replacing Gilles Benoist.

The Strategy Committee is thus composed of eight members: Gérard Mestrallet (Chairman), Agatta Constantini, Isabelle Kocher, Ines Kolmsee, Nicolas Bazire, Francesco Caltagirone, Isidro Fainé Casas and Guillaume Pepy.

Ines Kolmsee, Nicolas Bazire, Francesco Caltagirone and Guillaume Pepy are independent Directors. The Committee is thus 57.1% composed of independent Directors (excluding the Director representing employees).

Missions

The Strategy Committee gives its opinion and submits a recommendation to the Board of Directors concerning:

- the strategic objectives set by the Board of Directors or proposed by the Chief Executive Officer; and
- all significant projects submitted to the Board of Directors involving internal and external growth, disposal, strategic agreements, alliances and partnerships.

Upon presentation of a report by the Chief Executive Officer, the Committee carries out a strategy review once a year, which it submits in due time to the Board of Directors.

Activity in 2017

In 2017, the Strategy Committee met four times (twice jointly with the Audit and Financial Statements Committee), with an attendance rate of 78%. The main issues addressed by the Committee related to the 2017-2022 medium-term plan (reviewed jointly with the Audit and Financial Statements Committee), the acquisition of GE Water, the implementation of the partnership with the Caisse de Dépôt et Placement du Québec, the change in the asset portfolio and preparation of the Board of Directors' strategy seminar.

All of the Directors met in October 2017 for a one-day strategy seminar during which the Directors discussed the Group's strategy and its operational implementation and reviewed in particular the developments in the deployment of Group strategy, the main lines of development (especially in the fields of industry and agriculture, as well as digital and innovation), investment and divestment projects under consideration, aspects of the Group's transformation, aspects in matters of human capital and the roadmap for sustainable development.

The Ethics and Sustainable Development Committee

3 meetings
100% attendance

67% Independent Directors

Composition

The Ethics and Sustainable Development Committee is composed of four members: Delphine Ernotte Cunci (Chairwoman), Valérie Bernis, Lorenz d'Este and Enric Xavier Amiguet i Rovira.

With Delphine Ernotte Cunci (Chairwoman) and Lorenz d'Este qualifying as independent, the proportion of independent Directors is 67% of the Committee members (excluding the Director representing employees).

Missions

The Ethics and Sustainable Development Committee ensures compliance with the individual and collective values on which the Group bases its actions and the rules of conduct that all staff members must follow.

These values include the Group's specific responsibilities with respect to environmental protection and improvement and sustainable development. The Group ensures that the necessary procedures are in place to:

- update the Group's current Ethics Charter and ensure that it is circulated and applied;
- ensure that French and foreign subsidiaries implement the Group's Ethics Charter, taking into account the domestic legal and regulatory framework of the country where they carry out their business;
- carry out training programs intended to support the circulation of the Group's Ethics Charter;
- obtain from the various Group companies information on the solutions they have selected for issues presented to their own Committee.

The Ethics and Sustainable Development Committee reviews and evaluates:

- the Group's sponsorship and philanthropic initiatives;
- the health and safety policies implemented, including their objectives and results;
- the risk management systems and policies involving corporate social responsibility and sustainable development.

Activity in 2017

In 2017, the Committee met three times, with an attendance rate of 100%.

The main topics addressed by the Committee were the health and safety policy with the 2016 review and the draft action plan to be implemented in 2017, the environmental and industrial risk management policy, and the quality of drinking water and the conformity of wastewater. The Committee drafted a 2016 review of sustainable development indicators and established a roadmap for the 2017-2020 period.

The ethics policy was also reviewed with the presentation of the Ethics Officer's 2016 report and the 2017 action plan. Furthermore, the Committee examined the policy in terms of gender and salary equality and diversity, and actions to be implemented and also reviewed training in the context of the Group's transformation in France and the Social Report as of December 31, 2016. Finally, the Committee reviewed the non-financial ratings attributed to the Group.

4. Principles and criteria for the determination, distribution and allocation of compensation and benefits of any kind granted to corporate officers

This point is addressed in detail in chapter 15 of the Reference Document.

5. Corporate governance code

The Company follows the corporate governance recommendations defined by the French Association of Private Companies (AFEP) and the Movement for the Companies of France (MEDEF) in the AFEP-MEDEF corporate governance code for listed companies (hereinafter the "AFEP-MEDEF Code"). The latest version of this code, dated November 2016, can be viewed on the website www.medef.fr.

At its meeting of October 28, 2008, the Board of Directors acknowledged and fully accepted the AFEP-MEDEF recommendations of October 6, 2008 relating to the compensation of executive corporate officers, which are perfectly consistent with the policy of transparency that the Company supports. The Company referred to the latest version of the AFEP-MEDEF Code published in November 2016 for the preparation of this Report on corporate governance.

The recommendations of the AFEP-MEDEF Code are fully respected by the Company.

6. Specific terms and conditions governing shareholder participation in Shareholders' Meetings

The terms and conditions governing shareholder participation in Shareholders' Meetings are set forth in the Company bylaws under section VI, Shareholders' Meetings, Articles 20-23.

The terms and conditions governing shareholder participation in Shareholders' Meetings and their right to vote are also explained in chapter 21.2 of the Reference Document.

For the Combined Shareholders' Meeting of May 10, 2017, the attendance rate was 68.4%. SUEZ also set up an electronic method of notifying shareholders of meetings and 3,037 shareholders agreed to receive the notice of the 2017 Shareholders' Meeting by e-mail. Finally, in 2012, SUEZ was one of the first companies to enable all of its shareholders, including holders of bearer shares, to vote online through the VOTACCESS system. Hence, 4,200 shareholders used the VOTACCESS online voting platform made available by the Company.

7. Factors likely to have an impact in the event of a takeover bid

Factors likely to have an impact in the event of a takeover bid, as listed in Article L. 225-37-5 of the French Commercial Code, are set forth in sections 18.3.2 and 21.2.6 of this Reference Document.

8. Authorizations and delegations of authority granted by the Shareholders' Meeting

The authorizations and delegations of authority in effect were approved by the Company's Shareholders' Meetings of April 28, 2016 and May 10, 2017.

Authorization/Delegation of authority	Period of validity	Authorized cap	Amount used	Balance
1 Authorization granted to the Company to trade in its own shares (2017 Shareholders' Meeting, Resolution 10)	18 months from 5/10/2017	Up to a maximum holding of 10% of the share capital	0.81% as of 12/31/2017	9.19% of the share capital
2 Cancellation of treasury shares (2017 Shareholders' Meeting, Resolution 11)	26 months from 5/10/2017	10% of the share capital per 24-month period	EUR 8,000,000 [d]	9.68% of the share capital
3 Share capital increase, with shareholders' preferential subscription rights, by issuing common shares and/or any transferable securities granting access to the Company's equity securities or granting rights to the allocation of debt securities (2017 Shareholders' Meeting, Resolution 12)	26 months from 5/10/2017	EUR 451 million [a]	Not used	
4 Share capital increase without shareholders' preferential subscription rights, by a public issue of the Company's common shares and/or any transferable securities granting access to the Company's equity securities or granting rights to the allocation of debt securities (2017 Shareholders' Meeting, Resolution 13)	26 months from 5/10/2017	EUR 226 million [a] [b]	EUR 189,873,416 [e]	EUR 36,126,584

Authorization/Delegation of authority	Period of validity	Authorized cap	Amount used	Balance
5 Issue, through an offer as set out in Article L. 411-2-II of the French Monetary and Financial Code (a "private placement"), of common shares and/or transferable securities granting access to the Company's capital, without shareholders' preferential subscription rights (2017 Shareholders' Meeting, Resolution 14)	26 months from 5/10/2017	EUR 226 million [a] [b]	Not used	
6 Increase, by up to 15% of the initial issue, in the number of shares to be issued in the event of a capital increase, with or without shareholders' preferential subscription rights (2017 Shareholders' Meeting, Resolution 15)	26 months from 5/10/2017	Up to 15% of the original issue [a] [c]	Not used	
7 Share capital increase in consideration of contributions in kind consisting of equity securities or securities granting access to the capital (2017 Shareholders' Meeting, Resolution 16)	26 months from 5/10/2017	EUR 226 million (up to 10% of capital) [a] [b]	Not used	
8 Share capital increase in consideration for securities contributed as part of a public exchange offer initiated by the Company, without shareholders' preferential subscription rights (2017 Shareholders' Meeting, Resolution 17)	26 months from 5/10/2017	EUR 226 million [a] [b]	Not used	
9 Share capital increase by through issues of shares or securities granting access to the share capital reserved for members of a company savings plan without shareholders' preferential subscription rights for those employees (2017 Shareholders' Meeting, Resolution 18)	26 months from 5/10/2017	EUR 40 million [a]	EUR 36,216,784 [f]	EUR 3,783,216
10 Share capital increase, without shareholders' preferential subscription rights, in favor of the class(es) of named beneficiaries, as part of the implementation of the SUEZ group international shareholding and savings plans (2017 Shareholders' Meeting, Resolution 19)	18 months from 5/10/2017	EUR 12 million [a]	EUR 3,695,336 [g]	EUR 8,304,664
11 Allocation of bonus shares in connection with an employee shareholding plan (2017 Shareholders' Meeting, Resolution 20)	26 months from 5/10/2017	0.05% of the share capital	140,512 shares allocated by way of matching contribution under the Sharing 2017 plan	170,169 shares
12 Free allocation of performance shares	26 months as from 4/28/2016	0.5% of the share capital	Not used	

(a) Resolution 21 of the 2017 Shareholders' Meeting set a limit on the total nominal amount of capital increases that may be carried out, immediately or in the future, pursuant to Resolutions 12 to 20 of the 2017 Shareholders' Meeting of EUR 451 million for issues of shares and/or transferable securities representing debt or similar securities conferring entitlement to the Company's share capital and of EUR 3 billion for issues of transferable securities granting access to equity securities to be issued by the Company, or which grant entitlement to the allocation of debt securities.
(b) Common ceiling of a nominal amount of EUR 226 million, to which the total nominal ceiling set in Resolution 21 of the 2017 Shareholders' Meeting will be assigned.
(c) Subject to the ceiling of the authorization under which the issue is decided.
(d) Cancellation of 2 million shares on February 28, 2018.
(e) Issue of 47,468,354 new shares pursuant to Resolution 13, representing a capital increase of EUR 749,999,993.20 (including EUR 189,873,416 of nominal value and EUR 560,126,577.20 of issue premium), in connection with financing the acquisition of GE Water & Process Technologies.
(f) Issue of 9,054,196 new shares pursuant to Resolution 18, representing a capital increase of EUR 109,646,719.54 (including EUR 36,216,784 of nominal value and EUR 73,429,935.54 of issue premium), in connection with the Sharing 2017 employee shareholding plan.
(g) Issue of 923,834 new shares pursuant to Resolution 19, representing a capital increase of EUR 11,358,376.04 (including EUR 3,695,336 of nominal value and EUR 7,663,040.04 of issue premium), in connection with the Sharing 2017 employee shareholding plan.

The Board of Directors

17 employees

17.1 Human Resources

17.1.1 A Human Resources management policy serving the transformation of the Group

Urban and demographic growth, climate change, the digital revolution and the ensuing new community expectations are the major challenges for the Group, linked to an uncertain economic environment in the traditional countries where it operates and to intensifying competition. Faced not only with these challenges, but also with the multiple opportunities that they create, the Group has been undertaking a profound transformation for several years in its businesses by transforming its historical activities of water and waste into business models based on the principles of the circular economy, adapting its organization with the creation of a Group incorporating industrial services assembled under a unique brand, boosting its international growth capacities while conserving a development potential in its mainstay countries.

The Human Resources management policy related to this transformation, incorporating the personal desires and efforts of the employees of the Group, has enabled the business to remain competitive and to maintain a rhythm of regular growth.

The Group's General Management decided to accelerate this transformation by giving itself more room and the priority to boost its commercial effort and to invest in new markets by relying on more intensive innovation. This acceleration is reflected in the establishment of more integrated organizations which are better adapted to the change needed in the decision processes: fewer hierarchical lines, further cooperation, cross-discipline expertise and more shared support functions.

The Group has improved several Human Resources management measures, focusing in particular on enhancing the internal professional mobility policy, with intensification of the training systems, skills development and specific expertise so that the workers can take better advantage of career opportunities related to the changes in the Group's markets and businesses.

This support concerning Human Resources management of the Group's acceleration and transformation is provided in cooperation with all of the internal stakeholders, through continuous dialogue with the managers, the employees and the social partners.

17.1.2 Values and ethics

SUEZ has made ethics an indispensable element of its global performance. Employee development and mutual respect are central to the values and ethics promoted by the Group.

The Group's ethics policies are derived from the fundamental principles that guide our conduct and are supported by the Ethics Charter:

- strict respect for laws and regulations;
- a culture of integrity;
- loyalty and honesty;
- respect for others.

The Group strives to maintain quality human relationships: listening and accountability are the foundations of respect. In this context, it is the responsibility of management to enable all employees to perform their jobs in good physical and psychological conditions.

SUEZ's desire to be one of the leaders of the Resource Revolution will only be attained with the support of its managers and their ability to mobilize their teams.

To support management, the Group has conducted an important workshop devoted to defining five shared Leadership Attitudes:

- commitment: ability to develop and show commitment to oneself and to others;
- customer focus: ability to anticipate, understand and respond to customer needs;
- entrepreneurial spirit: ability to anticipate problems and opportunities;
- cooperation: ability to understand and use organization and resources for more efficiency;
- learning from differences: ability to research various points of view and enrich our understanding of our ability to act more efficiently.

The Group has included the commitment to ethics in the "Commitment" Leadership Attitude.

We have shared the new version of SUEZ's Leadership Attitudes with the HR teams including the commitment to ethics, so they can distribute this new version to all employees.

In addition, SUEZ has developed and rolled out a simple and user-friendly HR system: "Talent'Up". This Group HR tool now enables each of its employees to showcase all their skills and expertise, manage their goals and share their career aspirations. This platform, which will eventually be shared by all employees (90,000 people), is also an opportunity for SUEZ to make its HR practices consistent for the entire Group and offer employee career paths that are tailored to each employee's goals and ambitions. The Talent'Up platform includes an assessment completed by the employee and manager on how the employee, their team and their business segment apply and comply with SUEZ's standards of ethics on a daily basis.

17.1.3 Our Human Resources strategy

Developing everyone's talents

SUEZ's talent policy has a dual objective: develop its employees, support them in building enriching career paths and enable the Group to grow and be agile in its transformation.

The entire People Review process has been deployed in the entities of the SUEZ group. This process makes it possible for all employees from each entity to have a performance review and to offer means of development to each one. In fact, at all job levels in the organization, the employees of the Group benefit from support that enables them to grow (training, internal mobility, career interviews, etc.). Additionally, Human Resources Directors from the various entities define, together with management, all of the key roles in the organization of each of its entities. The purpose of this is to address the current and future development requirements of the Group. The People Reviews are also an opportunity for all entities to carry out a comprehensive review of "Talents", with the strongest potential abilities identified as Talent For Key Roles (TFKR).

These Talents for Key Roles (TFKR) are identified based on three criteria:

- ready: current and past performance;
- willing: prepared to change;
- able: potential for development.

Once identified, the TFKR will form a talent pool for the various succession plans for our key roles.

These Talents are reviewed through career specific monitoring at the Group level.

In order to develop its TFKR, SUEZ makes a Development Center available to all its entities (French and international). The main goal of the Development Center is to make it possible for Talents to assess their skills through a comprehensive and structured procedure based on the Leadership Attitudes. The Development Center allows them to assess where they stand in terms of skills and to reflect, accordingly, on their development.

Two new Development Centers within the Group are being rolled out in late 2017 and early 2018;

- a 100% digitized Digital Development Center enabling the Group to keep in touch with the most geographically remote Talents in the Group;
- a "Topex" Development Center to support young executives as soon as they are appointed.

The People Reviews are also an opportunity for Operating Management to identify Group experts, who are then validated by a technical committee. These experts, who are part of the Group's key staff, participate in a specific development program that serves to better communicate and share their expertise. In 2017, 50 people followed a dedicated program: "Learning from Experts".

Identifying employee potential is a local management process. Whether identifying future Top Executives or the best experts for tomorrow, the use by managers of the tools available to them guarantees progress and success. This approach is supplemented by a battery of People Reviews that allow us to provide every person at every level (local and central) with an individualized and appropriate response.

Developing skills remains a determining factor in the Group's Career Management policy. Factors that contribute to this objective mainly include the clear positioning of functions up to the highest organizational levels, specific methods of recognition, and dedicated training programs.

In addition, in France, the Group offers a Graduate Program for young talent with a passion for sustainable resources management. The Graduate Program is a true program for excellence that aims to attract and support students in higher education to management or expert-level positions, offering them opportunities to join, grow and develop within the Group.

In 2018, the program was enhanced with:

- permanent contracts upon entry into the program;
- opportunities in the world of start-ups.

At the end of 2017, 14 new people were hired to join the Graduate Program starting at the beginning of 2018.

Encouraging internal mobility

In order to achieve its ambitions worldwide, the Group has to rely on employees who can adapt constantly, and who are flexible enough to use their skills wherever they are most useful.

While professional mobility is the key to meeting an activity's requirements with flexibility, it is also a lever of development for employees and a true source of personal enrichment for staff.

The Group encourages mobility by offering employees a particularly abundant and diversified area to build varied, motivating and educational career paths.

Commitments have been made to facilitate and better organize internal mobility and to optimize the Career Management of employees.

Internal mobility involves extraordinary effort by HR teams to improve processes, transparency and cooperation among subsidiaries. This dynamic is based on:

- The creation of a department dedicated to international mobility comprising two teams working together: a division in charge of international mobility talent management and the International Mobility Center of Excellence.

  With the creation of this department, the Group primarily aims to:

  - grow the number of transfers between the Group's various entities,
  - share the expertise among its pool of employees that are interested in international mobility,
- The dedicated mobility platform: "Move'Up": accessible *via* intranet as well as from the internet for internal employees who do not have a workstation. Move'Up is a tool that helps employees with their mobility plans by guiding them through each essential phase of the mobility process, step by step, and by answering frequently asked questions. All of the tools necessary to move to a different position are available: internal job offers, mobility policy, a how-to guide, business guides, employee video testimonials, etc.

- More specifically in France: a full-time team dedicated to internal mobility has been set up. Before any job openings are published externally, they are reviewed by this team to find internal candidates as a priority. Team members also receive all employees who are seeking internal mobility in order to have a pool of available talent for job openings.

  The team organizes weekly Mobility Committee meetings, which enable HR managers in the subsidiaries to share information on employee mobility and open positions, improve their mutual understanding of the various business activities and identify bridges between them.

In 2017, a total of 3,608 people participated in the mobility program, a 10.6% increase compared to 2016.

In France, 783 managers were part of the mobility program.

Excluding positions reserved for recent graduates, at the end of December 2017, 60.5% of vacancies were filled through the mobility program (the population of managers in France), down compared to the 62.3% figure registered in 2016.

Training is a fundamental concern

For SUEZ, developing people is key to the Group's transformation as well as to its social and societal responsibilities. Our ambition for 2021, as mentioned in the SUEZ Sustainable Development Roadmap, is to train more than 80% of the Group's employees and make "apprenticeship for all" a reality within the Group.

- The creation of the "SUEZ Academy" in 2017 marked a major turning point in the Group's Learning ambition.

  The SUEZ Academy is an international center of excellence that offers learning solutions for Group managers. It is going to promote an adapted and harmonized corporate culture and strengthen employee engagement, innovation and performance through the Group.

  The SUEZ Academy's creation represents a new step in our development because it enables us to:

  - develop our employees' skills and work on performance to overcome current and future challenges around the world,
  - focus on critical skills,
  - support the Company's digital and cultural transformation.

  Seven academies offer rich and innovative programs tailored to SUEZ's business:

  - the Leadership academy,
  - the Digital and Innovation academy,
  - the Technical academy,
  - the Sales and Marketing academy,
  - the Health and Safety academy,
  - the Operational Excellence academy,
  - the Cross-disciplinary Functions academy.

  To guarantee the excellence of the programs offered by SUEZ Academy, the academy will be based on an ecosystem:

  - SUEZ's expertise in learning: to meet the needs of its current and future customers, SUEZ has developed a range of targeted apprenticeship solutions based on its expertise in water and waste service management,
  - the "Learning Lab" is dedicated to educational experimentation and innovation, new types of work and collaborative apprenticeship. It supports all SUEZ academies to improve training systems and to exchange and promote innovation using a network approach,
  - the network of in-house trainers: provides its expertise in training programs and technical assistance.

The SUEZ Academy must make it easier for managers to work together within the network and must become one of the biggest levers of SUEZ's cultural transformation.

- In addition, "iLearn", SUEZ's digital platform, has continued growing in terms of learners connected and the number of resources dedicated to the Group's businesses. In collaboration with the experts and with the Technical Jobs Committees (CTM), the Water and Waste Learning department within the Learning and Diversity Department manages, coordinates and develops the basic technical modules available in French, English and Spanish. More than a dozen were created in 2017.
- 2017 was a year where the communication of the Leadership Attitudes to the business units was strengthened and where HR was committed to rolling them out locally in harmony with existing management programs.

  In support of the launch of Leadership Attitudes, the Learning and Diversity Department of SUEZ set up three development programs for managers aimed at developing their leadership:

  - learning with stakeholders,
  - learning from differences,
  - learning from others.

Several sessions of these three programs, which attendees loved, were organized in 2017 in different locations around Europe.

In addition to time for training identified as such, it is appropriate to include informal apprenticeship situations that are integrated into the daily working environment. Since 2012, each entity of the Group accounts for this time as well as the populations benefiting from it, and then transmits it to the Learning & Diversity Department of Human Resources. In 2017, 742,323 training hours were catalogued by SUEZ entities and are re-usable for informal apprenticeships.

A constructive social dialogue

Social dialogue within the Group is based on an information and consultation process of the European Works Council (EWC) and the France Group Works Council (FGWC). In this spirit, the social partners and Group Management meet regularly to exchange viewpoints, negotiate, enter into agreements and ensure their implementation.

Beyond these geographic boundaries, SUEZ is working towards organizing and energizing the employee representative bodies as established by the regulations of local labor law. In 2017, 91.3% of employees of the Group were covered by a social dialogue system, either directly within their legal entity connection, or at a more comprehensive level. It is also to be noted that the stakeholders are committed to developing innovative social dialogue systems. As such, after appointing employee Directors to the Board of Directors, the Group has striven to train its representatives to support their integration onto the Board. As a result, employee Directors receive individualized training based on their needs (finance, compensation and company benefits, technology, languages, personal development, etc.) enabling them to both carry out their term of office as a Director on the Board of Directors and enhance their skills and employability at the end of their term of office.

THE EUROPEAN WORKS COUNCIL (EWC)

The European Works Council covers 12 European countries (France, Germany, Belgium, the Netherlands, Spain, Finland, Italy, Luxembourg, Poland, the Czech Republic, the United Kingdom and Sweden) representing 59,261 employees. It is comprised of 28 members from these 12 countries. It has a role of information and consultation on policies and changes in the Group.

This Council met three times in plenary sessions during 2017 and was consulted on large-scale Group projects, especially in terms of strategy and operational and commercial performance, such as the acquisition of GE Water. Furthermore, bi-monthly meetings with the European Works Council Secretariat allow for regular communications by this body regarding Group current events.

As part of the roll-out of the professional equality agreement signed on March 31, 2015, a follow-up committee meeting was held to identify the progress made on the action plans in each country involved in the agreement.

Stakeholders created a joint working group on Digital Innovation to anticipate and support the digital transformations inherent in the Group's business activities and in the nature of work. A first meeting for discussions took place during the fourth quarter of 2017. The next meetings will focus on studying the impacts of digital transformation on HR. Lastly, the Group continued the management training cycle on health/safety which began in 2016 so that all title holder and deputy members of the EWC are trained on the health/safety principles taught to managers of SUEZ group.

THE FRANCE GROUP WORKS COUNCIL (FGWC)

The France Group Committee covers French companies in which the Group holds over 50% of the share capital. It represents 31,249 employees and has 28 members whose role is to provide information on the Group's strategy at the French level. In 2017, the Council held two plenary sessions.

Highlights in terms of social matters for the SUEZ group in France were as follows:

- assistance for transformation of social support measures by:
  - setting up a joint *ad hoc* committee to monitor the transformation of social support measures (three meetings in 2017),
  - bringing together Employee Representative Bodies to implement procedures to support the transformation of the support functions pertaining to the framework agreement on social support measures of the transformation of the support functions signed in September 2016 (digital platform, EIC, EME, etc.);
- signing of a Group agreement on enhancing union careers on February 14, 2017, the main points of which were:
  - relating the assignments that members of the Employee Representative Bodies carried out to their professional development,
  - striking a balance between an employee's commitments in the union and preserving/building their professional development to maintain the elected employees' employability,
  - ensuring that managers raise awareness of and take into consideration social dialogue, the roles and assignments of Employee Representative Bodies and agreement stipulations when an employee assumes a union term of office;
- negotiating the right to disconnect and the choice to be connected.

17.1.4 Diversity and Equal Opportunities

Since 2010, SUEZ has devised a Group Diversity policy and joint initiatives with all the business units.

A Diversity Committee for France was formed with Jean-Louis Chaussade and all departments whose roles involve successfully meeting these commitments: Human Resources, communications and responsible purchasing as well as employee-representative unions.

Fundamental principles of the Diversity policy

These principles are shared with all SUEZ companies – in France and abroad – to strengthen their ability to integrate diversity to meet their social and business challenges.

They include:

- considering inclusion and diversity as part of SUEZ's responsibility as an employer to improve innovation capacities as well as the Company's performance, and thus contributing to social progress for society as a whole;
- anchoring our commitment to make inclusion and diversity a known strength to improve the Group's economic and societal performance. Our commitment is based on three guidelines: ensuring inclusion and diversity in skill set backgrounds; fostering creativity and innovation; stepping up our business responses and making our customers happy;
- focusing on topics of strategic importance for inclusion and diversity: gender diversity, people with disabilities, social inclusion and sexual orientation. Most companies around the world are dealing with these topics as well, though the importance of these topics may vary or be defined differently.

Action programs

- Action programs are the operational implementation of commitments made by the Group in its Sustainable Development Roadmap for 2017 – 2021, which include:
  - **priority 1,** be a collaborative, open and responsible Company: promote diversity and well-being at work,
  - **priority 2,** contribute to the common good : contribute to local development and the attractiveness of territories.

► **Gender diversity roadmap**

Gender diversity itself is not a matter of diversity in the direct sense; however, the mechanisms behind how women are looked over for certain jobs (male-dominated jobs, management or executive-level jobs) do fall under this scope.

The Group has armed itself with numerous ambitious initiatives to transition from commitment-oriented to results-oriented.

Several levers were activated simultaneously to increase the number of women among our Topex employees, talents, managers, experts and technicians, and to grow our talent pools by working on hiring, mobility and Career Management. The Group's management authority is responsible for monitoring the Roadmap.

► **Initiatives planned:**

Globally, the Group's companies all over the world are rolling out a set of shared initiatives, such as:

- internal and external communication campaign on gender diversity and increasing the proportion of women in key positions and businesses; visibility of the Company's initiatives through partnerships,
- training: leadership development; coaching,
- mentoring: fourth program expanded to all companies in Europe and abroad,
- SUEZ Women Network: working groups and think tanks; participation in global events,
- raising awareness: creating topical guides (parenthood, sexism); philosophical workshops on the idea of gender diversity.

► **For 2017, key figures regarding the proportion of women in the Group are as follows:**

- women account for 21.1% of the workforce,
- the Management Committee comprises 30% women, and women account for 18% of Topex positions,
- women who hold management positions amount to 27.4%,
- 18% of talents are women.

► **Disability roadmap**

Taking disability into account varies substantially from one country to another, both from the standpoint of whether people with disabilities are more taken care of by society or by families, from people's perception of disability and what is recognized or not, and ultimately translating these perceptions into law, either requiring or choosing not to require companies to employ people with disabilities.

In France, companies with at least 20 employees must have a disability inclusion policy. Labor regulations stipulate that 6% of a company's workforce must be people with disabilities; if a company falls below this requirement, they have to pay a contribution to AGEFIPH, a fund management organization for the professional integration of people with disabilities.

To do this, SUEZ:

- leverages direct employment: through new hires and measures to encourage the recognition of person with disability status (RQHT), a process based on initiatives related to quality of life in the workplace and well-being at work,
- purchases services or products from companies that employ people with disabilities: protected sector – ESAT (formerly "CAT") and the adapted sector – EA (formerly *Atelier protégé*).

In 2016, in France, the Group reached 3.6% (excluding reductions and weighting), which included 84% through direct hires and 16% through indirect employment *via* purchases from the protected and adapted sector.

LABELS AND CERTIFICATIONS IN FRANCE

► **Diversity Label**

Certified by ANFOR in July 2014 for French entities, the Group's processes and practices were deemed in compliance during an intermediary audit in 2016.

At the end of these audits, a committee of diversity specialists, an operating body from the Diversity Committee for France, develops a roadmap containing:

- essential Group actions, meaning actions necessary to keep the Label,
- additional Group actions demonstrating the Group's desire to undertake a continuous progress approach,
- actions recommended by the auditor that are specific to each business unit.

► **Top Employer**

SUEZ has received the Top Employer certification in France for the fourth year in a row. This certification recognizes the quality of the Group's HR policy: HR policies and practices and employee working conditions.

The certification verifies nine major HR subjects: talent management strategy; workforce planning; performance management, training and development, inclusion, leadership development, professional development management and succession plans; compensation and benefits; corporate culture.

Analyzed across entities according to six focus areas: strategy and policy; responsibilities of General Management; practices; measures/assessment of practices; specific key performance indicators (KPIs); tech support (specific software).

The certification strengthens our brand as an employer, contributes to HR development and innovation through benchmark and analysis reports and opens up the opportunity for meetings and discussions on HR best practices with other Top Employers.

Units dedicated to integration

ROLE OF THE SUEZ SOCIAL INNOVATION DIVISION

The social innovation division aims to make SUEZ group a committed player in developing job opportunities for all and supporting the emergence of new local economies (social, collaborative, circular) in favor of ecological transition.

The role of the Social Innovation Division is to "make employment and the circular economy come together" in the regions where SUEZ operates by increasing collaboration with local players.

Concretely, the Social Innovation Division brings together, pools together and organizes the Group's expertise in social integration and innovation to support the needs of the BUs as much as possible, and particularly as that relates to:

- ► responding to the social aspect of calls for tenders (with or without integration clauses) to make social innovation a way to set the Group apart;
- ► diversifying their hiring channels and opening jobs up to people excluded from the workforce;
- ► forming partnerships with the world of social integration and social economy organizations, and developing new "social business" solutions, which drive job creation and are complementary to SUEZ's business;

- mobilizing the Group's integration tools ("Rebond Insertion", "Valplus") and identifying the right partners;
- developing entrepreneurial programs (incubators dedicated to job seekers) and intrapreneurial programs (with employee-entrepreneurs);
- employee social commitment.

Social innovation takes place on a local level through the *Maison pour rebondir* (the Bounce-back House) program.

Backed by its experience from the "SUEZ social innovation laboratory" created in Bordeaux six years ago, the *Maison pour rebondir* has started expanding into other regions (in the Paris region, in departments 78, 91, 92 and 94 and in Lyon in 2018), and is becoming the operational mechanism for implementing the Group's social innovation measures.

The Maisons Pour Rebondir serve as an internal and external "SUEZ one-stop shop" in the areas where they are located for questions related to integration through employment and through the social and circular economy.

Rebond insertion, a rehiring and integration through temporary work firms (EI and ETTI), offers employment integration solutions for the sorting business.

Rebond insertion specializes in assisting people in difficulty. This Recycling and Recovery subsidiary's areas of focus are:

- support;
- training;
- return to employment.

Rebond insertion offers several paths to return to employment:

- by developing and setting up professional integration and social support projects. Rebond insertion's business activities fall under framework laws pertaining to combating exclusion;
- by helping people reintegrate into the workforce through existing companies that operate in the construction, food services, logistics or environmental sectors;
- by offering support to the newly integrated through a socio-occupational mentoring and leadership team;
- by guaranteeing services throughout the country *via* 12 integration units located in the Nord-Pas-de-Calais, Champagne Ardennes, Île-de-France and Provence Alpes Côte d'Azur (PACA) regions.

17.1.5 Health – safety – quality of life in the workplace

SUEZ's health and safety policy supports ambitious targets for reducing occupational accidents and cutting the number of serious accidents. After having reached its goal of reducing the severity rate by 10% between 2012 and 2016, the Group developed a new roadmap for 2017 – 2021. Results for 2017 were in line with the targets set (8.8 for frequency rate and 0.49 for severity rate), with a frequency rate of 8.54 and severity rate of 0.48 as of the end of December 2017. These results indicate steady improvement for SUEZ group, which is already positioned among the industry's best performing companies in this area. The new 2017 – 2021 Roadmap comprises three priorities: preventing serious and fatal accidents, implementing a "Fair Culture" and increasing manager local presence and follow-up on actions.

Preventing serious and fatal accidents combines both adhering to "Rules that Save Lives" and managing and controlling our major risks. Today, "Rules that Save Lives" apply to both our employees as well as our subcontractors working on-site or at our customers' sites. These ten rules implemented in both the water and waste business in 2013 stem from the analysis of serious and fatal accidents that the Group has experienced over the past ten years. A major effort to raise our staff's commitment is serving as an impetus for managers and operators in all countries in which the Group has operations to strictly adhere to the ten "Rules that Save Lives." The Group also includes its subcontractors and partners in this process. This component is included in every new entity's plan, and this process is currently under way with the new WTS business unit.

In 2016, the Group developed a new approach to major risk oversight with a 'Zero fatal accidents' ambition. The work began with pedestrian – vehicle collision risk at our sites. The initiative, which was initially launched for our Recycling and Recovery (R&R) business activities in Europe, was expanded to all the Group's business activities across the world in 2017. The initiative breaks down into two parts. The first is to equip all the collection vehicles (in the European business units) according to a new safety standard with requirements that exceed European standards. The second is to identify, indicate and organize access to "Restricted Access Areas" (ZAR) on our sites. These ZAR are areas on the sites that have a proven higher risk for pedestrians due to a constant or near-constant presence of moving vehicles. A set of measures are being taken to strictly control access to these areas to make them safer.

We are going to continue and accelerate managing and controlling major risks in 2018. In addition to the ZAR system, all subsidiaries in the waste sector are going to be asked to focus on risk of pedestrian-vehicle collision outside our sites and all subsidiaries in the water sector are going to be asked to work on the issue of lockouts/shut-offs (for electrical, mechanical, tire and hydraulic systems, etc.). In addition, attention to the quality of shielding remains a major concern with regard to our subcontractors, especially in countries where local on-the-job safety requirements are not as stringent as the Group's rules. At water treatment sites, we will continue to rigorously monitor the gaseous chlorine risk to employees and persons living in the vicinity of our plants.

The Group applies this same approach to controlling its health risks. In 2016 and 2017, the subsidiaries conducted a comprehensive review of preventative and protective measures for their major health risks. This ambitious work identified areas for improvement that then enabled the Health and Safety Department to review Group requirements in this area and make them more stringent. Currently, the subsidiaries' mission is to implement effective management and control systems for their health risks. This is particularly the case for R&R France with the prevention of muscular-skeletal disorders (MSDs) in the sorting centers and with using chemical products. The signing of a "Quality of Life in the Workplace" agreement in the Water France business Unit helped

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raise awareness of psychosocial risks with films produced internally and with the assistance of an external consultant.

The second priority is implementing a Fair Culture for all of our business activities around the world. Launched in 2015, the Group's 'Fair Culture' policy and its three pillars (recognizing and sharing best practices, reporting "near accidents" and applying customized disciplinary measures when rules and procedures are not followed) underwent a self-assessment within each of our entities at the end of 2016. 2017 was the first year that actions to develop all three pillars and build a true "fair and balanced safety culture" were implemented across the Group. Additionally, the Health and Safety Department is working with all entities on reporting near accidents and events with high potential of severity with the goal of implementing corrective and proactive actions and preventing serious or fatal accidents.

The third priority, increasing the chain of command's involvement in risk prevention, was put into action by conducting health and safety management visits, following up on corrective actions identified and introducing proactive indicators. Conducting these Health and Safety management visits falls in line with the Group's Fair Culture spirit (recognizing best practices, reporting deviations and following up on corrective actions). The Group successfully increased visible engagement by management in all business units by substantially increasing site visits and sharing best practices.

These three priorities were put into action and managed by a Group-wide process that includes each subsidiary defining their objectives' contractual obligations, implementing a Health and Safety audit program, offering management training and monitoring by the Health and Safety Department using proactive performance indicators.

The Group-wide action plan, prepared by the Health and Safety Department then reviewed and approved by management and the Ethics and Sustainable Development Committee (ESDC), was distributed to all the Group's operating subsidiaries *via* an annual Health and Safety Contract. These "Health and Safety objectives contracts" between the Health and Safety Department and the entities emphatically promote Health and Safety management training, oversight of major risks (with consideration of each entity's specific situation) and certain sensitive operational methods, and include actions on employee health.

These contracts can also be used to evaluate the progress of some priority actions such as the "ZAR" and the Fair Culture roll-out. This "Health and Safety objectives contract" is established with the management of each subsidiary at the beginning of the year and is given a special review at the end of the year to ensure that actions have been implemented and targets achieved.

Regarding the audit program, in 2017, nine Health and Safety audits were carried out by the Group's Health and Safety Department to assess the level of maturity of the health and safety management system and the level of control of Major Risks of the subsidiaries. These audits are based on a Group reference framework that has been established gradually over the course of some 10 years' continuous effort. This reference framework applies when local regulations do not exist or fall short of the Group's standards. The results of these audits show an increase in management leadership relating to Health and Safety, a more competent Health and Safety sector, a more clear-cut definition of roles and responsibilities, improved skills on managing major risks and more employee representative involvement.

The Group has stepped up training managers in "Health and Safety Leadership" (700 managers in 2017, *versus* 450 in 2016) and an equivalent course has been set up for local management both in France and abroad. This training equips managers with approaches and tools to more effectively implement the Group's Health and Safety policy. In late 2017, the Group launched the Health and Safety Academy to offer innovative and strategic training courses to various players in the Group starting in 2018.

Lastly, the Health and Safety Department has set up proactive performance indicators on top of existing reactive indicators (frequency rate, severity rate) to assess the level of our subsidiaries' maturity with regards to their safety culture, and in particular, experience acquired from analyzing accidents and near accidents, discussions on best practices as well as managers' visible engagement through management safety visits.

The effectiveness of this policy, which has cut down the frequency rate by half for SUEZ in 10 years, would not be possible without the personal commitment of management at all levels: Group, business unit, regional, etc. This commitment is illustrated by the involvement of the SUEZ Chief Executive Officer and the Executive Committee in monitoring the "Ten Rules that Save Lives", by updating our Health and Safety policy or ensuring our concept of a fair culture is clearly explained, by deciding to have health and safety managers report directly to business unit operating managers, as well as by giving importance to the subject in performance reviews at all levels of the organization. Operational managers and operators are supported by a network of approximately 800 Health and Safety professionals.

17.2 Social information

17.2.1 Breakdown of employees

As of December 31, 2017, the workforce of the Group totaled 88,576 employees. This represents 4,655 additional employees and a change of +5.5% compared to the end of 2016, and may be broken down as follows:

- an increase of 6,073 employees (+7.2%) due to the scope effect, the main contributors of which are:
  - acquisitions (number of people as at the acquisition date):
    - WTS: acquisition of GE Water (+6,920 employees), Imalog in North America (+50 employees)
    - Recycling and Recovery France: Audeval (+66 employees),
    - Water France: Aquasylva (+13 employees), Onsen (+4 employees) and Hydroforage (+13 employees);
  - newly consolidated entities (number of people at the date of first consolidation):
    - Italy, Central and Eastern Europe: Vak Karlovy Vary (+563 employees), Ondeo Polska (+12 employees),
    - Asia: The Macao Water Supply Company Limited (+265 employees) and Sino French Water Development (+156 employees),
    - Water France: consolidation of the Aqua Nord subsidiary in New Caledonia (+30 employees),
    - AMEI: SUEZ International Sri Lanka (+13 employees),
  - disposals (number of people at the time of disposal):
    - Asia: PT PAM Lyonnaise Jaya (Palyja) (-1,246 employees),
    - Water France: OCEA SMART Building (-434 employees) and Isiom Conseil (-7 employees),
  - newly deconsolidated entities (number of people at the time of deconsolidation):
    - Asia: SCIP Sita and SAJV (-200 employees),
    - Latam: Consorcio Latino and Activitades Comerciales in Peru (-125 employees),
    - Italy, Central and Eastern Europe: MPO Szczecin (-20 employees);
- decrease of 1,418 employees due to organic change, *i.e.*, -1.7%. This corresponds mainly to various contract losses, particularly in Recycling and Recovery France (Star Pacifique, Val Horizon), Water France (Brétigny-sur-Orge, Chilly-Mazarin, Corbeil-Essonnes, Mulhouse, Toulouse and Annonay), Recycling and Recovery Morocco (Nouaceur) and Latam (Rio de Janeiro).

Breakdown of workforce by geographical area

	2015 Number	2016 Number	2017 Number	2017 %
France (metropolitan and overseas territories)	32,969	32,864	31,249	35.3%
Europe (excluding France) [a]	30,566	28,200	28,012	31.6%
North America [b]	3,650	4,264	11,183	12.6%
South America [a]	459	3,102	3,757	4.2%
Africa/Middle East	8,938	8,972	8,555	9.7%
Asia-Pacific	5,954	6,519	5,820	6.6%
Total (XXX) [c]	**82,536**	**83,921**	**88,576**	**100.0%**

(a) The Chilean activities of Agbar are no longer incorporated in Spain (Europe excluding France), but in South America since 2016.
(b) The acquisition of GE Water was fully consolidated in the North America region by convention.
(c) See meaning of (XXX) in section 17.2.6: "Methodological factors in the Social Report".

- In France, staff numbers declined between 2017 and 2016 (-4.9%). This decrease was partly due to the disposal of OCEA SMART Building (-434 employees) and to a loss of contract with Star Pacific (-111 employees).
- In the other European countries, the workforce decreased marginally by -0.7%, or 188 fewer workers this year.
- For the South America region, the workforce rose +21.1% (+655 employees). Note that employees located in Peru (94 people) and in Colombia (302 people) who were accounted for in Europe until end of 2016 are now classified in South America.
- The workforce in North America rose sharply by +162.3% due to fully allocating the acquisition of GE Water (6,920 employees) in North America for the first year of consolidation by convention.
- The Africa/Middle East area decreased -4.6% (-417 employees) compared to 2016, primarily due to a loss of contract with Nouaceur in Recycling and Recovery Morocco (-227 employees).
- The Asia-Pacific region fell sharply: -10.7%, totaling 699 employees. The disposal of Palyja in Indonesia (-1,246 employees) and the deconsolidation of SCIP SITA and SAJV (-200 employees) were partially offset by the full consolidation of SFWD and Macao Water (+421 employees).

Breakdown of workforce by professional category

	2015 Number	2016 Number	2017 Number	2017 %
Executives (XXX) [a]	12,586	12,918	13,868	15.7%
Senior technicians and supervisors (XXX) [a]	17,721	18,545	21,732	24.5%
Manual and non-manual workers and technicians (XXX) [a]	52,229	52,458	52,976	59.8%
Total	**82,536**	**83,921**	**88,576**	**100.0%**

(a) See meaning of (XXX) in section 17.2.6: "Methodological factors in the Social Report".

The proportion of executives increased slightly. It reached 15.7%, compared to 15.4% at the end of 2016.

The 31,249 employees in France can be broken down as follows: 5,805 executives (18.6%), 6,264 senior technicians and supervisors (20.0%), and 19,180 manual and non-manual workers and technicians (61.4%).

Gender breakdown

	2015	2016	2017
Proportion of women in total workforce (XXX) [a]	20.4%	20.6%	21.1%
Proportion of women in management (XXX) [a]	28.2%	28.1%	27.4%

(a) See meaning of (XXX) in section 17.2.6: "Methodological factors in the Social Report".

Within the overall workforce, the proportion of women continues to increase regularly and reached 21.1% at the end of 2017. The number of executives fell from 2016 to 2017 in relative terms, but in absolute terms, the number of women executives within the Group grew from 3,629 in 2016 to 3,802 in 2017. Note that excluding the impact from the acquisition of GE Water, the proportion of women executives reached 28.4%, an increase compared to the end of 2016.

In France, the proportion of women reached 23.2% of the overall workforce and 32.3% among the executives. In 2016, these proportions were 23% and 31.6%, respectively.

Breakdown of workforce by contract type

	2015	2016	2017
Permanent contracts	92.0%	91.4%	92.1%
Fixed-term contracts	6.4%	6.8%	6.1%
Part-time learning and social insertion contracts	1.6%	1.8%	1.8%

The proportion of employees in permanent contracts within the total workforce rose (92.1%), and remains squarely in the majority.

Part-time learning and social insertion contracts account for 1.8% of the workforce and break down as follows:

- 1.5% linked to part-time learning contracts (apprenticeships and professionalization contracts in France, and similar types of contracts in other countries, if they exist). They total 1,322 employees – a marginal increase (1.4% compared to the end of 2016);
- 0.3% of these were linked to social insertion contracts through dedicated Recycling and Recovery France initiatives (SUEZ RV Rebond Insertion). They total 253 employees, *i.e.*, 24 employees more compared with last year.

In France, permanent contract employees total 29,011, employees with fixed-term contract employees numbering 726 and employees in part-time learning and social insertion contracts 1,512. The proportions are 92.8%, 2.3%, and 4.9%, respectively.

Breakdown of workforce by age group (permanent employees only)

	2015	2016	2017
Under 25	2.2%	2.2%	2.3%
25-29	8.3%	8.0%	7.9%
30-34	12.5%	12.3%	12.0%
35-39	13.8%	14.2%	14.2%
40-44	15.7%	15.4%	14.8%
45-49	16.2%	15.9%	15.7%
50-54	15.4%	15.7%	15.3%
55-59	11.4%	11.6%	12.2%
60-64	3.9%	4.0%	4.7%
65 and over	0.6%	0.7%	0.9%

The average age of Group employees is 44.2. The proportion of the workforce under the age of 30 was 10.2%, and employees aged 55 and over represented 17.8% of the workforce.

In France, the average age was 44.2, the proportion of the workforce under the age of 30 was 8.9%, and employees aged 55 and over represented 15.6% of the workforce.

17.2.2 Employment and working conditions

Hiring

	2015	2016	2017
Number of external hires on permanent contracts	7,112	6,024	6,526
Number of external hires on fixed-term contracts	9,718	10,041	9,641
Hiring rate [a]	20.5%	19.0%	19.3%
Hiring rate for permanent posts [b]	42.3%	37.5%	40.4%

(a) Hiring rate: number of hires under permanent and fixed-term contracts/average workforce.
(b) Hiring rate for permanent contracts: number of people hired under permanent contracts/number of people hired under permanent and fixed-term contracts.

The number of external hires under permanent contracts increased by 8.3% (502 people) in 2017 compared to 2016. The primary contributors of this increase are France, with 313 additional hires, and the United States, with 192 additional hires.

The 6,526 external permanent hires in 2017 break down as follows:

- by professional category: 976 executives (*i.e.*, 15.0%), 1,444 senior technicians and supervisors (22.1%), and 4,106 manual and non-manual workers and technicians (62.9%);
- by gender: 1,438 women (*i.e.*, 22.0%) and 5,088 men (78.0%). Among executives: 285 women (29.2%) and 691 men (70.8%);
- by age group: 875 employees under the age of 25 (13.4%) and 1,034 employees aged 50 and over (15.8%).

In France, the Group hired 4,287 new employees in 2017, consisting of 1,488 under permanent contracts and 2,799 under fixed-term contracts. The overall hiring rate was 13.6% and the hiring rate for permanent contracts was 34.7%. The number of new hires under permanent contracts rose 26.3% compared to 2016.

Since 2016, the Group has monitored the transitions from fixed-term contracts to permanent contracts. Thus, 1,346 employees transitioned from fixed-term to permanent contracts this year. The primary countries involved were Spain (322), France (288), Chile (228), Poland (173), and the Netherlands (108). Compared to last year, this represents a 7.4% decline.

Employee turnover

	2015	2016	2017
Number of layoffs	2,207	2,570	2,535
Number of resignations	2,428	2,783	3,553
Number of retirements	1,020	1,094	1,007
Turnover [a]	5.6%	6.3%	7.3%
Voluntary turnover [b] (XXX) [c]	3.0%	3.3%	4.2%

(a) Turnover: number of layoffs and resignations/average workforce.
(b) Voluntary turnover: number of resignations/average workforce.
(c) See meaning of (XXX) in section 17.2.6: "Methodological factors in the Social Report".

Compared to 2016, the voluntary turnover rate increased, reaching 4.2% in 2017. Overall turnover was also up and reached 7.3% in 2017, compared with 6.3% in 2016.

In France, overall turnover was 5.3% and voluntary turnover was 2.3%. The figures were: 952 layoffs, 732 resignations and 466 retirements.

In the Group's database of indicators, contract terminations are counted as layoffs. In France, 35.2% of layoffs are, in reality, contract terminations.

Working hours

	2015	2016	2017
Average weekly number of hours worked per employee [a]	33.2	33.9	33.8
Overtime rate [b]	4.1%	3.9%	4.2%
Proportion of part-time workers among total workforce	4.5%	4.2%	4.0%

(a) On the basis of 52 weeks.
(b) Overtime rate: number of overtime hours/number of hours worked.

In France, overtime represented 2.6% of the total number of hours worked, and part-time workers represented 4.2% of its workforce.

Absenteeism

	2015	2016	2017
Average number of days of absence/person	11.4	11.8	11.6
Of which average number of sick leave (days/person)	7.9	8.2	8.0

Based on a theoretical eight-hour working day, average absenteeism per employee was 11.6 days in 2017. This average is slightly lower in comparison to last year. The Group generally believes that the absenteeism rate is not significant, because it comprises absences of all kinds, including suspended contracts. This rate is also dependent on the social systems and local situations (especially climate) in the countries where the Group operates.

In France, the average length of absence per employee was 12.8 days, of which 8.5 days involved sick leave.

Employees with disabilities

	2015	2016	2017
Employees with disabilities as % of total workforce at end of period	1.8%	1.8%	1.6%
Of which France	3.1%	3.0%	2.4%
Of which Germany	5.4%	5.6%	5.8%

The number of disabled workers is a difficult indicator to track at the Group level, insofar as the notion of disabled worker is not clearly defined in every country in which the Group has operations.

At the end of December 2017, the Group employed 1,422 disabled workers, 144 of whom had been hired that year. Most (73.4%) of the disabled employees counted work in France, Spain or Germany. These three countries, in which the Group's presence is significant, have had laws on hiring disabled persons for several years.

In France, a specific reporting system is used to measure the overall insertion rate. This rate is calculated by adding direct and indirect jobs. Indirect jobs include the number of invoiced contracts in the protected sector, under the terms defined in the mandatory disclosure on disability employment. The rate reached 4.7% for the year 2016 for direct jobs, purchases in the protected sector, welcoming trainees and taking into account of the application of beneficiary units corresponding to decreases (efforts agreed to by the employer and for the ECAP).

Wages and salaries

(in thousands of euros)	2015	2016	2017
Gross payroll	2,803,732	2,874,098	2,947,663
Average gross compensation per employee	34.2	33.9	35.2
Management	69.3	69.6	72.7
Non-executives	27.9	27.5	28.3
Men	34.4	34.1	35.1
Women	33.1	33.2	35.8
Average rate of employer's contributions	35.0%	34.5%	34.6%

The amounts and changes in compensation reflect the Group's compensation policies, but other factors also have a significant influence on the average data: country mix, foreign exchange rates, distribution by socio-economic category, the proportion of part-time employees, and the "Noria" effect.

In France, gross payroll amounted to EUR 1,223 million and average gross compensation per employee was EUR 38,817, of which EUR 39,150 for men and EUR 37,701 for women.

Temporary workers

	2015	2016	2017
Average temporary workforce (FTEs)	6,084	5,907	6,321
As % of average contractual workforce expressed in Full-Time Equivalents (FTE)	7.6%	7.2%	7.7%

The main reasons for employing temporary workers are temporary hiring difficulties, and replacement of absent employees. Temporary workers are hired primarily in the Recycling and Recovery segment.

In France, Group entities employed a total of 3,466 temporary workers, representing 11.3% of the average contractual workforce in FTE terms.

Workplace safety

	2015	2016	2017
Number of fatal accidents (employees) (XXX) [c]	2	6	4
Frequency rate of workplace accidents [a] (XXX) [c]	10.05	9.03	8.54
Severity rate of workplace accidents [b] (XXX) [c]	0.53	0.54	0.48

(a) Frequency rate: number of accidents with sick leave X 1,000,000/number of hours worked.
(b) Severity rate: number of days of sick leave X 1,000/number of hours worked.
(c) See meaning of (XXX) in section 17.2.6: "Methodological factors in the Social Report".

The improvement noted these last few years in the Health and Safety key indicators has continued both in terms of accident frequency and severity rates. In fact, the frequency rate fell 5.4%, and the severity rate fell around 11% compared to 2016. Although the number of fatal accidents in 2017 declined, the Group obviously remains especially committed to continue this improvement and be consistent with its "Zero fatal accidents" ambition.

The gains in overall frequency rates and severity rates are the result of continuous effort within our Water business (frequency rate of 4.99 and severity rate of 0.24 at the end of 2016; frequency rate of 4.74 and severity rate of 0.20 at the end of 2017) and within our Recycling and Recovery business (frequency rate of 12.71 and severity rate of 0.81 at the end of 2016; frequency rate of 11.98 and severity rate of 0.73 at the end of 2017). Regarding occupational illnesses, in the Group (excluding Australia where legislation does not define and does not require monitoring occupational illnesses) the number of new cases recognized within the Group amounted to 52 in 2017 (96 in 2016), including 32 (63 for 2016) in the Recycling and Recovery business and 20 (33 for 2016) in the Water business.

17.2.3 Training

	2015	2016	2017
Number of training hours *(in thousands)* **(XXX)** [a]	**1,420**	**1,443**	**1,309**
Including number of hours of training via e-learning training *(in thousands)*	166	172	189
Number of training hours per person trained *(h/pers)*	**25**	**25.2**	**23.3**
Number of training hours per woman trained *(h/pers)*	26	27	24
Percentage of workforce trained (XXX) [a]	**69.4%**	**67.5%**	**67.2%**
Breakdown of workforce trained by gender			
Women	20.3%	20.6%	20.1%
Men	79.7%	79.4%	79.9%
Breakdown of workforce trained by category			
Management	16.8%	17.1%	16.9%
Senior technicians & supervisors + Manual and non-manual workers and technicians	83.2%	82.9%	83.1%
Training expenses per person trained *(EUR/pers)*	478	504	447
Breakdown of training hours by type of activity *(as a % of total hours excluding e-learning)*			
Business techniques	27.9%	27.4%	29.3%
Quality, Environment, Safety	35.4%	35.4%	36.0%
Languages	7.0%	6.3%	7.6%
Other	29.7%	30.9%	27.1%

(a) See meaning of (XXX) in section 17.2.6: "Methodological factors in the Social Report".

In 2017, training efforts remained significant despite a decline compared to previous years: approximately 1.3 million training hours (including e-learning), 23.3 training hours per person trained and 67.2% of the workforce received training.

The number of training hours *via* e-learning represented 14.4% of total training hours during the year (compared to 11.9% in 2016).

The distribution of workforce trained by gender and category is close to the distribution of total headcount according to these same criteria, with slightly more men than women trained as a percentage of workforce.

Quality, environment and safety remains the primary training area. This domain comprises 36% of the training hours carried out, followed by business techniques (29.3%). It should be noted that training on management and commercial subjects fall under the "other" category and accounted for 8.9% of total training hours.

In France, 57.8% of employees received training (62.5% in 2016). Training expenditure per person trained amounted to EUR 800 (EUR 820 in 2016) and the number of training hours per trained employee was 22.6 hours.

It should be noted that two companies of the Group, (SUEZ Water Advanced Solutions and Process Group Australia), are not in a position to supply or estimate their training data.

17.2.4 Employee relations

	2015	2016	2017
Number of agreements with social partners	371	423	455
Proportion of workers with access to a representation body in their local legal entity	84%	87%	86%

The number of agreements signed in 2017 rose in comparison with 2016. The year over year variations can be explained by the pace of the renewal of preexisting agreements which are not generally annual.

With regard to Health and Safety, the European agreement covers all the European entities. The first agreement transposed within SUEZ after setting up the EWC was signed in Barcelona on June 12, 2014. Outside of Europe, the Group applies the principles of the European agreement on health and safety to its HR policies. In the rest of the world, agreements on health and safety are included in the overall figure of the agreements signed with the social partners shown in the table.

Nearly 38% of agreements signed relate to compensation and social benefits.

17.2.5 Key indicators by geographical area

	France (metropolitan and overseas territories)	Europe (excluding France)	North America [a]	South America [b]	Africa/ Middle East	Asia-Pacific	Total
Number of employees	31,249	28,012	11,183	3,757	8,555	5,820	88,576
Proportion of women in total workforce *(%)*	23.2%	21.6%	23.2%	20.9%	8.5%	22.6%	21.1%
Proportion of executives in the total workforce *(%)*	18.6%	14.4%	15.0%	12.9%	11.2%	15.7%	15.7%
Proportion of permanent contracts *(%)*	92.8%	89.8%	92.5%	92.8%	95.9%	92.8%	92.1%
Average weekly number of hours worked/employee	29.5	33.5	36.6	40.4	40.3	41.3	33.8
Average number of days of absence/employee	12.8	14.6	8.1	10.0	3.4	7.1	11.6
Average number of days of sick leave/employee	8.5	10.6	5.7	8.1	2.0	5.0	8.0
Average gross compensation/employee *(in thousands of euros)*	38.8	32.1	59.8	29.1	11.7	44.6	35.2
Percentage of workforce trained	57.8%	78.9%	88.6%	73.0%	39.7%	77.9%	67.2%
Hiring rate	13.6%	27.7%	29.1%	22.2%	4.7%	20.3%	19.3%
Turnover rate	5.3%	8.7%	12.3%	8.4%	2.4%	12.5%	7.3%

(a) The acquisition of GE Water was fully consolidated in the North America region by convention.
(b) The Chilean activities of Agbar are no longer integrated in Spain but in South America since 2016.

17.2.6 Methodological factors in the 2017 Social Report

Scope

The employment analyses carried out in this report correspond solely to fully consolidated (FC) entities, companies that SUEZ controls in terms of share capital and management. When a company is fully consolidated in the financial statements of SUEZ, 100% of its social data is included, regardless of the percentage of share capital held. Except as noted below, the reporting scope for 2017 showing coverage of the indicator in question as a percentage of Group workforce, was nearly 100% for all indicators.

Tools and methods

Social reporting is based on:

- a network of some 200 individuals around the world who collect and monitor their own entities' indicators at each quarterly HR reporting campaign. This provides feedback through approximately 300 (full consolidation) reporting packages every quarter, corresponding to data from over 800 entities. This network is managed through quarterly meetings (physical meetings for correspondents at French entities and skype meetings for international correspondents). These meetings provide an opportunity for top-down communication, for clarifying the definition of some indicators, sharing best practices and reviewing major points of concern. A collaborative space is also available to all correspondents;
- the "User Guide," which consolidates all definitions and procedures comprising the Group's common reference system, *i.e.*, some 50 primary indicators with various collection criteria (age, gender, etc.) producing approximately 250 social indicators. This guide is available in French and English. It is distributed to all the contributors;
- SUEZ financial consolidation software application based on a dedicated social indicators package, enables the collection, processing, and reporting of data entered by the local legal entities subsidiaries of the Group. Each of these entities, including in the HR phase, is allocated the appropriate financial consolidation method: full consolidation (FC), proportional consolidation (PC), and equity method (EM). An online self-training module on HR Reporting is available to contributors. This module allowed new users to teach themselves how to navigate within the tool and acquire the social indicators requested (definitions, examples and hints). This training helped existing users to deepen their knowledge of the subject matter.

Consolidation and internal control

Once collected, the data is consolidated by the subsidiaries and the Group Human Resources Department (HRD), in accordance with clearly defined procedures and criteria. This data is controlled internally during the following stages:

- automated controls: the Magnitude packages incorporate a certain number of automated controls that allow contributors to ensure the reliability of the information entered at the most detailed level. Contributors also have access to the comments sections, where they can explain significant changes or circumstances specific to their entity;
- subsidiary-level controls: the major subsidiaries control the consistency of the data provided by their entities;
- controls at Group HR level: the Group HR department applies consistency controls to the data of all entities. These controls consist specifically of analyzing changes in indicators from one period to another. In the event of a significant change, the contributor in question is asked to provide a more in-depth analysis, which may result in a correction.

Methodology definitions and limits

We would like to highlight the following points in relation to the data published in this report:

- the breakdown of workforce by geographical area is in line with the reporting segments used in the IFRS financial statements;
- since 2016, the Chilean activities of Agbar were allocated to the South America region. Previously, even though it was located outside Europe, they were allocated to Spain. The workforce numbered 2,640 employees in 2016 and 2,814 in 2017;
- regarding the acquisition of GE Water, all of the workforce was allocated to the North America region for the first year of consolidation. During 2018, the Group is going to implement necessary actions to achieve a more in-depth reporting;
- the French notion of *cadres* (executives) is sometimes difficult to understand in countries other than France, where the Group operates. This may lead to a slight underestimation of the number of executives;
- given the deadlines, the data concerning training is not always finalized and might therefore be based on estimates;
- as regards training, while collecting training hours completed through e-learning is relatively easy in the entities, it is not always as easy to reconcile the number of trainees who received in-person training with the number of trainees who received e-learning training. The risk lies in overestimating the total number of trainees due to double-counting of employees who have received training both in-person and *via* e-learning. Therefore, only two entities (Agbar and SUEZ Water Inc.) count "e-learning" trainees in their trained workforce, because their internal tracking systems enable them to avoid the risk of double-counting;
- note that the figures on occupational illness have been reported on a global basis since 2014. Nevertheless, the Group continues to improve the organization and the quality of its reporting on this subject. In fact, the concept of employer recognition of occupational illness, which applies in France, is not found in most countries worldwide. As a result, there may be discrepancies in the way data on occupational illnesses is calculated owing to differences in local practices and regulations.

External audit

As in previous years up to 2007, the SUEZ group (now ENGIE) and its BUs hired the specialized services of the Statutory Auditors to verify four social indicators for 2008. Since 2009, the Group has renewed this request by increasing the number of verified indicators to 15, 12 of which are given with reasonable assurance, indicated by the special characters "XXX". Since 2014, gross salaries, and since 2017, the rate of employees covered under social dialog systems (at the Company level or on a more global level) have been subject to a moderate assurance review. The nature of the work and findings of the Statutory Auditors can be found in section 6.8.5 of this Reference Document.

17.3 Employee incentives and employee shareholding

17.3.1 Employee incentives and profit sharing (France)

Each subsidiary of the Group in France has implemented profit sharing agreements (pursuant to the mandatory provisions of French law). Incentive agreements (optional in France) have also been implemented within the following companies: SUEZ International, some companies of Water France and around half the French subsidiaries of Recycling and Recovery France.

These arrangements for 2016 produced the following results in 2017:

- EUR 19 million was paid out under profit sharing agreements, benefiting 18,530 employees at an average of approximately EUR 1,039 per beneficiary;
- at the same time, EUR 22 million was paid out under incentive agreements, benefiting 22,975 employees at an average of around EUR 958 per beneficiary.

In total, incentive and profit sharing agreements represented EUR 41 million, *i.e.*, 2.2% of the gross payroll including employer's contribution to the companies concerned, an increase of 16% compared to the EUR 35.5 million paid out in 2016.

17.3.2 Group Salary and Pension Savings Plan

In 2016, SUEZ started a process to simplify employee incentive management for all Group employees, which resulted in the passing of a single savings plan and one single administrative representative. It was also decided to make available a range of financial investments (funds) that are entirely socially responsible (ISR). Employees also benefited from waived arbitration fees between the different funds and plans proposed.

In order to make this change easier, collective transfers had taken place in order to move the savings in the former corporate savings plan and/or in the PEE to the new Group savings plan.

In 2017, this change has made it possible to:

- inform all Group employees in France on a regular basis;
- create a dedicated page for employee incentives and employee shareholding in the Group's social network (Yammer) where employees can get information, discuss topics and ask questions;
- allows employees with savings accounts to use their available employee savings assets to invest in the Sharing 2017 plan (see section 17.3.3).

Group savings plan (PEG)

The PEG, set up in 2011, intended for all the employees of the Group companies in France was replaced by the new PEG, for which an agreement was signed between the social partners on April 15, 2016.

The new PEG serves as a mechanism for acquiring SUEZ shares *via* a Company mutual fund and for the allocation of free bonus shares. It also offers the option of investing in a diversified range of fully socially responsible savings vehicles.

GOVERNANCE OF THE SYSTEM

The application of the new PEG agreement is managed by a monitoring committee made up of four members from Management and four members by Trade Union organization signatory.

These funds, invested in SUEZ shares within the Group savings plan, are managed by Supervisory Boards, which are 50% composed of representatives of employee bearers of shares and 50% of management representatives. The Supervisory Board exercises the voting rights attached to shares held by the Company mutual fund.

Group Pension Savings Plan (PERCO)

SUEZ offers a Group Pension Savings Plan (PERCO) through an agreement signed on December 10, 2013 with the social partners. This program offers employees of the Group in France the possibility of establishing long-term savings to supplement pension benefits at an attractive tax rate.

The SUEZ PERCO offers a range of diversified investments and a choice of plan management adapted to the investment period and employee life goals.

A Supervisory Board for dedicated PERCO funds is set up yearly. It is comprised of equal numbers of employee and management representatives.

At the end of 2017, 19,544 Group employees had savings in the PERCO, with assets representing a little more than EUR 58 million.

International Group Savings Plan (PEGI)

In 2011, SUEZ set up an International Group savings plan "PEGI" aimed at all employees of the Group's companies around the world.

The PEGI was created to serve as a mechanism for acquiring shares of the Group *via* a Company mutual fund and the allocation of free bonus shares.

17.3.3 Employee shareholding

Since its IPO, the Company has prioritized employee shareholding both as a way to involve the Group's employees over the long-term in its business development plans and to increase the share of equity held by employees, with a target of 5%.

Employee shareholding programs in place

SUEZ has set up several programs to encourage employee shareholding:

- in 2009, the first worldwide bonus share allocation plan. 68,000 employee beneficiaries in over 40 countries received 30 shares;
- in 2011, an employee share issue, called "Sharing 2011", subscribed by 18,679 employees in 19 countries;
- in 2013, the second worldwide bonus share allocation plan. 79,000 employee beneficiaries in over 32 countries received 38 shares;
- in 2014, a second employee share issue, called "Sharing 2014", subscribed by 16,519 employees in 22 countries;
- in 2017, a third employee share issue, called "Sharing 2017", subscribed by 21,845 employees in 20 countries.

DELIVERY OF THE ENGIE 2012 AND SUEZ 2013 BONUS SHARE PLANS

Employees of SUEZ and its controlled or fully consolidated companies as of September 30, 2012 were allocated 15 ENGIE bonus shares by the Board of Directors of October 30, 2012, and 38 SUEZ bonus shares by the Board of Directors of January 17, 2013. The shares were to be delivered to the beneficiaries at the end of a three- or four-year vesting period, depending upon the country and subject to meeting a service condition on the vesting date. After the delivery of the shares to the beneficiaries based in France, Spain, Italy, New Caledonia and French Polynesia which took place in 2015, the beneficiaries based abroad (except for Spain and Italy) satisfying the service condition stipulated by the plan and for which the share acquisition date was November 2, 2016 received 15 ENGIE shares. They also received 38 SUEZ shares on January 19, 2017. Vested shares were registered in a registered account on behalf of the beneficiary or in a mutual fund.

IMPLEMENTATION OF THE THIRD EMPLOYEE SHARE ISSUE FOR "SHARING 2017"

In September 2017, SUEZ launched SHARING 2017, its third employee share issue in France and abroad.

76,000 employees in 20 countries were eligible to participate in Sharing 2017: Belgium, Brazil, Canada, Chile, China, the Czech Republic, France, Germany, Hong Kong, India, Italy, Luxembourg, Macao, Morocco, the Netherlands, Poland, Spain, Sweden, the United Kingdom, and the United States.

This third subscription offer falls under the Group's employee shareholding development policy as mentioned above, and more closely connects employees to the Group's growth and performance, demonstrating their confidence in its industrial and commercial development.

As part of the Sharing 2017 offer, SUEZ has proposed two formulas to its employees:

- one formula called "classic", with a discount and Company contribution, in which the subscriber is exposed to share price fluctuations. In France, employees received a Company match as part of the savings plan. Abroad, the Company contribution has taken the form of a free allocation of shares. In the United Kingdom, alternatively, a Share Incentive Plan (SIP) has been implemented;
- a "multiple" formula (through an exchange contract with a structuring bank) in which the subscriber receives at maturity a minimum of the amount of his/her personal contribution, to which is added either a guaranteed return or, if higher, a multiple of the performance of the SUEZ shares. In the United States, Canada, Chile, China, Italy, Poland and Sweden, the multiple formula has been adapted in accordance with local legislation and carried out by an alternative "stock appreciation rights" mechanism.

Shares have been subscribed for by beneficiaries either directly or *via* a company mutual fund, depending on the country of residence. Those who subscribed to the offer will be required to hold the shares until December 19, 2022, unless the shares are released early.

In all of these formulas (except for the SIP), the subscription price equaled 80% of the average opening price of SUEZ shares on Euronext Paris for the 20 trading days preceding the date of the decision that sets the opening date of the subscription period, *i.e.*, EUR 12.31 per share.

The transaction, which was definitively closed on December 19, 2017, was wildly popular among employees. In fact, the offer was oversubscribed by 129% compared to the amount proposed, and 21,845 employees in 20 participating countries subscribed, coming to 29% of eligible employees (*versus* 22% for the previous transaction in 2014). As a result, this transaction led to the issue of 9,978,030 new shares representing a capital increase of EUR 121 million.

Participation of employee shareholders

As of December 31, 2017, the total number of shares held by the Group's employees under the definition of the law for growth, activity and equal economic opportunities, the so-called "Macron Law" of August 6, 2015, directly in individual registered accounts or through Company mutual funds, totaled 3.81% of share capital. In accordance with that same definition, at the end of December 2016, this figure was 2.69% of share capital.

Because the 3% share equity threshold was exceeded at December 31, 2014, the Shareholders' Meeting of May 12, 2015 decided to change the Company Bylaws so as to appoint a Director to represent employee shareholders, in accordance with Article L. 225-23 of the Commercial Code. This nomination was voted on by the SUEZ Shareholders' Meeting held on April 28, 2016 and as a consequence a Director representing the employee shareholders sits now on the Board of Directors.

17.4 Pensions and other employee benefit obligations

A description of the pensions and other employee benefit obligations appears in Note 18 to the Consolidated Financial Statements in chapter 20.1 of this Reference Document.

17

18 major shareholders

18.1 Breakdown of share capital as of December 31, 2017

As of December 31, 2017, the Company's share capital totaled EUR 2,493,450,316. It consisted of 623,362,579 shares with a par value of EUR 4 each, representing 623,362,579 voting rights.

As of December 31, 2017, the number of shares without voting rights (shares held by the Company within the share buyback program described in section 21.1.3 of this Reference Document) totaled 5,067,913 shares, hence a total number of exercisable voting rights of 618,294,666.

The voting rights of the Company's major shareholders are no different from those of other shareholders.

The principal events affecting the Company's share equity in 2017 were:

- the capital increase of January 19, 2017, by the issuance of 1,176,328 new shares related to the delivery of the balance of the bonus share plan granted on January 17, 2013 to beneficiaries outside France, Italy and Spain;
- the capital increase on March 28, 2017 by issuance of 338,621 new shares due to the delivery of performance shares under the "4+0" sub-plan dated March 27, 2013 for beneficiaries of all countries except for France, Belgium and Spain;
- the capital increase on May 24, 2017 by issuance of 47,468,354 new shares to finance a portion of the GE Water & Process Technologies acquisition price;
- the capital increase on December 19, 2017 by issuance of 9,978,030 new shares as part of the "Sharing 2017" employee share issue.

The following table shows the number of shares and percentages of capital and voting rights held by the Company's major shareholders, based on information available on the date this Reference Document was prepared.

	As of December 31, 2017			As of December 31, 2016			As of December 31, 2015		
Shareholders	Number of shares held	% of shares held	% of exercisable voting rights	Number of shares held	% of shares held	% of exercisable voting rights	Number of shares held	% of shares held	% of exercisable voting rights
ENGIE	199,233,320	31.96%	32.22%	183,815,133	32.57%	32.68%	182,057,355	33.55%	33.67%
Criteria Caixa [a]	36,545,000	5.86%	5.91%	32,373,830	5.74%	5.76%	30,669,422	5.65%	5.67%
Employee shareholding [b]	23,728,152	3.81%	3.84%	15,179,049	2.69%	2.70%	22,570,010	4.16%	4.17%
Caltagirone [c]	21,680,174	3.48%	3.51%	20,000,000	3.54%	3.56%	N/A	N/A	N/A
Treasury shares	5,067,913	0.81%	0.00%	1,914,796	0.34%	–	1,959,749	0.36%	–
Other	337,108,020	54.08%	54.52%	311,118,438	55.12%	55.31%	305,386,932	56.28%	56.48%
Of which free float	*337,108,020*	*54.08%*	*54.52%*	*311,118,438*	*55.12%*	*55.31%*	*305,386,932*	*56.28%*	*56.48%*
Total	**623,362,579**	**100%**	**100%**	**564,401,246**	**100%**	**100%**	**542,643,468**	**100%**	**100%**

(a) Shares held by Criteria Caixa are subject to a lock-up period until September 2018.
(b) Including the shares from the bonus share allocation plans and the performance shares held in registered accounts by employees of the Company and its subsidiaries.
(c) The shares held by the Caltagirone group, through the companies Gamma, FINCAL, VIAPAR SO.FI.COS and VIAFIN, are subject to a lock-up period until September, 2020.

Pursuant to Article L. 233-13 of the French Commercial Code and to the knowledge of SUEZ, as of December 31, 2017 there were no shareholders other than those mentioned above holding 5% or more of the share capital or voting rights directly, indirectly or together.

As of the date of this Reference Document, the Company's share capital totaled EUR 2,485,450,316. It consisted of 621,362,579 shares with a par value of EUR 4 each, representing 621,362,579 voting rights. The change since December 31, 2017 is due to the capital reduction carried out by the Company on February 28, 2018 by canceling 2,000,000 shares.

18.2 Major shareholders' voting rights

Each Company share entitles the holder to one voting right.

The Combined Shareholders' Meeting of May 12, 2015 approved a resolution to maintain the principle of "one share, one vote" thus excluding double voting rights, in accordance with Article L. 225-123 paragraph 3 of the French Commercial Code.

18.3 Control of the Company

18.3.1 Absence of control of the Company

No third party exercised control over the Company in 2017.

It is emphasized that ENGIE has no longer held exclusive control over the Company since July 23, 2013, due to the termination of the Shareholders' Agreement concerning the Company that was signed on June 5, 2008, in the context of the IPO of the Company, by ENGIE, Groupe Bruxelles Lambert, Sofina, the Caisse des Dépôts et Consignations, Areva, CNP Assurances and the Company. A description of the Shareholders' Agreement is available in section 18.3.1 of the Company's 2013 Reference Document.

ENGIE remains the primary shareholder of the Company and is a strategic long-term partner of SUEZ.

18.3.2 Factors likely to have an impact in the event of a takeover bid

The information below, dated December 31, 2017, is provided in compliance with the provisions of Article L. 225-37-5 of the French Commercial Code:

- the Company's ownership structure is described in chapter 18.1 of this Reference Document;
- there are no restrictions in the Bylaws on the exercise of voting rights or the transfer of shares or clauses of agreements notified to the Company pursuant to Article L. 233-11 of the French Commercial Code;
- direct or indirect shareholdings in the Company of which it is aware by virtue of Articles L. 233-7 (threshold crossing declaration) and L. 233-12 of the French Commercial Code are described in chapter 18.1 of this Reference Document;
- there are no holders of shares with special control rights;
- the operating mechanisms built into the Company's employee shareholding program are described in chapter 17.3 of this Reference Document;
- to the Company's knowledge, there are no agreements between the shareholders that could lead to restrictions in the transfer of shares and in the exercise of the Company's voting rights. Criteria Caixa has committed to hold its shares in the Company until September 2018; said commitment would no longer apply in the event of a takeover bid on the shares of the Company; Caltagirone has also made a commitment not to transfer its shares in the Company until September 2020. However, this commitment does not apply in the event of a takeover bid on the shares of the Company if this offer has received a favorable opinion from the Board of Directors of the Company;
- the rules applicable to the nomination and replacement of members of the Board of Directors are set out in chapter 21.2 of this Reference Document;
- the powers of the Board of Directors for the issuance or buy back of shares are presented in chapter 21.1 of this Reference Document;
- the Company may enter into agreements containing clauses which could, under certain conditions, lead to their early termination in the event of a change of control of the Company, some of which could, according to the Company, have an impact in a takeover bid. These include:
  - certain financing agreements, as mentioned in Note 13 to the Consolidated Financial Statements in chapter 20.1 of this document for the year ended December 31, 2017, including bonds issued under the EMTN program set up by the Company, the issues of undated deeply subordinated notes, known as "hybrids", carried out in 2014, 2015, and 2017, the syndicated loan set up in February 2010 renegotiated in 2011 and 2014, maturing in 2021 and in the amount of EUR 1.5 billion, providing the change of control is accompanied by a downgrade of the Company's rating to below a certain threshold;
- there is no agreement providing for the payment of severance pay to a Board Director (including the Chief Executive Officer) if that person resigns or is dismissed following a takeover bid.

18.4 Agreement that may result in a change of control

None.

18.5 Summary of transactions made by persons indicated in Article L. 621-18-2 of the French Monetary and Financial Code during the year ended December 31, 2017

Transactions in 2017 by the persons indicated in Article L. 621-18-2 of the French Monetary and Financial Code

Name of shareholder	Date of transaction	Nature of transaction	Amount	Price/share
Gérard Mestrallet [a]	3/27/2017	Acquisition of shares	EUR 15,014	EUR 14.05
	5/23/2017	Subscription of shares	EUR 2,970	EUR 15.80
	5/24/2017	Subscription of shares	EUR 9,132	EUR 15.80
Jean-Louis Chaussade	5/24/2017	Subscription of shares	EUR 98,260	EUR 15.80
	12/19/2017	Subscription of mutual fund units	EUR 90,308	EUR 12.31
Angel Simon	5/24/2017	Subscription of shares	EUR 389,941	EUR 15.80
	12/19/2017	Subscription of shares	EUR 140,494	EUR 12.31
Jean-Marc Boursier [b]	5/19/2017	Sale of shares	EUR 98,302	EUR 16.20
	5/24/2017	Subscription of shares	EUR 9,986	EUR 15.80
	12/19/2017	Subscription of mutual fund units	EUR 34,708	EUR 12.31
Francesco Caltagirone	6/19/2017	Acquisition of shares	EUR 32,605	EUR 16.30
Isabelle Calvez	12/19/2017	Subscription of mutual fund units	EUR 22,683	EUR 12.31
Christophe Cros	5/24/2017	Subscription of shares	EUR 14,994	EUR 15.80
	7/28/2017	Purchase of mutual fund units	EUR 4,651	EUR 15.20
	12/19/2017	Subscription of mutual fund units	EUR 3,308	EUR 12.31
Marie-Ange Debon	5/24/2017	Subscription of shares	EUR 9,480	EUR 15.80
	6/2/2017	Exercise of stock options	EUR 62,735	EUR 15.49
	6/2/2017	Sale of shares	EUR 66,420	EUR 16.40
	6/7/2017	Exercise of stock options	EUR 14,716	EUR 15.49
	6/7/2017	Sale of shares	EUR 15,713	EUR 16.54
	8/2/2017	Exercise of stock options	EUR 10,378	EUR 15.49
	12/19/2017	Subscription of mutual fund units	EUR 24,708	EUR 12.31
Jean-Yves Larrouturou	7/28/2017	Purchase of mutual fund units	EUR 15,984	EUR 15.20
	12/19/2017	Subscription of mutual fund units	EUR 50,308	EUR 12.31
Denys Neymon	11/1/2017	Sale of shares	EUR 81,845	EUR 14.99
	12/19/2017	Subscription of mutual fund units	EUR 40,308	EUR 12.31
Frédérique Raoult	4/5/2017	Sale of shares	EUR 151,592	EUR 14.77
	5/23/2017	Redemption of mutual fund units	EUR 20,610	EUR 16.21
	7/28/2017	Purchase of mutual fund units	EUR 15,300	EUR 15.20
	12/19/2017	Subscription of mutual fund units	EUR 32,308	EUR 12.31

(a) This information includes information relating to individuals closely related to Mr. Gérard Mestrallet.
(b) This information includes information relating to individuals closely related to Mr. Jean-Marc Boursier.

In addition, Criteria Caixa and ENGIE declared to have acquired SUEZ shares for an amount of EUR 7,691,987 and EUR 243,607,355 respectively.

Number of shares held by members of the Board of Directors as of December 31, 2017

	Number of shares held as of December 31, 2017
Gérard Mestrallet	19,564 shares [a]
Jean-Louis Chaussade	80,619 shares and 17,844 units of the SUEZ Actionnariat France mutual fund [b]
Enric Xavier Amiguet i Rovira [c]	63 shares and 41.4 units of the SUEZ Shareholding international mutual fund [b]
Nicolas Bazire	2,000 shares
Miriem Bensalah-Chaqroun	2,000 shares
Valérie Bernis	2,608 shares [a]
Francesco Caltagirone	2,000 shares
Agatta Constantini [c]	137 shares and 155.9 units of the SUEZ Actionnariat France mutual fund [b]
Delphine Ernotte Cunci	2,000 shares
Lorenz d'Este	2,139 shares
Isidro Fainé Casas	2,000 shares
Judith Hartmann	2,000 shares [a]
Isabelle Kocher	4,100 shares [a]
Ines Kolmsee	2,000 shares
Anne Lauvergeon	2,570 shares
Pierre Mongin	2,000 shares [a]
Guillaume Pepy	2,087 shares
Jérôme Tolot	28,093 shares [a]
Guillaume Thivolle [c]	38 shares and 446.5 units of the SUEZ Actionnariat France mutual fund [b]

(a) Of which 2,000 shares as a loan granted by ENGIE.
(b) Mutual fund units acquired as part of the Group's Employee Shareholding plans.
(c) Directors representing employees and employee shareholders not subject to the statutory obligation of owning 2,000 shares.

This table was prepared on the basis of information provided to the Company by the Directors.

19 related-party transactions

Parties related to the Company include, among others, the Company's major shareholders, its non-consolidated subsidiaries, companies under joint control (proportionately consolidated companies), associates (equity affiliates), and entities on which various Company officers exercise at least a significant influence.

A breakdown of transactions with these related-parties for fiscal years 2017 and 2016, particularly ENGIE and its subsidiaries, appears in chapter 20.1, Note 24 of this document. The transactions are not significant at the level of the SUEZ group.

The special report of the Statutory Auditors on the related-party agreements and commitments appearing in chapter 26.3 of this Reference Document describes the notified transactions.

Guarantees and counter-guarantees

The Company and ENGIE agree that all commitments involving guarantees, bonds, comfort letters, surety and any other similar commitments granted by ENGIE in respect of commitments made by Company subsidiaries to third parties have been transferred to the Company or any subsidiary acceptable by ENGIE. For any commitments unable to be transferred, the Company, or a subsidiary acceptable by ENGIE, must provide ENGIE with a counter-guarantee.

20 financial information relating to the company's assets, financial situation and results

20.1 Consolidated Financial Statements

20.1.1 Consolidated statements of financial position

(in millions of euros)	Note	December 31, 2017	December 31, 2016
Non-current assets			
Intangible assets, net	10	4,161.9	4,223.0
Goodwill	9	5,587.2	3,646.9
Property, plant and equipment net	11	8,467.5	8,279.8
Available-for-sale securities	13	127.1	138.3
Loans and receivables carried at amortized cost	13	728.6	739.9
Derivative financial instruments	13	149.5	198.2
Investments in joint ventures	12.1	1,003.9	915.7
Investments in associates	12.2	1,020.4	980.8
Other assets		274.5	292.2
Deferred tax assets	7	697.2	783.1
Total non-current assets		**22,217.8**	**20,197.9**
Current assets			
Loans and receivables carried at amortized cost	13	136.6	139.4
Derivative financial instruments	13	89.5	31.2
Trade and other receivables	13	4,689.7	4,041.4
Inventories		471.0	262.7
Other assets		1,650.7	1,492.6
Financial assets measured at fair value through income	13	56.9	62.3
Cash and cash equivalents	13	3,058.1	2,924.7
Total current assets		**10,152.5**	**8,954.3**
Assets held for sale	11	–	131.8
Total assets		**32,370.3**	**29,284.0**
Shareholders' equity, Group share		6,562.3	5,495.9
Non-controlling interests	16	2,503.7	1,869.9
Total Shareholders' equity		**9,066.0**	**7,365.8**
Non-current liabilities			
Provisions	17	1,574.9	1,573.7
Long-term borrowings	13	9,760.6	8,665.5
Derivative financial instruments	13	26.4	45.6
Other financial liabilities	13	43.1	10.4
Other liabilities		893.6	931.1
Deferred tax liabilities	7	556.2	654.5
Total non-current liabilities		**12,854.8**	**11,880.8**
Current liabilities			
Provisions	17	505.8	505.8
Short-term borrowings	13	2,004.4	2,499.8
Derivative financial instruments	13	38.3	62.8
Trade and other payables	13	3,713.5	3,063.6
Other liabilities		4,187.5	3,812.9
Total current liabilities		**10,449.5**	**9,944.9**
Liabilities directly related to an asset held for sale	11	–	92.5
Total Shareholders' equity and liabilities		**32,370.3**	**29,284.0**

NB: The values in the tables are generally expressed in millions of euros. Rounding may in some cases produce a non-material discrepancy in totals or variances.

20.1.2 Consolidated income statements

(in millions of euros)	Note	December 31, 2017	December 31, 2016
Revenues	4.1	15,871.3	15,322.0
Purchases		(3,092.4)	(2,995.9)
Personnel costs		(4,115.1)	(3,990.2)
Depreciation, amortization and provisions		(1,099.8)	(1,091.3)
Other operating expenses		(6,781.1)	(6,327.1)
Other operating income		289.8	184.1
Current operating income	4	**1,072.7**	**1,101.6**
Mark-to-Market on operating financial instruments		1.3	(1.3)
Impairment on property, plant and equipment, intangible and financial assets		(20.3)	(159.5)
Restructuring costs		(157.6)	(76.1)
Scope effects		77.6	182.9
Other gains and losses on disposals and non-recurring items		33.6	91.3
Rebranding costs		–	(28.1)
Costs linked to the acquisition of GE Water		(44.4)	–
Income from operating activities	5	**962.9**	**1,110.8**
Share in net income of equity-accounted companies considered as core business		211.6	179.0
Of which: share in net income of joint ventures	*12.1*	*92.2*	*84.4*
Of which: share in net income from associates	*12.2*	*119.4*	*94.6*
Income from operating activities after share in net income of equity-accounted companies considered as core business		**1,174.5**	**1,289.8**
Financial expenses		(518.5)	(516.9)
Financial income		89.6	93.4
Net financial income (loss)	6	**(428.9)**	**(423.5)**
Income tax expense	7	(225.4)	(243.5)
Net income		**520.2**	**622.8**
Of which: Group share		301.8	420.3
Non-controlling interests		218.4	202.5
Net Income (Group share) per share *(in euros)*	8	**0.46**	**0.72**
Net diluted income (Group share) per share *(in euros)*	8	**0.46**	**0.70**

20.1.3 Consolidated statements of comprehensive income

(in millions of euros)	December 31, 2017	December 31, 2017 of which Group share	December 31, 2017 of which non controlling interests	December 31, 2016	December 31, 2016 of which Group share	December 31, 2017 of which non controlling interests
Net income	**520.2**	**301.8**	**218.4**	**622.8**	**420.3**	**202.5**
Available-for-sale securities	0.1	(0.1)	0.2	(1.8)	(1.8)	–
Net investment hedges	(4.0)	(4.0)	–	(3.1)	(3.1)	–
Cash flow hedges (excluding commodities)	14.9	12.3	2.6	(15.0)	(17.8)	2.8
Commodity cash-flow hedges	(2.3)	(1.9)	(0.4)	6.2	6.2	–
Deferred taxes on items above	(3.0)	(2.4)	(0.6)	(0.2)	0.6	(0.8)
Share of joint ventures in reclassifiable items, net of taxes	(53.5) [a]	(53.5)	–	(24.0)	(24.0)	–
Share of associates in reclassifiable items, net of taxes	(8.3)	(8.3)	–	(56.3)	(56.3)	–
Translation adjustments	(259.6) [b]	(180.0)	(79.6)	21.9	(113.5)	135.4
Total reclassifiable items	**(315.7)**	**(237.9)**	**(77.8)**	**(72.3)**	**(209.7)**	**137.4**
Actuarial gains and losses	7.6	8.7	(1.1)	(121.0)	(116.0) [c]	(5.0)
Deferred taxes on actuarial gains and losses	19.2	19.2	–	1.8	0.6	1.2
Share of joint ventures in non-reclassifiable items, net of taxes	–	–	–	0.5	0.5	–
Share of associates in non-reclassifiable items, net of taxes	0.1	0.1	–	(8.6)	(8.6)	–
Total non-reclassifiable items	**26.9**	**28.0**	**(1.1)**	**(127.3)**	**(123.5)**	**(3.8)**
Comprehensive income	**231.4**	**91.9**	**139.5**	**423.2**	**87.1**	**336.1**

(a) Impact mainly due to the Chinese yuan.
(b) Impact mainly due to the American dollar, Chinese yuan and Chilean Peso.
(c) This change was explained primarily by the lowering of the discount rate in the actuarial calculation of pensions.

20.1.4 Statements of changes in consolidated shareholders' equity

(in millions of euros)	Note	Number of shares	Share Capital	Premiums	Consolidated reserves	Change in fair value and other	Translation adjustments	Treasury shares	Undated deeply subordinated notes	Shareholders' equity, Group	Non controlling interests	Total
Shareholders' equity at December 31, 2015		**542,643,468**	**2,170.6**	**4,406.8**	**(2,260.2)**	**(171.5)**	**320.6**	**(29.4)**	**982.9**	**5,419.8**	**1,385.6**	**6,805.4**
Net income					420.3					420.3	202.5	622.8
Other comprehensive income items					(123.5)	(69.1)	(140.6)			(333.2)	133.6	(199.6)
Comprehensive income					**296.8**	**(69.1)**	**(140.6)**			**87.1**	**336.1**	**423.2**
Share-based payment					6.8					6.8		6.8
Dividends distributed in cash				(10.9)	(341.8)					(352.7)	(212.5)	(565.2)
Interests of undated deeply subordinated notes issue					(27.5)					(27.5)		(27.5)
Purchase/sale of treasury shares					(2.6)			0.8		(1.8)		(1.8)
Capital increase [a]	15.1	21,757,778	87.0	236.4	7.7					331.1		331.1
Susbcription of non-controlling interests [b]										–	16.9	16.9
Transactions between shareholders [c]					41.3					41.3	106.4	147.7
Business combinations [d]										–	237.8	237.8
Other changes					(8.2)					(8.2)	(0.4)	(8.6)
Shareholders' equity at December 31, 2016		**564,401,246**	**2,257.6**	**4,632.3**	**(2,287.7)**	**(240.6)**	**180.0**	**(28.6)**	**982.9**	**5,495.9**	**1,869.9**	**7,365.8**

(a) The change in the number of shares during 2016 to 21,757,778 was due to an initial issuance of 1,757,778 new shares as compensation for ENGIE's contribution to the SUEZ brand in the amount of EUR 30 million and EUR 0.2 million in implementation costs, and a second issuance of 20,000,000 new shares as compensation for the contribution of an additional 10.85% stake in ACEA by the Caltagirone Group of EUR 303.4 million and EUR 1.0 million in implementation costs. A -EUR 1.1 million adjustment was recorded upon the acquisition of ACEA to reflect the SUEZ daily share price at the time of the capital increase.
(b) Was principally corresponding to the capital increase of Unisuper in Australia.
(c) Was principally corresponding to the dilution without loss of control in some entities of the Group previously owned at 100% and transfered to the SUEZ NWS Limited group.
(d) Was principally corresponding to the 8% acquisition of SUEZ NWS Limited.

(in millions of euros)	Note	Number of shares	Share Capital	Premiums	Consolidated reserves	Change in fair value and other	Translation adjustments	Treasury shares	Undated Deeply Subordinated Notes	Shareholders' equity, Group	Non controlling interests	Total
Shareholders' equity at December 31, 2016		**564,401,246**	**2,257.6**	**4,632.3**	**(2,287.7)**	**(240.6)**	**180.0**	**(28.6)**	**982.9**	**5,495.9**	**1,869.9**	**7,365.8**
Net income					301.8					301.8	218.4	520.2
Other comprehensive income items					28.1	12.3	(250.3)			(209.9)	(78.9)	(288.8)
Comprehensive income					**329.9**	**12.3**	**(250.3)**			**91.9**	**139.5**	**231.4**
Share-based payment					3.0					3.0	–	3.0
Dividends distributed in cash					(366.6)					(366.6)	(205.9)	(572.5)
Issue of new undated deeply subordinated note	2.3								600.0	600.0	–	600.0
Issuance fees of new undated deeply subordinated note	2.3								(2.3)	(2.3)	–	(2.3)
Interests of undated deeply subordinated notes issue					(27.5)					(27.5)	–	(27.5)
Purchase/sale of treasury shares					0.5			(48.4)		(47.9)	–	(47.9)
Delivery of performance shares and bonus shares	15.1	1,514,949	6.0	(6.0)						–	–	–
Capital increase linked to the acquisition of GE Water [(a)]	15.1	47,468,354	189.9	555.7						745.6	–	745.6
Employee share issue [(b)]	2.9	9,978,030	39.9	78.0						117.9	–	117.9
Legal reserve appropriation [(c)]				(23.6)	23.6					–		–
Transactions between shareholders [(d)]					(41.7)					(41.7)	20.4	(21.3)
Business combinations [(e)]											688.4	688.4
Other changes					(6.0)					(6.0)	(8.6)	(14.6)
Shareholders' equity at December 31, 2017		**623,362,579**	**2,493.4**	**5,236.4**	**(2,372.5)**	**(228.3)**	**(70.3)**	**(77.0)**	**1,580.6**	**6,562.3**	**2,503.7**	**9,066.0**

(a) Including a EUR 750.0 million capital increase and -EUR 4.4 million in set up costs for the GE Water acquisition (see Note 2.4).
(b) After the employee share issue ("Sharing 2017"), the share capital rose by 9,978,030 shares, totaling EUR 117.9 million, net of expenses (see Note 2.9).
(c) Following the various capital increases that occurred in 2017, the legal reserve was funded with 10% of the total amount of the capital increases, representing EUR 23.6 million.
(d) Primarily including the acquisition of non-controlling interest of Hydralia in Agbar and the dilution without loss of control in SWTS due to the entry in its shareholders equity of CDPQ.
(e) Including EUR 696.7 million relating to non-controlling interests in GE Water purchased on September 29, 2017 (see Note 2.1), and -EUR 13.1 million pertaining to non-controlling interests in Palyja, sold in 2017 (see Note 2.8).

20.1.5 Consolidated statements of cash flows

(in millions of euros)	Note	December 31, 2017	December 31, 2016
Net income		**520.2**	**622.8**
– Share in net income (loss) of joint ventures	12.1	(92.2)	(84.4)
– Share in net income (loss) of associates	12.2	(119.4)	(94.6)
+ Dividends received from joint ventures and associates		140.8	91.9
– Net depreciation, amortization and provisions		1,100.4	1,190.5
– Scope effects, other gains and losses on disposal and non-recurring items		(111.2)	(270.2)
– Other items with no cash impact		1.5	6.2
– Income tax expense	7	225.4	243.4
– Financial income	6	428.9	423.5
Cash flows from operations before financial income/(expense) and income tax		**2,094.4**	**2,129.1**
+ Tax paid		(192.5)	(147.7)
Change in working capital requirements		**60.5**	**(68.0)**
Cash flows from operating activities		**1,962.4**	**1,913.4**
Investments in property, plant and equipment and intangible assets	3.4.3	(1,177.2)	(1,086.4)
Takeover of subsidiaries net of cash and cash equivalents acquired	3.4.3	(2,724.8)	(142.9)
Acquisitions of interests in associates and joint-ventures	3.4.3	(19.9)	(25.9)
Acquisitions of available-for-sale securities	3.4.3	(18.8)	(26.2)
Disposals of property, plant and equipment and intangible assets		234.1	233.3
Loss of controlling interests in subsidiaries net of cash and cash equivalents sold		8.8	122.7
Disposals of interests in associates and joint ventures		109.1	83.5
Disposals of available-for-sale securities		3.9	48.0
Interest received on non-current financial assets		(5.2)	(4.3)
Dividends received on non-current financial assets		5.0	7.8
Change in loans and receivables issued by the Company and others		(4.1)	(42.6)
Cash flows from investing activities		**(3,589.1)**	**(833.0)**
Dividends paid [a]		(570.8)	(601.7)
Repayment of borrowings	13.2.1	(1,172.2)	(354.6)
Change in financial assets at fair value through income		5.7	(2.0)
Financial interest paid		(364.5)	(358.1)
Financial interest received on cash and cash equivalents		32.4	40.2
Flows on financial derivatives qualifying net investment hedges and compensation payments on financial derivatives		96.5	(28.4)
Increase in financial debt [b]	13.2.1	1,703.6	926.1
Capital increase/reduction [c]		1,592.7	17.0
Partial redemption of undated deeply subordinated note	15.6	–	–
Issue of undated deeply subordinated notes net of costs [d]	15.6	597.7	–
Purchase/sale of treasury shares		(47.9)	(1.7)
Change in share of interests in controlled entities	3.4.3	(61.4)	90.3
Cash flows from financing activities		**1,811.8**	**(272.9)**
Impact of changes in exchange rates and other		(51.7)	38.2
Total cash flows for the period		**133.4**	**845.7**
Opening cash and cash equivalents		**2,924.7**	**2,079.0**
Closing cash and cash equivalents	13	**3,058.1**	**2,924.7**

(a) Including withholding tax and coupon on subordinated notes.
(b) Including the two bond issues under the EMTN program for EUR 1,200 million intended to finance the acquisition of GE Water and EUR 500 million bond loan issued in September 2017 (see Note 2.2).
(c) Including EUR 745.6 million of capital increase net of issue costs in connection with the acquisition of GE Water (see Note 2.4); including a EUR 668 million capital increase of SUEZ WTS subscribed by CDPQ (see Note 2.1 on the acquisition of GE Water's shares); including a EUR 118 million of capital increase net of issue costs under the 2017 Sharing Plan (see Note 2.9 Employee share issue); and a EUR 60 million capital increase of SUEZ NWS Limited subscribed by NWS Holdings Limited (see Note 2.7 to the Consolidated Financial Statements of the 2016 Reference Document chapter 20).
(d) SUEZ issued EUR 597.7 million of deeply subordinated notes, net of issue costs (see Note 2.3).

20.1.6 Notes to the Consolidated Financial Statements

Note 1 Basis of presentation, principles and accounting policies

1.1 Basis of presentation

SUEZ, the Parent Company of the Group, is a French *société anonyme* subject to the provisions of Book II of the French Commercial Code, as well as to all other legal provisions applying to French commercial corporations. It was incorporated in November 2000. The Group's headquarter is in the CB21 tower – 16, place de l'Iris – 92040 Paris-La Défense – France.

The Group is a global player in the management of the water cycle and the waste cycle.

SUEZ is listed on the Euronext Paris (Compartment A) and Euronext Brussels markets since July 22, 2008.

On February 28, 2018, the Board of Directors of SUEZ approved and authorized the publication of the Group's Consolidated Financial Statements for the fiscal year ended December 31, 2017.

1.2 Accounting standards

Pursuant to European Commission Regulation (EC) 809/2004 on Prospectus dated April 29, 2004, the financial information concerning the assets, liabilities, financial position, and profit and loss of SUEZ has been provided for the last two fiscal years ended December 31, 2016 and 2017, and was prepared in accordance with European Regulation (EC) 1606/2002 of July 19, 2002 relating to the application of international accounting standards (IFRS). The Group's Consolidated Financial Statements for the year ended December 31, 2017 were prepared in accordance with IFRS as issued by the IASB and endorsed by the European Union [1].

The accounting standards applied in preparing the financial statements at December 31, 2017 are consistent with those applied in preparing the financial statements of December 31, 2016, with the exception of the items mentioned below in paragraph 1.2.1.

1.2.1 Standards, amendments and interpretations applied for annual periods beginning on January 1, 2017

The standards applied by the Group for the first time starting January 1, 2017 are the following:

- amendments to IAS 7 – Disclosure initiative for statement of cash flows;
- amendments to IAS 12 – Recognition of deferred tax assets for unrealised losses.

Application of these new amendments does not have any major impact on the Group's Consolidated Financial Statements. However, there are impacts on the Group's Consolidated Financial Statements particularly in Note 13.2.1 Financial liabilities.

1.2.2 IFRS standards and amendments applicable after 2017 that the Group has elected not to early adopt

Amendments published by the IASB and adopted by the European Union

- IFRS 9 – Financial Instruments

  SUEZ will apply this standard on the 1st of January 2018 without any comparative information for the year 2017. The impact resulting from the application of this standard on the 1st of January 2018, primarily relates to the rules for taking into account credit risks in the evaluation of trade receivables, the accounting options for non-consolidated equity interests, and restructurings of debt. Impacts of the application of this standard will be non-significant.

- IFRS 15 -Revenue from Contracts with Customers

  SUEZ will apply this standard on the 1st of January 2018 with a comparative information for the year 2017 and a retroactive effect as of the 1st of January 2017. Analyses already carried out by the Group have led to documenting a broad convergence between the methods adopted by the Group and stipulations of IFRS 15. The Group carried out a careful analysis of the contracts managed by the entities representing more than 95% of its activity; and for each group of contracts identified, it reviewed representative contracts for the compliance of current accounting methods with the provisions of IFRS 15. In the context of the activity of the Group – which is mainly carried out on the basis of long-term contracts, and combines (under various legal frameworks and economic models) the construction and management of installations – the main focus points were the identification of distinct performance obligations, the consideration of variable remuneration elements, and respect for the criteria for the progressive transfer of control to customers.

  On the basis of these preliminary studies, the Group prepared applying doctrines for IFRS15 standard and carried out for all business units and consolidated entities an exhaustive census of the consequences of applying IFRS 15.

  Restatements on 2017 financial statements that will occur in 2018 primarily concern specific cases in two business units. One relates to the identification of distinct performance obligation presenting a different profile of transfer of control, the other relates to the payment made to customers formerly analyzed as expenses and analyzed under IFRS15 as turnover reduction.

  As a result:

  - a decrease of net equity Group share as of 1st of January 2017: in the range of EUR 50 million;
  - a decrease of revenues in year 2017: in the range of EUR 90 million;
  - and a non-significant impact on current operating income and on net income Group share.

- IFRS 16 – Leases

  The Group will not early adopt IFRS 16. The impact resulting from the application of this standard is currently being assessed, as well as the transition option to be adopted.

Standards and amendments published by the IASB and not yet adopted by the European Union

- Annual improvements to IFRS 2014-2016 Cycle [1]
- Annual improvements to IFRS 2015-2017 Cycle [1]
- IFRIC 22 – Foreign currency transactions and advance consideration [1]
- IFRIC 23 – Uncertainty over Income Tax Treatments [1]

(1) Available on the European Commission's website: http://ec.europa.eu/internal_market/accounting/index_en.htm.

- Amendments to IFRS 2 – Classification and Measurement of Share-based Payment Transactions [1]
- Amendments to IAS 28 – Long-term Interests in Associates and joint ventures [1]
- IFRS 14 – Regulatory Deferral Accounts [1]

  This standard, whose adoption by the EU is currently not considered, will have no impact on the Group's accounts since it is intended to first-time adopters of IFRS.

- Amendments resulting from the annual improvements to IFRS 2015-2017 Cycle [1].

1.2.3 Reminder of IFRS 1 transition options

The Group used some of the options available under IFRS 1 for its transition to IFRS in 2005. The options that continue to have an effect on the Consolidated Financial Statements are:

- translation adjustments: the Group elected to reclassify cumulative translation adjustments within equity in the consolidated reserves on January 1, 2004;
- business combinations: the Group elected not to restate business combinations that took place prior to January 1, 2004 in accordance with IFRS 3.

1.3 Measurement basis for preparation of the Consolidated Financial Statements

The Consolidated Financial Statements have been prepared using the historical cost convention, except for financial instruments that are accounted for according to the financial instrument categories defined by IAS 39.

Given the limited impact of the entry of GE Water on Group financial indicators, there are no *pro forma* financial statements. However, Group key management indicators communicated in Note 3.2 have been restated and take this operation into account.

1.4 Use of judgment and estimates

The economic and financial crisis continues, while the Group maintains its risk management procedures of its financial instruments. The significant market volatility caused by the crisis is taken into account by the Group in the estimates made such as for its business plans and in the various discount rates used in impairment testing and computing provisions.

1.4.1 Estimates

The preparation of the Consolidated Financial Statements requires the use of estimates and assumptions to determine the value of assets and liabilities, the disclosure of contingent assets and liabilities at the reporting date, as well as the revenues and expenses reported during the period.

Due to uncertainties inherent in the estimation process, the Group regularly revises its estimates in light of currently available information. Final outcomes could differ from those estimates.

The key estimates used by the Group in preparing the Consolidated Financial Statements relate mainly to:

- the measurement of the fair value of assets acquired and liabilities assumed in a business combination;
- the measurement of the recoverable amount of goodwill, property, plant and equipment and intangible assets (see Note 1.5.4.1 and 1.5.7);
- the measurement of provisions, particularly for legal and arbitration proceeding and for pensions and other employee benefits (see Note 1.5.15);
- the measurement of capital renewal and replacement liabilities (see Note 1.5.6);
- the measurement of financial instruments (see Note 1.5.10);
- the measurement of unmetered revenue (see Note 1.5.16);
- the measurement of margin at termination relating to construction contracts (see Note 1.5.13);
- the measurement of capitalized tax loss carry-forward.

1.4.1.1 Measurement of the fair value of assets acquired and liabilities assumed in a business combination

The fair value of the assets acquired and liabilities assumed is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows as well as the discount rate to apply. The values used reflect management's best estimates.

1.4.1.2 Recoverable amount of goodwill, property, plant and equipment and intangible assets

The recoverable amount of goodwill, intangible assets and property, plant and equipment is based on estimates and assumptions regarding in particular the expected market outlook and future cash flows associated with the assets and the discount rate to apply. Any change in these assumptions may have a material impact on the measurement of the recoverable amount and could result in adjustments to the impairment losses to be booked.

1.4.1.3 Estimates of provisions

Parameters with a significant influence on the amount of provisions include the timing of expenditure and the discount rate applied to cash flows, as well as the actual level of expenditure. These parameters are based on information and estimates deemed to be appropriate by the Group at the current time.

To the Group's best knowledge, there is no information suggesting that the parameters used taken as a whole are not appropriate. Furthermore, the Group is not aware of any developments that are likely to have a material impact on the provisions booked.

1.4.1.4 Pensions and other employee benefit obligations

Pension obligations are measured on the basis of actuarial calculations. The Group considers that the assumptions used to measure its obligations are appropriate and documented. However, any change in these assumptions may have a material impact on the resulting calculations.

(1) Available on the European Commission's website: http://ec.europa.eu/internal_market/accounting/index_en.htm.

1.4.1.5 Capital renewal and replacement liabilities

This item includes concession operators' liabilities for renewing and replacing equipment and for restoring sites. The liabilities are determined by estimating the cost of renewing or replacing equipment and restoring the sites under concession (as defined by IFRIC 12), discounted each year at rates linked to inflation. The related expense is calculated on a contract-by-contract basis with probable capital renewal and site restoration costs allocated over the life of each contract.

1.4.1.6 Financial instruments

To determine the fair value of financial instruments that are not listed on an active market, the Group uses valuation techniques that are based on certain assumptions. Any change in these assumptions could have a material impact on the resulting calculations.

1.4.1.7 Revenues

Revenues generated from customers whose consumption is metered during the accounting period are estimated at the reporting date based on historical data, consumption statistics and estimated selling prices. The Group has developed measuring and modelling tools that allow it to estimate revenues with satisfactory degree of accuracy and subsequently ensure that risks of error associated with estimating quantities sold and the resulting revenues can be considered as not material. This estimated unmetered revenue is mainly due to the operating segment Water Europe and amounts to EUR 544 million as of the December 31, 2017.

1.4.1.8 Margin at termination relating to construction contracts

The determination of total expected revenue and costs at termination involves significant estimates related to technical solutions, duration of project and contractual issues.

Management reassesses those estimates for the preparation of Consolidated Financial Statements on a quarterly basis or more frequently if required by significant new developments in the course of the projects. Any significant change in expected revenue or expected costs implies an immediate adjustment of the margin already recognized for the portion of the project already performed, and impacts future margin for works still to be performed. The revenues relating to construction contracts amounts to EUR 874.6 million as of December 31, 2017 and EUR 1,029.5 million as of December 31, 2016.

1.4.1.9 Measurement of capitalized tax loss carry-forwards

Deferred tax assets are recognized on tax loss carry-forwards when it is probable that future taxable profit will be available to the Group against which the tax loss carry-forwards can be utilized. The likelihood of future taxable profits is estimated taking into account the existence of temporary taxable differences from the same tax entity and is passed on to the same deadlines towards the tax authority as well as the estimates of future taxable profits. Estimates of taxable profit and utilizations of tax loss carry-forwards were prepared on the basis of profit and loss forecasts as included in the medium-term business plan and, if necessary, on the basis of additional forecasts.

1.4.2 Judgment

As well as relying on estimates, the Group management also makes judgments to define the appropriate accounting treatment to apply to certain activities and transactions, when the effective IFRS standards and interpretations do not specifically deal with the related accounting issue.

This particularly applies in relation to the recognition of concession arrangements, the classification of agreements that contain a lease, and the recognition of acquisitions of non-controlling interests prior to January 1, 2010.

In accordance with IAS 1, the Group's current and non-current assets and current and non-current liabilities are shown separately on the consolidated statement of financial position. For most of the Group's activities, the breakdown into current and non-current items is based on when assets are expected to be realized, or liabilities extinguished. Assets expected to be realized or liabilities extinguished within 12 months of the reporting date are classified as current, while all other items are classified as non-current.

1.5 Accounting policies

1.5.1 Scope and methods of consolidation

The consolidation methods used by the Group are the following:

- subsidiaries (over which the Group exercises exclusive control) are fully consolidated;
- joint operations over which the Group exercises joint control are consolidated in proportion to the direct rights to the assets and direct obligations for the liabilities of the entity;
- the equity method is used for:
  - joint ventures over which the Group exercises a joint control but has only rights to the net assets of the entity,
  - associate companies over which the Group exercises significant influence. In accordance with this method, the Group recognizes its proportionate share of the investee's net income or loss on a separate line of the consolidated income statement under "Share in net income of associates". The accounting policies applied by these companies comply with IFRS and are consistent with the accounting policies of the Group.

  The Group analyses what type of control exists on a case-by-case basis, taking into account the situations illustrated in IFRS 10, IFRS 11 and IAS 28 revised.

All intercompany balances and transactions are eliminated in the Consolidated Financial Statements.

A list of the main fully consolidated companies together with the main investments accounted for by the equity method, is presented in Note 28 "List of the main consolidated companies at December 31, 2017 and 2016".

1.5.2 Foreign currency translation methods

1.5.2.1 Presentation currency of the Consolidated Financial Statements

The Group's Consolidated Financial Statements are presented in euros (EUR).

1.5.2.2 Functional currency

Functional currency is the currency of the primary economic environment in which an entity operates. In most cases, the functional currency corresponds to the local currency. However, certain entities may have a different functional currency from the local currency when that other currency is used for an entity's main transactions and better reflects its economic environment.

1.5.2.3 Foreign currency transactions

Foreign currency transactions are recorded in the functional currency at the exchange rate prevailing at the date of the transaction. At each reporting date:

- monetary assets and liabilities denominated in foreign currencies are translated at year-end exchange rates. The related translation gains and losses are recorded in the income statement for the year to which they relate;
- non-monetary assets and liabilities denominated in foreign currencies are recognized at the historical cost applicable at the date of the transaction.

1.5.2.4 Translation of the financial statements of consolidated companies with a functional currency other than the euro

The statement of financial position is translated into euros at year-end exchange rates. Income statement and statement of cash flow items are translated using the average exchange rate for the year. Any differences arising from the translation of the financial statements of consolidated companies are recorded under "Cumulative translation adjustment" as Other comprehensive income.

Goodwill and fair value adjustments arising from the acquisition of foreign entities are classified as assets and liabilities of those foreign entities. Therefore, they are denominated in the functional currencies of the entities and translated at the year-end exchange rate.

1.5.3 Business combinations

Business combinations accomplished before January 1, 2010 have been recognized in accordance with IFRS 3 prior to the revision. In accordance with IFRS 3 revised, these business combinations have not been restated.

Since January 1, 2010, the Group applies the purchase method as defined in IFRS 3 revised, which consists of recognizing at the acquisition date the identifiable assets acquired and liabilities assumed at their fair values, including any non-controlling interests in the acquired company. Non-controlling interests are measured either at fair value or at proportionate interest in the net identifiable assets. The Group determines on a case-by-case basis which measurement option is to be used to recognize non-controlling interests.

1.5.4 Intangible assets

Intangible assets are recognized at cost less any accumulated amortization and any accumulated impairment losses.

1.5.4.1 Goodwill

a) Recognition of goodwill

The application of IFRS 3 revised on January 1, 2010 requires the Group to identify business combinations carried out before or after that date.

Business combinations carried out before January 1, 2010

Goodwill represents the excess of the cost of a business combination (acquisition price of shares plus any costs directly attributable to the business combination) and the Group's interest in the fair value of the identifiable assets, liabilities and contingent liabilities recognized at the acquisition date (except if the business combination is achieved in stages).

For a business combination achieved in stages – *i.e.* where the Group acquires a subsidiary through successive share purchases – the amount of goodwill is determined separately for each exchange transaction based on the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities at the date of each exchange transaction.

Business combinations carried out after January 1, 2010

Goodwill is measured as being the amount by which the total of:

i. the consideration transferred;
ii. the amount of any non-controlling interest in the acquired company; and
iii. in a business combination achieved in stages, the fair value at acquisition-date of the previously held interests in the acquired company;

exceeds the accounting net balance of identifiable assets acquired and liabilities assumed.

The amount of goodwill recognized at the acquisition date cannot be adjusted after the end of the measurement period.

Goodwill relating to associates and joint ventures are recorded respectively under "Investments in associates" and "Investments in joint ventures".

b) Measurement of goodwill

Goodwill is not amortized but is tested for impairment once a year, or more frequently when an indication of impairment is identified. Impairment tests are carried out at the level of cash-generating units (CGUs), which constitute groups of assets generating cash inflows that are largely independent of the cash inflows from other cash-generating units.

The methods used to carry out these impairment tests are described in Note 1.5.7 "Impairment of property, plant and equipment and intangible assets".

Impairment losses in relation to goodwill cannot be reversed and are shown under "Impairment" in the income statement.

Impairment losses on goodwill relating to associates and joint ventures are respectively reported under "Share in net income (loss) of associates" and "Share in net income (loss) of joint ventures".

1.5.4.2 Other intangible assets

a) Development costs

Research costs are expensed as incurred.

Development costs are capitalized when the asset recognition criteria set out in IAS 38 are met. Capitalized development costs are amortized over the useful life of the intangible asset recognized. In view of the Group's activities, capitalized development costs are not material.

b) Other internally generated or acquired intangible assets

Other intangible assets include mainly:

- amounts paid or payable as consideration for rights relating to concession arrangements or public service contracts;
- customer portfolios acquired on business combinations;
- surface and underground water drawing rights, which are not amortized as they are granted indefinitely;
- concession assets;
- exclusive rights to distribute drinking water in a defined geographic area in perpetuity;
- softwares.

Intangible assets are amortized on the basis of the expected pattern of consumption of the expected future economic benefits embodied in the asset. If this cannot be reliably calculated, the straight-line method is used, as a function of the useful lives presented in the table below.

Useful Life *(in years)*	Minimum	Maximum
Concession rights – duration of contracts	10	50
Customer portfolios	10	25
Other intangible assets	1	40

Some intangible assets (water rights, etc.) with an indefinite useful life are not amortized but are subject to an annual impairment test.

1.5.5 Property, plant and equipment

1.5.5.1 Property, plant and equipment – initial measurement and subsequent measurement

Items of property, plant and equipment are recognized at their historical cost of acquisition, production or entry to the Group, less any accumulated depreciation and any accumulated impairment losses.

The carrying amount of these items is not revalued as the Group has elected not to apply the allowed alternative method, which consists of regularly revaluing one or more categories of property, plant and equipment.

Investment subsidies are deducted from the gross value of the assets concerned under the heading they were received.

In accordance with IAS 16, the initial cost of the item of property, plant and equipment includes an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, when the entity has a present legal or constructive obligation to dismantle the item or restore the site. In counterpart, a provision is recorded for the same amount.

Property, plant and equipment acquired under finance leases are carried in the consolidated statement of financial position at the lower of the market value and the present value of the related minimum lease payments. The corresponding liability is recognized under financial debt. These assets are also depreciated using the methods and useful lives set out below.

The Group applies IAS 23, which consists in capitalizing borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset.

1.5.5.2 Depreciation

In accordance with the components approach, the Group uses different depreciation terms for each significant component of a sole tangible asset when one of these significant components has a different useful life from that of the main tangible asset to which it relates.

Depreciation is calculated on a straight-line basis over normal useful lives.

The range of useful lives is due to the diversity of the assets and contractual terms in each category. The shortest periods relate to smaller equipment and furniture, while the longest useful lives concern network infrastructure.

Standard useful lives are as follows:

Main depreciation periods *(in years)*	
Constructions [a]	3 to 100
Plant and equipment	2 to 70
Transport equipment	3 to 14

(a) Including fittings.

With respect to the assets accounted for as counterpart for the site restoration provisions, they are amortized according to the method set forth in Note 17.4.

1.5.6 Concessions arrangements

SIC 29 interpretation – Services Concession agreements – Disclosures – relates to concession contracts that should be disclosed in the Notes to the financial statements, while IFRIC 12 relates to the accounting treatment of certain concession arrangements.

These interpretations set out the common features of concession arrangements:

- concession arrangements involve the provision of a public service and the management of associated infrastructure, entrusted to the concession operator, together with specific capital renewal and replacement obligations;
- the grantor is contractually obliged to provide these services to the public (this criterion must be met for the arrangement to qualify as a concession);
- the operator is responsible for at least some of the management of the infrastructure and does not merely act as an agent on behalf of the grantor;
- the contract sets the initial prices to be levied by the operator and regulates price revisions over the concession period.

For a concession arrangement to fall within the scope of IFRIC 12, usage of the infrastructure must be controlled by the concession grantor. The requirement is met when the following two conditions are satisfied:

- the grantor controls or regulates what services the operator must provide with the infrastructure and determines to whom it must provide them, and at what price; and
- the grantor controls the infrastructure, *i.e.* retains the right to take back the infrastructure at the end of the concession.

Under IFRIC 12, the operator's rights over infrastructure operated under concession arrangements should be accounted for based on the nature of the compensation to be received.

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Thus:

- the "financial asset model" is applied when the operator has an unconditional right to receive cash or another financial asset, either directly from the grantor or indirectly by means of warranties given by the grantor for amounts receivable from the users of the public service (*e.g. via* a contractually guaranteed internal rate of return) and the grantor has the primary responsibility to pay the operator;
- in other cases, the "intangible asset model" is applied: the operator is entitled to bill the users of the public service and the users have primary responsibility to pay for the concession services.

In cases where the users actually pay the Group, but the local authority guarantees the amounts that will be paid for the duration of the contract (*e.g.*, *via* a guaranteed internal rate of return), the financial asset model should be used to account for the concession infrastructure, since the local authority is, in substance, primarily responsible for payment. In practice, the financial asset model is used to account for BOT (Build, Operate and Transfer) contracts entered into with local authorities for public services such as wastewater treatment and household waste incineration.

However, where the local authority pays the Group but merely acts as an intermediary fee collector and does not guarantee the amounts receivable ("pass through arrangement"), the intangible asset model should be used to account for the concession since the users are, in substance, primarily responsible for payment.

"Primary responsibility" means that while the identity of the payer of the services is not an essential criterion, the person ultimately responsible for payment should be identified.

Pursuant to these principles:

- property, plant and equipment received at no cost from the grantor as infrastructure, access to which the operator is granted for the purposes of the service agreement, may not be transferred and, as these will be returned to the grantor at no cost at the end of the contract, they are not recorded in the statement of financial position. In particular, infrastructure entrusted during the term of the contract by the grantor to the operator for servicing and maintenance is not recognized in the statement of financial position;
- infrastructure elements undertaken by the operator is recognized as follows:
  - under the intangible asset model, the fair value of construction and other work on the infrastructure represents the acquisition cost of the intangible asset and should be recognized when the infrastructure is built provided that this work is expected to generate future economic benefits (*e.g.*, the case of work carried out to extend the network). Where no such economic benefits are expected, the present value of commitments in respect of construction and other work on the infrastructure is recognized from the outset, with a corresponding adjustment to concession liabilities,
  - under the financial asset model, the amount receivable from the grantor is recognized at the time the infrastructure is built, at the fair value of the construction and other work carried out,
  - when the grantor has a payment obligation for only part of the investment, the cost is recognized in financial assets for the amount guaranteed by the grantor, with the balance included in intangible assets ("mixed model");
- the operator transfers to the grantor the cash collected from the users on behalf of the grantor. The operator may have to transfer cash to the grantor in other circumstances. If these payments are not for the right to use an asset that is separate from the infrastructure within the scope of IFRIC 12 or not for a separate right of use that is a lease, then the operator accounts for these payments as follows:
  - as a reduction of the transaction price, when the "financial asset model" applies,
  - as an increase of the intangible asset for every fixed amount paid to the grantor, when "the intangible asset model" applies.

Renewal costs consist of obligations under concession arrangements with potentially different terms and conditions (obligation to restore the site, renewal plan, tracking account, etc.).

Renewal costs are recognized as either (i) intangible or financial assets depending on the applicable model, when the costs are expected to generate future economic benefits (*i.e.* they bring about an improvement); or (ii) expenses, where no such benefits are expected to be generated (*i.e.* the infrastructure is restored to its original condition).

Costs incurred to restore the asset to its original condition are recognized as a renewal asset or liability when there is a timing difference between the contractual obligation calculated on a time proportion basis, and its realization.

The costs are calculated on a case-by-case basis based on the obligations associated with each arrangement.

1.5.7 Impairment of property, plant and equipment and intangible assets

In accordance with IAS 36, impairment tests are carried out on intangible assets and on property, plant and equipment whenever there is an indication that the assets may be impaired. Such indications may be based on events or changes in the market environment, or on internal sources of information. Intangible assets that are not amortized are tested for impairment annually.

Impairment indicators

This impairment test is only carried out for property, plant and equipment and intangible assets for the defined useful lives when there are signs of an alteration in their value. In general, this arises as a result of significant changes in the operational environment of the assets or from a poorer than expected economic performance.

The main indications of impairment used by the Group are:

- external sources of information:
  - significant changes in the economic, technological, political or market environment in which the entity operates or to which the asset is dedicated,
  - fall in demand;
- internal sources of information:
  - evidence of obsolescence or physical damage not budgeted for in the depreciation/amortization schedule,
  - worse-than-expected performance.

Impairment

Items of property, plant and equipment or intangible assets are tested for impairment at the level of the individual asset or cash-generating unit as appropriate, determined in accordance with IAS 36. If the recoverable amount of an asset is lower than its carrying amount, the carrying amount is reduced to the recoverable amount by recording an impairment loss. Upon recognition of an impairment loss, the depreciable amount – and possibly the useful life – of the asset concerned is revised.

Impairment losses recorded in relation to property, plant and equipment or intangible assets may be subsequently reversed if the recoverable amount of the assets is once again higher than their carrying value. The increased carrying amount of an item of property, plant or equipment attributable to a reversal of an impairment loss may not exceed the carrying amount that would have been determined (net of depreciation/amortization) had no impairment loss been recognized in prior periods.

Measurement of recoverable amount

In order to review the recoverable amount of property, plant and equipment and intangible assets, the assets are, where appropriate, grouped into cash-generating units (CGUs) and the carrying amount of each unit is compared with its recoverable amount.

For operating entities which the Group intends to hold on a long-term and going concern basis, the recoverable amount of a CGU corresponds to the higher of its fair value less costs to sell and its value in use. Value in use is primarily determined based on the present value of future operating cash flows and a terminal value. Standard valuation techniques are used based on the following main economic data:

- discount rates based on the specific characteristics of the operating entities concerned;
- terminal values in line with the available market data specific to the operating segments concerned and growth rates associated with these terminal values, not to exceed inflation.

Discount rates are determined on a post-tax basis and applied to post-tax cash flows. The recoverable amounts calculated on the basis of these discount rates are the same as the amounts obtained by applying the pre-tax discount rates to cash flows estimated on a pre-tax basis, as required by IAS 36.

For operating entities which the Group has decided to sell, the related carrying amount of the assets concerned is written down to the estimated market value less costs of disposal. When negotiations are ongoing, this is determined based on the best estimate of their outcome as of the reporting date.

In the event of a decline in value, the impairment loss is recorded in the consolidated income statement under "Impairment".

1.5.8 Leases

The Group holds assets for its various activities under lease contracts.

These leases are analyzed based on the situations and indicators set out in IAS 17 in order to determine whether they constitute operating leases or finance leases.

A finance lease is defined as a lease which transfers substantially all the risks and rewards incidental to the ownership of the related asset to the lessee. All leases which do not comply with the definition of a finance lease are classified as operating leases.

The following main factors are considered by the Group to assess whether or not a lease transfers substantially all the risks and rewards incidental to ownership: whether (i) the lease transfers ownership of the asset to the lessee by the end of the lease term; (ii) the lessee has an option to purchase the asset and if so, the conditions applicable to exercising that option; (iii) the lease term covers the major part of the estimated economic life of the asset; and (iv) the asset is of a highly specialized nature. A comparison is also made between the present value of the minimum lease payments and the fair value of the asset concerned.

1.5.8.1 Accounting for finance leases

On initial recognition, assets held under finance leases are recorded as property, plant and equipment and the related liability is recognized under borrowings. At inception of the lease, finance leases are recorded at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments.

1.5.8.2 Accounting for operating leases

Payments made under operating leases are recognized as an expense in the consolidated income statement on a straight-line basis over the lease term.

1.5.8.3 Accounting for arrangements that contain a lease

IFRIC 4 deals with the identification of services and take-or-pay sales or purchase contracts that do not take the legal form of a lease but convey rights to customers/suppliers to use an asset or a group of assets in return for a payment or a series of fixed payments. Contracts meeting these criteria should be identified as either operating leases or finance leases. In the latter case, a financial receivable should be recognized to reflect the financing deemed to be granted by the Group where it is considered as acting as lessor and its customers as lessees.

This interpretation applies to some contracts with industrial or public customers relating to assets financed by the Group.

1.5.9 Inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value corresponds to 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.

The cost of inventories is determined based on the first-in, first-out method or the weighted average cost formula.

1.5.10 Financial instruments

Financial instruments are recognized and measured in accordance with IAS 32 and IAS 39.

1.5.10.1 Financial assets

Financial assets comprise available-for-sale securities, loans and receivables carried at amortized cost including trade and other receivables, and financial assets measured at fair value through income including derivative financial instruments. Financial assets are broken down into current and non-current assets in the statement of financial position.

a) Available-for-sale securities

Available-for-sale securities include the Group's investments in non-consolidated companies and equity or debt instruments that do not satisfy the criteria for classification in another category (see below). These items are measured by using a weighted average cost formula.

On initial recognition, they are measured at fair value which generally corresponds to the acquisition cost plus transaction costs.

At each reporting date, available-for-sale securities are measured at fair value. For listed companies, fair value is determined based on the quoted market price at the closing date. Unlisted securities are measured using valuation models based primarily on the most recent market transactions, discounted dividends or cash flow and net asset value.

Changes in fair value are recognized directly in "Other comprehensive income", except when the decline in the value of the investment below its historical acquisition cost is judged significant or prolonged enough to require an impairment if needed. In this case, loss is recognized in income under "Impairment". Only impairment losses recognized on debt instruments (debt securities/bonds) may be reversed through income (refer to Note 13.1.1.2).

b) Loans and receivables carried at amortized cost

This item primarily includes loans and advances to associates or non-consolidated companies, and guarantee deposits as well as trade and other receivables.

On initial recognition, these loans and receivables are recorded at fair value plus transaction costs. At each reporting date, they are measured at amortized cost using the effective interest rate method. Where a change in expected cash flows is involved, and where such a change is analyzed as a modification of the existing asset, *i.e.* the asset has not been removed from the balance sheet, the value of the receivable is re-estimated by updating the expected new cash flows at the initial effective interest rate.

On initial recognition, trade and other receivables are recorded at fair value, which generally corresponds to their nominal value. Impairment losses are recorded based on the estimated risk of non-recovery. The amounts owed by customers under construction contracts are included in this item.

c) Financial assets measured at fair value through income

These financial assets meet the qualification or designation criteria set out in IAS 39.

This item mainly includes trading securities and short-term investments which do not meet the criteria for classification as cash or cash equivalents (see Note 1.5.11). The financial assets are measured at fair value at the reporting date and changes in fair value are recorded in the consolidated income statement.

1.5.10.2 Financial liabilities

Financial liabilities include borrowings, trade and other payables, derivative financial instruments, and other financial liabilities.

Financial liabilities are broken down into current and non-current liabilities in the statement of financial position. Current financial liabilities primarily comprise:

- financial liabilities with a settlement or maturity date within 12 months of the reporting date;
- financial liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting date;
- financial liabilities held primarily for trading purposes;
- derivative financial instruments qualifying as fair value hedges where the underlying is classified as a current item;
- all derivative financial instruments not qualifying as hedges.

a) Measurement of borrowings and other financial liabilities

Borrowings and other financial liabilities are measured at amortized cost using the effective interest rate method.

On initial recognition, any issue premiums/discounts, redemption premiums/discounts and issuing costs are added to/deducted from the nominal value of the borrowings concerned. These items are taken into account when calculating the effective interest rate and are therefore recorded in the consolidated income statement over the life of the borrowings using the amortized cost method.

As regards structured debt instruments that do not have an equity component, the Group may be required to separate an "embedded" derivative instrument from its host contract. The conditions under which these instruments must be separated are detailed below. When an embedded derivative is separated from its host contract, the initial carrying amount of the structured instrument is broken down into an embedded derivative component, corresponding to the fair value of the embedded derivative, and a financial liability component, corresponding to the difference between the amount of the issue and the fair value of the embedded derivative. The separation of components upon initial recognition does not give rise to any gains or losses. Subsequently, the debt is recorded at amortized cost using the effective interest method, while the derivative is measured at fair value, with changes in fair value taken to income.

b) Call options on non-controlling interests granted before January 1, 2010

Other financial liabilities primarily include put options on non-controlling interests granted by the Group. As no specific guidance is provided by IFRS and in view of the AMF (French Financial Market Authority) recommendations for year-end 2009, the Group has adopted the following accounting treatment for these commitments:

- when the put option is initially granted, the present value of the exercise price is recognized as a financial liability, with a corresponding reduction in non-controlling interests. When the value of the put option is greater than the carrying amount of the non-controlling interests, the difference is recognized as goodwill;
- at each reporting date, the amount of the financial liability is revised and any changes in the amount are recorded with a corresponding adjustment to goodwill;
- payments of dividends to non-controlling interests result in an increase in goodwill;
- in the income statement, non-controlling interests are allocated their share in income. In the statement of financial position, the share in income allocated to non-controlling interests reduces the carrying amount of goodwill. No finance costs are recognized in respect of changes in the fair value of liabilities recognized against goodwill.

1.5.10.3 Derivatives and hedge accounting

The Group uses financial instruments to manage and reduce its exposure to market risks arising from fluctuations in interest rates, foreign currency exchange rates and commodity prices. Use of derivative instruments is governed by a Group policy for managing interest rate, currency and commodity risks.

Definition and scope of derivative financial instruments

Derivative financial instruments are contracts whose value changes in response to the change in one or more observable variables that do not require any material initial net investment and that are settled at a future date.

Derivative instruments therefore include swaps, options and futures, as well as forward commitments to purchase or sell listed and unlisted securities.

Embedded derivatives

An embedded derivative is a component of an agreement known as a host contract, which meets the definition of a derivative instrument and whose economic characteristics are not closely related to those of its host contract.

At Group level, the main contracts likely to contain embedded derivatives are those containing clauses or options that can affect the price, volume or maturity of the contract. In particular, these are contracts to buy or sell non-financial assets whose price may be adjusted in accordance with fluctuations of an index, a pricing provision, foreign currency prices, or the price of an asset other than the asset underlying the contract.

Embedded derivatives are separately recognized in the following cases:

- if the host contract is not a financial instrument already recognized at fair value with any fair value adjustment shown in income;
- if when separated from the host contract, the component still meets the definition of a derivative product (existence of an underlying instrument, absence of initial and future settlement);
- if the characteristics of the identified derivative are not closely related to those of the host contract. The determination of "closely related" is carried out on the date that the contract is signed.

When an embedded derivative is separated from its host contract, it is recognized at fair value in the statement of financial position and variations in fair value are recognized in income (if the embedded derivative is not documented in a hedge relationship).

Derivative hedging instruments: recognition and presentation

Derivative instruments qualifying as hedging instruments are recognized in the statement of financial position and measured at fair value. However, their accounting treatment varies according to whether they are classified as:

- a fair value hedge of an asset or liability;
- a cash flow hedge;
- a hedge of a net investment in a foreign operation.

Fair value hedges

A fair value hedge is defined as a hedge of the exposure to changes in fair value of a recognized asset or liability, such as a fixed-rate loan or borrowing, or of assets, liabilities or an unrecognized firm commitment denominated in a foreign currency.

The gain or loss from re-measuring the hedging instrument at fair value is recognized in income. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the hedged item and is also recognized in income even if the hedged item is in a category in respect of which changes in fair value are recognized through "Other comprehensive income", or if it is normally recognized at amortized cost in the absence of hedging. These two adjustments are presented net in the income statement, with the net effect corresponding to the ineffective portion of the hedge.

Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows that could affect the Group's consolidated income. The hedged cash flows may be attributable to a particular risk associated with a recognized financial or non-financial asset or a highly probable forecast transaction.

The portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized in Other comprehensive income, net of tax, while the ineffective portion is recognized in income. The gains or losses accumulated in shareholders' equity are reclassified to the income statement, under the same caption as the loss or gain on the hedged item – *i.e.* current operating income for operating cash flows and financial income/expense for other cash flows – in the same periods in which the hedged cash flows affect income.

If the hedging relationship is discontinued, in particular because the hedge is no longer considered effective, the cumulative gain or loss on the hedging instrument remains separately recognized in shareholders' equity until the forecast transaction occurs. However, if a forecast transaction is no longer highly probable, the cumulative gain or loss on the hedging instrument is recognized in income.

Hedge of a net investment in a foreign operation

In the same way as for a cash flow hedge, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge of the currency risk is recognized directly in Other comprehensive income, net of tax, while the ineffective portion is recognized in income. The gains or losses accumulated in Other comprehensive income are transferred to the consolidated income statement when the investment is sold or liquidated.

Identification and documentation of hedging relationships

The hedging instruments and hedged items are designated at the inception of the hedging relationship. The hedging relationship is formally documented in each case, specifying the hedging strategy, the hedged risk and the method used to assess hedge effectiveness. Only derivative contracts entered into with external counterparts are considered eligible for hedge accounting.

Hedge effectiveness is assessed and documented at the inception of the hedging relationship and on an ongoing basis throughout the periods for which the hedge was designated. Hedges are considered to be effective when changes in fair value or cash flows between the hedging instrument and the hedged item are offset within a range of 80%-125%.

Hedge effectiveness is demonstrated both prospectively and retrospectively using various methods, based mainly on a comparison between changes in the fair value or cash flows between the hedging instrument and the hedged item. Methods based on an analysis of statistical correlations between historical price data are also used by the Group.

Derivative instruments not qualifying for hedge accounting: recognition and presentation

These items mainly concern derivative financial instruments used in economic hedges that have not been – or are no longer – documented as hedging relationships for accounting purposes.

When a derivative financial instrument does not qualify or no longer qualifies for hedge accounting, changes in fair value are recognized directly in income, under "Mark-to-Market on commodity contracts other than trading instruments", in current operating income for derivative instruments with non-financial assets as the underlying, and in financial income or expenses for currency, interest rate and equity derivatives.

Derivative expiring in less than 12 months are recognized in the consolidated statement of financial position in current assets and liabilities, while derivatives expiring after this period are classified as non-current items.

Measurement of fair value

The fair value of listed instruments on an active market is determined based on the market price. In this case, these instruments are presented at **Level 1** of the fair value measurement.

The fair value of non-listed financial instruments for which there is observable market data is determined by using valuation techniques such as the valuation models applied for options, or by using the discounted cash flows method. The counterparty risk is taken into account when valuing derivative contracts.

The models used to value these instruments include assumptions based on market data in accordance with IFRS 13:

- the fair value of interest rate swaps is calculated based on discounted future cash flows;
- the fair value of forward exchange contracts and currency swaps is calculated based on current prices for contracts with similar maturity profiles by discounting the differential of future cash flows (the difference between the forward price of the contract and the recalculated forward price based on new market conditions applied to the nominal amount);
- the fair value of currency or interest rate options is determined using valuation techniques for options;
- commodity derivatives are valued as a function of market quotes based on discounted future cash flows (firm contracts: commodity swaps or commodity forwards), and option valuation models (optional contracts) for which it may be necessary to observe market price volatility. For contracts with maturity exceeding the depth of transactions for which prices are observable, or that are particularly complex, valuations may be based on internal assumptions;
- for complex contracts entered into with independent financial institutions, the Group uses valuations carried out by counterparties, on an exceptional basis.

These instruments are presented in **Level 2** of the fair value measurement hierarchy, unless their valuation depends significantly on non-observable parameters. In this case, they are presented at **Level 3** of the fair value measurement hierarchy. These largely involve derivative financial instruments with maturities exceeding the observable horizon for the forward prices of the underlying asset, or for which certain parameters, such as underlying volatility, are not observable.

1.5.11 Cash and cash equivalents

These items include cash equivalents as well as short-term investments that are considered to be readily convertible into a known amount of cash and where the risk of a change in their value is deemed to be negligible based on the criteria set out in IAS 7.

Bank overdrafts are not included in the calculation of cash and cash equivalents and are recorded under "Short-term borrowings".

1.5.12 Treasury shares

Treasury shares are recognized at cost and deducted from equity. Gains and losses on disposal of treasury shares are directly recorded in equity and do not therefore impact income for the period.

1.5.13 Construction contracts

The engineering operations fall within the scope of IAS 11 – Construction Contracts.

In accordance with IAS 11, the Group applies the percentage of completion method as described in section 1.5.16 ("Revenues") to determine the contract revenue and costs to be recorded in the consolidated income statement for each period.

When it is probable that total contract costs will exceed total contract revenue, the expected loss at termination is recognized as an expense immediately.

Partial payments received under construction contracts before the corresponding work has been carried out are recorded on the liabilities side of the statement of financial position as advances received from customers. The costs incurred plus any recognized profit less any recognized losses and progress billings are then determined. If this amount is positive, it is recognized as an asset under "Amount due from customers under construction contracts" within "Trade and other receivables". If the amount is negative, it is recognized as a liability under "Amount due to customers under construction contracts" within "Trade and other payables".

1.5.14 Share-based payments

Under IFRS 2, the Group is required to recognize an expense (personnel costs) corresponding to benefits granted to employees in the form of share-based payments, in consideration for services provided. These services are valued at the fair value of the instruments awarded.

This payment may take the form of instruments paid in shares or in cash.

Equity-settled instruments

1.5.14.1 Stock option plans

Options granted to Group employees are measured at the grant date using a binomial pricing model for options with no performance conditions, or a Monte Carlo pricing model for those with external performance conditions. These models take into account the characteristics of the plan concerned (exercise price, exercise period, performance conditions if any), market data at the time of grant (risk-free rate, share price, volatility, expected dividends), and a behavioral assumption in relation to beneficiaries. The value determined is recorded in personnel costs over the vesting period and offset against equity.

1.5.14.2 Allotment of bonus shares

The fair value of bonus share plans is estimated based on the share price on the allotment date, taking into account the absence of dividend payments over the vesting period, the turnover rate for the relevant staff in each plan and the likelihood of the Group's performance. The estimation of the fair value of the plans also takes into account the non-transferability period associated with these instruments. The cost is expensed over the vesting period of the rights and offset against equity. For performance shares that are allotted on a discretionary basis and include external performance conditions, a Monte Carlo model is used.

1.5.14.3 Employee share purchase plans

Employee share purchase plans enable employees to subscribe to Company shares at a lower-than-market price. The fair value of the instruments awarded under employee share purchase plans is estimated on the allotment date based on the value of this discount awarded to employees and non-transferability period applicable to the share subscribed. As it is treated as a service rendered, the cost is recognized in full and offset against equity.

Cash-settled instruments

In specific cases where local legislation prohibits employee share purchase plans, Share Appreciation Rights (SAR) are granted instead. When these instruments are settled in cash, their fair value is recognized in expenses over the vesting period, with an offsetting entry recorded in employee-related liabilities. Changes in the fair value of the liability are taken to income for each fiscal year.

The long term incentive plan, which will result in a cash payment to the beneficiary, is valued at its fair value and an expense is recognized on a straight-line basis over the term of the plan.

1.5.15 Provisions

1.5.15.1 Provisions for post-employment benefit obligations and other long-term benefits

Depending on the laws and practices in force in the countries where SUEZ operates, Group companies have obligations in terms of pensions, early retirement payments, retirement bonuses and other benefit plans. Such obligations generally apply to all of the employees within the companies concerned.

The Group's obligations in relation to pensions and other employee benefits are recognized and measured in accordance with IAS 19 revised. Accordingly:

- the cost of defined contribution plans is expensed based on the amount of contributions payable in the period;
- the Group's obligations concerning pensions and other employee benefits payable under defined benefit plans are assessed on an actuarial basis. These calculations are based on assumptions relating to mortality, staff turnover and estimated future salary increases, as well as the economic conditions specific to each country or subsidiary of the Group. Discount rates are determined by reference to the yield, at the measurement date, on high-quality corporate bonds in the related geographical area (or on government bonds in countries where no representative market for such corporate bonds exists).

Provisions are recorded when commitments under these plans less the unrecognized past service cost exceed the fair value of plan assets. When the value of plan assets (capped where appropriate) is greater than the related commitments, the surplus is recorded as an asset under "Other current assets" or "Other non-current assets".

As regards post-employment benefit obligations, the Group recognizes actuarial gains and losses resulting from changes in actuarial assumptions and experience adjustments directly to Other comprehensive income (equity) items. Where appropriate, adjustments resulting from applying the asset ceiling to net assets relating to overfunded plans are treated in a similar way.

However, actuarial gains and losses on other long-term benefits such as long-service awards, continue to be recognized immediately in income.

The net interest expense (income) in respect of pensions is presented as a "financial result".

1.5.15.2 Other provisions

The Group records a provision where it has a present obligation (legal or constructive), the settlement of which is expected to result in an outflow of resources embodying economic benefits with no corresponding consideration in return.

A provision for restructuring costs is recorded when the general criteria for setting up a provision are met, *i.e.*, when the Group has a detailed formal plan relating to the restructuring and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

Provisions with a maturity of over 12 months are discounted when the effect of discounting is material. The Group's main long-term provisions, excluding the provisions for post-employment benefit obligations, are provisions for site restoration costs (relating to the waste services business). The discount rate (or rates) used reflect current market measurements of the time value of money and the risks specific to the liability concerned. Expenses corresponding to the reversal of discounting adjustments to long term provisions are recorded under other financial income and expenses.

A provision is recognized when the Group has a present legal or constructive obligation to restore a site. The counterpart for this provision is included in the carrying amount of the asset concerned. Adjustments to the provision due to subsequent changes in the expected outflow of resources, the site restoration date or the discount rate are deducted from or added to the cost of the corresponding asset in a symmetrical manner. The impacts of unwinding the discount are recognized in expenses for the fiscal year.

1.5.16 Revenues

Group revenues (as defined by IAS 18) are mainly generated from the following:

- Water Services;
- Waste Services;
- Engineering and construction contracts and other services.

Revenues on sales of goods are recognized on delivery (*i.e.*, when the significant risks and rewards of ownership are transferred to the buyer), or as a function of the progress of the contract, in the case of provisions of services and construction contracts, when the price is fixed or determinable and receivables are likely to be recoverable.

Revenues are measured at the fair value of the consideration received or receivable. Where deferred payment has a material impact on the measurement of the fair value of this consideration, this is taken into account by discounting future receipts.

Revenues also include revenues from financial concession assets (IFRIC 12) and lease receivables (IFRIC 4).

1.5.16.1 Water Services

Revenues generated by water distribution are recognized based on volumes delivered to customers, either specifically metered and invoiced or estimated based on the output of the supply networks.

The price for wastewater services and wastewater treatment is either included in the water distribution invoice, or is sent in a separate invoice to the local municipality or industrial client.

Commission fees received from the grantors of concessions are recorded as revenues.

1.5.16.2 Waste Services

Revenues arising from waste collection are generally based on the tonnage collected and the service provided by the operator.

Revenues from other forms of treatment (principally sorting and incineration) are recognized based on volumes processed by the operator and the incidental revenues generated by recycling and reuse, such as the sale of paper, cardboard, glass, metals and plastics for sorting centers, and the sale of electricity and heat for incinerators.

1.5.16.3 Engineering, construction contracts and services rendered

Revenues from construction contracts are determined using the percentage of completion method and more generally according to the provisions of IAS 11 (see section 1.5.13). This stage of completion is determined on the proportion that costs incurred to date bear to the estimated total costs of the contract.

1.5.17 Current operating income (COI)

Current operating income is an indicator used by the Group to present "a level of operational performance that can be used as part of an approach to forecast recurring performance" (in accordance with ANC Recommendation 2013-03 in the financial statements of companies applying IFRS). Current operating income is a sub-total which helps management to better understand the Group's performance because it excludes elements which are inherently difficult to predict due to their unusual, irregular or non-recurring nature. For the Group, these elements relate to the mark-to-market (MtM) value of trading instruments, asset impairments, restructuring costs, scope effects, other gains and losses on disposals, and non-recurring items. They are defined as follows:

- MtM of trading instruments: This corresponds to changes in the fair value (mark-to-market) of financial instruments relating to commodities and gas which do not qualify as either trading or hedging instruments. These contracts are used in economic hedges of operating transactions;
- impairment of assets: this includes impairment losses on goodwill, intangible and tangible assets, investments in associates and available-for-sale securities;
- restructuring costs: These relate to costs of a restructuring program planned and controlled by management that materially changes either the scope of a business undertaken by an entity, or the manner in which that business is conducted, based on the criteria set out in IAS 37;
- scope effects.

  This line includes:

  - direct costs related to acquisitions of controlling interests,
  - in the event of a business combination achieved in stages, impacts of the remeasurement of the previously held interest at acquisition-date fair value,
  - subsequent changes in the fair value of contingent consideration,
  - gains or losses from disposals of interests which result in a change in consolidation method, as well as any impact of the remeasurement of retained interests,
  - other gains and losses on disposals and non-recurring items: this includes mainly capital gains and losses on disposals of non-current assets and available-for-sale securities;
- rebranding costs.

  In 2016, external service providers worked on the rebranding and change of visual identity. The fees for this work and the costs incurred through the rebranding and change of visual identity reached a total of EUR 28.1 million in 2016. As they are expenses of an unusual nature and a significant amount, they are presented on a separate line in the income statement, between the current operating income and the income from operating activities.
- costs linked to the acquisition of GE Water.

  In 2017, costs linked to the acquisition of GE Water are presented on a separate line in the income statement, between the current operating income and the income from operating activities. The costs reached a total of EUR 44.4 million in 2017. As they are expenses of an unusual nature and a significant amount, they are presented on a separate line in the income statement.

1.5.18 Statement of cash flows

The Group consolidated statement of cash flows is prepared based on net income, using the indirect method.

"Interest received on non-current financial assets" is classified within investing activities because it represents a return on investments. "Interest received on cash and cash equivalents" is shown as a component of financing activities because the interest can be used to reduce borrowing costs.

Impairment losses on current assets are identified as definitive losses, and therefore any change in current assets is shown net of impairment.

Cash flows related to payment of taxes are treated separately.

Pursuant to IAS 7 amendment "Disclosure initiative for statement of cash flows", financial debt variations by flows are analyzed by type of transactions: cash flows, forex effect, scope effect, change in fair value and amortized cost, other (see Note 13.2.1).

1.5.19 Income tax expense

The Group computes taxes in accordance with the prevailing tax legislation in the countries where income is taxable.

In accordance with IAS 12, deferred taxes are recognized according to the liability method on temporary differences between the book values of assets and liabilities in the Consolidated Financial Statements and their tax bases, using tax rates that have been enacted or substantively enacted by the reporting date. However, under the provisions of IAS 12, no deferred taxes are recognized for temporary differences arising from goodwill for which impairment losses are not deductible for tax purposes, or from the initial recognition of an asset or liability in a transaction which (i) is not a business combination; and (ii) at the time of the transaction, affects neither accounting income nor taxable income. In addition, deferred tax assets are only recognized to the extent that it is probable that taxable income will be available against which the deductible temporary difference can be utilized.

Temporary differences arising on restatements of finance leases result in the recognition of deferred taxes.

A deferred tax liability is recognized for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint ventures, except if the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Net balances of deferred tax are calculated based on the tax position of each company or on the total income of the companies included within the consolidated tax group and the net position of each fiscal entity is recorded on the statement of financial position under assets or liabilities, as appropriate.

Deferred taxes are reviewed at each reporting date to take into account factors including the impact of changes in tax laws and the prospects of recovering deferred tax assets arising from deductible temporary differences.

Deferred tax assets and liabilities are not discounted.

1.5.20 Earnings per share

Net income per share is calculated by dividing the adjusted net income Group share for the fiscal year attributable to ordinary shares by the weighted average number of shares outstanding during the fiscal year. The adjusted net income Group share takes into account the cost of the coupon attributable to holders of Undated Deeply Subordinated Notes issued by SUEZ. The average number of shares outstanding during the fiscal year is the number of ordinary shares outstanding at the beginning of the year, adjusted by the number of ordinary shares bought back or issued during the course of the year.

For the calculation of diluted earnings per share, the weighted average number of shares and earnings per share are adjusted to take into account the impact of the conversion or exercise of any dilutive potential ordinary shares (OCEANE convertible bonds mainly).

Note 2 Major transactions

2.1 Acquisition of GE Water & Process Technologies

On September 29, 2017, SUEZ finalized the acquisition of GE Water & Process Technologies ("GE Water") from General Electric Company for EUR 2,903 million in an all-cash transaction.

With this deal, SUEZ affirms its global leadership in industrial Water Services, equipment and systems, and chemical water treatment products, which are all growing and strategically important markets for the Group that will strengthen its presence Outside Europe, especially in the United States.

This transaction has been realized through SUEZ Water Technologies and Solutions ("SWTS"), 70% owned by SUEZ and 30% by CDPQ ("Caisse de dépôt et placement du Québec"). To finance this transaction, a capital injection was made to SWTS by SUEZ and CDPQ for EUR 1,559 million and EUR 668 million as well as a loan from SUEZ for the remaining part.

This new business unit "WTS" which includes all the ex-GE entities and the SUEZ entities specialized in the industrial water market, is consolidated with the full consolidation method since October 1, 2017. Based on the 2016 unaudited pro forma figures, WTS, with nearly 10,000 employees, would have generated revenues of USD 2.7 billion and EBITDA of USD 281 million.

The estimated goodwill arising from the acquisition is EUR 2,170.5 million (see Note 9.1). The purchase price allocation will be performed in 2018. No impact linked to this allocation has been booked as of December 31, 2017.

When this acquisition has a significant impact on the main items of the income statement or the statement of financial position, a specific comment was added to the corresponding notes.

2.2 New bond issues

On March 27, 2017, in order to secure funding for the acquisition of GE Water, SUEZ placed two bonds for a total of EUR 1.2 billion:

- EUR 500 million, with a maturity date of April 3, 2025 and with a fixed annual coupon of 1.00%;
- EUR 700 million, with a maturity date of April 3, 2029 and with a fixed annual coupon of 1.50%.

On September 13, 2017, SUEZ also completed the placement of another bond issue for EUR 500 million with a maturity date of September 21, 2032 and with an annual fixed coupon of 1.625%.

2.3 New issue of Undated Deeply Subordinated Notes

On April 19, 2017, in order to secure funding for the acquisition of GE Water, SUEZ placed an Undated Deeply Subordinated Notes for a total amount of EUR 600 million, with an initial fixed coupon of 2.875%, revised for the first time seven years after the issue on the basis of the 5-year swap rate, and then again every five years.

In accordance with the provisions of Standard IAS 32, these securities or hybrid bonds constitute an equity instrument rather than a debt in the consolidated accounts of the Group, as there is no direct or indirect obligation to pay interest (except in the case of a distribution of dividends by the issuer or a redemption of the notes), nor is there any maturity of the final redemption, but only optional redemption dates.

Following this placement, the Group's outstanding hybrid bonds amounted to EUR 1.6 billion as at December 31, 2017.

2.4 Capital increase

On May 24, 2017, in order to secure funding for the acquisition of GE Water, SUEZ completed a capital increase of EUR 750 million without preferential subscription rights, with a priority period of 3 days. This transaction was supported by its three main shareholders – ENGIE, Criteria Caixa and the Caltagirone Group – representing a total of approximately 42% of the total amount (approximately EUR 314 million).

The transaction resulted in the creation of 47.5 million new shares with a par value of EUR 4 issued at EUR 15.80 per share.

2.5 Sale of Torre Agbar

On January 12, 2017, SUEZ sold the Torre Agbar to the Spanish real estate group Merlin for EUR 142 million.

This asset and its related finance lease liabilities were reclassified as "assets and liabilities held for sale" in accordance with IFRS 5 as of December 31, 2016.

2.6 Group transformation plan

SUEZ launched a plan to transform the support functions in France in late 2016. In January 2017, as part of this transformation plan, SUEZ implemented a voluntary redundancy scheme with the voluntary period running from April to July 2017. This voluntary redundancy scheme resulted in the recognition of restructuring costs of -EUR 73 million at December 31, 2017.

2.7 Sale of a 9.1% stake in Aquasure

In August 2017, AMP Capital and Unisuper signed an agreement to sell 9.1% of the equity interest the Group holds in Aquasure, a company that holds a management contract for a seawater desalination plant in Melbourne, Australia (a company accounted for in SUEZ's financial statements using the equity method). The transaction was finalized in early December. After this transaction, the Group still holds a 11.7% stake in Aquasure and a significant influence.

The transaction generated a EUR 47.8 million gain on disposal.

2.8 Sale of Palyja

On September 14, 2017, SUEZ sold all its stake in Palyja, a company that manages a water concession contract in Jakarta, for USD 23 million (EUR 19.6 million), to Cantonment Investments Limited and Belle Peau PTE Ltd.

The gross capital gain from this transaction was EUR 10.2 million.

2.9 Employee share issue – Sharing Plan

In September 2017, SUEZ launched Sharing, its third shareholder offering reserved for almost 76,000 Group employees in 22 countries, to grow the Group's employee shareholding.

The reference price communicated on November 9, 2017 was EUR 15.38 per share (the average opening price of SUEZ shares for 20 trading days from October 12 through November 8). The subscription price was EUR 12.31 per share (80% of the reference price).

Nearly 29% of Group employees subscribed to shares under this transaction.

This third Sharing Plan sharply increased employees' equity interest in the Company, reaching 3.81% as of December 31, 2017.

The transaction resulted in the issuance of 9,978,030 shares with a EUR 4 nominal value and a EUR 120 million capital increase, before issue costs.

2.10 Completion of the purchase price allocation related to the takeover of SUEZ NWS (Hong Kong) at the end of 2016

SUEZ finalized the extension of its partnership with NWS Holdings Limited in China at the end of December 2016 for all activities of the Group within their joint Sino French Holdings (SFH) entity.

SUEZ contributed a portion of its activities to SFH and received new SFH shares in exchange, which enabled it, at the completion of the transaction, to own 58% of the newly combined entity renamed SUEZ NWS Limited. NWS group holds 42% of the combined entity.

This major transaction for SUEZ group was accounted for in the Consolidated Financial Statements as of December 31, 2016 and as of December 31, 2017 in accordance with IFRS 3 (Revised), Business Combinations. In 2016, SUEZ had already remeasured the shares held in SFH but the identification of assets and liabilities to be remeasured has been completed in 2017 as part of the purchase price allocation.

The table below shows the fair value of identifiable assets and liabilities as of the transaction date:

(in millions of euros)	Fair value at the transaction date of identifiable assets acquired and liabilities assumed
Non-current assets	
Net intangible assets	87
Net tangible assets	1
Investments in joint ventures	682
Current assets	
Other assets	15
Cash and cash equivalents	29
Non-current liabilities	
Other liabilities	117
Deferred tax liabilities	16
Current liabilities	
Other liabilities	54
Total net assets (100%)	**626**
Consideration transferred for the 8% acquisition of SUEZ NWS Limited	89
Remeasured previously owned interests	339
Non-controlling interests	267
Goodwill	**69**

Accordingly, concession contracts in Macao designated as intangible assets under IFRIC 12, were measured using the Discounted Future Cash Flow (DCF) method while taking into account best estimate assumptions of renewal probability. The remeasurement was recognized under intangible assets and will be amortized on a straight-line basis over the term of the contract (taking the renewal period into account). Contracts in Chinese joint ventures were also measured using the DCF method, taking into account a renewal period when one is likely. A remeasurement of equity interests in joint ventures was recognized.

The EUR 69 million in goodwill primarily represents growth capacity in Asia as well as synergies with the Group.

Since the business combination took place on December 30, 2016, the business combination and purchase price allocation impacts correspond to a full year period in 2017.

The additional annual depreciation linked to these various remeasurements had a -EUR 3.6 million impact on net income Group share.

Note 3 Operating segments information

In accordance with the provisions of IFRS 8 – "Operating Segments", the segments used below to present segment information have been identified based on internal reporting, in particular those segments monitored by the Management Committee, comprised of the Group's key operational decision-makers.

The Group uses five operating segments:

- Water Europe;
- Recycling and Recovery Europe;
- International;
- WTS (Water Technologies & Solutions);
- Other.

A distinction is made between the water distribution and water treatment services and the waste collection and waste treatment services in Europe.

The activities conducted internationally are grouped together and separated from those conducted in the Europe region. This specific segmentation reflects the difference in development strategy implemented internationally compared to the strategy pursued in Europe and is consistent with the Group's internal organizational systems and management structure.

Lastly, after the acquisition of GE Water, all the water treatment services for industrial customers are now isolated in the WTS segments.

3.1 Operating segments

SUEZ's subsidiaries are divided into the following operating segments:

- **Water Europe**: water distribution and treatment services, particularly under concession contracts (water management). These services are rendered to individuals, local authorities and industrial clients;
- **Recycling and Recovery Europe**: waste collection and treatment services for local authorities and industrial clients. These services include collection, sorting, recycling, composting, energy recovery and landfilling for both non-hazardous and hazardous waste;
- **International**: The Group is expanding in these business segments, depending on the opportunities that may arise, in the areas of water, waste and engineering services, with a special focus on risk-management resulting from specific local environments by setting up partnerships, entering into hedges, and limiting invested capital or other investments in highly regulated environments;
- **WTS**: This sector includes all Water Services for the industrial customer segment;
- the "**Other**" segment is made up of holding companies, including SUEZ, as well as SUEZ Consulting, a consulting subsidiary of the Group.

The accounting principles and valuation methods used to prepare internal reporting are the same as those used to prepare the Consolidated Financial Statements. The EBITDA, EBIT, capital employed and investments indicators are reconciled with the Consolidated Financial Statements.

3.2 Key indicators by operating segment

In 2017, the whole operating segments structure has been modified to be in line with the reorganizations decided by the Management Committee.

These modifications are reflected as follows:

- entities from Europe Latam Business Unit have been reclassified from International segment to Water Europe segment;
- entities from Eau France and SUEZ Advanced Solutions (former USG) Business Units have been reclassified from Water Europe segment to International segment;
- R&R Poland and Czech Republic entities have been reclassified from Recycling and Recovery Europe segment to International segment.

Moreover, following expected organizational changes resulting from the acquisition of GE Water, SUEZ management follows, since January 1st, 2017, the Industrial Water activity, previously reported in Water Europe and International segments, in the segment WTS.

The 2016 data in the tables below have been restated for comparison purposes.

Revenues

	December 31, 2017			December 31, 2016 restated		
(in millions of euros)	Non-Group	Group	Total	Non-Group	Group	Total
Water Europe	4,680.4	69.8	4,750.2	4,670.1	54.3	4,724.4
Recycling and Recovery Europe	6,164.5	38.2	6,202.7	6,103.7	43.0	6,146.7
International	3,952.0	1.5	3,953.5	3,933.3	0.3	3,933.6
WTS	971.5	42.5	1,014.0	514.7	27.7	542.4
Other	102.9	4.6	107.5	100.2	123.1	223.3
Intercompany eliminations		(156.6)	(156.6)		(248.3)	(248.3)
Total revenues	**15,871.3**	**–**	**15,871.3**	**15,322.0**	**–**	**15,322.0**

EBITDA

(in millions of euros)	December 31, 2017	December 31, 2016 restated
Water Europe	1,165.4	1,222.7
Recycling and Recovery Europe	707.5	720.0
International	800.9	814.7
WTS	92.0	13.2
Other	(124.4)	(119.7)
Total EBITDA	**2,641.4**	**2,651.0**

EBIT

(in millions of euros)	December 31, 2017	December 31, 2016 restated
Water Europe	516.0	564.7
Recycling and Recovery Europe	302.8	296.3
International	556.7	558.1
WTS [a]	59.4	6.7
Other	(150.6)	(143.9)
Total EBIT	**1,284.3**	**1,281.9**

(a) Including EUR 52 million for former GE Water entities, in 2017.

Depreciation and amortization

(in millions of euros)	December 31, 2017	December 31, 2016 restated
Water Europe	(444.9)	(436.3)
Recycling and Recovery Europe	(379.5)	(419.3)
International	(245.1)	(230.1)
WTS	(34.6)	(11.5)
Other	(20.1)	(14.0)
Total depreciation and amortization	**(1,124.2)**	**(1,111.2)**

Capital employed

(in millions of euros)	December 31, 2017	December 31, 2016 restated
Water Europe	5,758.0	5,902.8
Recycling and Recovery Europe	3,548.7	3,552.6
International	5,617.4	5,924.5
WTS	2,996.0	229.9
Other	(25.5)	77.0
Total capital employed	**17,894.6**	**15,686.8**

Investments in property, plant and equipment, intangible assets and financial assets

(in millions of euros)	December 31, 2017	December 31, 2016 restated
Water Europe	(496.5)	(479.2)
Recycling and Recovery Europe	(324.8)	(352.3)
International	(433.2)	(322.9)
WTS	(2,718.1)	(11.3)
Other	(29.5)	(25.4)
Total investments	**(4,002.1)**	**(1,191.1)**

Financial investments included in this indicator include the acquisitions and sales of additional interests in still remaining controlled entities, which are accounted for in cash flows used in financing activities in the consolidated statement of cash flows under the item "Change in share of interests in controlled entities". Reconciliation with the cash flow statement is made in paragraph 3.4.3.

3.3 Key indicators by geographical area

The indicators below are analyzed by:

- destination of products and services sold for revenues;
- geographical location of consolidated companies for capital employed.

	Revenues		Capital Employed	
(in millions of euros)	December 31, 2017	December 31, 2016 restated	December 31, 2017	December 31, 2016 restated
France	5,091.1	5,023.4	2,141.6	2,333.1
Europe	5,373.9	5,312.4	5,648.7	7,929.7
International	5,406.3	4,986.2	10,104.3	5,424.0
Total	**15,871.3**	**15,322.0**	**17,894.6**	**15,686.8**

3.4 Reconciliation of indicators with Consolidated Financial Statements

3.4.1 Reconciliation of EBIT and EBITDA with current operating income

(in millions of euros)	December 31, 2017	December 31, 2016 restated
Current operating income	**1,072.7**	**1,101.6**
(+) Share in net income of equity-accounted companies considered as core business	211.6	179.0
(-) Others	–	1.3
EBIT	**1,284.3**	**1,281.9**
(-) Net depreciation, amortization and provisions	1,099.8	1,091.3
(-) Share-based payments [a]	1.5	6.0
(-) Disbursements under concession contracts	255.8	271.8
EBITDA	**2,641.4**	**2,651.0**

(a) The impact of Share Appreciation Rights is disclosed after hedging by Warrants.

3.4.2 Reconciliation of capital employed with items of the statement of financial position

(in millions of euros)	December 31, 2017	December 31, 2016
(+) Tangible and intangible assets, net	12,629.4	12,502.8
(+) Goodwill, net	5,587.2	3,646.9
(+) Available-for-sale securities (excluding marketable securities and impact of revaluation of available-for-sale securities to fair value)	131.7	142.6
(+) Loans and receivables carried at amortized cost (excluding assets related to financing)	865.2	879.3
(+) Investments in joint ventures (excluding Other comprehensive income net of taxes)	1,071.0	916.0
(+) Investments in associates (excluding Other comprehensive income net of taxes)	1,026.7	984.3
(+) Trade and other receivables	4,689.7	4,041.4
(+) Inventories	471.0	262.7
(+) Other current and non-current assets	1,925.1	1,784.8
(-) Provisions and actuarial losses/gains on pensions plans	(1,664.8)	(1,656.0)
(-) Trade and other payables	(3,713.5)	(3,063.6)
(-) Other current and non-current liabilities	(5,081.1)	(4,744.0)
(-) Other financial liabilities	(43.0)	(10.4)
Capital employed	**17,894.6**	**15,686.8**

3.4.3 Reconciliation of investments in property, plant and equipment and intangible assets and financial investments with items in the statement of cash flows

(in millions of euros)	December 31, 2017	December 31, 2016
Investments in property, plant and equipment and intangible assets	(1,177.2)	(1,086.4)
Takeover of subsidiaries net of cash and cash equivalents acquired	(2,724.8)	(142.9)
Acquisitions of interests in associates and joint-ventures	(19.9)	(25.9)
Acquisitions of available-for-sale securities	(18.8)	(26.2)
Change in share of interests in controlled entities	(61.4)	90.3
Total investments	**(4,002.1)**	**(1,191.1)**

Note 4 Current operating income

(in millions of euros)	December 31, 2017	December 31, 2016
Revenues	15,871.3	15,322.0
Purchases	(3,092.4)	(2,995.9)
Personnel costs	(4,115.1)	(3,990.2)
Depreciation, amortization and provisions	(1,099.8)	(1,091.3)
Other operating income and expenses	(6,491.3)	(6,143.0)
Current operating income	**1,072.7**	**1,101.6**

4.1 Revenues

The following table shows Group's revenues per category:

(in millions of euros)	December 31, 2017	December 31, 2016
Sale, transport and distribution of electricity	432.7	423.1
Water, Recycling and Recovery	13,510.3	13,377.4
Engineering and construction contracts and other services [a]	1,928.3	1,521.5
Total	**15,871.3**	**15,322.0**

(a) Including EUR 971.5 million for WTS (of which EUR 510.9 million relating to former GE Water entities) in 2017.

4.2 Personnel costs

(in millions of euros)	December 31, 2017	December 31, 2016
Short-term benefits	(4,050.4)	(3,889.4)
Share-based payments or by cash payment	3.6	(19.5)
Post-employment benefit obligations and other long-term benefits	(68.3)	(81.3)
Total	**(4,115.1)**	**(3,990.2)**

Short-term benefits correspond to salaries and expenses recognized for the period. The amount of these short-term benefits is reduced by the impact of CICE (tax credit for competitiveness and employment) in France for an amount of EUR 43.6 million in 2017 for the companies included in the French tax consolidation group *versus* EUR 39.3 million in 2016.

Share-based payments are broken down in Note 23. This amount includes the impact of long-term incentive plan.

Post-employment benefit obligations and other long-term benefits are disclosed in Note 18. This amount corresponds to defined-benefit plan expenses (see Note 18.2.3) and to defined-contribution plan expenses (see Note 18.3).

4.3 Depreciation, amortization and provisions

The amounts shown below are net of reversals:

(in millions of euros)	December 31, 2017	December 31, 2016
Depreciation and amortization	(1,124.2)	(1,111.2)
Depreciation of inventories, trade receivables and other assets	(28.5)	(43.4)
Net change in provisions [a]	52.9	63.3
Total	**(1,099.8)**	**(1,091.3)**

(a) Excluding post employment benefit obligations and other long term benefits presented in section 4.2.

The depreciation breakdown is EUR 691.5 million for property, plant and equipment and EUR 432.7 million for intangible assets. The breakdown by type of asset is shown in Notes 10 and 11.

4.4 Other operating income and expenses

Other operating income and expenses include the following amounts:

(in millions of euros)	December 31, 2017	December 31, 2016
Other operating income	**289.8**	**184.1**
Other operating expenses	**(6,781.1)**	**(6,327.1)**
Sub-contracting	(2,569.6)	(2,124.9)
Taxes excluding corporate income tax	(730.1)	(758.7)
Other expenses	(3,481.4)	(3,443.5)
Total	**(6,491.3)**	**(6,143.0)**

"Other expenses" mainly include the following types of costs: rental expenses, external personnel, professional fees and compensation of intermediaries.

Note 5 Income from operating activities

(in millions of euros)	Note	December 31, 2017	December 31, 2016
Current operating income		**1,072.7**	**1,101.6**
MtM on operating financial instruments	5.1	1.3	(1.3)
Impairment on property, plant and equipment, intangible and financial assets	5.2	(20.3)	(159.5)
Restructuring costs	5.3	(157.6)	(76.1)
Scope effects	5.4	77.6	182.9
Other gains and losses on disposals and non-recurring items	5.5	33.6	91.3
Rebranding costs	5.6	–	(28.1)
Costs linked to the acquisition of GE Water	5.7	(44.4)	–
Income from operating activities		**962.9**	**1,110.8**

5.1 MtM on operating financial instruments

The Mark-to-Market on operating financial instruments amounted to a gain of EUR 1.3 million at December 31, 2017, *versus* a loss of -EUR 1.3 million in 2016 resulting primarily from the following factors:

- to optimize their margins, certain Group entities implement economic hedging strategies through forward contracts traded on the wholesale markets, aimed at reducing the sensitivity of the Group's margins to commodity price fluctuations. However, to the extent that these strategies hedge net exposure to the price risk of the entities in question, they are not eligible for the recognition of hedging in accordance with the provisions of IAS 39 – Financial instruments – recognition and measurement. Consequently, all changes in the fair value of the forward contracts concerned must be reflected in the income statement;
- gains and losses are recorded in the income statement in respect of the ineffective portion of future cash flow hedging strategies on non-financial assets (cash flow hedge).

5.2 Impairments of property, plant and equipment, intangible assets and financial assets

(in millions of euros)	December 31, 2017	December 31, 2016
Impairments		
Property, plant and equipment and other intangible assets	(12.8)	(144.6)
Financial assets	(13.5)	(23.7)
Total	**(26.3)**	**(168.3)**
Write-back of impairments		
Property, plant and equipment and other intangible assets	5.0	1.9
Financial assets	1.0	6.9
Total	**6.0**	**8.8**
Total	**(20.3)**	**(159.5)**

5.2.1 Impairments of goodwill

No impairment on goodwill was recognized in 2017, pursuant to the procedure described in Note 9.3.

5.2.2 Impairments of property, plant and equipment and intangible assets excluding goodwill

In 2017, this item includes mainly loss of value of property, plant and equipment and intangible assets in the operational sectors of Recycling and Recovery Europe and Water Europe related to difficulties in the market, especially in France and Spain.

In 2016, this item included mainly loss of value of property, plant and equipment and intangible assets in the operational sectors of Recycling and Recovery Europe and Water Europe related to difficulties in the market, especially in France.

5.2.3 Impairments of financial assets

In 2017, the evolution in this item is connected mainly with the evolution of financial receivables relating to an International concession contract and with financial assets in the Recycling and Recovery Europe sector.

In 2016, this item included the evolution of financial receivables relating to an International concession contract and financial assets in the Recycling and Recovery Europe sector.

5.3 Restructuring costs

At December 31, 2017, this item includes in particular the expense linked to the voluntary redundancy scheme for EUR 73 million (see Note 2.6).

In 2017, as in 2016, it includes reorganization costs due to adjustment plans linked to the activity level in the three operating segments or to unfavorable evolution on specific contracts.

5.4 Scope effects

At December 31, 2017, this item includes in particular the sale of 9.1% of Aquasure for EUR 47.8 million (see Note 2.7) and the sale of Palyja for EUR 10.2 million (see Note 2.8).

At December 31, 2016, this item includes several operations completed in the Group's three operational sectors. The most significant operation concerns the acquisition of SUEZ NWS Limited, which resulted in an adjustment gain of EUR 142 million following the adjustment to fair value of SUEZ NWS Limited shares that the SUEZ group held prior to the transaction. Residual impact is related to the sale of SUEZ Suomi Oy, Bristol Water and Ocea Smart Building.

5.5 Other gains and losses on disposals and non-recurring items

(in millions of euros)	December 31, 2017	December 31, 2016
Disposals of property, plant and equipment and intangible assets	34.3	89.7
Disposals of shares	(0.8)	1.6
Others	0.1	–
Total	**33.6**	**91.3**

In 2017, this item mainly registers the profit linked to the sale of Torre Agbar in Spain for EUR 6.3 million as well as the sale of two sites in United Kingdom for EUR 15.5 million.

In 2016, this item mainly registered disposals of property, plant and equipment as part of the sale/leasing of real estate assets and truck fleets in France, the Netherlands, Germany, Belgium and Australia.

5.6 Rebranding costs

In 2016, external service providers worked on the rebranding and change of visual identity. The fees for this work and the costs incurred through the rebranding and change of visual identity reached a total of EUR 28.1 million as at December 31, 2016.

Expenses of an unusual nature and a significant amount are presented on a separate line in the income statement, between the current operating income and the income from operating activities.

5.7 Costs linked to the acquisition of GE Water

In 2017, various external service providers advised SUEZ as part of the acquisition of GE Water. The fees for this work reached a net amount of EUR 44.4 million.

Expenses of an unusual nature and a significant amount are presented on a separate line in the income statement, between the current operating income and the income from operating activities.

Note 6 Net financial income/loss

(in millions of euros)	December 31, 2017 Expenses	Income	Total	December 31, 2016 Expenses	Income	Total
Cost of net debt	(417.7)	39.9	(377.8)	(414.3)	54.1	(360.2)
Other financial income and expenses	(100.8)	49.7	(51.1)	(102.6)	39.3	(63.3)
Financial income/(loss)	**(518.5)**	**89.6**	**(428.9)**	**(516.9)**	**93.4**	**(423.5)**

6.1 Cost of net debt

This item primarily includes interest expenses related to gross borrowings (calculated using the effective interest rate – EIR), gains and losses arising from foreign currency and interest rate hedging transactions on gross borrowings, as well as interest income on cash investments and changes in the fair value of financial assets measured at fair value through income.

(in millions of euros)	December 31, 2017 Expenses	Income	Total	December 31, 2016 Expenses	Income	Total
Interest expense on gross borrowings	(373.2)	–	(373.2)	(359.0)	–	(359.0)
Exchange gain/(loss) on borrowings and hedges	(26.3)	–	(26.3)	(30.3)	–	(30.3)
Unrealized income/(expense) from economic hedges on borrowings	–	–	–	–	0.4	0.4
Income/(expense) on cash and cash equivalents, and financial assets at fair value through income	–	28.7	28.7	–	42.1	42.1
Capitalized borrowing costs	–	1.2	1.2	–	1.4	1.4
Financial income (expense) relating to a financial debt or receivable restructuring	(18.2)	10.0	(8.2)	(25.0)	10.2	(14.8)
Cost of net debt	**(417.7)**	**39.9**	**(377.8)**	**(414.3)**	**54.1**	**(360.2)**

6.2 Other financial income and expenses

(in millions of euros)	December 31, 2017 Expenses	Income	Total	December 31, 2016 Expenses	Income	Total
Net interest expenses related to post employment and other long term benefits	(16.3)	–	(16.3)	(17.3)	–	(17.3)
Unwinding of discounting adjustment to long term provisions (except post employment)	(41.7)	–	(41.7)	(53.7)	–	(53.7)
Change in fair value of derivatives not included in net debt	(1.2)	–	(1.2)	–	1.1	1.1
Income from available-for-sale securities	–	5.0	5.0	–	7.9	7.9
Other	(41.6)	44.7	3.1	(31.6)	30.3	(1.3)
Other Financial Income and Expenses	**(100.8)**	**49.7**	**(51.1)**	**(102.6)**	**39.3**	**(63.3)**

Note 7 Income tax

7.1 Income tax expense in the income statement

7.1.1 Breakdown of income tax expense in the income statement

Income tax expense for the fiscal year amounted to EUR 225.4 million (compared to EUR 243.5 million in 2016) and breaks down as follows:

(in millions of euros)	December 31, 2017	December 31, 2016
Current income tax	(125.8)	(199.5)
Deferred taxes	(99.6)	(44.0)
Total income tax expense recognized in income	**(225.4)**	**(243.5)**

7.1.2 Theoretical income tax expense and actual income tax expense

The reconciliation between the Group's theoretical income tax expense and actual income tax expense is shown in the following table:

(in millions of euros)	December 31, 2017	December 31, 2016
Net income	**520.2**	**622.8**
► Share in net income of associates and joint ventures	211.6	179.0
► Income tax expense	(225.4)	(243.5)
Income before income tax and share in net income of associates and joint ventures (A)	**534.0**	**687.3**
Of which French companies	*(28.1)*	*82.8*
Of which companies outside France	*562.1*	*604.5*
Statutory income tax rate of SUEZ (B) [a]	34.43%	34.43%
Theoretical income tax expense (C) = (A) x (B)	**(183.9)**	**(236.6)**
In fact:		
Difference between the normal tax rate applicable to SUEZ and the normal tax rate applicable in jurisdictions in France and outside France [b]	42.5	59.3
Permanent differences [c]	47.3	7.3
Income taxed at a reduced rate or tax-exempt	1.4	(1.7)
Additional tax expense [d]	11.3	(61.2)
Effect of unrecognized deferred tax assets on tax loss carryforwards and on other tax-deductible temporary differences [e]	(181.3)	(82.9)
Recognition or utilization of tax assets on previously unrecognized tax loss carryforwards and other tax-deductible temporary differences [f]	26.1	46.3
Impact of changes in tax rates [g]	(52.2)	(29.4)
Tax savings and credits [h]	29.6	49.0
Other [i]	33.8	6.4
Actual income tax expense	**(225.4)**	**(243.5)**
Effective tax rate (actual income tax expense divided by income before income tax and share in net income of associates and joint ventures)	**42.2%**	**35.4%**

(a) The overall corporate tax rate in France is 34.43%. Under current law, this rate will remain in place until the end of year 2019.
(b) It mainly reflects the impact of the rate difference in 2017 between Chile (25,5%) and France. The corporate tax rate in Chile in 2016 was 24%.
(c) This item includes mainly the non taxation of the capital gain on the disposal of Aquasure securities. In 2016, this item included the impact of taxation at a reduced rate of the reevaluation gain on SUEZ NWS Limited securities.
(d) This item includes mainly a EUR 53 million reimbursement by the state of the 3% contribution on dividends paid out between 2013 and 2017. It also includes withholding taxes on dividends and the tax impact of dividends received. In 2016, these items also included the tax impact of gains on disposal of shares and the 3% contribution on dividends paid out.
(e) In 2017 this item includes an impact of -EUR 139.1 million which corresponds to the impairment of deferred tax assets within the French and Spanish tax consolidation group. In 2016, this item included an impact of -EUR 61.3 million which corresponds to the impairment of deferred tax assets within the French, Spanish, and Dutch tax consolidation group.
(f) In 2017, this item includes mainly the recognition of deferred tax on SUEZ Treatment Solutions Inc for EUR 8 million and SUEZ R&R Belgium N.V for EUR 4 million. In 2016, this item was composed of the recognition of deferred tax within the Australian tax consolidation group amounting to EUR 31 million.
(g) In 2017 this item includes the impact of the revaluation of deferred tax of the entities based in France and US. In 2016, it mainly included the impact of the revaluation of deferred tax of the entities based in France and UK following the gradual change in the corporate tax rate in these two countries on 2020.
(h) In 2017 this item includes the impact of the tax credit for Competitiveness and Employment (CICE) and the tax credit for research (CIR). Moreover, as in 2016, this item includes tax credits perceived in Spain.
(i) It mainly includes the impact of the tax savings generated by the tax consolidation group in France and the impact of tax adjustments on prior years.

The increase of the effective tax rate at December 31, 2017 compared to that of 2016 can be explained by the impairment of deferred tax assets within French and Spanish consolidation tax group and the change in US tax rate. These items, more than offset the reimbursement by the French state of the 3% contribution on dividends paid out between 2013 and 2017.

7.1.3 Analysis by type of temporary difference in deferred tax income/expenses on the income statement

(in millions of euros)	December 31, 2017	December 31, 2016
Deferred tax assets		
Loss carryforwards and tax credit	(50.6)	(16.0)
Pension obligations	4.4	(18.4)
Concessions arrangements	(3.0)	9.1
Non-deductible provisions	(9.7)	(8.3)
Differences between the carrying amount of PPE and their tax bases	(1.4)	3.3
Measurement of financial instruments at fair value (IAS 32/39)	3.9	12.2
Other	(8.3)	(1.0)
Total	**(64.7)**	**(19.1)**
Deferred tax liabilities		
Differences between the carrying amount of PPE and their tax bases	(32.2)	22.4
Concessions arrangements	(0.2)	(22.0)
Tax-driven provisions	(3.1)	(3.7)
Measurement of assets and liabilities at fair value (IAS 32/39)	4.3	(3.7)
Other	(3.7)	(17.9)
Total	**(34.9)**	**(24.9)**
Net Deferred Taxes	**(99.6)**	**(44.0)**

In 2017, the amounts appearing under "Loss carryforwards and tax credit" mainly refers to the impact of the impairment of deferred tax assets within French and Spanish consolidation tax group. The movement shown in "Differences between the carrying amount of PPE and their tax bases" is mainly related to the impact of change in US tax rate on the non-regulated activity.

7.2 Deferred tax income and expense recognized in "Other comprehensive income"

Deferred tax income and expense recognized in "Other comprehensive income" break down as follows:

(in millions of euros)	December 31, 2017	December 31, 2016
Available-for-sale securities	–	–
Actuarial gains and losses	19.2	1.8
Net investment hedges	(0.1)	1.7
Cash flow hedges	(2.9)	(1.9)
Total excluding share of associates and joint ventures	**16.2**	**1.6**
Share of associates	(2.0)	11.2
Share of joint ventures	–	(0.2)
Total	**14.2**	**12.6**

The impact in 2017 is primarily due to the tax effect of:

- actuarial losses on pension and other employee benefit obligations in SUEZ Water Inc. in the amount of EUR 14 million.

The impact in 2016 was primarily due to the tax effect of:

- cash flow hedge income in associates within R&R UK operating segment, in the amount of EUR 9.7 million.

7.3 Deferred taxes in the statement of financial position

7.3.1 Change in deferred taxes

Movements in deferred taxes recorded in the statement of financial position, after netting off the deferred tax assets and liabilities by tax entity, are broken down as follows:

(in millions of euros)	Assets	Liabilities	Net Balances
At December 31, 2016	**783.1**	**(654.5)**	**128.6**
From income statement	(64.7)	(34.9)	(99.6)
From other comprehensive income	6.6	7.6	14.2
Scope effects	(12.5)	(23.4)	(35.9)
Translation adjustments	(49.4)	66.3	16.9
Other impacts	7.2	109.6	116.8
Deferred tax netting off by tax entity	26.9	(26.9)	–
At December 31, 2017	**697.2**	**(556.2)**	**141.0**

The movement in "other impacts" is mainly related to the impact of US change in tax rate on the regulated activity.

7.3.2 Analysis of the net deferred tax position recognized on the statement of financial position (before netting off deferred tax assets and liabilities by tax entity), by type of temporary difference

(in millions of euros)	December 31, 2017	December 31, 2016
Deferred tax assets		
Loss carry-forwards and tax credit	292.6	370.1
Pension obligations	208.8	196.8
Concessions arrangements	97.6	125.9
Non-deductible provisions	173.7	188.2
Differences between the carrying amount of PPE and their tax bases	126.5	135.3
Measurement of financial instruments at fair value (IAS 32/39)	9.6	3.7
Other	303.2	304.9
Total	**1,212.0**	**1,324.9**
Deferred tax liabilities		
Differences between the carrying amount of PPE and their tax bases	(824.2)	(942.7)
Concessions arrangements	(77.4)	(77.5)
Tax-driven provisions	(17.4)	(14.5)
Measurement of assets and liabilities at fair value (IAS 32/39)	(39.4)	(38.4)
Other	(112.6)	(123.2)
Total	**(1,071.0)**	**(1,196.3)**
Net Deferred Taxes	**141.0**	**128.6**

The deferred tax assets recognized on tax loss carry-forwards amounted to EUR 292.6 million as of December 31, 2017 *versus* EUR 370.1 million as of December 31, 2016.

In 2017, the Group has impaired deferred tax assets generated during the period within the French tax consolidation group, especially by the impact of the voluntary departure plan. The total amount of net deferred tax assets within the French tax consolidation group, including all temporary differences, is of EUR 211.3 million as of December 31, 2017 (including EUR 132.7 million of deferred tax loss carry forwards) and amounted to EUR 226.0 million as of December 31, 2016.

In addition, the creation of SWTS company, in which all French companies specialized in Industrial Water activity were transferred, owned at 70% by SUEZ, led to the exit of all these companies from the SUEZ tax consolidation group.

Management considers that the French tax consolidation group will be able to use up its deferred tax assets not depreciated on loss carry-forwards over the 5-year medium-term plan (approximately 54% of them) or beyond.

7.4 Unrecognized deferred taxes

7.4.1 Deductible temporary differences not recognized

Temporary differences on losses carried forward

As of December 31, 2017, unused tax losses carried forward and not recognized in the statement of financial position (because they did not meet the criteria for recognition as a deferred tax asset) amounted to EUR 417.8 million for ordinary tax loss carry-forwards, *versus* EUR 232.0 million as of December 31, 2016.

This movement is mainly related to the tax losses of the period, not recognized in the French tax consolidation group.

Other temporary differences not recognized

The amount of deferred tax assets on other unrecognized temporary differences amounted to EUR 81.2 million as of December 31, 2017, compared to EUR 108.4 million as of December 31, 2016.

7.4.2 Unrecognized deferred tax liabilities on taxable temporary differences relating to investments in subsidiaries

No significant deferred tax liability has been recognized on temporary differences when the Group is able to control the timing of their reversal and it is probable that the temporary difference will not reverse in the foreseeable future.

Note 8 Earnings per share

	December 31, 2017	December 31, 2016
Numerator *(in millions of euros)*		
Net income, Group share	**301.8**	**420.3**
► coupon attributable to holders of Undated Deeply Subordinated Notes issued by SUEZ in June 2014	(15.0)	(15.0)
► coupon attributable to holders of Undated Deeply Subordinated Notes issued by SUEZ in March 2015	(12.5)	(12.5)
Adjusted Net Income, Group Share	**274.3**	**392.8**
Denominator *(in millions)*		
Weighted average number of outstanding shares	593.2	547.3
Earnings per share *(in euros)*		
Net income Group share per share	**0.46**	**0.72**
Net diluted income Group share per share	**0.46**	**0.70**

The Group's dilutive instruments included in the calculation of diluted earnings per share are as follows:

- the SUEZ stock option plans;
- the SUEZ employee share issue;
- the OCEANE 2020 convertible bonds, *i.e.* 19,052,803 securities issued in 2014, which generate financial expense of EUR 6.5 million in 2017.

Note 9 Goodwill

9.1 Movements in the carrying amount of goodwill

(in millions of euros)	Gross amount	Impairment Losses	Carrying amount
At December 31, 2015	**3,576.3**	**(96.8)**	**3,479.5**
Scope effects	188.8	2.0	190.8
Impairment losses	–	–	–
Translation adjustments	(30.4)	2.0	(28.4)
Other	6.6	(1.6)	5.0
At December 31, 2016	**3,741.3**	**(94.4)**	**3,646.9**
Scope effects	2,156.5	4.7	2,161.2
Impairment losses	–	–	–
Translation adjustments	(222.6)	2.2	(220.4)
Other	4.3	(4.8)	(0.5)
At December 31, 2017	**5,679.5**	**(92.3)**	**5,587.2**

In 2017, the net change in goodwill comes to +EUR 1,940.3 million. This is mainly the result of:

- the acquisition of GE Water which generates a goodwill of EUR 2,170.5 million (Refer to Note 2.1);
- translation adjustments mainly related to fluctuations in the US dollar (-EUR 118.0 million), the pound sterling; (-EUR 14.2 million), and the Hong Kong dollar for (-EUR 72.0 million);
- the sale of 9,1% of Aquasure which led to the transfer of EUR 14.0 million of goodwill deduced from the gain on the disposal.

In 2016, the net change in goodwill came to +EUR 167.4 million. This was mainly the result of:

- the takeover of SUEZ NWS Limited by SUEZ which generated a preliminary goodwill of EUR 131.6 million;
- the acquisitions of Nantaise des Eaux in France for +EUR 18.6 million, Ecoltecnica in Italy for +EUR 16.6 million, Edifi Nord in France for +EUR 13.1 million, DETS in the UK for +EUR 10.9 million, Driplex in India for +EUR 10.4 million, and Perthwaste in Australia for +EUR 9.5 million;
- the sale of SUEZ Suomi Oy for -EUR 30.8 million;
- translation adjustments (mainly related to fluctuations in the pound sterling, the US dollar and Hong Kong dollar for -EUR 32.9 million).

9.2 Main goodwill cash generating units (CGUs)

In 2017, in order to reflect the internal mergers and acquisitions, two cash generating units have been created:

- SUEZ WTS which includes entities coming from both the acquisition of GE Water and other entities already included in the Degremont CGU;
- SUEZ NWS which includes the operational assets of SUEZ New World Services in China (China, Hong Kong, Macao and Taiwan).

Goodwill CGUs break down as follows:

(in millions of euros)	Operating segment	December 31, 2017	December 31, 2016 restated
Material CGUs			
R&V France	Recycling and Recovery Europe	615.4	616.2
SUEZ Spain	Water Europe	562.1	583.6
R&R News	Recycling and Recovery Europe	507.1	506.4
SUEZ Water Inc.- regulated activity	International	436.1	496.1
R&R UK	Recycling and Recovery Europe	350.5	363.2
Water France	Water Europe	332.1	330.6
SUEZ NWS	International	248.7	340.2
R&R Australia	International	166.0	176.5
SUEZ WTS	WTS	2,186.0	16.0
Other CGUs			
(individual goodwill of less than EUR150 million or between 3% and 6% of the total amount of goodwill)		183.3	218.1
Total		**5,587.2**	**3,646.9**

9.3 Impairment test

All goodwill cash-generating units (CGUs), with the exception of SUEZ WTS, are tested for impairment. Impairment tests were carried out based on actual results at the end of June, on the last forecast of the year taking into account the upcoming events in the second half of the year, on the following year budget and on the medium-term plan (MTP) over four years for the rest of the business plan. The SWTS exception is due to its recent acquisition, to the fact there is no costs allocation accounted and there is no indication of impairment loss.

The recoverable value of goodwill CGUs is calculated by applying various methods, primarily the discounted cash flow (DCF) method, which is based on the following:

- cash flow projections prepared over the duration of the medium-term plan approved by the Group's Board of Directors. These are linked to operating conditions estimated by the Management Committee, specifically the duration of contracts carried by entities of the CGU in question, changes in pricing regulations and future market outlooks;
- a terminal value for the period after the MTP, calculated by applying the long-term growth rate, which is between 2% and 3% depending on the activity, to normalized free cash flow[1] (used specifically in impairment tests) in the final year of the projections;
- a discount rate appropriate for the CGU depending on the business, country and currency risks of each CGU. The after-tax discount rates applied in 2017 range from 4.4% to 6.7%.

When this method is used, the measurement of the recoverable value of goodwill CGU is based on three scenarios (low, medium and high), distinguished by a change in key assumptions: the discount rate and the long-term growth rate of normalized free cash flow. The medium scenario is preferred.

Valuations thus obtained are systematically compared with valuations obtained using the market multiples method or the stock exchange capitalization method, when applicable.

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(1) The "normalized" free cash flow used in impairment tests is different from free cash flow in the following aspects: no financial interest, use of a normalized tax rate, taking into account all investment flows (maintenance capital expenditures and financial disposals, already committed development capital expenditures and financial acquisitions).

Based on events reasonably foreseeable at this time, the Group believes there is no reason to find material impairment on the goodwill shown in the statement of financial position, and that any changes affecting the key assumptions described below should not result in excess book value over recoverable amounts.

Main assumptions used for material goodwill

The following table describes the method and discount rate used in examining the recoverable amount of material goodwill CGUs:

Cash-generating units	Measurement method	Discount rates
R&V France	DCF	5.1%
R&R News	DCF	5.1%
SUEZ Water Inc.- regulated activity	Multiples [a] + DCF	4.4%
SUEZ Spain	DCF	5.7%
R&R UK	DCF	5.4%
Water France	DCF	4.7%
SUEZ NWS	DCF	6.7%
R&R Australia	DCF	6.3%

(a) Valuation multiples of comparable entities: market value of transactions.

9.4 Sensitivity to interest rate and operational assumptions

A change of 50 basis points upward or downward in the discount rate or growth rate of normalized free cash flow does not affect the recoverable amounts of goodwill CGUs, which remain higher than their book values.

The table below shows the sensitivity of the measurements of recoverable value exceeding book value, in response to changes in discount rates and growth rates:

	Discount rates		Growth rate of "normalized" free cash flow	
Impact in % on excess of recoverable value over book value	−50 pb	+50 pb	−50 pb	+50 pb
R&V France	39%	−28%	−25%	35%
R&R News	46%	−33%	−29%	41%
SUEZ Water Inc.- regulated activity	113%	−52%	−27%	58%
SUEZ Spain	67%	−51%	−44%	58%
R&R UK	29%	−22%	−19%	25%
Water France	33%	−22%	−20%	30%
SUEZ NWS	53%	−40%	−35%	46%
R&R Australia	19%	−15%	−13%	16%

Moreover, we have ensured that, in 2017, a reasonable decrease (equal to or less than 5%) of both cash flows during the medium-term plan and of the terminal value does not call into question the goodwill values of the different significant CGUs.

9.5 Segment information

The carrying amount of goodwill can be analyzed by operating segment as follows:

(in millions of euros)	December 31, 2017	December 31, 2016 restated
Water Europe	744.3	748.7
Recycling and Recovery Europe	1,533.7	1,548.4
International	1,120.5	1,331.1
WTS	2,186.0	16.0
Other	2.7	2.7
Total	**5,587.2**	**3,646.9**

The segment breakdown above is based on the operating segment of the acquired entity (and not on that of the acquirer).

Note 10 Intangible assets

10.1 Movements in the carrying amount of intangible assets

(in millions of euros)	Softwares	Intangible rights arising on concession contracts	Other	Total
A) Gross amount				
At December 31, 2015	**698.5**	**5,528.3**	**1,178.7**	**7,405.5**
Acquisitions	54.0	158.0	84.6	296.6
Disposals	(34.8)	(158.4) [a]	(11.0)	(204.2)
Translation adjustments	5.9	(13.8)	51.9	44.0
Changes in scope of consolidation	(12.1)	67.1 [b]	96.2 [b]	151.2
Other	45.1	(19.0)	(42.4)	(16.3)
At December 31, 2016	**756.6**	**5,562.2**	**1,358.0**	**7,676.8**
Acquisitions	38.8	154.7	131.9	325.4
Disposals	(27.7)	(191.8) [a]	(6.8)	(226.3)
Translation adjustments	(4.6)	(59.2)	(56.7)	(120.5)
Changes in scope of consolidation	18.8	83.0 [c]	70.2	172.0
Other	19.2	289.1	(143.6)	164.7
At December 31, 2017	**801.1**	**5,838.0**	**1,353.0**	**7,992.1**
B) Accumulated depreciation and impairment				
At December 31, 2015	**(466.5)**	**(2,189.5)**	**(535.9)**	**(3,191.9)**
Depreciation	(64.0)	(287.0)	(50.4)	(401.4)
Impairment losses	(8.4)	(4.0)	(36.9)	(49.3)
Disposals	32.9	155.1 [a]	10.1	198.1
Translation adjustments	(4.2)	(1.9)	(2.9)	(9.0)
Changes in scope of consolidation	6.1	0.7	(1.1)	5.7
Other	(3.0)	12.4	(15.4)	(6.0)
At December 31, 2016	**(507.1)**	**(2,314.2)**	**(632.5)**	**(3,453.8)**
Depreciation	(66.8)	(312.3)	(53.6)	(432.7)
Impairment losses	–	(1.9)	(5.3)	(7.2)
Disposals	33.9	169.4 [a]	5.1	208.4
Translation adjustments	3.0	24.3	18.7	46.0
Changes in scope of consolidation	(0.4)	(0.2)	2.6	2.0
Other	(7.7)	(224.4)	39.2	(192.9)
At December 31, 2017	**(545.1)**	**(2,659.3)**	**(625.8)**	**(3,830.2)**
C) Carrying Amount				
At December 31, 2015	**232.0**	**3,338.8**	**642.8**	**4,213.6**
At December 31, 2016	**249.5**	**3,248.0**	**725.5**	**4,223.0**
At December 31, 2017	**256.0**	**3,178.7**	**727.2**	**4,161.9**

(a) "Disposals" reflect the derecognition at the end of the concession contract of intangible assets that are in the scope of IFRIC 12.
(b) Changes in the scope of consolidation in 2016 were mainly due to the takeover of SUEZ NWS Limited group.
(c) Changes in the scope of consolidation in 2017 are mainly due to the takeover of VAK Karlovy Vary, the finalization of the allocation work related to the business combination cost of SUEZ NWS (Hong Kong) takeover (see Note 2.10) and the entry of GE Water.

The change in scope of consolidation is mainly due to the takeover of GE Water for EUR 92 million. This amount comprises software for EUR 18 million and non-depreciable intangible assets for EUR 74 million.

10.1.1 Intangible rights arising on concession contracts

The Group manages a large number of concession contracts as defined by SIC 29 (see Note 22) in the drinking water distribution, wastewater treatment, and waste management businesses. Infrastructure rights granted to the Group as concession operator, falling within the scope of application of IFRIC 12, and corresponding to the intangible model, are recognized under this category. These include the rights to charge users recognized under the intangible asset model in IFRIC 12.

10.1.2 Non-depreciable intangible assets

Non-depreciable intangible assets, mainly composed of water rights, amounted to EUR 105 million as of December 31, 2017, *versus* EUR 78 million as of December 31, 2016, and were included in the column "Other".

No significant impairment was posted in this asset category in 2017.

10.2 Information on research and development expenses

Research and development activities relate to various studies regarding technological innovation, improvements in plant efficiency, safety, environmental protection and service quality.

Research and development activities that do not meet the assessment criteria defined in IAS 38 were posted to expenses in the amount of EUR 92 million, a slight increase as compared with the EUR 74 million registered in 2016.

Expenses related to in-house projects in the development phase that meet the criteria for recognition as an intangible asset are not material.

Note 11 Property, plant and equipment

11.1 Movements in the carrying amount of property, plant and equipment

(in millions of euros)	Lands	Constructions	Plant and equipment	Transport equipment	Capitalized dismanting and restoration costs	Construction in progress	Other	Total property, plant and equipment
A) Gross amount								
At December 31, 2015	**1,944.3**	**3,353.4**	**7,717.2**	**1,509.9**	**552.4**	**683.9**	**471.9**	**16,233.0**
Acquisitions	11.7	39.0	127.5	52.1	–	554.0	24.3	808.6
Disposals	(117.4)	(129.1)	(198.2)	(137.4)	(0.2)	–	(20.2)	(602.5)
Translation adjustments	(50.1)	89.0	209.1	(16.7)	(14.9)	(12.9)	2.6	206.1
Changes in scope of consolidation	39.4	12.2	(76.2)	3.3	7.4	(2.0)	7.1	(8.8)
Other [a]	22.9	(52.7)	304.6	49.4	(6.6)	(477.7)	26.1	(134.0)
At December 31, 2016	**1,850.8**	**3,311.8**	**8,084.0**	**1,460.6**	**538.1**	**745.3**	**511.8**	**16,502.4**
Acquisitions	26.9	52.6	158.0	31.7	–	608.8	28.7	906.7
Disposals	(11.8)	(169.3)	(223.6)	(129.3)	–	–	(26.1)	(560.1)
Translation adjustments	(43.2)	(98.1)	(447.6)	(18.7)	(6.3)	(29.1)	(25.2)	(668.2)
Changes in scope of consolidation	22.7	105.5	355.3	(0.7)	–	58.9	0.1	541.8
Other [b]	153.2	105.1	343.4	3.2	7.5	(533.0)	15.9	95.3
At December 31, 2017	**1,998.6**	**3,307.6**	**8,269.5**	**1,346.8**	**539.3**	**850.9**	**505.2**	**16,817.9**
B) Accumulated depreciation and impairment								
At December 31, 2015	**(1,030.9)**	**(1,430.0)**	**(3,513.9)**	**(1,100.5)**	**(549.4)**	**(16.4)**	**(317.0)**	**(7,958.1)**
Depreciation	(67.9)	(129.4)	(332.1)	(117.8)	(0.4)	–	(62.2)	(709.8)
Impairment losses	(11.6)	(8.8)	(57.8)	(16.9)	–	(0.1)	(0.1)	(95.3)
Disposals	71.4	95.5	171.6	103.4	0.3	–	19.0	461.2
Translation adjustments	58.5	(11.4)	(41.5)	13.4	14.9	(0.3)	–	33.6
Changes in scope of consolidation	(7.8)	(3.9)	40.0	4.3	(7.5)	(0.1)	(1.8)	23.2
Other [a]	6.9	13.3	(23.9)	3.7	6.5	0.6	15.5	22.6
At December 31, 2016	**(981.4)**	**(1,474.7)**	**(3,757.6)**	**(1,110.4)**	**(535.6)**	**(16.3)**	**(346.6)**	**(8,222.6)**
Depreciation	(67.2)	(127.5)	(347.6)	(90.4)	(0.3)	–	(58.5)	(691.5)
Impairment losses	(13.7)	(4.7)	(4.4)	(0.1)	–	–	(0.1)	(23.0)
Disposals	9.3	35.6	215.3	109.0	–	–	19.3	388.5
Translation adjustments	19.6	23.3	123.9	13.1	6.3	1.4	14.1	201.7
Changes in scope of consolidation	–	(0.1)	(7.7)	0.3	–	–	(3.8)	(11.3)
Other [b]	(28.1)	10.3	7.6	8.0	(7.5)	–	17.5	7.8
At December 31, 2017	**(1,061.5)**	**(1,537.8)**	**(3,770.5)**	**(1,070.5)**	**(537.1)**	**(14.9)**	**(358.1)**	**(8,350.4)**
C) Carrying Amount								
At December 31, 2015	**913.4**	**1,923.4**	**4,203.3**	**409.4**	**3.0**	**667.5**	**154.9**	**8,274.9**
At December 31, 2016	**869.4**	**1,837.1**	**4,326.4**	**350.2**	**2.5**	**729.0**	**165.2**	**8,279.8**
At December 31, 2017	**937.1**	**1,769.8**	**4,499.0**	**276.3**	**2.2**	**836.0**	**147.1**	**8,467.5**

(a) Following the signature of a sales contract for Torre Agbar in Barcelona at the end of December 2016 with no conditions precedent, this asset was reclassified as an "asset held for sale" in accordance with IFRS 5, for a total amount of EUR 131.8 million. The corresponding finance-lease liability was also classified as a liability directly related to an asset held for sale in the amount of EUR 92.5 million.

(b) In 2017, "The asset held for sale" linked to the sale of Torre Agbar in Barcelona, in accordance with IFRS 5 in December 2016, has been reclassified in tangible asset for a total amount of EUR 131.8 million. On January 12, 2017, SUEZ sold the Torre Agbar to the Spanish real estate group Merlin (refer to Note 2.5).

In 2017, the main changes are as follows:

- the GE Water acquisition as of September 29, 2017 generates a scope effect of EUR 533 million;
- the main translation adjustments on the carrying amount of property, plant and equipment concern the Chilean peso (-EUR 131 million) and the US dollar (-EUR 303 million).

In 2016, the main changes were as follows:

- disposals included the sale/leaseback of sites and trucks mainly carried out in Australia, France, the Netherlands and Belgium. The assets concerned by these disposals had a net book value of EUR 105 million;
- the main translation adjustments on the carrying amount of property, plant and equipment concerned the Chilean peso (+EUR 256 million), the US dollar (+EUR 77 million) and the pound sterling (-EUR 59 million).

11.2 Pledged and mortgaged assets

Assets pledged and mortgaged as collateral for borrowings amounted to EUR 11.0 million at December 31, 2017 against EUR 12.3 million at December 31, 2016.

11.3 Contractual commitments for the acquisition of property, plant and equipment

In the course of ordinary operations, some Group companies also entered into commitments to invest in technical facilities, with a corresponding commitment by related third parties to deliver these facilities.

The Group's contractual commitments for property, plant and equipment amounted to EUR 429.7 million at December 31, 2017, against EUR 432.9 million at December 31, 2016.

Note 12 Investments in joint ventures and associates

12.1 Investments in joint ventures

	Carrying amount of investments in joint ventures		Share in net income/(loss) of joint ventures	
(in millions of euros)	**December 31, 2017**	December 31, 2016	**December 31, 2017**	December 31, 2016
SUEZ NWS Limited group [a]	681.7	605.7	67.3	23.1
Suyu group	284.6	288.0	14.8	50.5
Other	37.6	21.9	10.1	10.8
Total	**1,003.9**	**915.7**	**92.2**	**84.4**

(a) Finalization of the allocation work related to the business combination following the takeover of SUEZ NWS (Hong Kong) by SUEZ late 2016. This impacting Chinese joint ventures for EUR 85 million.

(in millions of euros)	**December 31, 2017**	December 31, 2016
Net income	92.2	84.4
Other comprehensive income (OCI)	(53.5)	(24.0)
Comprehensive income	**38.7**	**60.4**

The most significant joint ventures of the Group are now those Chinese ventures with whom SUEZ NWS Limited, based in Hong Kong, is a 50% partner. The distribution of stakes in the Chinese joint ventures is 50% to SUEZ NWS Limited and 50% to the local authorities who licensed them. In view of the full consolidation of SUEZ NWS Limited in SUEZ, the shares of the Chinese joint ventures are accounted for by the equity method up to 50% in the consolidated statement of financial position at December 31, 2017 in the amount of EUR 681.7 million. Another major joint venture is with the Suyu Group based in China, which is 50% owned.

The summarized financial information at 100% of chinese joint ventures held at 50% by SUEZ NWS group are presented below, before fair value adjustment of assets and liabilities in the business combination at SUEZ NWS (see Note 2.10).

Summarized Statement of financial position at 100%

(in millions of euros)	December 31, 2017	December 31, 2016
Non-current assets	629.9	636.2
Current assets	320.3	263.2
Of which Cash and cash equivalents	*159.0*	*156.5*
Total assets	**950.2**	**899.4**
Shareholders' equity, Group share	529.0	543.1
Non-controlling interests	4.5	3.9
Total shareholders' equity	**533.5**	**547.0**
Non-current liabilities	196.2	139.0
Current liabilities	220.5	213.4
Total shareholders' equity and liabilities	**950.2**	**899.4**

Summarized Income Statement at 100%

(in millions of euros)	December 31, 2017	December 31, 2016
Revenues	341.9	321.4
Current operating income	77.8	78.0
Net income – group share	60.5	58.1
Net income – non-controlling interests	0.5	0.9
Net income	61.0	59.0
Other comprehensive income (OCI) [a]	(34.3)	(19.2)
Comprehensive income	**26.7**	**39.7**

(a) This amount corresponds to translation adjustments.

Dividends at 100%

(in millions of euros)	Dividends related to 2016	Dividends related to 2015
Dividends paid by Chinese joint ventures	89.2	46.9

The summarized financial information at 100% of the Suyu group are presented below.

Summarized Statement of financial position at 100%

(in millions of euros)	December 31, 2017	December 31, 2016
Non-current assets [a]	750.0	789.0
Current assets	0.6	1.3
Of which Cash and cash equivalents	*0.6*	*1.3*
Total assets	**750.6**	**790.3**
Shareholders' equity, Group share	569.2	575.9
Total shareholders' equity	**569.2**	**575.9**
Non-current liabilities	181.4	214.4
Current liabilities	0.0	0.0
Total shareholders' equity and liabilities	**750.6**	**790.3**

(a) Includes Derun Environment shares equity accounted.

Summarized Income Statement at 100%

(in millions of euros)	December 31, 2017	December 31, 2016
Net income [a]	49.2	119.0
Other comprehensive income (OCI)	(44.0)	(24.1)
Comprehensive income	**5.2**	**94.9**

(a) Derun Environment's share in net income accounted for using the equity method in the Suyu group. The variation is explained by the impact of the completion of transactions for EUR 36 million regarding the purchase of significant influence in Derun Environment during the first half of 2016, which does not have an equivalent in 2017.

Dividends at 100%

(in millions of euros)	Dividends related to 2016	Dividends related to 2015
Dividends paid by Suyu Group	–	20.4

12.2 Investments in associates

	Carrying amount of investments in associates		Share in net income/(loss) of associates	
(in millions of euros)	December 31, 2017	December 31, 2016	December 31, 2017	December 31, 2016
In Acea group	580.0	559.1	48.8	35.1
In Agbar group	183.7	200.0	15.9	21.4
In the company Aquasure Holding	74.1	99.2	19.3	17.4
In the company Brnenske Vodarny A Kanalizace	36.0	34.2	1.3	1.3
In R&R BeLux	18.4	18.9	2.5	4.8
In the company ACQUE BLU FIORENTINE SpA	17.2	–	1.8	–
In the company Aguas de Saltillo S.A. de C.V.	15.9	17.0	1.2	1.1
In R&V France group	12.9	10.3	3.4	(3.3)
In WTS scope group	12.7	–	1.2	–
In the company Aguas de Cartagena S.A E.S.P	12.5	–	2.4	–
In the company Degrémont WTE Praha v.o.s.	8.4	4.2	5.2	3.4
In the R&R UK group	7.4	2.5	8.3	11.3
In the company Arte SA de CV	7.2	7.8	1.4	1.2
In SUEZ Polska sp zoo group	6.9	2.7	0.4	0.2
In the company Interagbar de Colombia S.A.S	5.9	–	–	–
In the company Aquasystema Maribor	5.7	5.5	1.2	1.6
In SUEZ R&R Deutschland GmbH group	5.0	4.2	1.7	1.9
In SUEZ Water Inc. group	1.9	4.1	–	(0.3)
In the company SUEZ Water Treatment Company Limited	1.8	2.4	(0.5)	–
Other	6.8	8.7	3.9	(2.5)
Total	**1,020.4**	**980.8**	**119.4**	**94.6**

(in millions of euros)	December 31, 2017	December 31, 2016
Net income	119.4	94.6
Other comprehensive income (OCI)	(8.3)	(56.3)
Comprehensive income	**111.1**	**38.3**

The Group's largest individual associate is the Acea Group, based in Rome. At December 31, 2017, SUEZ holds 23.33% of the capital of Acea and still continues to consolidate Acea with the equity method.

The book value of Acea in the statement of financial position as of December 31, 2017 is EUR 580.0 million. Its market value is EUR 765.2 million.

The summarized financial information at 100% of the Acea Group are presented below.

Summarized Statement of financial position at 100%

(in millions of euros)	September 30, 2017 [a]	December 31, 2016
Non-current assets	4,951.0	4,771.2
Current assets	2,118.5	2,133.5
Of which Cash and cash equivalents	*441.7*	*665.5*
Total assets	**7,069.5**	**6,904.7**
Shareholders' equity, Group share	1,702.0	1,671.1
Non-controlling interests	90.7	86.8
Total shareholders' equity	**1,792.7**	**1,757.9**
Non-current liabilities	3,135.0	3,382.5
Current liabilities	2,141.8	1,764.3
Total shareholders' equity and liabilities	**7,069.5**	**6,904.7**

(a) The Consolidated Financial Statements of Acea group at December 31, 2017 are not available at the date of publication of the Group's 2017 Consolidated Financial Statements. In compliance with IAS 28 "Investments in Associates and joint ventures", the summarized statement of financial position at September 30, 2017 corresponds to the latest available information.

Summarized Income Statement at 100% – of the first nine months

(in millions of euros)	September 30, 2017 [a]	September 30, 2016
Revenues	2,037.9	2,047.5
Gross operating profit	607.9	625.3
Operating profit/(loss)	291.3	378.1
Net income – group share	152.6	200.9
Net income – non-controlling interests	9.0	6.6
Net income	161.6	207.5
Other comprehensive income (OCI)	(1.0)	(9.9)
Comprehensive income	**160.6**	**197.6**

(a) The Consolidated Financial Statements of Acea group at December 31, 2017 are not available at the date of publication of the Group's 2017 Consolidated Financial Statements. In compliance with IAS 28 "Investments in Associates and joint ventures", the summarized income statement at September 30, 2017 corresponds to the latest available information.

Dividends (at 100%)

(in millions of euros)	Dividends related to 2016	Dividends related to 2015
Dividends paid by Acea	131.8	106.4

Note 13 Financial instruments

13.1 Financial assets

The following table shows the various financial asset categories and their breakdown as "non-current" and "current":

(in millions of euros)	December 31, 2017 Non-current	Current	Total	December 31, 2016 Non-current	Current	Total
Available-for-sale securities	127.1	–	127.1	138.3	–	138.3
Loans and receivables carried at amortized cost	728.6	4,826.3	5,554.9	739.9	4,180.8	4,920.7
Loans and receivables carried at amortized cost (excluding trade and other receivables)	728.6	136.6	865.2	739.9	139.4	879.3
Trade and other receivables	–	4,689.7	4,689.7	–	4,041.4	4,041.4
Financial assets measured at fair value	149.5	146.4	295.9	198.2	93.5	291.7
Derivative financial instruments	149.5	89.5	239.0	198.2	31.2	229.4
Financial assets measured at fair value through income	–	56.9	56.9	–	62.3	62.3
Cash and cash equivalents	–	3,058.1	3,058.1	–	2,924.7	2,924.7
Total	**1,005.2**	**8,030.8**	**9,036.0**	**1,076.4**	**7,199.0**	**8,275.4**

13.1.1 Available-for-sale securities

Changes are analyzed as follows:

(in millions of euros)	
At December 31, 2016	**138.3**
Acquisitions	18.8
Net book value of disposals	(3.9)
Changes in fair value posted to equity as Other comprehensive income	0.1
Changes in fair value posted to income statement	(0.9)
Changes in scope, exchange rates and other	(25.3)
At December 31, 2017	**127.1**

The value of available-for-sale securities held by the Group amounts to EUR 127,1 million as of December 31, 2017, which is divided between EUR 23.6 million for listed securities and EUR 103.5 million for unlisted securities (*versus* EUR 24.2 million and EUR 114.1 million respectively in 2016).

13.1.1.1 Gains and losses posted to equity and income from available-for-sale securities

Gains and losses posted to equity and income from available-for-sale securities are as follows:

(in millions of euros)	Dividends	Post acquisition remeasurement: Change in fair value	Impact of exchange rates	Impairment	Profit (loss) on disposals
Shareholders' equity[a]		0.1	–		
Net income	5.0	–		(0.9)	(0.3)
Total at December 31, 2017	**5.0**	**0.1**	**–**	**(0.9)**	**(0.3)**
Shareholders' equity[a]		(1.8)	–		
Net income	7.9	–		(2.3)	3.2
Total at December 31, 2016	**7.9**	**(1.8)**	**–**	**(2.3)**	**3.2**

(a) Excluding tax impact.

13.1.1.2 Analysis of available-for-sale securities as part of impairment tests

The Group examines the value of the various available-for-sale securities on a case-by-case basis and taking the market context into consideration, to determine whether it is necessary to recognize impairments.

Among the factors taken into consideration for listed securities, the Group believes that a decline in the share price of more than 50% below historical cost or a decline in the share price below historical cost for more than 12 months consecutively are indicators of impairment.

13.1.2 Loans and receivables carried at amortized cost

	December 31, 2017			December 31, 2016		
(in millions of euros)	Non-current	Current	Total	Non-current	Current	Total
Loans and receivables carried at amortized cost (excluding trade and other receivables)	**728.6**	**136.6**	**865.2**	**739.9**	**139.4**	**879.3**
Loans granted to affiliated companies [a]	214.6	98.4	313.0	229.7	91.6	321.4
Other receivables at amortized cost	100.7	28.3	129.0	89.9	27.4	117.3
Concession receivables	412.6	9.8	422.4	419.4	20.3	439.6
Finance lease receivables	0.7	0.1	0.8	0.9	0.1	1.0
Trade and other receivables	**–**	**4,689.7**	**4,689.7**	**–**	**4,041.4**	**4,041.4**
Total	**728.6**	**4,826.3**	**5,554.9**	**739.9**	**4,180.8**	**4,920.7**

(a) This item primarily includes loans granted to associates accounted for under the equity method and to non-consolidated companies, and amounted to EUR 281.8 million as of December 31, 2017, *versus* EUR 285.9 million as of December 31, 2016.

Depreciation and impairment on loans and receivables carried at amortized cost are shown below:

	December 31, 2017			December 31, 2016		
(in millions of euros)	Gross	Depreciation and impairment	Net	Gross	Depreciation and impairment	Net
Loans and receivables carried at amortized cost (excluding trade and other receivables)	962.9	(97.7)	865.2	1,051.2	(171.9)	879.3
Trade and other receivables	4,997.6	(307.9)	4,689.7	4,358.1	(316.7)	4,041.4
Total	**5,960.5**	**(405.6)**	**5,554.9**	**5,409.3**	**(488.6)**	**4,920.7**

Information on the maturity of receivables that are past due but not impaired and on the monitoring of counterparty risk on loans and receivables at amortized cost (including trade and other receivables) is presented in Note 14.2 "Counterparty risk".

Net income and expenses on loans and receivables carried at amortized cost and recognized in the income statement break down as follows (including trade receivables):

		Post-acquisition remeasurement	
(in millions of euros)	Interests	Translation adjustment	Impairment
At December 31, 2016	73.8	3.5	(56.5)
At December 31, 2017	**58.5**	**(4.3)**	**(41.9)**

Trade and other receivables

On initial recognition, trade receivables are recorded at fair value, which generally corresponds to their nominal value. Impairment losses are recorded based on the estimated risk of non-recovery.

The net carrying amount posted to the statement of financial position represents a good measurement of fair value.

13.1.3 Financial assets measured at fair value

This item comprises derivative financial instruments as well as financial assets measured at fair value through income or loss excluding derivatives, and can be analyzed as follows:

(in millions of euros)	December 31, 2017			December 31, 2016		
	Non-current	Current	Total	Non-current	Current	Total
Derivative financial instruments	**149.5**	**89.5**	**239.0**	**198.2**	**31.2**	**229.4**
Debt-related derivatives (see Note 13.3.1)	136.0	58.3	194.3	175.8	1.8	177.6
Derivative hedging commodities (see Note 14.1.1.2)	–	0.4	0.4	–	1.1	1.1
Derivative hedging other items [a]	13.5	30.8	44.3	22.4	28.3	50.7
Financial assets at fair value through income excluding derivatives	**–**	**56.9**	**56.9**	**–**	**62.3**	**62.3**
Financial assets measured at fair value through income (see Note 13.3.1)	–	56.9	56.9	–	62.3	62.3
Total	**149.5**	**146.4**	**295.9**	**198.2**	**93.5**	**291.7**

(a) Includes derivative financial instruments:
– for net investment hedging for EUR 0.9 million at December 31, 2017, compared with EUR 9.9 million at December 31, 2016;
– for the interest rate futures portion of debt-related derivatives not designated as hedges for EUR 5.0 million at December 31, 2017, compared with EUR 6.1 million at December 31, 2016.

Commodities derivatives, debt-related derivatives, and derivatives hedging other items are set up as part of the Group's risk management policy and are analyzed in Note 14.1.1.

Financial assets measured at fair value through income (excluding derivatives) are mainly UCITS and negotiable medium-term notes (MTNs); which are included in the calculation of the Group's net debt (see Note 13.3).

Income recognized on all financial assets measured at fair value through income as of December 31, 2017 was EUR 0.4 million.

13.1.4 Cash and cash equivalents

The Group's financial risk management policy is described in Note 14.

"Cash and cash equivalents" amounted to EUR 3,058.1 million as of December 31, 2017 *versus* EUR 2,924.7 million as of December 31, 2016.

This item mainly includes term deposits in the amount of EUR 600.2 million, *versus* EUR 657.7 million as of December 31, 2016, and cash in the amount of EUR 2,402.5 million *versus* EUR 2,213.5 million as of December 31, 2016.

In addition, restricted cash amounted to EUR 19.5 million as of December 31, 2017.

Income recognized in respect of "Cash and cash equivalents" as of December 31, 2017 amounted to EUR 28.1 million *versus* EUR 41.0 million as of December 31, 2016.

13.1.5 Pledged and mortgaged assets

(in millions of euros)	December 31, 2017	December 31, 2016
Pledge and mortgaged assets	103.1	141.3

13.2 Financial liabilities

Financial liabilities are accounted for:

- in "liabilities at amortized cost" for borrowings and debt, trade and other payables, and other financial liabilities;
- in "liabilities measured at fair value" for derivative financial instruments.

The following table shows the various financial liability categories as of December 31, 2017, as well as their breakdown as "non-current" and "current":

	December 31, 2017			December 31, 2016		
(in millions of euros)	Non-current	Current	Total	Non-current	Current	Total
Borrowings	9,760.6	2,004.4	11,765.0	8,665.5	2,499.8	11,165.3
Derivative financial instruments	26.4	38.3	64.7	45.6	62.8	108.4
Trade and other payables	–	3,713.5	3,713.5	–	3,063.6	3,063.6
Other financial liabilities	43.1	–	43.1	10.4	–	10.4
Total	**9,830.1**	**5,756.2**	**15,586.3**	**8,721.5**	**5,626.2**	**14,347.7**

13.2.1 Borrowings and debt

	December 31, 2017			December 31, 2016		
(in millions of euros)	Non-current	Current	Total	Non-current	Current	Total
Bonds issues	9,135.0	210.5	9,345.5	7,641.7	431.5	8,073.2
Commercial paper	–	400.0	400.0	–	764.0	764.0
Draw downs on credit facilities	26.5	46.0	72.5	46.5	44.4	90.9
Borrowings under finance leases	74.9	74.2	149.1	150.0	49.0	199.0
Other bank borrowings	428.5	276.0	704.5	670.6	119.8	790.4
Other borrowings	98.6	41.5	140.1	111.4	115.7	227.1
Borrowings (gross amounts)	**9,763.5**	**1,048.2**	**10,811.7**	**8,620.2**	**1,524.4**	**10,144.6**
Overdrafts and current cash accounts	–	824.6	824.6	–	845.4	845.4
Outstanding financial debt	**9,763.5**	**1,872.8**	**11,636.3**	**8,620.2**	**2,369.8**	**10,990.0**
Impact of measurement at amortized cost	(77.6)	131.6	54.0	(69.0)	125.5	56.5
Impact of fair value hedge	74.7	–	74.7	114.3	4.5	118.8
Borrowings and debt	**9,760.6**	**2,004.4**	**11,765.0**	**8,665.5**	**2,499.8**	**11,165.3**

The fair value of borrowings and debt as of December 31, 2017 was EUR 12,864.3 million for a net book value of EUR 11,765.0 million (for details see Note 13.4.2).

Borrowings are analyzed in Note 13.3 "Net debt".

Variations by flows of financial debts are presented in the following table:

			Non cash flows				
(in millions of euros)	December 31, 2016	Cash flows	Forex effect	Scope effect	Change in fair value and amortized cost	Others	December 31, 2017
Bond issues	8,073.2	1,430.1	(157.7)	–	–	(0.1)	9,345.5
Commercial paper	764.0	(364.0)	–	–	–	–	400.0
Draw downs on credit facilities	90.9	(11.6)	(0.1)	–	–	(6.7)	72.5
Borrowings under finance leases	199.0	(143.5)	(1.7)	(0.3)	–	95.6	149.1
Other bank borrowings	790.4	(62.8)	(44.5)	20.3	–	1.1	704.5
Other borrowings	227.1	(87.0)	(16.3)	35.4	–	(19.1)	140.1
Borrowings (gross amounts)	**10,144.6**	**761.2**	**(220.3)**	**55.4**	**–**	**70.8**	**10,811.7**
Overdrafts and current cash accounts [a]	845.4	(200.5)	0.1	172.4	–	7.2	824.6
Outstanding financial debt	**10,990.0**	**560.7**	**(220.2)**	**227.8**	**–**	**78.0**	**11,636.3**
Impact of measurement at amortized cost	56.5	(29.4)	(3.6)	0.1	20.9	9.5	54.0
Impact of fair value hedge	118.8	–	–		(44.1)	–	74.7
Borrowings and debt	**11,165.3**	**531.4**	**(223.9)**	**227.9**	**(23.2)**	**87.5**	**11,765.0**

(a) Including EUR 174.5 million relating to the former GE securitization program taken over by SUEZ WTS on the GE Water acquisition.

13.2.2 Derivative financial instruments (including commodities)

Derivative instruments recorded as liabilities are measured at fair value and may be analyzed as follows:

	December 31, 2017			December 31, 2016		
(in millions of euros)	Non-current	Current	Total	Non-current	Current	Total
Debt-related derivatives	5.7	11.3	17.0	5.5	35.3	40.8
Derivatives hedging commodities	–	3.9	3.9	–	2.3	2.3
Derivatives hedging other items [a]	20.7	23.1	43.8	40.1	25.2	65.3
Total	**26.4**	**38.3**	**64.7**	**45.6**	**62.8**	**108.4**

(a) Mainly includes derivative financial instruments:
- for the interest rate futures portion of debt-related derivatives qualifying as cash flow hedge for EUR 15.1 million at December 31, 2017, compared with EUR 22.4 million at December 31, 2016;
- for forward interest pre-rate hedges maturing in 8 years with deferred start dates in 2018, designated as cash flow hedge, for EUR 8.6 million at December 31, 2017, compared with EUR 10.4 million at December 31, 2016.

As of December 31, 2017 there is no longer any net investment hedge, compared with EUR 10.7 million at December 31, 2016.

These instruments are set up according to the Group's risk management policy and are analyzed in Note 14.

13.2.3 Trade and other payables

(in millions of euros)	December 31, 2017	December 31, 2016
Trade payables	3,391.6	2,788.7
Payables on fixed assets	321.9	274.9
Total	**3,713.5**	**3,063.6**

The carrying amount recorded to the statement of financial position represents a good measurement of fair value.

13.2.4 Other financial liabilities

(in millions of euros)	December 31, 2017	December 31, 2016
Payables on acquisition of shares	7.6	9.5
Other financial liabilities [a]	35.5	0.9
Total	**43.1**	**10.4**

(a) EUR 34.6 million in 2017 related to the expansion of an Australian landfill.

13.3 Net debt

13.3.1 Analysis by type of debt

(in millions of euros)	December 31, 2017			December 31, 2016		
	Non-current	Current	Total	Non-current	Current	Total
Outstanding borrowings	9,763.5	1,872.8	11,636.3	8,620.2	2,369.8	10,990.0
Impact of measurement at amortized cost [a]	(77.6)	131.6	54.0	(69.0)	125.5	56.5
Impact of fair value hedge [b]	74.7	–	74.7	114.3	4.5	118.8
Borrowings and debts	**9,760.6**	**2,004.4**	**11,765.0**	**8,665.5**	**2,499.8**	**11,165.3**
Debt-related derivatives under liabilities [c]	5.7	11.3	17.0	5.5	35.3	40.8
Gross debt	**9,766.3**	**2,015.7**	**11,782.0**	**8,671.0**	**2,535.1**	**11,206.1**
Financial assets measured at fair value through income excluding financial derivative instruments	–	(56.9)	(56.9)	–	(62.3)	(62.3)
Cash and cash equivalents	–	(3,058.1)	(3,058.1)	–	(2,924.7)	(2,924.7)
Debt-related derivatives under assets [c]	(136.0)	(58.3)	(194.3)	(175.8)	(1.8)	(177.6)
Net cash	**(136.0)**	**(3,173.3)**	**(3,309.3)**	**(175.8)**	**(2,988.8)**	**(3,164.6)**
Net debt	**9,630.3**	**(1,157.6)**	**8,472.7**	**8,495.2**	**(453.7)**	**8,041.5**
Outstanding borrowings	9,763.5	1,872.8	11,636.3	8,620.2	2,369.8	10,990.0
Financial assets measured at fair value through income excluding financial derivative instruments	–	(56.9)	(56.9)	–	(62.3)	(62.3)
Cash and cash equivalents	–	(3,058.1)	(3,058.1)	–	(2,924.7)	(2,924.7)
Net debt excluding amortized cost and impact of derivative financial instruments	**9,763.5**	**(1,242.2)**	**8,521.3**	**8,620.2**	**(617.2)**	**8,003.0**

(a) Includes accrued interest on gross debt as well as premiums and fees for setting up borrowings to be amortized.
(b) This item corresponds to the remeasurement of the interest rate component of debt in a designated fair value hedging relationship.
(c) It corresponds to the fair value of debt-related derivatives, regardless of whether or not they are designated as hedges.

The decrease in the current portion of outstanding borrowings at December 31, 2017 is mainly due to:

- the repayment of the bond issued by SUEZ maturing in January 2017 for EUR 200 million;
- the repayment of the bond issued by SUEZ in 2009 maturing in October 12, 2017 for EUR 150 million;
- the reduction in outstanding commercial papers in the amount of EUR 364 million.

The increase in the non-current portion of outstanding financial debt at December 31, 2017, is explained by the transactions presented in Note 13.3.3.

The sensitivity of the debt (including interest rate and currency derivatives) to interest rate risk and currency risk is presented in Note 14.

13.3.2 Issue of Undated Deeply Subordinated Notes

Following the announcement on March 8, 2017 of GE Water & Process Technologies acquisition project alongside with the Caisse de dépôt et placement du Quebec (CDPQ), SUEZ issued on April 19, 2017 Undated Deeply Subordinated Notes in the amount of EUR 600 million with an initial fixed coupon of 2.875%.

As with previous issues still alive (in 2014 and 2015), this new issue is not recognized in financial debt because it fulfils the conditions stipulated in IAS 32 allowing it to be recognized as shareholders' equity (see Note 2.3).

13.3.3 Bond and Commercial paper issues

Following the announcement on March 8, 2017 of the proposed acquisition of GE Water & Process Technologies alongside with the Caisse de depôt et placement du Québec (CDPQ), on March 27, 2017 SUEZ issued bonds amounting to EUR 1,200 million in total, as part of its EMTN program:

- EUR 500 million, maturing on April 3, 2025 and with a fixed annual coupon of 1.00%; and
- EUR 700 million, maturing on April 3, 2029 and with a fixed annual coupon of 1.50%.

On September 13, 2017 SUEZ issued bonds amounting to EUR 500 million, maturing on September 21, 2032 and with a fixed annual coupon of 1.625%.

SUEZ has a commercial paper program. At December 31, 2017, the outstanding notes totaled EUR 400 million.

Commercial paper is recognized as current financial debt. However, the Group's policy is to back all commercial paper by available credit lines. Thus, the refinancing of commercial paper is guaranteed even in case of closure of the money market.

At December 31, 2017, outstanding commercial paper was entirely covered by confirmed available for more than one-year credit lines.

13.3.4 Securitization of receivables

Context

In 2012, SUEZ implemented a program for the sales of trade receivables to a special purpose vehicle (SPV) called *Fonds Commun de Titrisation* (or FCT).

This so-called "deconsolidation" program concerns assignors from R&R France, IWS France, R&R Netherlands, R&R UK and SUEZ Deutschland.

In April 2017, this program was renewed for five years, and the scope of the transferred receivables portfolio was amended: the assignor, SUEZ R&R UK, was removed and new French assignors from the OSIS division of SUEZ RV France joined that program.

The aim of the receivable assignment or receivable securitization program is to carry out so-called "deconsolidation" assignments within the meaning of IAS 39.

The main characteristics of the program are as follows:

a) a compartment dedicated to the Group's receivables was created within a FCT;

b) the FCT used in the program is financing the compartment by issuing three types of instruments:

   - shares known as "senior", issued on the markets through a dedicated channel,
   - a deposit known as "mezzanine", underwritten by the Group,
   - shares known as "subordinated", underwritten by an investor taking part in the program and with contracted involvement with the Group;

c) these shares are presented here in order of payment priority related to each other; the senior shares are therefore the first to be reimbursed and the subordinated shares are the last;

d) the Group subsidiaries involved remain in charge of recovering the receivables transferred against remuneration.

The sales of receivables are made by Group subsidiaries at their nominal value, minus a discount that covers the cost of financing the receivables, the risk of late payment and the credit risk.

The main commitments of the Group towards the securitization fund are the following:

e) set-up of a security deposit for the compartment, earning interest, and designed to cover, if the FCT reserves and the "subordinated" shares ever came to run out, any defaults and late payments on transferred receivables exceeding the amount estimated during the transfer and invoiced through the discount applied to the transfer price, to a set maximum limit (Cash Collateral 1 or CC1); this deposit is effective from the launch of the program and corresponds to the "mezzanine" deposit presented above;

f) set-up of a security deposit for the compartment, earning interest, and designed to preserve the correct execution of all financial obligations of Group entities party to the program, to a set maximum limit (Cash Collateral 2 or CC2); this deposit is only effective if certain events or triggers occur linked to the downgrading of SUEZ or to the non-respect by the Group of its contractual obligations. At December 31, 2017, this security deposit had not yet been formed;

g) an option, for all Group subsidiaries, to jointly request buyback at fair value of the receivables held by the compartment in a single and unique transaction, in case of program amortization, planned (with a 5-year term), or accelerated, and after agreement with the holders of "subordinated" shares. To date, accelerated amortization of the program is not expected before its maturity date;

h) issue of a guarantee for the risk of modification of tax rules;

i) preservation by each Group subsidiary of the follow-up and collection of receivables that it has transferred to the compartment; to this effect, a follow-up and collection agreement was signed by each of the subsidiaries acting as collector and by the compartment, this service being remunerated by FCT.

The Group remains exposed to the risks linked to the receivables transferred within the limit of the security deposits.

However, the discount applied to the sales and the sizing of the "subordinated" shares allow almost all possible losses of the compartment to be absorbed. The probability that the "mezzanine" deposit is impacted is very low. Finally, the holders of the "subordinated" shares benefit from almost all the advantages through excess fees more favorable than those attributable to the Group, and the granting of the liquidation profit.

Accounting treatment

The compartment of the FCT is not controlled by the Group and is therefore not consolidated.

According to IAS 39 and based on the terms of the program and the quantitative analyses implemented, the Group transferred almost all the risks and rewards inherent to the ownership of the receivables sold. The receivables transferred within the scope of the program are therefore fully derecognized from the Group's consolidated statement of financial position.

The loss arising from the sale of these receivables, through the applied discount, is recorded in the income statement under financial expenses (see Note 6).

The security deposit paid and representing the "mezzanine" shares underwritten by the Group is recorded under the item "Loans and receivables carried at amortized cost" on the Group's consolidated statement of financial position. Its remuneration is recorded in the income statement under financial income (see Note 6).

The remuneration of services provided by the Group for follow-up and recovery of receivables transferred is shown in the income statement under financial income (see Note 6).

The figures as of December 31, 2017 are presented below:

(in millions of euros)

Total of receivables sold over the period	**2,452.1**	
Gain/(loss) arising from sale over the period	(18.3)	(B)
Remuneration for CC1	0.7	(C)
Remuneration of services for follow-up and recovery of receivables transferred over the period	**10.8**	**(D)**
Outstanding receivables transferred as of December 31, 2017	447.4	(A)
Book value of CC1 as of December 31, 2017	36.0	(E)
Fair value of CC1	36.0	
Book value of CC2	(a)	
Residual maturity of CC1	50	months
Impact of sales of derecognized receivables in the sense of IAS 39 on net debt	**404.6**	**(A) + (B) + (C) + (D) – (E)**

(a) No security deposit known as "CC2" had been made as of December 31, 2017; payment of this deposit is subject to the conditions described above.

13.3.5 Change in net debt

Net debt increased by EUR 431.2 million during the year 2017.

Key transactions that led to an increase of Net debt are the following:

- GE Water's acquisition:
  - global amount of the Investment (A) of EUR 2,902.6 million;
  - the increase in SUEZ's share capital on May 24, 2017, net of expenses (B), generated a EUR 745.6 million reduction in the net financial debt;
  - the issue of Undated Deeply Subordinated Notes on April 19, 2017 net of expenses (C), for an amount of EUR 597.7 million;
  - cash contribution of EUR 668.2 million by CDPQ to SWTS capital (D), in exchange CDPQ received 30% of SWTS capital;
  - Net financed by debt: (A) – (B) – (C) – (D)= EUR 891.1 million.
- the payment of cash dividends to shareholders of SUEZ amounting to EUR 366.6 million;
- the payment of cash dividends to minority shareholders of subsidiaries amounting to EUR 218.8 million (withholding taxes included).

Key transaction that led to a decrease of Net debt are the following:

- sale of 9.1% of Aquasure for EUR 98.7 million;
- reimbursement of 3% tax on distribution amounting EUR 53.1 million, perceived between 2013 and 2017;
- besides, a securitization of CICE (tax credit for competitiveness and employment) receivables for years 2016 and 2017 was completed, contributing to a reduction of EUR 76.7 million in financial debt;
- capital increase reserved to employees net of expenses realized on December 19, 2017, for EUR 117.9 million;
- variation of foreign exchange rates for EUR 364.3 million, primarily related to the depreciation of the US dollar against the euro for EUR 220 million;
- excess cash generated by the Group's activities generated a decrease in net debt of EUR 448.4 million.

13.3.6 Debt/equity ratio

(in millions of euros)	December 31, 2017	December 31, 2016
Net debt	8,472.7	8,041.5
Total equity	9,066.0	7,365.8
Debt/equity ratio	**93.5%**	**109.2%**

13.4 Fair value of financial instruments by level

13.4.1 Financial assets

Available-for-sale securities:

Listed securities are recognized in the consolidated statement of financial position at fair value for EUR 23.6 million at December 31, 2017. They have a Level 1 fair value based on stock market prices at that date.

Unlisted securities valued at EUR 103.5 million at December 31, 2017 are measured using valuation models based primarily on the most recent transactions, discounted dividends or cash flows and net asset value (fair value Level 3).

As of December 31, 2017, the change in Level 3 available-for-sale securities breaks down as follows:

(in millions of euros)	
At December 31, 2016	**114.1**
Acquisitions	18.8
Disposals (book value of assets disposed)	(3.9)
Gains and losses posted to equity	0.1
Gains and losses posted to income	(0.9)
Changes in scope, exchange rates and other	(24.7)
AT December 31, 2017	**103.5**

The net value of unlisted securities is not of a significant uniform amount that would have to be presented separately.

Loans and receivables carried at amortized cost (excluding trade and other receivables):

Loans and receivables carried at amortized cost (excluding trade and other receivables), amounting to EUR 865.2 million at December 31, 2017, may contain elements that contribute to a fair value hedging relationship. At December 31, 2017, no hedge was put in place.

Derivative financial instruments:

The portfolio of derivative financial instruments used by the Group within the context of its risk management consists primarily of interest rate and exchange rate swaps, interest rate options and forward currency sales and purchases. It is recognized at its fair value at December 31, 2017 for EUR 239.0 million. The fair value of virtually all of these contracts is determined using internal valuation models based on observable data. These instruments are considered Level 2.

Financial assets measured at fair value through income:

Financial assets measured at fair value through income amounting to EUR 56.9 million at December 31, 2017, determined based on observable data, are considered Level 2.

13.4.2 Financial liabilities

The fair value of financial liabilities and financial instruments posted to liabilities are distributed as follows among the various levels of fair value (fair value levels are defined in Note 1.5.10.3):

	December 31, 2017				December 31, 2016			
(in millions of euros)	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Borrowings	**12,864.3**	**7,716.4**	**5,147.9**		**12,404.3**	**6,556.4**	**5,847.9**	
Derivative financial instruments	**64.7**		**64.7**		**108.4**		**108.4**	
Debt-related derivatives	17.0		17.0		40.8		40.8	
Derivatives hedging commodities	3.9		3.9		2.3		2.3	
Derivatives hedging other items	43.8		43.8		65.3		65.3	
Total	**12,929.0**	**7,716.4**	**5,212.6**	**-**	**12,512.7**	**6,556.4**	**5,956.3**	**-**

Bonds and borrowings

Only listed bonds issued by SUEZ are presented in this table at Level 1. Other bonds are shown in this table at Level 2. All of these loans are measured in light of the interest rate risk (interest rate component); their fair value is determined on the basis of observable data.

Derivative financial instruments

See Note 13.4.1 for details on fair value level.

13.5 Offsetting of derivative assets and liabilities

At December 31, 2017, as at December 31, 2016, the Group does not offset financial assets and liabilities in its statement of financial position. Moreover, SUEZ has subscribed for OTC derivatives with first class banks under agreements that provide for the compensation of amounts due and receivable in the event of failure of one of the contracting parties. These master netting agreements do not meet the criteria of IAS 32 to allow the offsetting of derivative assets and liabilities in the statement of financial position. However, they do fall within the scope of disclosures under IFRS 7 on offsetting:

	December 31, 2017				December 31, 2016			
	Financial derivatives instruments on net debt and others		Financial derivatives instruments on commodities		Financial derivatives instruments on net debt and others		Financial derivatives instruments on commodities	
(in millions of euros)	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Gross amount [a]	238.7	(60.8)	0.4	3.9	228.3	(106.1)	1.1	(2.3)
Amount after offsetting	**215.2**	**(37.3)**	**0.4**	**3.9**	**191.3**	**(69.1)**	**0.0**	**(1.2)**

(a) Gross amounts of recorded assets and liabilities.

Note 14 Management of risks arising from financial instruments

The Group mainly uses derivative instruments to manage its exposure to market risks. The management of financial risks is explained in chapter 4 "Risk factors" of the Reference Document.

14.1 Market risks

14.1.1 Commodity market risks

14.1.1.1 Hedging operations

The Group sets up cash flow hedge on fuel and electricity as defined by IAS 39 by using the derivative instruments available on over-the-counter markets, whether they are firm commitments or options, but always settled in cash. The Group's aim is to protect itself against adverse changes in market prices, which may specifically affect its supply costs.

14.1.1.2 Fair value of derivative instruments linked to commodities

The fair value of derivative instruments linked to commodities at December 31, 2017 and 2016 is presented in the table below:

	December 31, 2017				December 31, 2016			
	Assets		Liabilities		Assets		Liabilities	
(in millions of euros)	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Cash flow hedges	0.4	–	3.9	–	1.1	–	2.3	–
Total	**0.4**	**–**	**3.9**	**–**	**1.1**	**–**	**2.3**	**–**

The fair value of cash flow hedging instruments by type of commodity breaks down as follows:

	December 31, 2017				December 31, 2016			
	Assets		Liabilities		Assets		Liabilities	
(in millions of euros)	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Electricity	**–**	**–**	**3.9**	**–**	**–**	**–**	**2.3**	**–**
Swaps	–	–	3.9	–	–	–	2.3	–
Oil	**0.4**	**–**	**–**	**–**	**1.1**	**–**	**–**	**–**
Swaps	0.4	–	–	–	1.1	–	–	–
Total	**0.4**	**–**	**3.9**	**–**	**1.1**	**–**	**2.3**	**–**

14.1.2 Currency risk

Subsidiaries use mostly local currency, consequently exposure to currency risk linked to transactions is limited.

Translation risk is mainly concentrated on equity holdings in the United States, United Kingdom, Chile, China and Australia. The Group's hedging policy with regard to investments in non-Eurozone currencies consists in contracting liabilities denominated in the same currency as the cash flows expected to derive from the hedged assets.

Among the hedging instruments used, borrowings in the relevant currency constitute the most natural hedging tool. The Group also uses foreign currency derivatives (swaps, cross currency swaps...), which allow for the creation of synthetic currency debts.

14.1.2.1 Analysis of financial instruments by currency

The breakdown by currency of outstanding borrowings and of financial net debt, before and after taking interest rate and currency hedges into account, is presented below:

Outstanding borrowings

	December 31, 2017		December 31, 2016	
(in %)	Before impact of derivatives	After impact of derivatives	Before impact of derivatives	After impact of derivatives
Euro zone	75%	52%	73%	59%
USD zone	7%	22%	7%	16%
GBP zone	3%	4%	3%	4%
CLP (Chilean peso)	11%	11%	12%	12%
HKD (Hong-Kong dollar)	1%	6%	2%	4%
Other currencies	3%	5%	3%	5%
Total	**100%**	**100%**	**100%**	**100%**

Net debt

	December 31, 2017		December 31, 2016	
(in %)	Before impact of derivatives	After impact of derivatives	Before impact of derivatives	After impact of derivatives
Euro zone	77%	44%	72%	53%
USD zone	7%	27%	9%	21%
GBP zone	3%	5%	4%	4%
CLP (Chilean peso)	14%	14%	15%	15%
HKD (Hong-Kong dollar)	1%	8%	-3%	1%
Other currencies	-2%	2%	3%	6%
Total	**100%**	**100%**	**100%**	**100%**

14.1.2.2 Analysis of currency risk sensitivity

The sensitivity analysis was based on the financial net debt position (including derivative financial instruments), and derivatives designated as net investment hedges at the reporting date.

As regards **currency risk**, the sensitivity calculation consists in evaluating the impact in the Consolidated Financial Statements of a +/-10% change in foreign exchange rates compared to closing rates.

Impact on income after the impact of foreign exchange derivatives

Changes in exchange rates against the euro only affect income through gains and losses on liabilities denominated in a currency other than the functional currency of the companies carrying the liabilities on their statement of financial position, and to the extent that these liabilities do not qualify as net investment hedges. A uniform +/-10% change of foreign currencies against euro would generate a gain or a loss of EUR 2.4 million.

Impact on equity after taking into account foreign exchange derivatives

For financial liabilities (debt and derivatives) designated as net investment hedges, a uniform +/- 10% change of foreign currencies against euro would have a negative or positive impact on equity of EUR 0.6 million. This impact is offset by a counter-effect on the net investment in the hedged currency.

14.1.3 Interest rate risk

The Group aims to reduce its financing costs by limiting the impact of interest rate fluctuations on its income statement.

The Group's policy is to diversify net debt interest rate references between fixed and floating rates. The Group's aim is to achieve a balanced interest rate structure for its net debt in the medium term (5 to 15 years). The interest rate mix may change depending on market trends.

The Group therefore uses hedging instruments (particularly swaps), to protect itself from increases in rates in the currencies in which the debt is denominated.

The Group's exposure to interest rate risk is managed centrally and regularly reviewed (generally on a monthly basis) during meetings of the Treasury Committee. Any significant change in the interest rate mix is subject to prior approval by Management.

The cost of debt is sensitive to changes in interest rates on all floating-rate debt. The cost of debt is also affected by changes in market value of derivative instruments not classified as hedges under IAS 39.

The Group's main exposure to interest rate risk arises from loans and borrowings denominated in euro, US dollar, pound sterling, Chilean peso and Hong-Kong dollar, which represented 98% of net debt as of December 31, 2017.

14.1.3.1 Financial instruments by rate type

The breakdown by type of rate of outstanding borrowings and net debt, before and after impact of hedging instruments, is shown in the following tables:

Outstanding borrowings

	December 31, 2017		December 31, 2016	
(in %)	Before impact of derivatives	After impact of derivatives	Before impact of derivatives	After impact of derivatives
Floating rate	16%	30%	24%	36%
Fixed rate	75%	61%	66%	54%
Fixed rate indexed to inflation	9%	9%	10%	10%
Total	**100%**	**100%**	**100%**	**100%**

Net debt

	December 31, 2017		December 31, 2016	
(in %)	Before impact of derivatives	After impact of derivatives	Before impact of derivatives	After impact of derivatives
Floating rate	-17%	2%	-7%	11%
Fixed rate	105%	86%	94%	76%
Fixed rate indexed to inflation	12%	12%	13%	13%
Total	**100%**	**100%**	**100%**	**100%**

The inflation-linked debt corresponds exclusively to securities issued by Aguas Andinas in Chile. It involves fixed-rate bonds denominated in Unidad de Fomento (a Chilean monetary adjusted for inflation).

14.1.3.2 Analysis of interest rate risk sensitivity

The sensitivity analysis was based on the net debt position as at the reporting date (including financial instruments with an interest rate component).

For **interest rate risk**, the sensitivity is calculated based on the impact of a rate change of +/-1% compared with year-end interest rates.

Impact on income after taking into account interest rate derivatives

(see Note 1.5.10.3)

A +/-1% change in short-term interest rates (for all currencies) on the nominal amount of floating-rate net debt, inflation-linked debt included, and the floating-rate component of derivatives would have a negative or positive impact of EUR 3.2 million on net interest expense.

A 1% increase in all interest rates (uniform for all currencies) would generate a loss of EUR 1.4 million in the income statement due to the change in fair value of non-qualified derivatives. A 1% decrease in interest rates would a contrario generate a gain of EUR 1.5 million.

Impact on equity after taking into account interest rate derivatives

An increase of 1% in all interest rates (uniform for all currencies) would generate a gain of EUR 27.4 million in equity, linked to the change in fair value for derivatives documented as cash flow hedges and accounted for in the statement of financial position. On the other hand, a decrease of 1% would generate a loss of EUR 30.7 million.

The asymmetrical impacts are attributable to the low short-term interest rates (less than 1%) applicable to certain financial assets and liabilities.

14.1.4 Currency and interest rate risk hedges

The fair values and notional amounts of the financial derivative instruments used to hedge currency and interest rate risks are as follows:

Foreign currency derivatives

	December 31, 2017		December 31, 2016	
(in millions of euros)	Total market value	Total nominal value	Total market value	Total nominal value
Fair-value hedges	(0.2)	391.8	(1.2)	629.7
Cash-flow hedges	(0.3)	11.7	4.0	68.2
Net investment hedges	0.3	34.9	(1.1)	1,335.8
Derivative instruments not qualifying for hedge accounting	70.5	3,425.4	(7.0)	1,786.1
Total	**70.3**	**3,863.8**	**(5.3)**	**3,819.8**

Interest rate derivatives

	December 31, 2017		December 31, 2016	
(in millions of euros)	Total market value	Total nominal value	Total market value	Total nominal value
Fair-value hedges	106.6	1,700.0	147.4	1,550.0
Cash-flow hedges	(12.2)	55.5	(17.9)	400.0
Derivative instruments not qualifying for hedge accounting	(3.1)	143.7	(4.5)	146.8
Total	**91.3**	**1,899.2**	**125.0**	**2,096.8**

The market values shown in the table above are positive for an asset and negative for a liability.

The Group defines foreign currency derivatives hedging by firm foreign currency commitments, and instruments transforming fixed-rate debt into floating-rate debt, as fair-value hedges.

Cash-flow hedges correspond mainly to hedges of future operating cash flows in foreign currency and the hedging of floating-rate debt.

Interest rate derivatives not designated as hedges consist of structured instruments, which because of their type and because they do not meet the effectiveness criteria defined in IAS 39, cannot be qualified as hedges for accounting purposes.

Foreign currency derivatives not designated as hedges provide financial cover for foreign currency commitments. Furthermore, the effect of foreign currency derivatives is almost entirely offset by translation adjustments on the hedged items.

Fair-value hedges

As of December 31, 2017, the net impact of fair value hedges recognized in the income statement, including compensation payments and redemption premium was EUR 3.5 million.

Cash flow hedges

The breakdown by maturity of the market value of the foreign currency and interest rate derivatives designated as cash flow hedges is as follows:

At December 31, 2017 *(in millions of euros)*	Total	2018	2019	2020	2021	2022	Beyond > 5 years
Fair value of derivatives by maturity date	(12.6)	(0.5)	(0.1)	(0.3)	(2.8)	–	(8.9)

At December 31, 2016 *(in millions of euros)*	Total	2017	2018	2019	2020	2021	Beyond > 5 years
Fair value of derivatives by maturity date	(13.9)	2.6	(0.8)	(0.2)	(0.8)	(4.3)	(10.4)

The unrealized gains and losses directly recognized in shareholders' equity, Group share in 2017 amounted to EUR 20.7 million (including impacts on associates).

The ineffective portion of cash-flow hedges recognized in income is nil.

Net investment hedges

The ineffective portion of net investment hedges recognized in income is nil.

14.2 Counterparty risk

Through its operational and financial activities, the Group is exposed to the risk of default on the part of its counterparties (customers, suppliers, associates, intermediaries, banks) in the event that they find it impossible to meet their contractual obligations. This risk arises from a combination of payment risk (non-payment of goods or services rendered), delivery risk (non-delivery of goods or services already paid), and replacement risk on defaulting contracts (called Mark-to-Market exposure and corresponding to the risk that replacement terms will be different from the initially agreed terms).

14.2.1 Operating activities

Trade and other receivables

The gross maturity of past-due trade and other receivables is broken down below:

Trade and other receivables *(in millions of euros)*	Past-due non impaired assets at closing date				Impaired assets [a]	Non-impaired and not past-due assets	
	0-6 months	6-12 months	Over one year	Total	Total	Total	Total
At December 31, 2017	290.6	49.7	73.9	414.2	397.7	4,185.7	4,997.6
At December 31, 2016	225.6	40.0	47.4	313.0	450.1	3,595.0	4,358.1

(a) This figure corresponds to the nominal value of trade and other receivables that are partially or fully depreciated.

The ageing of receivables that are past due but not impaired may vary significantly depending on the type of customer with which the Group companies do business (private companies, individuals or public authorities). The Group decides whether to recognize impairment on a case-by-case basis according to the characteristics of the various types of customers. The Group does not consider that it is exposed to any material credit concentration risk in respect of receivables, taking into account the diversified nature of its portfolio.

Other assets

In "Other assets", the proportion of depreciated assets is not material in relation to the total amount of the item. Moreover, the Group does not consider that it is exposed to any counterparty risk on those assets.

14.2.2 Financial activities

The Group's maximum exposure to counterparty risk in its financial activities may be measured in terms of the carrying amount of financial assets excluding available-for-sale securities and the fair value of derivatives on the assets side of the statement of financial position (*i.e.* EUR 8,908.9 million at December 31, 2017, and EUR 8,137.1 million at December 31, 2016).

14.2.2.1 Counterparty risk arising from loans and receivables carried at amortized cost (excluding trade and other receivables)

The gross maturity of past-due loans and receivables carried at amortized cost (excluding trade and other receivables) is analyzed below:

Loans and receivables carried at amortized cost (excluding trade and other receivables) *(in millions of euros)*	Past-due non impaired assets at closing date				Impaired assets [a]	Non-impaired and not past-due assets	
	0-6 months	6-12 months	Over one year	Total	Total	Total	Total
At December 31, 2017	–	–	0.2	0.2	97.7	865.6	963.5
At December 31, 2016	–	–	0.5	0.5	201.3	848.6	1,050.4

(a) This figure corresponds to the nominal value of loans and receivables carried at amortized cost (excluding trade and other receivables) that are partially or fully depreciated.

Loans and receivables carried at amortized cost (excluding trade and other receivables) do not include items relating to impairment (EUR 97.7 million as of December 31, 2017 and EUR 171.9 million as of December 31, 2016) or amortized cost (-EUR 0.6 million as of December 31, 2017 and EUR 0.8 million as of December 31, 2016). The change in these items is presented in Note 13.1.2, "Loans and receivables at amortized cost".

14.2.2.2 Counterparty risk arising from investment activities

The Group is exposed to counterparty risk on the investment of its cash surplus (cash and cash equivalents) and through its use of derivative financial instruments. Counterparty risk corresponds to the loss which the Group might incur in the event of counterparties failing to meet their contractual obligations. In the case of derivative instruments, that risk corresponds to positive fair value.

The Group invests the majority of its cash surplus in, and negotiates its financial hedging instruments with, leading counterparties. As part of its counterparty risk management policy, the Group has set up management and control procedures that focus on the counterparty's accreditation according to its credit ratings, its financial exposure, as well as objective market factors (Credit Default Swaps, market capitalization), plus an assessment of risk limits.

At December 31, 2017, "Cash and cash equivalents" and derivatives assets were the most significant items subject to counterparty risk. For these items, the breakdown of counterparties by credit rating is as follows:

Counterparty risk arising from investing activities	December 31, 2017 Total	Investment Grade [a]	Unrated [b]	Non Investment Grade [b]	December 31, 2016 Total	Investment grade [a]	Unrated [b]	Non Investment Grade [b]
% of exposure	3,236.2	94%	5%	1%	3,094.1	93%	6%	1%

(a) Counterparties with a minimum Standards & Poor's rating of BBB- or Moody's rating of Baa3.
(b) Most of the two latter types of exposure consisted of consolidated companies with non-controlling interests or Group companies operating in emerging countries where cash cannot be centralized and is therefore invested locally.

14.3 Liquidity risk

As part of its operating and financial activities, the Group could be exposed to a risk of insufficient liquidity, preventing it from meeting its contractual commitments.

14.3.1 Available cash

The Group's financing policy is based on the following principles:

- diversification of financing sources between the banking and capital markets;
- balanced repayment profile of borrowings.

As of December 31, 2017, the Group's total net cash stood at EUR 3,309.3 million, consisting of cash and cash equivalents of EUR 3,058.1 million, financial assets at fair value through income of EUR 56.9 million, and debt-related derivatives recorded as assets of EUR 194.3 million euros. Almost all surplus cash is invested in short-term bank deposits and interest-bearing accounts.

In addition, at December 31, 2017, the Group specifically had EUR 2,686.9 million in confirmed credit facilities, including EUR 72.5 million already drawn; unused credit facilities therefore totaled EUR 2,614.4 million, EUR 176.2 million of which will be maturing in 2018.

88% of total credit lines and 91% of undrawn facilities were centralized. None of these centralized lines contains a default clause linked to financial ratios or minimum credit ratings.

As of December 31, 2017, bank funding accounted for 7.2% of the outstanding borrowings (excluding bank overdrafts and liability current accounts as those elements do not correspond to sustainable financial resources). Funding from capital markets (bond issues for 86.4% and commercial paper for 3.7%) represented 90.1% of the outstanding borrowings (excluding bank overdrafts and liability current accounts).

Moreover, available cash, composed of cash and cash equivalents (EUR 3,058.1 million) and financial assets measured at fair value through income (EUR 56.9 million), net of bank overdrafts and liability current accounts (EUR 824.6 million), amounted to EUR 2,290.4 million at December 31, 2017 *versus* EUR 2,141.6 million at December 31, 2016.

14.3.2 Undiscounted contractual payments

In order to best reflect the current economic circumstances of operations, cash flows related to derivatives recognized as liabilities or assets shown below correspond to net positions. Moreover, the values shown in the table below are positive for a liability and negative for an asset.

At December 31, 2017, undiscounted contractual payments on outstanding borrowings by maturity and type of lenders are as follows:

At December 31, 2017 *(in millions of euros)*	Total	2018	2019	2020	2021	2022	Beyond > 5 years
Bonds issues	9,345.5	210.5	844.8	464.6	1,023.5	827.3	5,974.8
Commercial paper	400.0	400.0					
Draw downs on credit facilities	72.5	46.0	13.1		13.4		
Borrowings under finance leases	149.1	74.2	33.0	13.5	6.2	3.4	18.8
Other bank borrowings	704.5	276.0	159.5	97.1	69.0	32.5	70.4
Other borrowings	140.1	41.5	24.0	6.9	10.0	5.6	52.1
Overdrafts and current accounts	824.6	824.6					
Outstanding borrowings	**11,636.3**	**1,872.8**	**1,074.4**	**582.1**	**1,122.1**	**868.8**	**6,116.1**
Financial assets measured at fair value through income	(56.9)	(56.9)	–	–	–	–	–
Cash and cash equivalents	(3,058.1)	(3,058.1)	–	–	–	–	–
Net debt excluding amortized cost and impact of derivative financial instruments	**8,521.3**	**(1,242.2)**	**1,074.4**	**582.1**	**1,122.1**	**868.8**	**6,116.1**

At December 31, 2016 *(in millions of euros)*	Total	2017	2018	2019	2020	2021	Beyond > 5 years
Outstanding borrowings	**10,990.0**	**2,369.8**	**589.8**	**1,061.1**	**575.2**	**1,112.3**	**5,281.8**
Financial assets relating to financing, Financial assets measured at fair value through income and Cash and cash equivalents	(2,987.0)	(2,987.0)	–	–	–	–	–
Net debt excluding amortized cost and impact of derivative financial instruments	**8,003.0**	**(617.2)**	**589.8**	**1,061.1**	**575.2**	**1,112.3**	**5,281.8**

As of December 31, 2017, undiscounted contractual payments on outstanding borrowings broke down as follows by maturity:

At December 31, 2017 *(in millions of euros)*	Total	2018	2019	2020	2021	2022	Beyond > 5 years
Undiscounted contractual interest payments on outstanding borrowings	2,384.5	319.3	309.9	247.6	238.8	198.9	1,070.0

At December 31, 2016 *(in millions of euros)*	Total	2017	2018	2019	2020	2021	Beyond > 5 years
Undiscounted contractual interest payments on outstanding borrowings	2,532.4	331.7	320.3	293.5	232.4	224.4	1,130.1

At December 31, 2017 undiscounted contractual payments on outstanding derivatives (excluding commodity instruments) recognized in liabilities and assets broke down as follows by maturity (net amounts):

At December 31, 2017 *(in millions of euros)*	Total	2018	2019	2020	2021	2022	Beyond > 5 years
Derivatives (excluding commodities)	(155.5)	(77.3)	(37.9)	(21.7)	(21.8)	(10.5)	13.7

At December 31, 2016 *(in millions of euros)*	Total	2017	2018	2019	2020	2021	Beyond > 5 years
Derivatives (excluding commodities)	(99.5)	37.1	(55.1)	(34.5)	(21.4)	(20.2)	(5.4)

The maturity of the confirmed undrawn credit facilities is as follows:

(in millions of euros)	Total	2018	2019	2020	2021	2022	Beyond > 5 years
At December 31, 2017	2,614.4	176.2	150.4	165.9	1,595.1	480.0	46.8

(in millions of euros)	Total	2017	2018	2019	2020	2021	Beyond > 5 years
At December 31, 2016	2,105.3	36.8	107.0	138.1	159.8	1,583.6	80.0

Confirmed but unused lines of credit include a EUR 1.5 billion multi-currency club deal (maturing in 2021).

As of December 31, 2017, no counterparty represented more than 6% of confirmed unused credit facilities.

14.4 Equity risk

As of December 31, 2017, available-for-sale securities held by the Group amounted to EUR 127.1 million (see Note 13.1.1).

A 10% decrease in the value of the listed securities would have a negative pre-tax impact of around EUR 2.3 million on Group shareholders' equity.

The Group's portfolio of listed and unlisted equity investments is managed in accordance with a specific investment policy. Reports on the equity portfolio are submitted to Executive Management on a regular basis.

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Note 15 Shareholders' equity

15.1 Share capital

	Number of shares			Value *(in millions of euros)*		
	Total	Treasury shares	Outstanding shares	Share capital	Additional paid-in capital	Treasury shares
At December 31, 2015	**542,643,468**	**1,959,749**	**540,683,719**	**2,170.6**	**4,406.8**	**29.4**
Purchase and disposal of treasury shares	–	(44,953)	44,953			(0.8)
Contribution by ENGIE of the SUEZ brand	1,757,778		1,757,778	7.0	22.0	
Contribution of ACEA shares	20,000,000		20,000,000	80.0	214.4	
Deduction from additional paid-in capital for the 2015 dividend payment					(10.9)	
At December 31, 2016	**564,401,246**	**1,914,796**	**562,486,450**	**2,257.6**	**4,632.3**	**28.6**
Purchase and disposal of treasury shares	–	3,153,117	(3,153,117)			48.4
Delivery of shares from the 2013 Worldwide Bonus Share Allocation Plan	1,176,328		1,176,328	4.7	(4.7)	
Delivery of 2013 performance share plan	338,621		338,621	1.3	(1.3)	
Allocation to the legal reserve					(0.1)	
Capital increase reserved for employees, net of expenses (Sharing 2017)	9,978,030		9,978,030	39.9	78.0	
Legal reserve appropriation (Sharing 2017)					(4.0)	
Financing of the acquisition of GE Water [a]	47,468,354		47,468,354	189.9	555.7	
Allocation to the legal reserve					(19.0)	
At December 31, 2017	**623,362,579**	**5,067,913**	**618,294,666**	**2,493.4**	**5,236.4**	**77.0**

(a) See Note 2.1 and 2.4.

The change in the number of shares during 2017 to 58,961,333 is due to four share issuances:

- the issuance of 1,176,328 new shares on January 19, 2017 to deliver to beneficiaries outside France, Italy and Spain related to the expiration of the vesting period for the bonus share plan granted on January 17, 2013;
- the issuance of 338,621 new shares on March 28, 2017 to deliver performance shares granted on March 27, 2013 to beneficiaries outside France, Belgium and Spain;
- the issuance of 47,468,354 new shares, on May 24, 2017, with a waiver of preferential subscription rights and priority subscription period to finance the acquisition of GE Water & Process Technologies (see Note 2.4);
- the issuance of 9,978,030 new shares on December 19, 2017 as part of a worldwide employee shareholding plan called "Sharing".

15.2 Treasury shares

A tacitly renewable EUR 40 million liquidity contract is managed by Rothschild & Cie Banque. The aim of this contract is to reduce the volatility of the SUEZ's share price. This contract complies with the professional Ethics Charter drawn up by the *Association Française des Marchés Financiers* (French Financial Markets Association) and approved by the AMF.

As of December 31, 2017, treasury shares amount to 4,667,913 against 1,914,796 as of December 31, 2016. 2,000,000 shares will be canceled as part of the capital reduction decided by the Board of Directors on February 28, 2018, the balance being allocated for the purpose of covering the share allocation plan to employee and 400,000 treasury shares as per the liquidity contract.

15.3 Other information on premiums and consolidated reserves

Consolidated premiums and reserves, including income for the year (EUR 5,684 million as of December 31, 2017), incorporate the SUEZ legal reserve. In accordance with French law, SUEZ's legal reserve represents 10% of the share capital. This reserve may be distributed to shareholders only in the event of the liquidation of the Company.

15.4 Dividend distribution

As it did for fiscal years 2015 and 2016, the Board will propose a dividend, in this case EUR 0.65 per share for a total of EUR 401.9 million in cash based on the number of outstanding shares as of December 31, 2017, to the SUEZ's Shareholders' Meeting convened to approve the financial statements for the fiscal year which ended on December 31, 2017.

Subject to approval by the Shareholders' Meeting, this dividend will be paid out during the first half of 2018. This dividend is not recognized under liabilities in the financial statements at December 31, 2017 as these financial statements are presented before net income allocation.

15.5 Total gains and losses recognized in equity (Group share)

(in millions of euros)	December 31, 2017	Change	December 31, 2016
Available-for-sale securities	(2.7)	(0.1)	(2.6)
Net investment hedges	(159.2)	(4.0)	(155.2)
Cash-flow hedges (excluding commodities)	(4.6)	12.3	(16.9)
Commodity cash-flow hedges	(3.1)	(1.9)	(1.2)
Deferred tax on available-for-sale securities and hedges	10.9	(2.4)	13.3
Share of associates on reclassifiable items, net of tax	(29.3)	(53.5)	24.2
Share of joint ventures on reclassifiable items, net of tax	(69.4)	(8.3)	(61.1)
Translation adjustments	(41.2)	(180.0)	138.8
Total reclassifiable items	**(298.6)**	**(237.9)**	**(60.7)**
Actuarial gains and losses	(397.7)	8.7	(406.4)
Deferred tax on actuarial gains and losses	98.7	19.2	79.5
Share of joint ventures on non reclassifiable items, net of tax	–	–	–
Share of associates on non reclassifiable items, net of tax	(4.9)	0.1	(5.0)
Total non reclassifiable items	**(303.9)**	**28.0**	**(331.9)**
Total	**(602.5)**	**(209.9)**	**(392.6)**

All the items in the table above are reclassifiable to profit or loss in future periods, with the exception of actuarial gains and losses and related deferred taxes, which are reported in consolidated reserves Group share.

15.6 Undated Deeply Subordinated Notes

In June 2014, SUEZ issued Undated Deeply Subordinated Notes, also denominated hybrids, of EUR 500 million with an initial fixed coupon of 3%. On March 30, 2015, SUEZ issued another Undated Deeply Subordinated Notes for a total amount of EUR 500 million. The new notes beared interest at a fixed rate of 2.5%, revised for the first time seven years after issuance on the basis of the 5-year swap rate, and then every five years.

On April 19, 2017, SUEZ realized an issue of Undated Deeply Subordinated Notes for a total amount of EUR 600 million, with an initial fixed coupon of 2.875%, revised for the first time seven years after the issue on the basis of the swap rate after 5 years, and then again every five years. This issuance was prepared in order to secure funding for the acquisition of GE Water.

In accordance with the provisions of IAS 32, these notes or hybrid bonds are considered as an instrument of equity rather than a debt in the Group's consolidated accounts as there is no direct or indirect obligation to pay interest (except in the case of a distribution of dividends by the issuer or a redemption of the notes), nor is there any maturity of the final redemption, but only optional redemption dates (see Note 2.3).

Following this issuance, the Group's outstanding hybrid bonds amounted to EUR 1.6 billion as at December 31, 2017.

15.7 Equity management

SUEZ strives to optimize its financial structure on a continuous basis by achieving an optimal balance between net debt and equity as shown in the consolidated statement of financial position. The main aim of the Group in terms of managing its financial structure is to maximize value for shareholders, reduce the cost of capital, and maintain a strong rating while ensuring the desired financial flexibility in order to seize external growth opportunities which will create value. The Group manages its financial structure and makes adjustments in light of changes in economic conditions.

The management aims, policies and procedures have remained identical for several fiscal years.

Note 16 Non-controlling interests

Changes in "Non-controlling interests" between 2016 and 2017 for the amount of EUR 633.8 million are principally due to the creation of SUEZ Water Technologies & Solutions (SWTS), company owned at 70% by SUEZ group. SWTS includes ex-GE Water entities as well as SUEZ entities specialized in Industrial Water (see Note 2.1).

The contribution of the business unit WTS to the item "Non-controlling interests" is EUR 706.2 million at December 31, 2017.

The Agbar group is nonetheless the primary contributor to the "Non-controlling interests" in the consolidated statement of financial position of the Group. This contribution amounts to EUR 1,063.1 million out of a total of EUR 2,503.7 million at December 31, 2017, compared to EUR 1,164.2 million out of a total of EUR 1,869.9 million at December 31, 2016.

The contribution of EUR 1,063.1 million at December 31, 2017 is primarily the result of the 71.6% non-controlling interest in Aguas Andinas in Chile.

SUEZ fully consolidates the Agbar group in its Consolidated Financial Statements with a percentage of interest of 100% at December 31, 2017.

The Agbar group includes the Chilean holding company IAM in its Consolidated Financial Statements with a percentage of interest of 56.6%.

IAM includes the Chilean operating company Aguas Andinas in its Consolidated Financial Statements with a percentage of interest of 50.1%.

Aguas Andinas is therefore fully consolidated within the SUEZ group with a percentage of interest of 28.4%.

IAM and Aguas Andinas are both listed entities on the Santiago de Chile stock exchange (Chile).

Summarized financial information on the Aguas Andinas (at 100%) are presented belowThey are extracted from the data published by the company.

Summarized Statement of financial position at 100%

(in millions of euros)	September 30, 2017 [a]	December 31, 2016
Non-current assets	2,137.2	2,259.4
Current assets	166.0	258.8
Of which Cash and cash equivalents	*7.1*	*92.2*
Total assets	**2,303.2**	**2,518.2**
Shareholders' equity, Group share	854.5	901.3
Non-controlling interests	68.0	74.9
Total shareholders' equity	**922.2**	**976.2**
Non-current liabilities	1,163.3	1,240.7
Current liabilities	217.4	301.3
Total shareholders' equity and liabilities	**2,303.2**	**2,518.2**
Closing exchange rate CLP/EUR	755.4	703.6

(a) The Aguas Andinas group's Consolidated Financial Statements as at December 31, 2017 were not yet available on the date when the Group's annual Consolidated Financial Statements were published.
The summarized statement of financial position at September 30, 2017 is extracted from the most recent published data (not audited).

Summarized Income Statement at 100%

(in millions of euros)	September 30, 2017 [a]	September 30, 2016
Revenues	514.8	475.4
Operating profit/(loss)	224.3	215.1
Net income – Group share	139.4	131.3
Net income – non-controlling interests	3.7	3.9
Net income	143.1	135.1
Other comprehensive income (OCI)	–	–
Comprehensive income	**143.1**	**135.1**
Average exchange rate CLP/EUR	727.7	758.3

(a) The Aguas Andinas group's Consolidated Financial Statements as at December 31, 2017 were not yet available on the date when the Group's annual Consolidated Financial Statements were published.
The summarized income statement at September 30, 2017 is extracted from the most recent published data (not audited).

Dividends (100%)

(in millions of euros)	Dividends related to 2016	Dividends related to 2015
Dividends paid by Aguas Andinas	186.0	170.1

Moreover, the 42% of non-controlling interest in SUEZ NWS group entities, in China and Hong Kong represent EUR 424.4 million at December 31, 2017.

Note 17 Provisions

(in millions of euros)	December 31, 2016	Allowances	Reversals (utilizations)	Reversals (surplus provisions)	Scope effects	Impact of unwinding discount adjustments [a]	Translation adjustments	Other	December 31, 2017
Post-employment benefit obligations and other long-term benefits	801.1	43.8	(85.4)	–	50.1	16.4	(29.5)	(8.4)	788.1
Sector-related risks	88.5	2.8	(10.2)	–	–	–	–	2.5	83.6
Warranties	20.4	14.7	(11.4)	–	3.3	–	(0.7)	(1.0)	25.3
Tax risks, other disputes and claims	134.1	28.1	(53.9)	(18.6)	(1.7)	–	(1.2)	3.5	90.3
Site restoration	567.0	41.3	(72.5)	–	–	17.1	(10.2)	0.6	543.3
Restructuring costs	46.9	136.6	(79.4)	(1.3)	1.7	–	(1.0)	0.8	104.3
Other contingencies [b]	421.5	83.4	(99.3)	(7.9)	39.5	7.9	(12.9)	13.6	445.8
Total provisions	**2,079.5**	**350.7**	**(412.1)**	**(27.8)**	**92.9**	**41.4**	**(55.5)**	**11.6**	**2,080.7**

(a) The discounting impact on post-employment and other long-term benefits relates to the interest expense calculated on the net amount of pension obligations and the fair value of plan assets, in accordance with IAS 19 revised.
(b) Provisions for "other contingencies" include a provision for onerous contracts for EUR 87.5 million in 2017 *versus* EUR 93.6 million in 2016, following the acquisition of WSN by SUEZ R&R Australia in 2010.

As of December 31, 2017, the variation of total provisions mainly derives from:

- the translation adjustments of -EUR 55.5 million, which are primarily generated by the American and Australian subsidiaries;
- the scope effects for +EUR 92.9 million mainly due to GE Water's acquisition;
- the +EUR 41.4 million impact of unwinding discount adjustments mainly related to provisions for site restoration and to provisions for post-employment benefit obligations and other long-term benefits, as well as provisions for onerous contracts, classified as provisions for other contingencies;
- the increase in provisions for restructuring for +EUR 58.4 million which are primarily generated by amounts to be paid for voluntary redundancy plan in France;
- diminution of tax risks, other contingencies and claim for -EUR 42.6 million mainly due to litigation in Spain. (see Note 26).

The allowances, reversals and the impact of unwinding discount adjustments presented above and linked to discounting impacts are presented as follows in the income statement for 2017:

(in millions of euros)	(Reversals)/net allowances
Income from operating activities	(50.5)
Other financial income and expenses	41.4
Income tax expense	(38.7)
Total	**(47.8)**

The analysis by type of provisions and the principles used to calculate them are explained below.

17.1 Post-employment benefits and other long-term benefits

See Note 18.

17.2 Sector-related risks

This item primarily includes provisions for risks relating to court proceedings involving the Argentinean contracts and to warranties given in connection with divestments that are likely to be called upon.

17.3 Tax risks, other disputes and claims

This item includes provisions for ongoing disputes involving employees or social security agencies (social security contribution relief, etc.), disputes arising in the ordinary course of business (customer claims, accounts payable disputes), tax adjustments and tax disputes.

17.4 Site restoration

The June 1998 European Directive on waste management introduced a number of obligations regarding the closure and long-term monitoring of landfills. These obligations lay down the rules and conditions incumbent upon the operator (or owner of the site where the operator fails to comply with its obligations) in terms of the design and scale of storage and collection and treatment of liquid (leachates) and gas (biogas) effluents. It also requires provisions for these facilities to be inspected over a 30-year period after closure.

These two types of provisions (rehabilitation and long-term monitoring) are calculated on a case-by-case basis depending on the site concerned. In accordance with the accrual basis of accounting, the provisions are recorded over the period that the site is in operation, pro rata to the depletion of landfill capacity (void-space) (matching of income and expenses). Costs to be incurred at the time of a site's closure or during the long-term monitoring period (30 years after a site is shut down within the European Union, 20 years in France starting the application of the ministerial decree of February 15, 2016 with a renewable 5 years monitoring period, and 60 years in Great-Britain) are discounted to present value. An asset is recorded as a counterparty against the provision. It is depreciated in line with the depletion of the landfill capacity or the need for capping, during the period.

The rehabilitation provision calculations (at the time the facility is shut down) depend on whether the capping used is: semi-permeable, semi-permeable with drainage, or impermeable. That choice has a considerable impact on future levels of leachate effluents and therefore on future costs of treating such effluents. Calculating the provision requires an evaluation of the cost of rehabilitating the area to be covered. The provision recorded in the statement of financial position at year-end must cover the costs of rehabilitating the untreated surface area (difference between the fill rate and the percentage of the site's area that has already been rehabilitated). The amount of the provision is reviewed each year based on work completed or still to be carried out.

The calculation of the provision for long-term monitoring depends on the costs linked to the production of leachate and biogas effluents on the one hand, and on the amount of biogas recycled on the other. Biogas recycling represents a source of revenue and is deducted from long-term monitoring expenses. The main expense items arising from long-term monitoring obligations relate to:

- construction of infrastructure (biogas recycling facility, installation of leachate treatment facility) and the demolition of installations used while the site was in operation;
- upkeep and maintenance of the protective capping and of the infrastructure (surface water collection);
- control and monitoring of surface water, underground water and leachates;
- replacement and repair of observation wells (piezometer wells);
- leachate treatment costs;
- biogas collection and processing costs (taking into account any revenues from biogas recycling).

The provision for long-term monitoring obligations that should be recorded in the statement of financial position at year-end depends on the fill rate of the facility at the end of the period, the estimated aggregate costs per year and per unit (based on standard or specific costs), the estimated closure date of the site and the discount rate applied to each site (depending on its residual life).

17.5 Other contingencies

"Other contingencies" mainly includes provisions for miscellaneous employee-related and environment-related litigations and for various business risks.

Note 18 Post-employment benefit obligations and other long-term benefits

18.1 Description of the main pension plans and related benefits

Most Group companies grant their employees post-employment benefits (pension plans, retirement bonuses, medical coverage, benefits in kind, etc.) as well as other long-term benefits, such as jubilee and other long-service awards.

18.1.1 Main pension plans

In France, employees have defined-contribution retirement plans, such as the basic social security benefits, and supplementary pension schemes. Some employees also have optional retirement plans, some of which are defined-benefit plans through which the employer agrees to pay its employees, or a category of its employees, retirement benefits based on a contractually agreed amount. Thus, the so-called "1991" and "1998" defined-benefit plans at SUEZ, SUEZ Groupe, SUEZ Eau France apply to those companies' senior executives. At December 31, 2017, the Projected Benefit Obligation (PBO) for this senior executives' plan was EUR 103.4 million, *versus* EUR 106.5 million at December 31, 2016. The average duration of the actuarial liability for the senior executives' plans is 20 years. It should be noted that these plans are partially funded (25% of gross debt at December 31, 2017).

All employees also receive a retirement termination benefit in the form of a lump-sum payment on the date of the employee's effective departure. Such indemnities correspond to defined-benefit plans.

Outside France, the main retirement plans and related benefits involve the companies in the US, in Canada and the UK.

In the United States, there are two defined benefit plans: the United Water Resources Inc. Retirement Plan, closed to new employees since January 2010, and the United Water Environmental Services Pension Plan for employees of the unregulated business sector. The latter was closed to non-unionized employees in December 2010. In addition, key executives have a specific retirement plan (SERP). At December 31, 2017, the PBO for the SUEZ Water Inc. defined-benefit pension plans was EUR 420.8 million, *versus* EUR 422.7 million at December 31, 2016. The average duration of the actuarial liability for the SUEZ Water Inc. plans is 15 years. It should be noted that these plans are funded up to 67% at December 31, 2017.

In addition, SUEZ Water Inc. commits to support a portion of healthcare costs of retirees. The corresponding actuarial liability amounted to EUR 94.8 million against EUR 90.3 million at 31 December 2016.

The former GE Water entities joined SUEZ by bringing two defined benefit plans in Canada and in the United States: the Pension Plan for Employees of GE Water & Process Technologies Canada and the Ionics, Incorporated Retirement Plan.

In addition, key executives have a specific retirement plan (Ionics, Incorporated Supplemental Executive Retirement Plan).

At December 31, 2017, the PBO for the GE Water defined-benefit pension plans was EUR 166.0 million. The average duration of the actuarial liability for the GE Water plans is 16 years. It should be noted that these plans are funded up to 67% at December 31, 2017.

Finally, all US subsidiaries offer a 401(k)-type defined-contribution plan to their employees.

In the United Kingdom, SUEZ R&R UK has several defined-benefit retirement plans, most of which are closed to new hires, except for the Sita Final Salary Pension Scheme. SUEZ R&R UK, as part of its expansion, has acquired various entities throughout the United Kingdom. These entities were most often public companies prior to their acquisition, so their staff was affiliated with the Local Government Pension Schemes (LGPS), which Sita UK must maintain. At December 31, 2017, the PBO for the SUEZ R&R UK retirement plans was EUR 141.3 million, *versus* EUR 144.6 million at December 31, 2016. The average duration of the actuarial liability for the SUEZ R&R UK plans is 20 years. It should be noted that these plans are funded up to 89% at December 31, 2017.

Employees hired after the closing date of these plans are covered by a defined-contribution plan, the Sita Stakeholder pension plan.

As mentioned above, defined-benefit plans may be fully or partially funded by contributions to a pension fund (as it is the case in Canada, the US and the UK) or to a dedicated fund managed by an insurance company (France). These funds are fed by contributions made by the Company and, in certain cases, by the employees.

18.1.2 Multi-employer pension plans

Employees of some Group companies are affiliated to multi-employer pension plans. This is especially the case in the Netherlands, where most of the Group's entities are in business activities that make it mandatory to join an industry-wide scheme. These plans spread risk so that financing is assured through payroll-based contributions, calculated uniformly across all affiliated companies. In the Netherlands, multi-employer plans are defined benefit plans. However, the Group recognizes them as defined contribution plans in accordance with IAS 19.

Total contributions of EUR 3.2 million are expected in 2018.

18.1.3 Other post-employment benefit obligations and long-term benefits

In addition to the supplementary pension schemes mentioned above, most Group companies grant their employees long-service awards – benefits corresponding to bonuses paid to employees while they are active, once they have met certain length of service conditions. Moreover, several Group companies agree to cover a portion of expenses incurred by their employees and/or retirees on the occurrence of specific events (illness, etc.), and in addition to amounts paid under defined contribution plans.

These obligations correspond to defined benefit plans. They are presented in the tables below, in "Other post-employment benefits" and "Other long-term benefits".

18.2 Defined benefit plans

18.2.1 Amounts presented in the statement of financial position and the statement of comprehensive income

In accordance with IAS 19, the information presented in the statement of financial position for post-employment and other long-term benefits corresponds to the difference between the present benefit obligation (gross liability) and the fair value of the plan assets. If this difference is positive, a provision is posted (net liability). If the difference is negative, a net asset is posted provided it satisfies the conditions for recognizing a net asset.

Changes in provisions and assets for pensions and related obligations recognized in the statement of financial position can be broken down as follows:

(in millions of euros)	Asset	Liability	Total
Balance at December 31, 2015	**5.4**	**(671.1)**	**(665.7)**
Translation gains and losses	(0.2)	(5.4)	(5.6)
Actuarial gains and losses [a]	(0.9)	(118.8)	(119.7)
Changes in scope of consolidation and other	–	(10.6)	(10.6)
Expense of the period [b]	–	(36.5)	(36.5)
Contributions	–	41.3	41.3
Balance at December 31, 2016	**4.3**	**(801.1)**	**(796.8)**
Translation gains and losses	0.6	28.9	29.5
Actuarial gains and losses [a]	1.0	7.0	8.0
Changes in scope of consolidation and other	–	(50.1)	(50.1)
Expense of the period [b]	(0.1)	(22.3)	(22.4)
Contributions	0.1	49.5	49.6
Balance at December 31, 2017	**5.9**	**(788.1)**	**(782.2)**

(a) Actuarial gains and losses on employee benefits.
(b) Including actuarial gains and losses on long-term benefits (particularly long-service awards).

Plan assets and reimbursement rights are presented in the statement of financial position under "Other assets", current and non-current.

The expense for 2017 amounted to -EUR 22.4 million *versus* an expense of -EUR 36.5 million in 2016. The main components of this expense in 2017 are explained in section 18.2.3.

Accumulated actuarial gains and losses recognized in equity amounted -EUR 415.9 million at December 31, 2017, against -EUR 423.7 million at December 31, 2016. They are shown below, excluding translation gains and losses which are presented separately in the statement of comprehensive income.

(in millions of euros)	December 31, 2017	December 31, 2016
Opening balance	**(423.7)**	**(293.3)**
Actuarial gains and (losses) generated during the year [a]	8.0	(119.7)
Equity-accounted companies and other	(0.2)	(10.7)
Closing balance	**(415.9)**	**(423.7)**

(a) On employee benefits.

The closing balance of actuarial gains and losses presented above includes actuarial gains and losses recognized in equity-accounted affiliates.

18.2.2 Change in the amount of obligations and plan assets

The table below shows the amount of present benefit obligations and plan assets of the group SUEZ, the changes to these over the periods concerned, as well as a reconciliation with the amounts recognized in the statement of financial position.

In 2017, the increase of the commitment is mainly related to the acquisition of GE-Water. The scope effect related to this acquisition amounts to -EUR 53,9 million.

(en millions d'euros)		December 31, 2017 Pension benefit obligations [a]	Other post-employment benefits [b]	Other long term benefits [c]	Total	December 31, 2016 Pension benefit obligations [a]	Other post-employment benefits [b]	Other long term benefits [c]	Total
Change in Projected Benefit Obligation									
Projected Benefit Obligation at the beginning of the period		**(1,209.3)**	**(262.2)**	**(23.2)**	**(1,494.7)**	**(1,064.4)**	**(232.1)**	**(21.0)**	**(1,317.5)**
Service Cost		(34.2)	(6.2)	(1.8)	(42.2)	(31.4)	(6.1)	(1.8)	(39.3)
Interest cost		(29.6)	(7.5)	(0.2)	(37.3)	(31.2)	(7.7)	(0.2)	(39.1)
Contributions paid		(1.5)	–	–	(1.5)	(1.4)	–	–	(1.4)
Amendments		(0.6)	4.1	(1.2)	2.3	(0.7)	–	–	(0.7)
Acquisitions/Disposals of subsidiaries		(170.3)	(0.6)	–	(170.9)	(1.0)	–	–	(1.0)
Curtailments/settlements		20.3	4.9	1.6	26.8	27.6	0.8	0.7	29.1
Special terminations		0.3	(0.3)	–	–	0.1	–	–	0.1
Financial actuarial gains and losses		(5.8)	(5.4)	0.5	(10.7)	(132.2)	(25.3)	(2.1)	(159.6)
Demographic actuarial gains and losses		(4.0)	(0.7)	8.5	3.8	(9.9)	4.0	0.7	(5.2)
Benefits paid		38.3	8.8	0.7	47.8	37.2	8.5	1.1	46.8
Other		75.2	15.8	0.7	91.7	(2.0)	(4.3)	(0.6)	(6.9)
Projected Benefit Obligation at the end of period	**(A)**	**(1,321.2)**	**(249.3)**	**(14.4)**	**(1,584.9)**	**(1,209.3)**	**(262.2)**	**(23.2)**	**(1,494.7)**
Change in fair value of plan assets									
Fair value of plan assets at the beginning of the period		**618.0**	**79.9**	**–**	**697.9**	**576.5**	**75.3**	**–**	**651.8**
Expected return on plan assets		17.8	3.1		20.9	18.4	3.4		21.8
Contributions received		44.1	5.2		49.3	35.5	4.9		40.4
Acquisitions/Disposals of subsidiaries		115.4	–		115.4	–	–		–
Curtailments/settlements		(1.9)	–		(1.9)	(7.0)	–		(7.0)
Actuarial gains and losses		18.6	5.3		23.9	41.6	2.1		43.7
Benefits paid		(37.2)	(8.8)		(46.0)	(36.0)	(8.5)		(44.5)
Other		(46.7)	(10.1)		(56.8)	(11.0)	2.7		(8.3)
Fair value of plan assets at the end of period	**(B)**	**728.1**	**74.6**	**–**	**802.7**	**618.0**	**79.9**	**–**	**697.9**
Funded status	**(A) + (B)**	**(593.1)**	**(174.7)**	**(14.4)**	**(782.2)**	**(591.3)**	**(182.3)**	**(23.2)**	**(796.8)**
Net benefit obligation		**(593.1)**	**(174.7)**	**(14.4)**	**(782.2)**	**(591.3)**	**(182.3)**	**(23.2)**	**(796.8)**
Total liabilities		**(599.0)**	**(174.7)**	**(14.4)**	**(788.1)**	**(595.6)**	**(182.3)**	**(23.2)**	**(801.1)**
Total assets		**5.9**			**5.9**	**4.3**			**4.3**

(a) Pensions and retirement bonuses.
(b) Medical coverage, gratuities and other post-employment benefits.
(c) Long-service awards and other long-term benefits.The decrease of the liability in 2017 is due to a reassesment of long-term benefits related to jubilees payable to employees in France.

In 2017, the decrease of the net liability was mainly attributable to contributions paid by entities of the Group of around -EUR 48 million and a foreign exchange effect of about -EUR 30 million. These were partially offset by the integration of GE Water which increased the commitment for about EUR 54 million.

In 2016, the increase in the net liability found its main explanation in the significant decline of the discount rate, since there was an actuarial loss on financial assumptions of around EUR 114 million.

18.2.3 Components of cost for the period

The net cost recognized in respect of pensions and other defined benefit obligations in 2017 and 2016 breaks down as follows:

(in millions of euros)	December 31, 2017	December 31, 2016
Current service cost	(42.2)	(39.3)
Net interest expense on the net defined benefit liability	(16.4)	(17.3)
Actuarial gains or losses	9.0	(1.4)
Past service cost	2.3	(0.7)
Gains or losses on pension plan curtailments, terminations and settlements	24.9	22.1
Special terminations	–	0.1
Total	**(22.4)**	**(36.5)**
Of which recognized in current operating income	(6.0)	(19.2)
Of which recognized in financial income/(loss)	(16.4)	(17.3)

18.2.4 Funding policy and strategy

When defined benefit plans are funded, the related plan assets are invested through pension funds and/or with insurance companies, depending on the investment practices specific to the country concerned. The investment strategies underlying these defined benefit plans are aimed at striking the right balance between an optimum return on investment and an acceptable level of risk.

These strategies have a twofold objective:

- to maintain sufficient income streams and liquidity to cover pensions and other benefit payments; and
- in a controlled-risk environment, to achieve a long-term return on investment matching the discount rate or, as applicable, at least equal to the future returns required.

When plan assets are invested through pension funds, investment decisions and the allocation of plan assets are the responsibility of the fund manager concerned. For French companies, where plan assets are invested through an insurance company, the fund manager manages the investment portfolio in units of account or euros, and guarantees a rate of return on the related assets. Such diversified funds are characterized by active management benchmarked to composite indices, adapted to the long-term horizon of the liabilities and taking into account the government's eurozone obligations and the shares of the largest companies in and outside the eurozone. In the case of euro funds, the insurer's sole obligation is to ensure a fixed minimum return on plan assets.

The funding of these obligations breaks down as follows:

(in millions of euros)	Present benefit obligation	Fair value of plan assets	Limit on defined benefit assets and supplementary provision	Total net obligation
Underfunded plans	(1,050.7)	670.9	–	(379.8)
Overfunded plans	(22.7)	27.0	–	4.3
Unfunded plans	(421.3)	–	–	(421.3)
Total December 31, 2016	**(1,494.7)**	**697.9**	**–**	**(796.8)**
Underfunded plans	(1,169.4)	778.7	–	(390.7)
Overfunded plans	(18.1)	24.0	–	5.9
Unfunded plans	(397.4)	–	–	(397.4)
Total December 31, 2017	**(1,584.9)**	**802.7**	**–**	**(782.2)**

The allocation of plan assets by main asset category breaks down as follows:

	2017	2016
Securities	36%	35%
Bonds	35%	45%
Real Estate	2%	2%
Other (including money market securities)	27%	18%
Total	**100%**	**100%**

The allocation of plan assets by geographical area of investment is as follows:

	Europe	North America	Latin America	Asia Oceania	Others
Securities	35%	44%	0%	13%	19%
Bonds	39%	44%	0%	78%	0%
Real Estate	7%	0%	0%	0%	0%
Other (including money market securities)	19%	12%	0%	9%	81%
Total	**100%**	**100%**	**0%**	**100%**	**100%**

18.2.5 Actuarial assumptions

Actuarial assumptions are determined individually per country and company, in association with independent actuaries.

The weighted rates are presented below:

	Pensions		Other post-employment benefits		Long-term benefits		Total benefit obligation	
	2017	2016	2017	2016	2017	2016	2017	2016
Discount rate	2.6%	2.4%	3.1%	2.8%	1.4%	1.4%	2.7%	2.4%
Estimated future increase in salaries	2.6%	2.7%	2.4%	2.4%	1.5%	1.9%	2.6%	2.7%
Inflation Rate	2.0%	2.1%	2.2%	2.3%	1.8%	1.9%	2.0%	2.1%
Average remaining working lives of participating employees	17 years	17 years	15 years	17 years	15 years	17 years	17 years	17 years

Discount and salary increase rates are shown including inflation.

18.2.5.1 Discount rate and inflation

The discount rate used is determined by reference to the yield, at the measurement date, of AA corporate bonds with a maturity corresponding to the anticipated term of the obligation.

As for December 31, 2016, the 2017 rates were determined for each currency area (euro, US dollar and pound sterling) from data on AA bond yields (according to Bloomberg and iBoxx) extrapolated to long-term maturities based on the performance of government bonds. A discount rate curve has been used per currency area and has been applied to debt and to the components of the current cost (Service Cost and Net Interest).

According to estimates made by the Group, a change of plus or minus 1% of the discount rate would result in a change in actuarial liabilities of approximately 16%.

Inflation rates were determined for each currency zone. A change in the inflation rate of roughly 1% would result in a change in the actuarial liability of 9%.

18.2.6 Geographical breakdown of obligations

In 2017, the geographical breakdown of the main obligations and the related actuarial assumptions (including inflation) were as follows:

	Euro Zone		United Kingdom		United States		Rest of the World	
(en millions d'euros)	Pensions	Other benefit obligations	Pensions	Other benefit obligations	Pensions	Other benefit obligations	Pensions	Other benefit obligations
Funded status [a]	(362.7)	(109.1)	(16.0)	0.0	(149.3)	(20.4)	(65.1)	(59.6)
Discount rate	1.6%	1.5%	2.4%	0.0%	3.8%	3.8%	3.0%	3.5%
Estimated future increase in salaries	1.7%	1.3%	3.2%	0.0%	3.3%	3.1%	3.3%	2.7%
Inflation Rate	1.7%	1.7%	2.2%	0.0%	2.3%	2.5%	1.7%	2.5%
Average remaining working lives of participating employees	17 years	16 years	21 years	0	15 years	8 years	16 years	11 years

(a) Funded status corresponds to the difference between the present benefit obligation and the fair value of the plan assets.

Concerning "Rest of the world" category, the funded status relating to pension mainly concerns Sweden and Canada, while the funded status relating to the other benefit obligations stems largely from Morocco.

18.2.7 Payments due in 2018

The Group expects to contribute to defined benefit plans in 2018 and to pay benefits for a total approximate amount of EUR 38.3 million.

18.3 Defined contribution plans

In 2017, the group SUEZ recorded a EUR 65.7 million expense in respect of contributions to Group defined contribution plans. These contributions are recorded under "Personnel costs" in the income statement.

Note 19 Construction contracts

The "Amounts due from customers under construction contracts" and "Amounts due to customers under construction contracts" items are presented in the statement of financial position under "Other assets" and "Other liabilities" respectively.

(in millions of euros)	December 31, 2017	December 31, 2016
Amounts due from customers under construction contracts	288.1	218.2
Amounts due to customers under construction contracts	198.4	114.5
Net position	**89.7**	**103.7**

According to the presentation method adopted by the Group, provisions for loss at termination of construction contracts have been transferred to the bottom of the statement of financial position under "Amounts due to customers under construction contracts".

Contracts in progress at the closing date:

(in millions of euros)	December 31, 2017	December 31, 2016
Cumulated cost incurred and margins recognized	4,282.6	4,123.5
Advances received	101.8	85.9
Retentions	37.8	38.2

The variation of the cumulated costs incurred between 2016 and 2017 is mainly attributable to the acquisition of GE Water.

For the design and construction contracts, the Group guarantees, by contract, its customers on the delivery of plants ready for operation. The Group is required to give guarantees which are contingent liabilities, for which the Group believes that the probability of cash out is low.

Note 20 Finance leases

The net amount of Property, plant and equipment assets owned under finance leases are broken down into various asset categories, depending on their type.

The main finance leases entered into by the Group as at December 31, 2017 concern the incineration plants of SUEZ RV Energie in France.

The reconciliation between the undiscounted value and the present value of minimum lease payments is as follows:

	Future minimum lease payments at December 31, 2017		Future minimum lease payments at December 31, 2016	
(in millions of euros)	Undiscounted value	Present value	Undiscounted value	Present value
During year 1	76.6	76.0	51.0	50.2
During years 2 to 5 inclusive	66.5	59.8	140.0	135.4
Beyond year 5	20.3	13.9	24.2	14.1
Total future minimum lease payments [a]	**163.4**	**149.7**	**215.2**	**199.7**

(a) Including amortized cost.

The following table provides a reconciliation of maturities of liabilities under finance leases as reported in the statement of financial position (see Note 13.2.1) with undiscounted future minimum lease payments by maturity:

(in millions of euros)	Total	During year 1	During years 2 to 5 inclusive	Beyond year 5
Liabilities under financial lease [a]	149.7	76.0	59.8	13.9
Impact of discounting future repayments of principal and interest	13.7	0.6	6.7	6.4
Undiscounted future minimum lease payments	**163.4**	**76.6**	**66.5**	**20.3**

(a) Including amortized cost.

Note 21 Operating leases

Operating lease income and expenses recognized for fiscal years 2017 and 2016 break down as follows:

(in millions of euros)	December 31, 2017	December 31, 2016
Minimum lease payments	(414.6)	(399.2)
Contingent lease payments	(5.4)	(7.6)
Sub-letting income	0.5	0.5
Sub-letting expense	(3.6)	(5.9)
Other operating lease expenses	(40.1)	(23.3)
Total	**(463.2)**	**(435.5)**

Future minimum lease payments due under non-cancelable operating leases can be analyzed as follows:

(in millions of euros)	December 31, 2017	December 31, 2016
During year 1	252.5	242.4
During years 2 to 5 inclusive	638.2	584.3
Beyond year 5	483.4	473.6
Total	**1,374.1**	**1,300.3**

The increase of the minimum lease payments is partly due to the acquisition of GE Water for EUR 42.2 million.

Note 22 Service concession arrangements

SIC 29 – "Service Concession Arrangements-Disclosures" was published in May 2001 and deals with the information regarding concession contracts which should be disclosed in the Notes to the Financial Statements.

IFRIC 12 – "Service Concession Arrangements", published in November 2006 deals with the recognition of concession contracts which meet certain criteria according to which it is estimated that the concession-grantor controls the facilities (see Note 1.5.6).

As specified in SIC 29, a service concession agreement generally involves a transfer by the concession-grantor to the concession-holder for the entire duration of the concession:

a) of the right to offer services enabling the public to access major economic and social services; and

b) of the right, in certain cases, to use tangible and intangible assets and/or specified financial assets;

in exchange for the commitment made by the concession-holder:

c) to offer services in accordance with certain terms and conditions during the length of the concession; and

d) if the need arises, to return the rights received at the beginning of the concession and/or acquired during the concession.

The common characteristic of all the service concession agreements is the fact that the concession holder is both granted a right and becomes bound by an obligation to offer public services.

The Group manages a large number of concession contracts as defined by SIC 29 in drinking water distribution, wastewater treatment, and waste management.

These concession contracts include terms and conditions on rights and obligations with regard to the infrastructure and to the obligations relating to public service, in particular the obligation to allow users to access the public service, an obligation, which, in certain contracts, may be subject to a timeframe. The terms of the concessions vary between 12 and 50 years, depending mainly on the level of investments to be made by the concession operator.

In exchange for these obligations, the Group is entitled to bill either the local authority granting the concession (mainly incineration activities and BOT water treatment contracts) or the users for the services provided. That right gives rise either to an intangible asset, or to a receivable, or a tangible asset, depending on the accounting model applicable (see Note 1.5.6).

The tangible asset model is used when the concession-grantor does not control the infrastructure, like for example, water distribution concession contracts in the United States which do not provide for the return to the concession grantor at the end of the contract of the infrastructure, which remains the property of the SUEZ group.

A general obligation also exists to return the concession infrastructure in good working condition at the end of the contract. Where appropriate (see Note 1.5.6), this obligation results in the recognition of a capital renewal and replacement liability. The replacement liability amounted to EUR 203 million at December 31, 2017 *versus* EUR 230 million at December 31, 2016 and is classified as "Other current liabilities".

Services are generally billed at a fixed price which is index-linked for the duration of the contract. However, contracts contain clauses providing for periodic price adjustments (usually at the end of a five-year period) if there is a change in the economic conditions which were initially expected when the contracts were signed.

Note 23 Share-based payments or cash-based payments

Expenses recognized in respect of share-based payments or cash-based payments are as follows:

(in millions of euros)	Note	(Expense) for the period 2017	2016
Stock-option plans	23.1	–	–
Performance share plans	23.2	(0.1)	(0.6)
Worldwide financial incentive scheme	23.3	(0.1)	(3.1)
Employees share issues [a]	23.4	(1.2)	(2.3)
Long-term incentive plan [b]	23.5	5.0	(13.5)
Total		**3.6**	**(19.5)**

(a) Impact of Share Appreciation Rights is presented after hedging by warrants (subject to IAS 39). Before hedging by warrants, the 2017 impact related to capital increases reserved for employees amounts to -EUR 2.7 million. In 2016 the impact was a profit of +EUR 0.5 million.
(b) The positive impact in 2017 is explained by the reversal of provision following 2014 plan delivery. The expenses related to the amount paid to the beneficiaries are booked in personnel costs (short term benefits).

23.1 Stock option plans

23.1.1 Arrangements and grants

Since 2010, no more stock options are granted. Arrangements relating to plans still in force in 2017 are described in previous SUEZ and ENGIE Reference Documents.

23.1.2 Description of current plans

SUEZ stock option plans

Plan	Date of the authorizing Shareholders' Meeting	Starting point for exercise of the options	Adjusted Exercise price	Outstanding number of shares at 12/31/2016	Exercised	Granted	Cancelled or Expired	Outstanding number of shares at 12/31/2017	Expiration date	Residual life
12/17/2009 [a]	05/26/2009	12/17/2013	15.49	1,193,126	216,717	–	976,409		12/16/2017	
12/16/2010 [a]	05/26/2009	12/16/2014	14.20	665,990	30,252			635,738	12/15/2018	1.0
Total				**1,859,116**	**246,969**	**–**	**976,409**	**635,738**		

(a) Exercisable plans.

The average share price for SUEZ in 2017 was EUR 15.28.

ENGIE stock option plans

Plan	Date of the authorizing Shareholders' Meeting	Starting point for exercise of the options	Adjusted Exercise price	Outstanding number of shares at 12/31/2016	Exercised	Granted	Cancelled or Expired	Outstanding number of shares at 12/31/2017	Expiration date	Residual life
11/10/2009 [a]	05/04/2009	11/10/2013	29.44	378,806			378,806	–	11/9/2017	
Total				**378,806**	**–**	**–**	**378,806**	**–**		

(a) Exercisable plans.

The average share price for ENGIE in 2017 was EUR 13.45.

23.1.3 Impact on the income statement

SUEZ Plans

In 2017, as for 2016, no expense has been recorded in relation to the SUEZ stock option plans.

ENGIE plan

In 2017, as for 2016, no expense has been recorded in relation to the ENGIE stock option plan.

23.2 Performance share plans

23.2.1 Arrangements and grants

No performance share plan has been granted since 2013. Arrangements relating to plans still in force in 2017 are described in previous SUEZ and ENGIE Reference Documents.

23.2.2 Review of internal performance conditions

In addition to the service condition, some plans are subject to internal performance conditions. If the performance targets are not fully met, the number of shares granted to employees is reduced in accordance with the plan rules. Any such change in the number of shares leads to a reduction in the total expense of the plan, in accordance with IFRS 2. Performance conditions are reviewed at each year-end.

23.2.3 Impact on the income statement

SUEZ plan

During the period, a net cost of -EUR 0.1 million was recognized for the SUEZ performance share plans.

	Number of shares granted	Outstanding number of shares at 12/31/2017	Weighted average fair value	(Expense) for the period	
				2017	2016
March 2013	1,315,100	–	EUR 6.5	(0.1)	(0.6)
Total				**(0.1)**	**(0.6)**

ENGIE plan

During the period, no expense has been recorded in relation to the performance share plans.

23.3 Worldwide incentive scheme

23.3.1 Arrangements and grant

No worldwide incentive scheme has been granted since 2013. Arrangements relating to plans still in force in 2017 are described in previous SUEZ and ENGIE Reference Documents.

23.3.2 Impact on the income statement

SUEZ plan

During the period, an expense of -EUR 0.1 million was recognized for the SUEZ worldwide incentive scheme.

	Number of shares granted	Outstanding number of shares at 12/31/2017	Weighted average fair value	(Expense) for the period	
				2017	2016
January 2013	3,018,720	–	EUR 6.2	(0.1)	(2.0)
Total				**(0.1)**	**(2.0)**

ENGIE plan

During the period, no expense has been recorded in relation to the ENGIE worldwide incentive schemes. There are no ENGIE plan running.

	Number of shares granted	Weighted average fair value	(Expense) for the period	
			2017	2016
October 2012	1,140,525	EUR 11.7	–	(1.1)
Total			**–**	**(1.1)**

23.4 Employee share issues

The expense recorded during the period on current plans is as follows:

			(Expense) for the period	
			2017	2016
SUEZ Sharing 2017 plan	Share issue and matching shares in France and SIP	December 2017	(2.5)	–
SUEZ Sharing 2017 plan	Matching shares – International	December 2017	–	–
SUEZ Sharing 2017 plan	Share Appreciation Rights	December 2017	1.8	–
SUEZ Sharing 2014 plan	Matching shares – International	July 2014	(0.2)	(0.2)
SUEZ Sharing 2014 plan	Share Appreciation Rights	July 2014	(0.3)	(1.2)
SUEZ Sharing 2011 plan	Matching shares – International	December 2011	–	(0.1)
SUEZ Sharing 2011 plan	Share Appreciation Rights	December 2011	–	(0.8)
Total [a]			**(1.2)**	**(2.3)**

(a) Impact of Share Appreciation Rights is presented after hedging by warrants (subject to IAS 39). Before hedging by warrants, the expense of the year 2017 related to employee share issue amounts to -EUR 2.7 million. In 2016 the impact was EUR 0.5 million.

23.4.1 Sharing 2017 plan

In 2017, SUEZ launched its third global employee shareholding plan, called Sharing. This employee share issue program is part of the policy to increase employee shareholding and strengthen the existing relationship between SUEZ and its employees by offering them the possibility of being more closely associated with the Group's growth and performance. Two formulas were offered:

- A "Classic" formula, which includes a discount and employer contribution and in which the subscriber is exposed to movements in the share price. In France, employees benefited from matching shares as part of the Company savings plan. Outside France, matching shares took the form of a bonus share allocation. In the United Kingdom, a Share Incentive plan (SIP) was implemented alternatively. It allowed employees to subscribe at the share price measured on December 19, 2017, date of the capital increase.
- A "Multiple" formula, which allows employees to benefit from a leverage effect to supplement their personal contribution as well as a discounted subscription price. A swap agreement with the bank that structures the plan allows employees to benefit from a guarantee on their personal contribution and a guaranteed minimum return. In some countries (especially in the United States), the Multiple formula was adapted to local laws and Share Appreciation Rights were granted as an alternative.

The capital increase itself was achieved on December 19, 2017, and has resulted in a creation of 9.98 million shares, of 4 euros nominal value.

23.4.1.1 Accounting impact of the employee share issue and of the matching shares in France

The subscription price for the plan was defined as the SUEZ average opening share price over the 20 trading days preceding the date of the CEO's decision to start the subscription/rejection period, less 20%, which was EUR 12.31.

Pursuant to IFRS 2, an expense is recognized in the books of SUEZ against equity. With respect to discount, the cost of the Classic and Multiple plans corresponds to the difference between the fair value of the subscribed share and the subscription price. The fair value takes into account the 5-year lock-in period required by French law, as well as, for the Multiple formula, the opportunity gain implicitly borne by SUEZ in allowing its employees to benefit from more advantageous pricing than they could obtain as ordinary private investors. The fair value of the matching shares under the employer contribution in France has been calculated using the method described in Note 1.5.14. In this case, the shares are delivered immediately with no vesting period, but are subject to a 5-year lock-in period.

The following assumptions were used:

- 5-year risk-free interest rate: 0.22%
- Retail banking spread: 4.68%
- Financing rate for an employee: 4.90%
- Cost of securities lending: 0.50%
- Volatility spread: 6.04%

The result is a total expense of -EUR 2.4 million for 2017.

		Sharing Classic	Sharing Multiple	Matching shares in France	Total
Amount subscribed *(EUR millions)*		15.6	104.2	–	119.8
Number of shares subscribed *(millions)*	(a)	1.3	8.5	0.2	9.9
Gross value of the employee benefit *(EUR/share)*	b1	3.1	3.1	15.4	
Lock-in cost for the employee *(EUR/share)*	b2	(4.3)	(4.3)	(4.3)	
Measure of opportunity gain *(EUR/share)*	b3	–	0.9	–	
Total benefit granted to employees *(EUR/share)* [a]	(b) = b1+b2+b3	–	–	11.1	
Book expense	**– (a) x (b)**	**–**	**–**	**(2.4)**	**(2.4)**

(a) When the benefit granted to the personnel is negative, it is brought to 0.

On the Classic and multiple formula, the benefit granted to employees proving to be negative, has been capped at EUR 0.

The valuation of the recognized expense depends upon, among other factors, the estimation of the financing rate for employees and the valuation of the opportunity gain. A +/-0.5% change in these rates would have the following impact on the recognized expense:

Sensitivity *(change in expense in EUR millions)*	Sharing Multiple	Matching shares in France	Total
Decrease in financing rate for employee -0.5%	(1.2)	(0.1)	(1.3)
Increase in opportunity gain +0.5%	–	–	–

23.4.1.2 Accounting impact of the Share Incentive Plan (SIP) in the United Kingdom

SIP rules required the CEO of SUEZ to set the subscription price at EUR 14.62 on December 19, 2017. The fair value of the matching shares has been calculated using the method described in Note 1.5.14. In this case, the shares are delivered immediately with no vesting period, but are subject to a 3-year lock-in period.

The following assumptions were used:

- 3-year risk-free interest rate: 0.005%;
- Retail banking spread: 5.935%;
- Financing rate for an employee: 5.94%;
- Cost of securities lending: 0.50%;
- Share price on grant date: EUR 14.62.

The result is a total expense of -EUR 0.1 million in 2017.

		SIP	Matching shares (SIP)	Total
Amount subscribed *(EUR millions)*		0.33	0.12	0.45
Number of shares subscribed *(millions)*	(a)	0.02	0.01	0.03
Gross value of the employee benefit *(EUR/share)*	b1	0.1	14.7	
Lock-in cost for the employee *(EUR/share)*	b2	–	(4.7)	
Measure of opportunity gain *(EUR/share)*	b3	–	–	
Total benefit granted to employees *(EUR/share subscribed)*	(b) = b1+b2+b3	0.1	10.0	
Book expense	**– (a) x (b)**	**(0.0)**	**(0.1)**	**(0.1)**

23.4.1.3 Accounting impact of matching shares outside of France

The matching shares internationally (excluding France and the United Kingdom) took the form of a bonus share allocation. Vesting was subject to five years' service within the Group. The fair value of the allocated shares was calculated using the method described in Note 1.5.14.

The following assumptions were used:

Grant date	Vesting date	Share price on allocation date	Expected dividend rate	Market performance condition	Fair value per share
12/19/2017	12/20/2022	EUR 14.74	5%	no	EUR 12.81

As the expense is amortized over the vesting period, matching shares internationally have a non-material impact on SUEZ income statement in 2017.

23.4.1.4 Accounting impact of share appreciation rights

In some countries (especially in the United States), the Multiple formula takes the form of an alternative mechanism called share appreciation rights (SARs). Employees benefit from a multiplier on the performance of SUEZ shares that is paid in cash at the end of a 5-year period. The resulting debt to employees is covered by warrants issued by the bank in charge of structuring the operation.

The accounting impact of the cash-settled share appreciation rights (SARs) involves recognizing an expense against an employee payable over the vesting period of the SARs. The amortization of the debt had no material impact on the Group's financial statements. The SARs are covered by warrants that offset the expenses incurred by the SARs at the end of the five-year plan.

23.5 Long-term incentive plan

The Board of Directors, in its meeting of February 28, 2017, has decided to implement a long-term incentive plan in the form of a cash bonus, whose total budget amounts to EUR 15 million, which concerns 1,413 beneficiaries.

The vesting period extends from February 28, 2017 to March 31, 2020.

The February 28, 2017 plan concerns two separate lists of beneficiaries, Beneficiaries A and Beneficiaries B, under the following stipulations:

- Beneficiaries A (483 beneficiaries):
  - Executive Corporate Officer, Members of the Management Committee and of the Executive Committee: two performance conditions apply cumulatively (cumulative EBIT figures and changes in the Total Shareholder Return of SUEZ compared to the change in Total Shareholder Return of the Euro Stoxx Utilities index over the period of January 1, 2017 to December 31, 2019) on 100% of total compensation that may be paid.

- Top Executives: an initial performance condition based on cumulative EBIT figures over the period of January 1, 2017 to December 31, 2019 (inclusive) on 100% of total compensation that may be paid; a second performance condition of changes in the Total Shareholder Return of SUEZ compared to the change in Total Shareholder Return of the Euro Stoxx Utilities index over the period of January 1, 2017 to December 31, 2019 (inclusive), in addition to the first condition, which applies to 50% of the total compensation that may be paid.
- Other beneficiaries: a performance condition based on cumulative EBIT figures over the period of January 1, 2017 to December 31, 2019 (inclusive) on 100% of the total compensation that may be paid.

The amount of variable long-term Incentive to be paid to Beneficiaries A as determined based on performance conditions, may be increased or decreased by 10% depending on the level achieved in terms of a condition related to the gender ratio in management, the "TPE" at December 31, 2019.

- Beneficiaries B:

  A performance condition based on cumulative EBIT figures over the period of January 1, 2017 to December 31, 2019 (inclusive), which applies to 100% of the total compensation that may be paid.

  The external performance condition may be valued using the Monte Carlo method.

  In 2017, the ongoing LTI plans have generated a EUR 5.0 million income (including provisions recorded for social charges). This income is explained by 2014 LTI plan delivery, for which conditions were met between 81% and 100% depending on beneficiaries categories. The provision on this plan has been entirely reversed and the real expense had been booked as personnel costs (see Note 4.2).

Note 24 Related-party transactions

The purpose of this note is to present material transactions between the Group and its related parties as defined by IAS 24. Compensation for key executives is disclosed under Note 25 "Executive compensation". The main subsidiaries (fully consolidated companies) are listed under Note 28 "List of the main consolidated companies at December 31, 2017 and 2016". Only material transactions are described below.

24.1 Transactions with ENGIE and related entities

(in millions of euros)	December 31, 2017	December 31, 2016
Transactions with ENGIE		
Purchases/sales of goods and services	3.0	(0.9)
Non financial payables	7.4	9.0
Non financial receivables	0.3	0.4
Receivables carried at amortized cost [a]	14.8	16.3
Transactions with companies linked to ENGIE		
Purchases/sales of goods and services	2.7	8.2
Non financial receivables	23.2	26.9
Non financial payables	0.7	1.0
Borrowings excluding financial instruments	0.7	1.0
Commodity derivatives (Liabilities)	(0.2)	0.1

(a) Refer to Note 2.2.1 of the chapter 20 of the 2009 SUEZ Reference Document – Synthetic Argentinean contract.

24.2 Transactions with joint operations, joint ventures and associates

24.2.1 Joint operations

The Group has a EUR 291 million current account in the joint venture that was responsible for the construction of the seawater desalination plant near Melbourne (Australia). This joint operation is proportionately consolidated at 35%. The non-Group share of EUR 189 million was recognized under assets in the Group's consolidated statement of financial position.

24.2.2 Joint ventures and associates

As at December 31, 2017, the Group lend a total amount of EUR 36 million to joint ventures in water business in Europe.

The Group also lend EUR 96 million to associates in charge of the commissioning and operation of incinerators in the United Kingdom.

Moreover, SUEZ lends, following the acquisition of GE Water, to a joint venture located in Kuwait, a EUR 13 million amount for a maintenance contract of a waste treatment plant.

Note 25 Executive compensation

The Group's key executives were the nine members of the Management Committee at December 31, 2017. At December 31, 2016, there were eight members in the Management Committee.

Their compensation breaks down as follows:

(in millions of euros)	December 31, 2017	December 31, 2016
Short-term benefits	8.6	7.3
Post-employment benefit [a]	1.3	1.0
Long Term Incentive Plan	0.3	0.9
Total	**10.2**	**9.2**

(a) Post-employment benefits relate to the SUEZ group plans only.

Note 26 Legal and arbitration proceedings

26.1 Litigation and arbitration

In the normal course of its business, the Group is involved in a certain number of litigation and arbitration with third parties or with the tax administrations of certain countries. Provisions are recorded for such litigation and arbitration when (i) a legal, contractual or constructive obligation exists at the closing date with respect to a third party; (ii) it is probable that an outflow of resources without economic benefits will be necessary to settle the obligation; and (iii) the amount of the said outflow of resources can be estimated in a sufficiently reliable manner. Provisions recorded in respect of the above amounted to EUR 90.3 million as of December 31, 2017 (excluding litigation in Argentina).

There is no other governmental, judicial, or arbitration proceedings of which the Group is aware of, that is suspended or with which it is threatened, likely to have or that has already had, in the past six months, a material impact on the Group's financial position or profitability.

Litigation in Argentina

In Argentina, tariffs applicable to public-service contracts were frozen by the Public Emergency and Exchange Regime Reform Law (Emergency Act) in January 2002, preventing the application of contractual price indexation that would apply in the event of a depreciation of the Argentine peso against the US dollar.

In 2003, SUEZ – now ENGIE – and its co-shareholders in the water concessions for Buenos Aires and Santa Fe filed arbitration proceedings against the Argentinean government, in its capacity as grantor, to enforce the concession agreements' contractual clauses with the International Center for the Settlement of Investment Disputes (ICSID), in accordance with the bilateral Franco-Argentinean investment protection treaties.

These ICSID arbitration proceedings aim at obtaining indemnities to compensate for the loss of value of the investments made since the start of the concession due to the measures adopted by the Argentinean government following the adoption of the abovementioned Emergency Act. The ICSID acknowledged its jurisdiction to rule on the two cases in 2006. At the same time as the ICSID proceedings, the concession-holders Aguas Argentinas and Aguas Provinciales de Santa Fe were forced to file proceedings to cancel their concession agreement with local governments.

However, since the financial situation of the concession-holding companies had deteriorated since the Emergency Act, Aguas Provinciales de Santa Fe announced that it was filing for judicial liquidation at its Shareholders' Meeting on January 13, 2006.

At the same time, Aguas Argentinas applied to file a Concurso Preventivo (similar to a French bankruptcy procedure). As part of these bankruptcy proceedings, a settlement proposal involving the novation of admissible Aguas Argentinas liabilities was approved by creditors and ratified by the bankruptcy court on April 11, 2008. The proposal provides for an initial payment of 20% (about USD 40 million) upon ratification and a second payment of 20% in the event of compensation by the Argentinean government. As controlling shareholders, ENGIE and Agbar decided to financially support Aguas Argentinas in making this first payment, upon ratification, and paid USD 6.1 million and USD 3.8 million respectively.

In two decisions dated July 30, 2010, the ICSID recognized the Argentine government's liability in canceling the Buenos Aires and Santa Fe water and wastewater treatment concession contracts. In addition, in June 2011 the ICSID appointed an expert to provide a definitive assessment of the compensation payable for the commercial harm. The reports on the Buenos Aires and Santa Fe concessions were presented by the expert to the ICSID respectively in September 2013 and in April 2014.

Regarding the Buenos Aires concession, ICSID rendered its decision on April 9, 2015 ordering the Argentine Republic to pay Aguas Argentinas shareholders USD 405 million in damages (including USD 367 million to SUEZ and its subsidiaries). In early August 2015, the Republic of Argentina petitioned an *ad hoc* ICSID committee to render this decision invalid. The appeal was rejected on May 2017 making ICSID's decision final.

Concerning the Santa Fe concession, in a December 4, 2015 decision, ICSID ordered the Argentine Republic to pay USD 225 million to the shareholders of Aguas Provinciales de Santa Fe as a result of the termination of the concession agreement, and the entire amount was to go to SUEZ and its subsidiaries. In September 2016, the Republic of Argentina petitioned an *ad hoc* ICSID committee to render this decision invalid. ICSI's decision is expected in 2018.

The Group considers that the provisions recorded in the financial statements relating to this litigation are appropriate.

26.2 Tax litigation

SUEZ Spain

SUEZ Spain was subject to a number of tax audits, mainly relating to corporate tax.

SUEZ Spain received a reassessment notice relating to the 1999-2001 fiscal years. In May 2009, SUEZ Spain was also notified of a reassessment in the amount of EUR 60.5 million for the 2002-2004 fiscal years, without additional penalties.

In Court, the company challenged these notices, which were, for each period in question, justified with similar arguments by the tax authorities. Indeed, it considers the tax authorities' arguments groundless.

- With regard to the reassessments notified for 1999-2001:

  In December 2016, the only outstanding item in litigation was the late interest in the amount of EUR 9.1 million, which was contested before the Central Administrative Court. The latter's decision was unfavorable to SUEZ Spain.

  The company looked into the possibility of lodging an appeal with the Court of Appeal but chose not to in the end – as there was no argument to do so. As a result, the ruling became final, SUEZ Spain paid the EUR 9.1 million penalty interest and the legal proceedings are thus now definitively completed.

- With regard to the reassessments notified for 2002-2004:

  In June 2009, SUEZ Spain filed suit with the Administrative Court to challenge the reassessments for 2002-2004.In June 2012, the Court reached a decision partially in SUEZ Spain favor.

  SUEZ Spain filed an appeal before the Court of Appeal regarding the other elements for which the Administrative Court has not held in favor of SUEZ Spain.

  In July 2015, SUEZ Spain received a partially favorable decision from the Court of appeal and then submitted an appeal to the Supreme Court.

  At the beginning of 2017, the company received a ruling from the Supreme Court rejecting the company's prescriptive arguments. This ruling is final and irrevocable and the tax authorities have proceeded to execute it. SUEZ Spain paid the sum of EUR 18.5 million, ending the legal proceedings.

Note 27 Subsequent events

There is no significant subsequent event.

Note 28 List of the main consolidated companies at December 31, 2017 and 2016

This note aims to present the list of entities covering 80% of the following indicators: Revenues, EBITDA, Net Debt and capital employed.

		% interest		% control		Consolidation methods [a]	
Names	Headquarters address	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016	Dec. 2017	Dec. 2016
SUEZ	Tour CB21, 16 Place de l'Iris, 92040 Paris-La Défense Cedex – France	100.0	100.0	100.0	100.0	FC	FC
WATER EUROPE							
SUEZ Eau France	Tour CB21, 16 Place de l'Iris, 92040 Paris-La Défense Cedex – France	100.0	100.0	100.0	100.0	FC	FC
EAU ET FORCE [b]	300, rue Paul Vaillant Couturier BP 712,92007 Nanterre – France	–	100.0		100.0	–	FC
SEERC	0270 Rue Pierre Duhem 13290 Aix en Provence – France	100.0	100.0	100.0	100.0	FC	FC
SOCIETE DES EAUX DE VERSAILLES ET DE SAINT-CLOUD (SEVESC)	5-7 Rue Pierre Lescot 78000 Versailles – France	100.0	100.0	100.0	100.0	FC	FC
SERAMM	35 boulevard du Capitaine Gèze, 13014 Marseille – France	100.0	100.0	100.0	100.0	FC	FC
SUEZ Spain	Edificio D38 – Passeig Zona Franca 08038 Barcelona – Spain	100.0	100.0	100.0	100.0	FC	FC
AGUAS ANDINAS	Avenida Presidente Balmaceda 1398, Piso 4, Santiago – Chile	28.4	28.4	50.1	50.1	FC	FC
RECYCLING AND RECOVERY EUROPE							
SUEZ Recycling and Recovery Holdings UK Ltd	Grenfell road, Maidenhead, Berkshire SL6 1ES – United Kingdom	100.0	100.0	100.0	100.0	FC	FC
SUEZ Recycling & Recovery Deutschland GmbH	Industriestrasse 161 D 50999 Köln – Germany	100.0	100.0	100.0	100.0	FC	FC
SUEZ Nederland Holding B.V.	Meester E.N. van Kleffensstraat 10, 6842 CV Arnhem – Netherlands	100.0	100.0	100.0	100.0	FC	FC
SUEZ R&V France	Tour CB21, 16 Place de l'Iris, 92040 Paris-La Défense Cedex – France	100.0	100.0	100.0	100.0	FC	FC
SUEZ R&R Belgium N.V.	Avenue Charles-Quint 584 7 1082 Berchem, Sainte-Agathe – Belgium	100.0	100.0	100.0	100.0	FC	FC
SOCALUX	Lamesch SA ZI Wolser Nord BP 75 L3201 Bettembourg, Luxembourg	100.0	100.0	100.0	100.0	FC	FC
SUEZ Recycling AB	Kungsgardsleden, 26271 Angelholm – Sweden	100.0	100.0	100.0	100.0	FC	FC

(a) FC: Full consolidation.
(b) Merged into SUEZ Eau France as of January 1st, 2017.

Names	Headquarters address	% interest Dec. 2017	% interest Dec. 2016	% control Dec. 2017	% control Dec. 2016	Consolidation methods [a] Dec. 2017	Consolidation methods [a] Dec. 2016
INTERNATIONAL							
SUEZ Recycling & Recovery Pty Ltd	Level 3, 3 Rider Boulevard 2138 Rhodes, NSW – Australia	100.0	100.0	100.0	100.0	FC	FC
ACEA Spa	P.le Ostiense, 2 – 00154 Roma – Italy	23.3	23.3	23.3	23.3	EM	EM
AQUASURE HOLDING Ltd	492 St Kilda Road – level 7 Melbourne, VIC 3004 – Australia	11.7	20.8	11.7	20.8	EM	EM
SUEZ Australia Holdings Pty Ltd	Level 7, 5 Rider Blvd Rhodes Sydney, New South Wales, 2138 – Australia	100.0	100.0	100.0	100.0	FC	FC
SUEZ Water Inc.	461 From Road Suite 400, Paramus 07652 New Jersey United States of America	100.0	100.0	100.0	100.0	FC	FC
SUEZ North America Inc	461 From Road Suite 400, Paramus 07652 New Jersey United States of America	100.0	100.0	100.0	100.0	FC	FC
SUEZ Water Advanced Solutions, LLC	1230 Peachtree Street NE, Suite 1100, Promenade II Building, Atlanta, GA 30309 United States of America	100.0	100.0	100.0	100.0	FC	FC
The Macao Water Supply Company Limited	718 avenida do Conselheiro, Macao – China	49.3	49.3	58.0	58.0	FC	FC
Sita Waste Services Ltd.	Room 702, 7/F, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong	58.0	100.0	58.0	100.0	FC	FC
SUEZ Polska sp. z o.o.	Zawodzie 5, 02-981 Warszawa – Poland	100.0	100.0	100.0	100.0	FC	FC
LYDEC	48, Boulevard Mohamed Diouri, Casablanca – Morocco	51.0	51.0	51.0	51.0	FC	FC
SUEZ International	Tour CB21, 16 Place de l'Iris, 92040 Paris-La Défense Cedex – France	100.0	100.0	100.0	100.0	FC	FC
WATER TECHNOLOGIES & SOLUTIONS – WTS [b]							
SUEZ Water Technologies & Solutions	Tour CB21, 16 Place de l'Iris, 92040 Paris-La Défense Cedex – France	70.0	NA	70.0	NA	FC	NC
OTHER							
SUEZ Groupe	Tour CB21, 16 Place de l'Iris, 92040 Paris-La Défense Cedex – France	100.0	100.0	100.0	100.0	FC	FC
SUEZ Consulting	15, rue du Port, 92022 Nanterre – France	100.0	100.0	100.0	100.0	FC	FC

(a) FC: Full consolidation. EM: Equity method of consolidation. NC: Not consolidated. NA: Not applicable.
(b) This Business Unit created in 2017 includes entities acquired to GE as well as all SUEZ entities specialized in the Industrial Water Activity.

Note 29 Fees of the Statutory Auditors and members of their networks

The accounting firms EY and Mazars act as Statutory Auditors for the SUEZ group.

	EY								Mazars							
	2017				2016				2017				2016			
	Statutory Auditors: Ernst & Young et Autres		Network		Statutory Auditors: Ernst & Young et Autres		Network		Statutory Auditors: Mazars SA		Network		Statutory Auditors: Mazars SA		Network	
(in thousands of euros)	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Audit and limited review on the statutory and Consolidated Financial Statements																
SUEZ SA	736	18%	n/a	n/a	709	22%	n/a	n/a	611	13%	–	–	584	18%	–	–
Fully consolidated subsidiaries and joint operations	2,426	61%	4,684	83%	1,602	49%	3,635	75%	3,332	74%	2,459	95%	2,581	78%	2,259	91%
Other services																
SUEZ SA	184	5%	–	–	196	6%	–	–	154	3%	88	3%	60	2%	–	–
Fully consolidated subsidiaries and joint operations	662	17%	991	17%	763	23%	1,202	25%	377	9%	28	1%	93	3%	225	9%
Total	**4,008**	**100%**	**5,675**	**100%**	**3,270**	**100%**	**4,837**	**100%**	**4,473**	**100%**	**2,575**	**100%**	**3,319**	**100%**	**2,484**	**100%**

Other services provided during the year to SUEZ SA and its controlled entities include primarily the review of GE Water's opening balance sheet, verifications of CSR information and review of information systems migration.

20.2 Statutory Auditors' Report on the Consolidated Financial Statements

This is a free translation into English of the Statutory Auditors' Report on the Consolidated Financial Statements issued in French and it is provided solely for the convenience of English-speaking users.

The Statutory Auditors' Report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the Consolidated Financial Statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the Consolidated Financial Statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the Group's Management Report.

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

To the Annual General Meeting of SUEZ,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying Consolidated Financial Statements of SUEZ for the year ended December 31, 2017.

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 at December 31, 2017 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 Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit 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 rules applicable to us, for the period from January 1, 2017 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 or in the French Code of Ethics (Code de déontologie) for Statutory Auditors.

Justification of Assessments – Key Audit Matters

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, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the Consolidated Financial Statements.

Valuation of goodwill

RISK IDENTIFIED

As at December 31, 2017, the amount of goodwill net value is EUR 5,587.2 million including EUR 2,170.5 million relating to GE Water's acquisition on September 29, 2017.

As indicated in Note 1.5.4.1 to the Consolidated Financial Statements, the goodwill is not depreciated but the goodwill impairment losses is tested every year, or more frequently when an indication of impairment loss is identified. The methods used to carry out these impairment tests are described in Notes 1.5.7 and 9 to the Consolidated Financial Statements.

Impairment tests require the use of assumptions and estimates whose completion is by nature uncertain, including:

- the projections of the operating cash flows;
- the terminal value determined by applying a long-term growth rate to after-tax cash flows;
- the discount rates based on the characteristics of the concerned operational entities.

The recoverable amount of goodwill is sensible to the fluctuation of these assumptions and estimates.

Consequently, we considered the valuation of goodwill as a key audit matter.

OUR RESPONSE

In this context, we performed the verification of the methods applied to carry out these impairment tests and we focused on the significant cash-generating units ("CGU") indicated in Note 9.2 to the Consolidated Financial Statements (except for the SUEZ WTS CGU recently acquired, containing no indication of impairment loss, and whose purchase price allocation is still to be completed).

We reconciled the data used for impairment tests with the medium-term plan approved by the Board of Directors.

We considered the following underlying assumptions:

- the projections of operating cash flows prepared over the duration of the medium-term plan and related to operating conditions provided for the Management Committee, specifically the contracts duration carried by the entities of the CGU in question, changes in pricing regulations and future market outlooks;
- the terminal value for the period over the medium-term plan, calculated by applying a long-term growth rate, comprised between 2% and 3%, depending on the activity, to normalized "free cash flow" in the final year of the projections.

We involved our experts in valuation and performed the verification of discount rates, long-term growth rates and discount cash flow method to calculate the projections of operating cash flows. Besides, we obtained and considered the sensitivity of the analyses conducted by the Group's management, whose results are indicated in note 9.4 to the Consolidated Financial Statements.

Recoverability of deferred tax assets related to tax loss carry-forwards in the French tax consolidation group

RISK IDENTIFIED

As at December 31, 2017, the deferred tax assets related to tax loss carry-forwards in the statement of the financial position amount to EUR 293 million, including EUR 133 million for the French tax consolidation group.

As disclosed in Note 1.4.1.9 to the Consolidated Financial Statements, deferred tax assets are carried on tax loss carry-forwards when it is probable that the future taxable profit will be available to the Group against which the tax loss carry-forwards can be utilized. The likelihood of future taxable profits is estimated by taking into account the existence of temporary taxable differences from the same tax entity and is passed on to the same deadlines towards the tax authority as well as the estimates of future taxable profits.

The estimates of taxable profits and utilizations of tax loss carry-forwards were prepared on the basis of profit and loss forecasts as included in the medium-term business plan and, if necessary, on the basis of additional forecasts.

The recoverability of deferred tax assets related to tax loss carry-forwards relies in particular on the ability of the French tax consolidation group to achieve these projections of future taxable profits.

We thus considered the determination of recoverable amounts of these assets as a key audit matter by taking into consideration the uncertainty of the recoverability of deferred tax assets, as at December 31, 2017, related to tax loss carry-forwards in the French tax consolidation group and the management's judgement in this respect.

The recoverability of capitalized losses relies in particular on the ability to achieve objectives set out in the budget for the following year and in the medium-term plan for the next four years.

OUR RESPONSE

Our audit approach consisted in assessing the ability of the French tax consolidation group to use, within a reasonable timescale, the tax loss carry-forwards generated and recognized as deferred tax assets as at December 31, 2017, in particular with regard to the ability to make, on the tax consolidation group that originated these losses, sufficient future taxable profits.

We thus preformed the verification of the methodology chosen by the Management to estimate tax-loss carry-forwards that will be utilized by taxable profits.

We assess the reliability of the process of making future taxable profits by:

- considering the setting-up procedure of the tax medium-term plan (MTP) that served as a basis for the estimates;
- comparing the taxable income projections with the actual taxable income for the year ended December 31, 2017;
- considering the MTP tax to assess the likelihood of the assumptions underlying the future taxable income forecasts in France;
- comparing the future tax rates applied with the rates applicable under French tax legislation.

We included in our teams tax specialists who analyzed the opportunities related to tax management. They also considered the correct setting-up of the tax medium-term plan.

Valuation of revenues from water distribution, generated but not metered in the operating segment Water Europe (called *"en compteur"*)

RISK IDENTIFIED

As at December 31, 2017, revenues from water distribution in the operating segment Water Europe amount to EUR 544 million.

As disclosed in note 1.4.1.7, revenues generated from customers whose consumption is metered during the accounting period are estimated at the reporting date based on historical data, consumption statistics and estimated selling prices. The Group has developed measuring and modelling tools that enable to estimate revenues.

We considered measurement of revenues from water distribution, generated but not metered as a key audit matter given the uncertainty relating to the volume of water distributed at the reporting date and the evaluation of the corresponding sale price.

OUR RESPONSE

In this context:

- we evaluated the control environment along with the invoicing chain and processes allowing the reliability of estimates on water metered;
- we performed the verification of key automated controls used to estimate water metered, and we audited the functioning of the computing algorithm;
- we analyzed the reconciliation between estimated volumes of water consumed and volumes of water distributed over the period, prepared by the Group;
- we assessed the calculation method of the price charged for these volumes;
- we analyzed the clearance of receivables related to water metered in the subsequent period according to invoicing terms of different customers.

Valuation of revenues relating to construction contracts

RISK IDENTIFIED

As at December 31, 2017, revenues of construction contracts amount to EUR 907 million.

As disclosed in notes 1.5.13 and 1.15.16 to the Consolidated Financial Statements, the Group carries out part of their business activities through construction contracts for which revenues and margin are accounted for using the percentage of completion method. For each project, this stage of completion is determined by bringing the costs incurred as at December 31, 2017 to the total estimated costs of the contract. This method aims at keeping the level of expenses incurred and recognize the margin based only on accounted revenues.

The determination of revenues and margin relating to construction contracts depends on data at completion forecasted by operational and financial managers. These estimates are reviewed on a quarterly basis or more frequently in the event of any major development as the projects evolve.

When the total contract costs may exceed total contract revenues, the expected loss at termination is recognized as an expense immediately.

We considered determination of revenues relating to construction contracts as a key audit matter given the importance of estimates in this process.

OUR RESPONSE

Our work consisted in setting up the following procedures:

- testing key controls related to project management process;
- recomputing revenues using the percentage of completion method;
- performing the necessary reconciliations between management reporting data (revenues, costs and margin) and accounting records;
- selecting a sample of contracts and performing the work program detailed below.

We analyzed a sample of contracts selected on the basis of the following criteria:

- significant margin contribution for the year;
- significant fluctuation of data at termination during the period;
- contracts presenting specific significant risks (technical, contractual, geopolitical, etc.).

For each of the contracts selected, our work consisted in:

- meeting with operational and financial managers of the considered contract *(revue d'affaire)* to take note of the operational situation of the project (examination of the significant events during the period, risks assessment, analysis of costs to be committed to complete the project);
- performing reconciliations between costs at termination analyzed during our *revue d'affaire* and costs at termination used for the calculation of the percentage of completion;
- comparing projects revenues as outlined in the contracts and/or contract amendments to revenues at termination used for the calculation of the turnover to record for the period.

Verification of the Information Pertaining to the Group Presented in the Management Report

As required by law, we have also verified in accordance with professional standards applicable in France the information pertaining to the Group presented in the Board of Directors' Management Report.

We have no matters to report as to its fair presentation and its consistency with the Consolidated Financial Statements.

Report on Other Legal and Regulatory Requirements

APPOINTMENT OF THE STATUTORY AUDITORS

We were appointed as Statutory Auditors of SUEZ by your Annual General Meeting held on July 15, 2008 for MAZARS and on December 21, 2007 for ERNST & YOUNG et Autres.

As at December 31, 2017, MAZARS was in the 10th year of uninterrupted engagement and ERNST & YOUNG et Autres in the 11th year of uninterrupted engagement, which was the 10th year since securities of the Company were admitted to trading on a regulated market.

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 operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, the 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 or not. 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 Consolidated 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 of management of the affairs of the Company.

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 considered to be 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 Consolidated 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 or not. This assessment is 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 AUDIT COMMITTEE

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

Our report to the 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 that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set 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 Audit and Accounts Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La Défense, March 1st, 2018

The Statutory Auditors

French original signed by

MAZARS		ERNST & YOUNG ET AUTRES	
Achour Messas	Dominique Muller	Jean-Pierre Letartre	Stéphane Pédron

20.3 Parent Company financial statements

20.3.1 Balance sheet assets

(in thousands of euros)		Reference in Notes	December 31, 2017 Gross	December 31, 2017 Amortization and depreciation	December 31, 2017 Net	December 31, 2016 Net
Non-current assets						
Intangible assets		Note 1	**30,817.7**	**(813.0)**	**30,004.7**	**30,285.5**
Property, plant and equipment		Note 1	**26.0**	**(3.8)**	**22.2**	**0.9**
Equity interests		Note 1	6,460,781.2	–	6,460,781.2	6,460,781.2
Receivables related to equity interests		Note 2	7,280,143.7	–	7,280,143.7	7,290,427.5
Other financial assets		Note 2	26,736.3	(12.3)	26,724.0	32,306.9
Financial assets		Note 1	**13,767,661.2**	**(12.3)**	**13,767,648.9**	**13,783,515.6**
Non-current assets	I		**13,798,504.9**	**(829.1)**	**13,797,675.8**	**13,813,802.0**
Current assets						
Advances and down payments on orders		Note 2	**19.0**	**–**	**19.0**	**5.0**
Trade and related receivables		Note 2	98,472.2	(2,085.7)	96,386.5	7,405.7
Other receivables		Note 2	72,396.9	–	72,396.9	94,256.5
SUEZ Groupe current account		Note 2	3,270,485.9	–	3,270,485.9	637,522.3
Accrued income from cash instruments		Note 2	35,999.4	–	35,999.4	33,784.2
Receivables			**3,477,354.4**	**(2,085.7)**	**3,475,268.7**	**772,968.7**
Cash and cash equivalents			808,372.7	–	808,372.7	996,377.1
Marketable securities		Note 3	107,062.3	(343.6)	106,718.7	55,873.9
Cash, cash equivalents & short-term securities			**915,435.0**	**(343.6)**	**915,091.4**	**1,052,251.0**
Deferred income		Note 4	**51,047.1**	**–**	**51,047.1**	**56,232.0**
Bond redemption premiums			**48,136.4**	**–**	**48,136.4**	**34,481.0**
Current assets	II		**4,491,991.9**	**(2,429.3)**	**4,489,562.6**	**1,915,937.7**
Foreign exchange gains/losses	III	Note 9	**9,050.8**	**–**	**9,050.8**	**1,392.3**
Total assets	(I+II+III)		**18,299,547.6**	**(3,258.4)**	**18,296,289.2**	**15,731,132.0**

20.3.2 Balance sheet liabilities

(in thousands of euros)		Reference in Notes	December 31, 2017	December 31, 2016
Shareholders' equity				
Share capital			2,493,450.3	2,257,605.0
Additional paid-in capital			5,236,416.9	4,632,320.2
Legal reserve			249,345.0	225,760.5
Retained earnings			95,992.7	71.2
Net income for the year			392,692.9	462,534.3
Shareholders' equity	I	Note 5	**8,467,897.8**	**7,578,291.2**
Provisions for contingencies and losses				
Provisions for contingencies			10,729.4	1,392.3
Provisions for losses			102,671.3	94,458.6
Provisions for contingencies and losses	II	Note 6	**113,400.7**	**95,850.9**
Debt & payables				
Bond issues			7,424,391.4	6,076,921.5
Bank borrowings			400,000.0	764,014.2
Deeply subordinated notes			1,629,522.6	1,017,376.7
Current accounts and borrowings from subsidiaries			154,918.3	141,314.3
Financial debt		Notes 7 and 8	**9,608,832.3**	**7,999,626.7**
Trade and related payables			17,523.2	8,867.0
Tax and employee-related debt			14,540.0	14,193.5
Debt on fixed assets and related accounts			11.9	–
Accrued expenses on cash instruments			5,081.8	5,268.4
Other liabilities			37,306.3	247.5
Operating payables		Note 8	**74,463.2**	**28,576.4**
Debt & payables	III		**9,683,295.5**	**8,028,203.1**
Deferred income	IV	Note 4	**22,835.6**	**27,764.4**
Foreign exchange gains/losses	V	Note 9	**8,859.6**	**1,022.4**
Total liabilities	(I+II+III+IV+V)		**18,296,289.2**	**15,731,132.0**

20.3.3 Income statement

(in thousands of euros)		Reference in Notes	December 31, 2017	December 31, 2016
Provisions of services		Note 10	73,015.7	70,608.0
Other income		Note 10	39,942.7	136.0
Operating grants			–	1.0
Reversals of provisions for stock options and bonus shares		Note 11	26,250.3	4,978.3
Reversals of depreciation and amortization, provisions and transferred expenses		Note 11	6,723.6	1,886.3
Operating income			**145,932.3**	**77,609.6**
Other purchases and external expenses			(67,150.6)	(26,771.2)
Taxes and similar			(4,250.7)	(2,577.2)
Wages and salaries			(23,128.9)	(16,650.2)
Payroll taxes			(9,655.8)	(7,164.2)
Provisions for stock options and bonus shares		Note 6	(34,026.0)	(23,528.4)
Allocation to amortization and depreciation			(21.4)	–
Allocation to other provisions			(12,448.1)	(9,304.4)
Other current management expenses			(1,015.6)	(720.2)
Operating expenses			**(151,697.1)**	**(86,715.8)**
Operating income	I		**(5,764.8)**	**(9,106.2)**
Financial income from equity interests			486,143.2	500,287.6
Other financial income			51,871.1	52,178.1
Other interest and similar income			77,053.0	73,245.3
Gain on disposal of marketable securities			103.3	147.7
Reversals of provisions and transferred expenses			4,160.9	49,992.6
Foreign exchange gains			91.4	25.9
Financial income			**619,422.9**	**675,877.2**
Interest and similar expenses			(283,373.1)	(263,436.0)
Allocation to amortization and provisions			(14,913.5)	(8,631.5)
Foreign exchange losses			(55.7)	(248.7)
Financial expenses			**(298,342.3)**	**(272,316.2)**
Net financial income	II	Note 12	**321,080.6**	**403,561.0**
Pre-tax current profit (loss)	III=I+II		**315,315.8**	**394,454.8**
Non-recurring gains from management operations			53,071.7	–
Non-recurring gains from financial transactions			4,427.0	1,522.8
Reversals of provisions and transferred expenses		Note 11	2,962.1	–
Non-recurring gains			**60,460.8**	**1,522.8**
Non-recurring expenses from management operations			(4.6)	(5,849.7)
Non-recurring expenses from financial transactions			(6,886.1)	(3,546.8)
Allocation to amortization and provisions			(4,520.7)	–
Non-recurring expenses			**(11,411.4)**	**(9,396.5)**
Non-recurring income	IV	Note 13	**49,049.4**	**(7,873.7)**
Employee profit-sharing	VI		**(491.5)**	**(1,043.4)**
Corporate income tax (tax consolidation gain)	V	Note 14	**28,819.2**	**76,996.6**
Net income	III+IV+V+VI		**392,692.9**	**462,534.3**

20.3.4 Cash flow statement

(in thousands of euros)	December 31, 2017	December 31, 2016
Net income	392,692.9	462,534.3
Net depreciation, amortization and provisions	12,909.2	(29,021.1)
Gross cash flow	**405,602.1**	**433,513.2**
Change in net working capital	(11,903.7)	71,549.3
Net cash flow from operations	**393,698.4**	**505,062.5**
Acquisitions of property, plant and equipment and intangible assets	238.1	(1,079.8)
Net income from sales of financial assets	1.0	–
Change in related receivables	238.2	(2,501,829.2)
Change in other financial assets	5,570.6	(438.3)
Net cash flow from investments	**6,047.9**	**(2,503,347.3)**
Dividends paid	(366,612.8)	(352,647.0)
Capital increase	229,785.5	–
Increase in premiums and capital reserves	640,316.5	–
Purchase of treasury shares	(50,833.8)	3,558.1
Change in current accounts	(2,632,963.6)	2,201,386.9
Bond issues	1,350,005.3	500,000.0
Deeply subordinated notes	600,000.0	–
Change in other financial debt	(364,000.0)	(22,500.0)
Purchase/sale of negotiable medium-term notes	1.3	(1,981.3)
Accrued interest and premiums	6,565.1	67.6
Net cash flow from financing activities	**(587,736.5)**	**2,327,884.3**
Net change in cash positions	**(187,990.2)**	**329,599.5**
Opening net cash	**996,362.9**	**666,763.4**
Closing net cash	**808,372.7**	**996,362.9**

20.3.5 Highlights for the year

Capital increase

Several capital increases were carried out during 2017:

- January 19, 2017: issue of 1,176,328 shares following delivery of the bonus share plan balance granted on January 17, 2013 to beneficiaries outside France, Italy and Spain;
- March 28, 2017: issue of 338,621 shares following delivery of the performance share plan balance granted on March 27, 2013 to beneficiaries outside France, Belgium and Spain;
- May 24, 2017: issue of 47,468,354 shares for the purposes of financing the acquisition of GE Water;
- December 19, 2017: issue of 9,978,030 shares in connection with the employee share issue as part of the global employee shareholding plan "Sharing".

Following these transactions, the capital of SUEZ as of December 31, 2017 is composed of 623,362,579 shares with a nominal value of EUR 4.

New undated deeply subordinated notes issue

On April 19, 2017, for the purposes of financing the acquisition of GE Water, SUEZ launched a fourth issue of Undated Deeply Subordinated Notes (hybrid bonds) for a total amount of EUR 600 million, with an initial fixed coupon of 2.875%, revised for the first time 7 years after issuance on the basis of the 5-year swap rate, and then every five years.

Following this transaction, outstanding hybrid bonds amounted to EUR 1.6 billion as of December 31, 2017.

New bond issues

In 2017, SUEZ placed three bond issues:

- two placements on March 27, 2017, with a view to financing the acquisition of GE Water:
  - EUR 500 million, with a fixed coupon of 1.00%, maturing on April 3, 2025,
  - EUR 700 million, with a fixed coupon of 1.50%, maturing on April 3, 2029;
- on September 13, 2017, a EUR 500 million bond issue with a fixed coupon of 1.625%, maturing on September 21, 2032.

Sharing Plan: employee share issue

In September 2017, SUEZ launched its third shareholding offer reserved for more than 76,000 Group employees in 22 countries, called Sharing, to expand employee shareholding within the Group.

The reference price announced on November 9, 2017 was EUR 15.38 per share (corresponding to the average opening price over 20 trading days between October 12 and November 8). The subscription price, meanwhile, was EUR 12.31 per share (80% of the reference price).

Approximately 29% of the Group's employees subscribed to almost 10 million shares as part of this operation.

This third Sharing Plan helped to significantly boost employee shareholding in the Company, which amounted to 3.81% as of December 31, 2017.

Group transformation plan

SUEZ launched a support functions transformation plan in France in the end of 2016. In January 2017, SUEZ implemented a voluntary departure plan, within the framework of this transformation plan, through a voluntary departure period that ran from April to July 2017. This voluntary departure plan resulted in the recognition by SUEZ SA of restructuring expenses for an amount of EUR 2.962 million as of December 31, 2017.

20.3.6 Accounting principles and policies

The annual financial statements for fiscal year 2017 are established in euros pursuant to the general conventions under the General Accounting Plan (GAP) implemented on November 4, 2016, in compliance with regulation 2014-03 of the Autorité des Normes Comptables (the French Accounting Rules Authority) and the assessment methods described below.

Financial transactions relating to equity interests and related receivables, in particular impairment and impairment reversals, have been included under non-recurring income instead of under net financial income. Pursuant to Article 120-2 of the GAP, SUEZ considers that this classification, which deviates from the General Accounting Plan, gives a more accurate picture of the income statement, as it allows all gains and losses from disposals to be grouped together with income items related to equity interests under non-recurring income.

The fiscal year spans a 12-month period from January 1 to December 31, 2017.

Intangible assets

Intangible assets are assessed at their purchase or production cost.

Intangible assets are amortized following the straight-line method and the amortization period ranges from 1 to 5 years. This heading includes licenses and trademarks.

Moreover, R&D expenses are booked under charges for the year in which they are incurred.

Property, plant and equipment

Property, plant and equipment are assessed at their purchase cost.

Property, plant and equipment are depreciated following the straight-line method and their depreciation period is based on their useful life, determined according to the expected use of the assets. The useful lives of main asset items are set within the range of 3 to 10 years.

Financial assets

EQUITY INVESTMENTS

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

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

Under the change in the tax treatment of equity interest acquisition costs resulting from Article 21 of the French Finance Act of 2007, and based on notice 2007-C of the National Accounting Council (CNC), SUEZ accounts for the tax deferral of such costs over five years in an account for depreciation allowances.

In the case of equity interests intended to be held on a long-term basis by SUEZ, a depreciation allowance is made to adjust the acquisition value to their value in use, the estimation of which is primarily based on their intrinsic value, time value, expected cash flows, stock prices, and taking into account potential currency hedges.

With regard to equity interests SUEZ has decided to divest, the book value of such interests is adjusted to their market value, if lower. If negotiations are underway, this value is determined by reference to the best estimate available.

RECEIVABLES RELATED TO EQUITY INTERESTS

These receivables are loans to companies in which SUEZ holds an equity interest.

Related receivables are recognized at their nominal value. Receivables denominated in a foreign currency are reported using the exchange rate prevailing at period-end. In line with the treatment adopted for equity investments, related receivables are written down if the associated risk is higher than the value of the securities and if the securities have already been depreciated.

OTHER FINANCIAL ASSETS

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

Receivables

Receivables reported within current assets are carried on the balance sheet at their nominal value, with non-payment risk analyzed on a case-by-case basis. Bad debts are depreciated in an amount corresponding to the risk incurred.

Treasury shares

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

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

Shares acquired under buyback or liquidity contract arrangements[1] are recognized as marketable securities. Shares held as part of stock option and bonus share plans are allocated to such programs and are therefore also shown under marketable securities.[1]

In the case of assigned shares, their cost price is established by allocation category according to the first in-first out (FIFO) method.

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

With regard to SUEZ shares allocated to stock option plans:

- if they relate to an unexercisable plan (where the market price is lower than the strike price), the impairment loss posted to financial provisions under operating income is measured in terms of the average price of all the plans concerned;
- if they relate to an exercisable plan (where the market price is higher than the strike price), a provision for expenses is posted to provisions for stock options and bonus shares, under operating income.

In the context of the stock option plans, and as an alternative to holding shares allocated under these plans, SUEZ can acquire share-settled derivatives, which consist of calls subscribed at the start of the plan or after the start date and up to the end of the vesting period for beneficiaries.

A provision is made for stock option plans if, at the end of the reporting period, the share price exceeds the strike price of the calls granted. The provision is made on a straight-line basis over the vesting period and ultimately covers the loss on disposal corresponding to the acquisition value of the securities, less the strike price paid by employees. This provision is recognized in provisions for expenses.

In cases where SUEZ hedges its position through calls, the provision includes the premium amount paid.

Marketable securities, excluding treasury shares

Marketable securities are recognized at acquisition cost. If the closing market price is less than their book value, an amortization is recognized for the difference. In the case of listed securities, the market value is measured at the average closing price in the settlement month.

Foreign currency transactions

Income and expenses denominated in foreign currencies are recorded at their equivalent value in euros on the date of the transaction.

Foreign currency receivables, payables and cash and cash equivalents are translated at the exchange rate prevailing at period-end. Foreign exchange gains and losses are posted to income when they relate to cash and cash equivalents, or to the balance sheet under "Translation adjustments" when they relate to receivables and payables. Unrealized losses are provisioned.

Provisions for contingencies and losses

A provision is established when the Company has a legal or constructive obligation resulting from a past event, and for which it is likely that it will generate an outflow of resources representative of future economic advantages that can be reliably estimated, pursuant to ANC regulation 2014-03 concerning liabilities.

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

PROVISION FOR BONUS SHARES AWARDED TO EMPLOYEES

In keeping with ANC regulation 2014-03, the provision for employee bonus share plans is made on a straight-line basis over the vesting period for employees, and ultimately covers the loss on disposal

(1) SUEZ has signed a liquidity contract with an investment service provider. The Company delegates to this provider the role of day-to-day trading on the market, buying and selling SUEZ stock as a means of ensuring liquidity and an active market for its stock on the Paris Bourse. The amounts paid to this provider are reported under other financial assets.

equal to the book value of the bonus treasury shares allocated to employees. This provision is recognized in "Provisions for contingencies" and has an impact on the Company's operating income.

PENSIONS

The actuarial method used is the projected unit credit method. The valuation of Company undertakings regarding retirement, early retirement, severance packages and benefit schemes is based on actuarial valuations. These calculations include mortality assumptions, staff turnover and future salary increases, as well as a discount rate determined according to the yield, at the assessment date, of bonds issued by top-tier companies.

PROVISIONS FOR EQUITY INTEREST RISK

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

Financial debt

BOND ISSUE PREMIUMS AND COSTS

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

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

In accordance with the CNC recommendation, bond issuance costs are amortized on a straight-line basis over the lifetime of the contracts concerned. Issuance costs mainly include broker's commissions.

UNDATED DEEPLY SUBORDINATED NOTES

In accordance with notice No. 28 of the Association of Chartered Accountants *(Ordre des Experts Comptables)* published in October 1994, deeply subordinated securities are classified under financial debt. The issue premium is recorded under assets in the balance sheet and tax-deductible interest paid annually is recognized as financial expenses in the income statement. Issuance costs are amortized over the lifetime of the contracts on a straight-line basis.

Financial and operating instruments

SUEZ participates in the derivatives market to manage and reduce its exposure to interest and exchange rate volatility or to secure the value of certain financial assets. In accordance with the new ANC regulation 2015-05 of July 2, 2015 on the accounting treatment of forward financial instruments and hedging transactions:

- no provisions are made for unrealized losses ascertained at period-end on financial instruments held for hedging purposes by SUEZ and presented in off-balance-sheet commitments;
- profits and losses linked to interest rate (and, where appropriate, currency) swap agreements are recognized on a *pro rata temporis* basis in the income statement as financial expenses or income over the life of the items to which they are attached. Premiums paid for options are recognized on the same basis.

Corporate income tax and tax consolidation

The French tax provision to limit the deductibility of financial expenses (known as the *"rabot fiscal")* imposes a 25% cap on the deduction of net financial expenses beyond EUR 3 million for fiscal years starting January 1, 2014.

Following the decision of the French Constitutional Council (No. 2017-660 QPC of October 6, 2017) which deemed the 3% tax on dividend distributions to be unconstitutional, the tax authority approved requests for the reimbursement of this tax paid by SUEZ SA. SUEZ SA has therefore received a sum of EUR 53 million corresponding to reimbursements of the contributions it made from 2013 to 2017, including late interest.

SUEZ SA is the Parent Company of a French tax consolidation group created in 2008 and consisting of 114 companies in fiscal year 2017.

20.3.7 Notes to the financial statements

Note 1 Fixed assets

1. Property, plant and equipment and intangible assets

Changes in gross values are analyzed as follows:

(in thousands of euros)	December 31, 2016	Increase	Decrease	December 31, 2017
Software	758.4			758.4
Brand	30,004.7			30,004.7
Other	54.6			54.6
Works in progress	259.6		(259.6)	0.0
Intangible assets	**31,077.3**	**0.0**	**(259.6)**	**30,817.7**
Office equipment	4.5			4.5
Works in progress	0.0	21.5		21.5
Property, plant and equipment	**4.5**	**21.5**	**0.0**	**26.0**
Property, plant and equipment & intangible assets	**31,081.8**	**21.5**	**(259.6)**	**30,843.7**

Amortizations and depreciations are analyzed as follows:

(in thousands of euros)	December 31, 2016	Allowances	Reversals	December 31, 2017
Software	737.2	21.2		758.4
Brand	0.0			0.0
Other	54.6			54.6
Works in progress	0.0			0.0
Intangible assets	**791.8**	**21.2**	**0.0**	**813.0**
Office equipment	3.6	0.2		3.8
Works in progress	0.0			0.0
Property, plant and equipment	**3.6**	**0.2**	**0.0**	**3.8**
Property, plant and equipment & intangible assets	**795.4**	**21.4**	**0.0**	**816.8**

The net values of property, plant and equipment and intangible assets are analyzed as follows:

NET INTANGIBLE ASSETS

(in thousands of euros)	Software	Brands	Works in progress	Total intangible assets
December 31, 2016	21.2	30,004.7	259.6	30,285.5
December 31, 2017	**–**	**30,004.7**	**–**	**30,004.7**

NET PROPERTY, PLANT AND EQUIPMENT

(in thousands of euros)	Office equipment	Plant and equipment	Works in progress	Total property, plant and equipment
December 31, 2016	0.9	–	–	0.9
December 31, 2017	**0.7**	**–**	**21.5**	**22.2**

2. Financial assets

(in thousands of euros)	December 31, 2016	Increase	Decrease	Impairment	December 31, 2017
Consolidated equity investments [a]	6,460,781.2	1.0	(1.0)		6,460,781.2
Equity investments	**6,460,781.2**	**1.0**	**(1.0)**	**0.0**	**6,460,781.2**
Receivables attached to equity interests [b]	7,290,427.5	3,214.4	(13,498.2)		7,280,143.7
Other financial assets [c]	32,306.9	73,697.6	(79,268.2)	(12.3)	26,724.0
Other financial assets	**7,322,734.4**	**76,912.0**	**(92,766.4)**	**(12.3)**	**7,306,867.7**
Financial assets	**13,783,515.6**	**76,913.0**	**(92,767.4)**	**(12.3)**	**13,767,648.9**

(a) Consolidated equity investments include interests in SUEZ Groupe and Acea.
(b) Receivables related to equity interests concern SUEZ Groupe.
(c) As of December 31, 2017, other financial assets mostly involve sums paid to the investment service provider under the liquidity contract.

Note 2 Maturity of receivables

(in thousands of euros)	Gross amount as December 31, 2017	Less than one year	More than one year
Receivables related to equity interests	7,280,143.7	3,214.4	7,276,929.3
Other financial assets	26,724.0	26,724.0	
Receivables on non-current assets	**7,306,867.7**	**29,938.4**	**7,276,929.3**
Advances and down payments on orders	19.0	19.0	
Trade and related receivables	96,386.5	96,386.5	
Other receivables	72,396.9	72,396.9	
SUEZ Groupe current account	3,270,485.9	3,270,485.9	
Accrued income from cash instruments	35,999.4	35,999.4	
Receivables on current assets	**3,475,287.7**	**3,475,287.7**	**–**
Total receivables	**10,782,155.4**	**3,505,226.1**	**7,276,929.3**

"Other receivables" mostly comprise a receivable *vis-à-vis* the State for EUR 71 million. This amount includes the 2017 tax consolidation gain benefiting SUEZ as the Parent Company of the tax group (EUR 40.8 million) and various tax credits from subsidiaries pending refund from the State (EUR 30.2 million), including the Research Tax Credit (*Crédit d'Impôt Recherche* – CIR) and Sponsorship Tax Credit *(Crédit d'Impôt Mécénat)*.

Note 3 Marketable securities

This item includes:

(in thousands of euros)	December 31, 2017	December 31, 2016
Treasury shares held under stock option and bonus share plans	71,067.4	28,622.7
Treasury shares held under the liquidity contract	5,976.3	0.0
Medium-term notes	30,018.6	30,019.9
Gross amount	**107,062.3**	**58,642.5**
Provisions for impairment of treasury shares held	(343.6)	(2,768.6)
Provisions for impairment	**(343.6)**	**(2,768.6)**
Net carrying amount	**106,718.7**	**55,873.9**

Note 4 Deferred expenses, deferred income, and accruals

Accruals break down as follows:

(in thousands of euros)	December 31, 2016	Increase	Decrease	December 31, 2017
Issuance costs	38,603.2	6,235.0	(7,546.8)	37,291.4
Credit facility set-up fees	3,157.2		(1,489.6)	1,667.6
Prepaid expenses	14,471.6	230.7	(2,614.2)	12,088.1
Deferred expenses	**56,232.0**	**6,465.7**	**(11,650.6)**	**51,047.1**

The bond issue cost increase of EUR 6.2 million is linked the new issue of undated deeply subordinated notes for an amount of EUR 600 million in April 2017 and to bonds issued for a total amount of EUR 1,700 million in 2017 (see section 20.3.5: Highlights for the year).

(in thousands of euros)	December 31, 2016	Increase	Decrease	December 31, 2017
Deferred income	27,764.4	0.0	(4,928.8)	22,835.6
Deferred income	**27,764.4**	**0.0**	**(4,928.8)**	**22,835.6**

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

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

In accordance with the CNC recommendation, bond issuance costs are amortized on a straight-line basis over the lifetime of the contracts concerned. Issuance costs mainly include broker's commissions.

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

(in thousands of euros)	December 31, 2017	December 31, 2016
Interest on bonds issued	117,615.7	109,926.8
Interest on deeply subordinated notes	29,522.6	17,376.7
Accrued portion of interest expenses	**147,138.3**	**127,303.5**
Uninvoiced trade payables	15,573.8	8,867.0
Tax and employee-related debt	9,461.3	8,426.7
Debt on fixed assets and related accounts	11.9	0.0
Cash instruments	5,081.8	5,268.4
Other liabilities	225.5	247.5
Other accrued expenses	**30,354.3**	**22,809.6**
Accrued expenses	**177,492.6**	**150,113.1**

(in thousands of euros)	December 31, 2017	December 31, 2016
Interest on receivables related to equity investments	3,214.4	3,455.1
Invoices to be issued for trade receivables	41,770.9	394.0
Cash instruments	35,999.4	33,784.2
Accrued income	**80,984.7**	**37,633.3**

Note 5 Shareholders' equity

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

	December 31, 2016	Increase/Reduction	Purchase/Sale	December 31, 2017
Outstanding shares	562,486,450	58,961,333	(3,153,117)	618,294,666
Treasury shares	1,914,796		3,153,117	5,067,913
Total number of shares	**564,401,246**	**58,961,333**	**–**	**623,362,579**

The change in the number of shares in fiscal year 2017 results from four capital increases:

- January 19, 2017: issue of 1,176,328 shares following delivery of the balance of the bonus share plan granted on January 17, 2013 to beneficiaries outside France, Italy and Spain;
- March 28, 2017: issue of 338,621 shares following delivery of the balance of the performance share plan granted on March 27, 2013 to beneficiaries outside France, Belgium and Spain;
- May 24, 2017: issue of 47,468,354 shares for the purposes of financing the acquisition of GE Water;
- December 19, 2017: issue of 9,978,030 shares in connection with the employee share issue as part of the "Sharing" global employee shareholding plan.

As of December 31, 2017, SUEZ holds 4,667,913 treasury shares of which 2,000,000 shares will be canceled *via* a capital reduction authorized by the Board of Directors' meeting of February 28, 2018, with the balance being allocated to cover employee share plans and 400,000 treasury shares held under a liquidity contract with a net book value of EUR 77 million and whose market value as of December 31, 2017 is EUR 76.7 million.

Changes in shareholders' equity were as follows:

(in thousands of euros)	Share capital	Issue, contribution & merger premiums	Legal reserve	Other reserves	Retained earnings	Net income for the year	Total
Balance as of December 31, 2016	**2,257,605.0**	**4,632,320.2**	**225,760.5**	**–**	**71.2**	**462,534.3**	**7,578,291.2**
2016 net income allocation					462,534.3	(462,534.3)	–
Dividend distributed for fiscal year 2016					(366,612.8)		(366,612.8)
Net income in fiscal year 2017						392,692.9	392,692.9
Capital increase: delivery of 2013 Global Share Plan	4,705.3	(4,705.3)					–
Allocation to legal reserve		(470.5)	470.5				–
Capital increase: delivery of 2013 Performance Shares	1,354.5	(1,354.5)					–
Allocation to legal reserve		(135.5)	135.5				–
Capital increase: acquisition of GE Water, net of fees	189,873.4	555,737.3					745,610.7
Allocation to legal reserve: acquisition of GE Water		(18,987.3)	18,987.3				–
Employee share issue (Sharing 2017), net of fees	39,912.1	78,003.7					117,915.8
Allocation to legal reserve (Sharing)		(3,991.2)	3,991.2				–
Balance as of December 31, 2017 before allocation of income	**2,493,450.3**	**5,236,416.9**	**249,345.0**	**–**	**95,992.7**	**392,692.9**	**8,467,897.8**

The rights assigned under different plans regarding SUEZ shares progressed as follows over the course of the fiscal year:

1. Stock option plans

There was no new SUEZ stock option plan in 2017.

			Stock option plans
(number of options)	December 17, 2009 plan	December 16, 2010 plan	Total
Unexercised rights as of January 1, 2017	1,193,126	665,990	1,859,116
Exercised	(216,717)	(30,252)	(246,969)
Canceled or Expired	(976,409)	–	(976,409)
Unexercised rights as of December 31, 2017	**0**	**635,738**	**635,738**

2. Bonus share and performance share plans

					Allocation of bonus shares
	Global profit-sharing agreement	Performance shares	Matching of shares under Sharing arrangement [a]	Matching of shares under Sharing arrangement [a]	
(number of shares)	January 2013	March 2013	December 2011	July 2014	Total
Shares allocated and undelivered as of January 1, 2017	1,410,674	364,080	97,998		1,872,752
Allocated				140,512	140,512
Delivered	(1,176,328)	(338,621)			(1,514,949)
Canceled or Expired	(234,346)	(25,459)			(259,805)
Shares allocated and undelivered as of December 31, 2017	**0**	**0**	**97,998**	**140,512**	**238,510**

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

As of December 31, 2017, SUEZ holds 4,667,913 treasury shares of which 2,000,000 shares will be canceled *via* a capital reduction authorized by the Board of Directors' meeting of February 28, 2018, with the balance being allocated to cover employee share plans and 400,000 treasury shares held under a liquidity contract.

Taking into account all the plans underway (stock option plans, bonus share and performance share plans), the number of beneficiaries and personnel growth assumptions, SUEZ estimates its obligation to deliver shares under different vesting periods to be 874,248 shares.

In addition to the continuous service condition, some plans are subject to internal performance conditions. If the performance targets have not been met fully, the number of shares granted to employees is reduced in accordance with the plan rules.

Note 6 Provisions

(in thousands of euros)	December 31, 2016	Allocation	Reversal (Utilization)	December 31, 2017
Provisions for contingencies	**1,392.3**	**13,691.5**	**(4,354.4)**	**10,729.4**
Provisions for foreign exchange losses	1,392.3	9,050.8	(1,392.3)	9,050.8
Provisions for restructuring	0.0	4,520.7	(2,962.1)	1,558.6
Provisions for personnel disputes	0.0	120.0	–	120.0
Provisions for expenses	**94,458.6**	**35,232.0**	**(27,019.3)**	**102,671.3**
Pension provisions and similar	6,125.0	1,206.0	(769.0)	6,562.0
Provisions for bonus share plans and stock option plans	88,333.6	34,026.0	(26,250.3)	96,109.3
Total	**95,850.9**	**48,923.5**	**(31,373.7)**	**113,400.7**
Income statement classification:				
Operating income		35,352.0	(27,019.3)	
Net financial income		9,050.8	(1,392.3)	
Non-recurring income		4,520.7	(2,962.1)	
Total		**48,923.5**	**(31,373.7)**	

The foreign exchange loss provision covers the unrealized loss for the bond issue of GBP 250 million subscribed in 2011. See Note 9 "Translation adjustments".

The breakdown of the change in the provision fr pensions and similar benefits is included in Note 16, "Post-employment benefits".

Note 7 Financial debt

(in thousands of euros)	Position as of December 31, 2017	Position as of December 31, 2016
Bonds (nominal amount)	7,306,775.7	5,966,994.7
Bank borrowings and debt (nominal amount)	400,000.0	764,000.0
Deeply subordinated notes (nominal amount)	1,600,000.0	1,000,000.0
Current accounts and borrowings from subsidiaries	154,918.3	141,314.3
Borrowings	**9,461,694.0**	**7,872,309.0**
Accrued portion of interest expenses	147,138.3	127,303.5
Bank overdrafts	0.0	14.2
Other financial debt	**147,138.3**	**127,317.7**
Total financial debt	**9,608,832.3**	**7,999,626.7**

The change in financial debt corresponds principally to:

- the implementation of 3 bond issues: of EUR 500 million over 8 years, EUR 700 million over 12 years, EUR 500 million over 15 years and an issue of deeply subordinated notes for EUR 600 million;
- two bond redemptions: one implemented on October 12, 2009 for a nominal amount of EUR 150 million, the second implemented on June 23, 2015 for an amount of EUR 200 million;
- the EUR 364 million decline in outstanding commercial paper classified as "Bank borrowings and debt".

Note 8 Maturity of debt and payables

(in thousands of euros)	Gross amount as of December 31, 2017	Due date: In 2018	From 2019 to end of 2022	In 2023 and beyond
Bonds (nominal amount)	7,306,775.7	100,000.0	2,750,000.0	4,456,775.7
Bank borrowings and debt (nominal amount)	400,000.0	400,000.0		
Deeply subordinated notes (nominal amount)	1,600,000.0			1,600,000.0
Current accounts and borrowings from subsidiaries	154,918.3	154,918.3		
Other financial debt (a)	147,138.3	147,138.3		
Financial debt	**9,608,832.3**	**802,056.6**	**2,750,000.0**	**6,056,775.7**
Trade and related payables	**17,523.2**	**17,523.2**		
Tax and employee-related debt	**14,540.0**	**14,540.0**		
Debt on fixed assets and related accounts	11.9	11.9		
Accrued expenses on cash instruments	5,081.8	5,081.8		
Other	37,306.3	37,306.3		
Other liabilities	**42,388.1**	**42,388.1**	**0.0**	**0.0**
Total	**9,683,295.5**	**876,519.8**	**2,750,000.0**	**6,056,775.7**

(a) Includes the accrued portion of interest expenses and bank overdrafts (see Note 7).

Breakdown of bond issues (nominal amount):

(in thousands of euros)	Amount as of December 31, 2017	Issue date	Maturity date	Rate
Public placements				
(in thousands of euros)	800,000.0	04/8/2009	4/8/2019	6.250%
(in thousands of euros)	500,000.0	7/22/2009	7/22/2024	5.500%
(in thousands of euros)	750,000.0	6/24/2010	6/24/2022	4.125%
(in thousands of euros)	750,000.0	5/17/2011	5/17/2021	4.078%
(in thousands of euros) [a]	281,775.7	12/2/2011	12/2/2030	5.375%
(in thousands of euros)	500,000.0	10/8/2013	10/9/2023	2.750%
(in thousands of euros) [b]	350,000.0	2/27/2014	2/27/2020	0.000%
(in thousands of euros)	500,000.0	5/19/2016	5/19/2028	1.250%
(in thousands of euros)	500,000.0	4/3/2017	4/3/2025	1.000%
(in thousands of euros)	700,000.0	4/3/2017	4/3/2029	1.500%
(in thousands of euros)	500,000.0	9/21/2017	9/21/2032	1.625%
Private placements				
(in thousands of euros) [c]	250,000.0	6/8/2009	6/8/2027	1.904%
(in thousands of euros)	100,000.0	11/22/2011	11/22/2018	3.080%
(in thousands of euros)	100,000.0	3/25/2013	3/25/2033	3.300%
(in thousands of euros)	100,000.0	4/5/2013	4/6/2020	1.747%
(in thousands of euros)	75,000.0	5/21/2014	5/21/2029	2.000%
(in thousands of euros)	50,000.0	6/30/2015	7/1/2030	2.250%
(in thousands of euros)	500,000.0	9/10/2015	9/10/2025	1.750%
Total	**7,306,775.7**			

(a) GBP 250 million.
(b) "OCEANE" bond.
(c) Coupon of 5.20% until 2017, then 1.904% until maturity in 2027.

Breakdown of Undated Deeply Subordinated Notes (nominal amount):

(in thousands of euros)	Amount as of December 31, 2017	Issue date	Maturity date	Rate
Undated Deeply Subordinated Notes	500,000.0	6/23/2014	perpetual	3.000%
Undated Deeply Subordinated Notes	500,000.0	3/30/2015	perpetual	2.500%
Undated Deeply Subordinated Notes	600,000.0	4/19/2017	perpetual	2.875%
Total	**1,600,000.0**			

Note 9 Translation adjustments

The following translation adjustments were recognized as a result of the revaluation of receivables and debt denominated in foreign currencies at the exchange rate prevailing on December 31, 2017:

(in thousands of euros)	Unrealized loss	Unrealized gain
Translation adjustments on:		
▸ Receivables related to equity interests	9,050.8	
▸ Bonds		8,854.3
▸ Trade and related payables		5.3
Total	**9,050.8**	**8,859.6**

The foreign exchange exposure, established in accordance with the accounting principles described in section 20.3.6, "Accounting principles and policies", highlights the following as of December 31, 2017:

- an unrealized loss of EUR 9,050,800 linked to fluctuations in the pound sterling relating to the associated debt incurred with SUEZ Groupe for GBP 245.7 million. This unrealized loss has been provisioned in full;
- a net unrealized gain of EUR 8,859,600 linked to fluctuations in the pound sterling relating to the bond issue of GBP 250 million subscribed in 2011 and to trade and related payables.

Note 10 Services and other income

Services amounting to EUR 73.0 million correspond principally to services billed to SUEZ Groupe and to the billing of licensing fees for the SUEZ brand set up in 2016.

Other income primarily corresponds to the reinvoicing to SUEZ WTS of the costs incurred in financing the acquisition of GE Water (EUR 36.8 million).

Since January 1, 2017, the notion of revenues has been superseded by that of services and other income, thereby encompassing sales as well as royalties from the SUEZ brand. The change of accounting presentation has no impact on the financial statements for the year ended December 31, 2016.

Note 11 Reversals of depreciation and amortization, provisions and transferred expenses

(in thousands of euros)	December 31, 2017	December 31, 2016
Transferred expenses	**5,954.6**	**1,853.3**
Bond issuance costs	131.8	367.0
Credit line set-up fees	–	38.8
Costs related to capitalization transactions	2,860.7	1,187.9
Costs related to assets under construction	–	259.6
Severance payment costs	2,962.1	–
Reversal of provisions for stock options and bonus shares	**26,250.3**	**4,978.3**
Reversals of provisions for restructuring risks	**2,962.1**	**–**
Other	**769.0**	**33.0**
Financial	**4,160.9**	**49,992.6**
Total	**40,096.9**	**56,857.2**

Expenses relating to bond issues and credit line set-up fees are recognized as assets in the balance sheet and amortized over the lifetime of these instruments. They correspond to fees paid to intermediaries for setting up these instruments.

Severance payment costs totaling almost EUR 3 million correspond to wage and salary costs in connection with the voluntary redundancy scheme.

The reversal of the financial provision of EUR 4.2 million is due to the reversal of the provision for:

- foreign currency losses set up in 2016 for EUR 1.4 million,
- depreciation of treasury shares set up in 2016 for EUR 2.8 million.

Note 12 Net financial income

(in thousands of euros)	December 31, 2017	December 31, 2016
Dividends received	486,143.2	500,287.6
Interest on receivables related to equity investments	51,871.1	52,178.1
Interest on current accounts	4,494.8	5,463.9
Interest on cash instruments	40,560.8	34,680.5
Other interest and similar income	(251,272.4)	(230,187.4)
Foreign exchange gain/(loss)	35.7	(222.8)
Net financial provisions	(10,752.6)	41,361.1
Total	**321,080.6**	**403,561.0**

Dividends received in 2017 of EUR 486.1 million correspond to the dividends paid by SUEZ Groupe for EUR 471.8 million representing the undistributed balance in 2016 and by Acea for EUR 14.3 million in 2016.

Interest on receivables associated with equity interests and on current accounts correspond to interest paid by SUEZ Groupe.

The foreign exchange result is composed of gains and losses realized in the settlement of currency transactions.

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

Net financial provisions of -EUR 10.8 million involve:

- a provision for currency exchange losses of -EUR 9 million related to the issue in GBP;
- amortizations of issue premiums linked to bond issues for -EUR 5.5 million;
- a provision for depreciation of treasury shares for -EUR 0.4 million;
- the reversal of the provision for foreign exchange losses set up in 2016 for EUR 1.4 million related to the issue in GBP;
- the reversal of the provision for depreciation of treasury shares for EUR 2.8 million.

Note 13 Non-recurring income

Non-recurring income can be analyzed as follows:

(in thousands of euros)	December 31, 2017	December 31, 2016
Non-recurring income from management operations	53,067.1	(5,849.7)
Non-recurring restructuring expenses	(2,962.1)	–
Allowances and reversals of provisions for restructuring	(1,558.7)	–
Gain/(loss) from disposal of treasury shares	503.0	(2,024.0)
Total	**49,049.4**	**(7,873.7)**

Non-recurring income is primarily composed of the reimbursement by the State of the 3% contribution on dividends paid between 2013 and 2017 for a total amount of EUR 53 million, including late interest. (see 20.3.6: Accounting principles and policies – Corporate income tax and tax consolidation).

On June 28, 2017, in connection with the voluntary redundancy scheme within SUEZ SA, a provision for restructuring of EUR 4.5 million was established. Total departures since August 1, 2017 has resulted in expenses of EUR 3.0 million. In return, the provision was adjusted accordingly. (see section 20.3.5: Highlights for the year – Group transformation plan).

Note 14 Corporate income tax and tax consolidation

(in thousands of euros)	December 31, 2017	December 31, 2016
Tax consolidation gain/(loss) for the fiscal year	40,854.5	71,960.4
Adjustment of prior fiscal year gain/(loss)	(2,060.7)	14,456.7
Additional tax on dividends	(10,998.4)	(10,579.4)
Corporate income tax and additional taxes	1,023.8	1,158.9
Tax income (expense) for the fiscal year	**28,819.2**	**76,996.6**

Deferred tax position

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

(in thousands of euros)	December 31, 2017	December 31, 2016
Tax loss carried forward (base) (1)	**363,390.0**	**267,802.0**
Issue costs for deeply subordinated notes	5,860.0	4,735.0
Increase in future tax liabilities (base) (2)	**5,860.0**	**4,735.0**
Provisions for non-deductible contingencies and losses	6,682.0	6,125.0
Other non-deductible provisions	538.0	1,063.0
Non-deductible provisions in the year of their recognition	**7,220.0**	**7,188.0**
Difference between book value and tax value of marketable securities	453.0	2,866.0
Other	**453.0**	**2,866.0**
Credits for future tax liabilities (bases) (3)	**7,673.0**	**10,054.0**
Total: (1)-(2)+(3)	**365,203.0**	**273,121.0**

The sum of these timing differences is EUR 365.2 million, which represents a theoretical net tax liability of EUR 125.7 million calculated based on the tax rate applicable in France as of December 31, 2017.

Note 15 Off-balance sheet commitments

Financial commitments given

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

	Notional as of December 31, 2017					Fair value of derivatives as December 31, 2017	Notional as December 31, 2016
(in thousands of euros)	Under one year	One to five years	Six to ten years	Over ten years	Total		
Interest rate swap							
► Fixed-rate payer/floating-rate receiver		950,000.0	200,000.0	450,000.0	1,600,000.0	78,619.1	350,000.0
► Floating-rate payer/fixed-rate receiver		50,000.0	300,000.0		350,000.0	(10,912.2)	1,500,000.0
Total	**0.0**	**1,000,000.0**	**500,000.0**	**450,000.0**	**1,950,000.0**	**67,706.9**	**1,850,000.0**

The fair value of EUR 67.7 million represents the market value of derivatives in place on December 31, 2017.

Other financial commitments given

(in thousands of euros)	December 31, 2017	Maturity End of 2018	2019 to 2022	2023 and beyond
Financing commitments				
Securities, endorsements and guarantees given to subsidiaries	89,571.0		78,358.0	11,213.0
Total	**89,571.0**	**0.0**	**78,358.0**	**11,213.0**

Financial commitments received

(in thousands of euros)	December 31, 2017	Maturity End of 2018	2019 to 2022	2023 and beyond
Credit facilities confirmed and unused	1,805,000.0		1,805,000.0	
Total	**1,805,000.0**	**0.0**	**1,805,000.0**	**0.0**

Operational commitments given

(in thousands of euros)	December 31, 2017	Maturity End of 2018	2019 to 2022	2023 and beyond
Operational commitments				
Securities, endorsements and guarantees given to subsidiaries	11,069.0	338.0		10,731.0
Total	**11,069.0**	**338.0**	**0.0**	**10,731.0**

SUEZ has given guarantees to the government of Hong Kong for the operation of several landfills.

Note 16 Post-employment benefits

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

Overview of commitments

(in thousands of euros)	December 31, 2016	Current service cost	December 31, 2017
Pensions [a]	6,125.0	437.0	6,562.0
Total	**6,125.0**	**437.0**	**6,562.0**

(a) Pensions and retirement bonuses.

Calculation of pensions and other employee benefit obligations

Pensions and other employee benefit obligations are the difference between the present value of future benefits and any unrecognized past service cost.

The current value of future benefits is determined according to the projected unit method.

The main assumptions used in calculating pensions and other similar commitments are as follows:

- long-term inflation rate: 1.75%;
- mortality tables: tables by generation.

The current value of future benefits calculated according to this method is EUR 6.6 million as of December 31, 2017.

Note 17 Personnel

As of December 31, 2017, personnel breaks down as follows:

	December 31, 2017	December 31, 2016
Operational staff	11	9
Supervisory staff	18	15
Management staff	134	129
Total	**163**	**153**

Note 18 Related-party transactions

(in thousands of euros)	Related companies
Equity investments	6,157,390.3
Receivables related to equity interests	7,280,143.7
Trade and related receivables	98,177.0
Current accounts	154,918.3
Current account overdrafts	3,270,485.9
Trade and related payables	1,297.0
Interest on receivables related to equity investments	51,871.1
Interest on current account overdrafts	4,494.8

The items presented below mostly correspond to relations with SUEZ Groupe.

Note 19 Subsidiaries and equity interests

(in thousands of euros) Business name	Share capital	Reserves and retained earnings	% of capital held as of December 31, 2017	Book value of securities held as of December 31, 2017		Revenues for previous fiscal year	Net profit/loss in previous fiscal year	Previous fiscal year reporting date	Currency
				Gross	Provision				
A – Detailed disclosures information concerning equity interests with a gross value in excess of 1% of SUEZ's capital									
1. Subsidiaries (over 50% capital held by SUEZ)									
SUEZ Groupe SAS Tour CB21 16, place de l'Iris 92040 Paris-La Défense, France SIREN: 410,118,608	3,323,457	250,113	100%	6,157,390	0	168,336	44,593	12/31/2017	EUR
2. Equity interests (between 10% and 50% capital held by SUEZ)									
ACEA S.P.A Piazzale Ostiense, 2 00154 Rome, Italy	1,098,899	164,289	10.85%	303,391	0	184,487	108,610	12/31/2016	EUR
B – Disclosures concerning other subsidiaries and equity interests									
1. Subsidiaries									
None									
2. Equity interests									
None									

Note 20 Compensation of members of the Board of Directors and the Chief Executive Officer

Gross compensation paid in 2017 to the Chief Executive Officer amounted to EUR 2,037,100.

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

Note 21 Subsequent events

No significant events occurred after the closure of the accounts on December 31, 2017.

Five-year financial summary

	2017	2016	2015	2014	2013
Capital at year end					
Share capital *(in euros)*	2,493,450,316	2,257,604,984	2,170,573,872	2,160,935,316	2,040,935,316
Number of shares issued	623,362,579	564,401,246	542,643,468	540,233,829	510,233,829
Operations and profit/loss for the fiscal year *(in thousands of euros)*					
Provision of services excluding taxes	73,015.7	70,608.0	36,065.4	8,832.3	5,726.8
Income before tax, employee profit sharing, amortization and depreciation, and provisions	399,093.2	373,041.6	192,161.0	431,808.5	345,518.5
Employee profit sharing	(491.5)	(1,043.4)	(588.4)		
Corporate income tax expense	28,819.2	76,996.6	56,729.0	61,236.0	53,712.9
Net income	392,692.9	462,534.3	208,402.0	429,077.3	382,605.9
Dividend paid [a]	366,612.8	352,647.0	350,324.3	329,336.0	330,295.5
Earnings per share *(in euros)*					
Earnings after tax, employee profit sharing and before amortization and depreciation and provisions	0.69	0.80	0.46	0.91	0.78
Net income	0.63	0.82	0.38	0.79	0.75
Dividend paid per share	0.65	0.65	0.65	0.65	0.65
Personnel					
Average workforce throughout the fiscal year	163	152	142	32	2
Payroll cost *(in thousands of euros)*	23,128.9	16,650.2	18,691.7	7,268.5	1,688.6
Amount paid for company benefits (social security and pension plan contributions, etc.) *(in thousands of euros)*	9,655.8	7,164.1	9,106.0	14,053.0	579.5

(a) Excluding treasury shares.

Realizable and available assets and liabilities falling due within one year

(in thousands of euros)	December 31, 2017	December 31, 2016
Realizable assets		
Fixed assets	**29,938.4**	**35,762.0**
Receivables related to equity interests	3,214.4	3,455.1
Other financial assets	26,724.0	32,306.9
Current assets	**3,475,287.7**	**772,973.7**
Trade and related receivables	96,386.5	7,405.7
Advances and down payments on orders in progress	19.0	5.0
Other receivables, including cash instruments	3,378,882.2	765,563.0
Cash and cash equivalents/Marketable securities	**915,091.4**	**1,052,251.0**
Total realizable assets	**4,420,317.5**	**1,860,986.7**
Current liabilities		
Financial debt	**802,056.6**	**1,382,632.0**
Bank borrowings and debts	500,000.0	1,114,000.0
Borrowings and miscellaneous financial debts [a]	302,056.6	268,632.0
Operating payables	**74,463.1**	**28,576.4**
Trade and related payables	17,523.2	8,867.0
Tax and employee-related debt	14,540.0	14,193.5
Debt on fixed assets and related accounts	11.9	
Other payables, including cash instruments	42,388.1	5,515.9
Total current liabilities	**876,519.7**	**1,411,208.4**
Realizable assets – current liabilities	**3,543,797.8**	**449,778.3**
(a) Including bank overdrafts	0.0	14.2

Maturity of trade payables and receivables (Articles D. 441-4 & L. 441-6-1)

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

	Article D. 441 I.-1°: Invoices received but unpaid at the closing date of the fiscal year whose term has expired					Article D. 441 I.-2°: Invoices issued but not settled at the closing date of the fiscal year whose term has expired				
Figures are expressed in thousands of euros	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)	1 to 30 days	31 to 60 days	61 to 90 days	91 days and over	Total (1 day and over)
(A) Late payment bands										
Number of invoices concerned	–	–	–	–	138	–	–	–	–	147
Total value of invoices concerned incl. tax	118.3	1,797.4	0.0	39.0	1,954.7	35,144.5	14,319.3	71.2	6,882.2	56,417.2
Percentage of total amount of purchases including tax for the fiscal year	0.1%	2.2%	0.0%	0.0%	2.4%	–	–	–	–	–
Percentage of revenues incl. tax for the fiscal year	–	–	–	–	–	40.1%	16.3%	0.1%	7.9%	64.4%
(B) Invoices excluded from (A) relating to disputed or non-recognized debts and receivables										
Number of invoices excluded					None					None
Total value of invoices excluded					None					None
(C) Reference payment terms used (contractual or legal term – Article L. 441-6 or Article L. 443-1 of the French Commercial Code)										
Reference payment terms used for the calculation of late payments					Legal terms: 60 days net from the invoice date in accordance with the LME (French law on the modernization of the economy) of August 4, 2008					Legal terms: 60 days net from the invoice date in accordance with the LME (French law on the modernization of the economy) of August 4, 2008

As of December 31, 2017, 99.5% of trade receivables are intragroup receivables. Trade payables are primarily non-Group payables.

20.4 Statutory Auditors' Report on the Parent Company Financial Statements

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

The Statutory Auditors' Report includes information specifically required by French law in such reports, whether modified or not. This information is presented below the audit opinion on the financial statements and includes an explanatory paragraph discussing the auditors' assessments of certain significant accounting and auditing matters. These assessments were considered for the purpose of issuing an audit opinion on the financial statements taken as a whole and not to provide separate assurance on individual account balances, transactions or disclosures.

This report also includes information relating to the specific verification of information given in the Management Report and in the documents addressed 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.

To the Annual General Meeting of SUEZ,

Opinion

In compliance with the engagement entrusted to us by your Annual General Meetings, we have audited the accompanying financial statements of SUEZ for the year ended December 31, 2017.

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 at December 31, 2017 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 Audit Committee.

Basis for Opinion

Audit Framework

We conducted our audit 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 rules applicable to us, for the period from January 1, 2017 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 or in the French Code of Ethics *(Code de déontologie)* for Statutory Auditors.

Observation

Without question the opinion expressed above, we draw your attention to the following point set out in the note Rules and accounting methods of the notes to the annual accounts concerning the first application of the ANC regulation n° 2015-05 of the 2 July 2015 on the accounting treatment of forward financial instruments and hedging transactions.

20

Justification of Assessments – Key Audit Matters

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 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 items of the financial statements.

Valuation of equity securities and related receivables

RISK IDENTIFIED

As at December 31, 2017, the equity securities amount to 6,461 millions of euros for both gross and net values and are constituted of SUEZ's interest in the companies of SUEZ Groupe and ACEA. The related receivables to these securities amount to 7,280 millions of euros and exclusively concern SUEZ Groupe.

As indicated in the note to the financial statements "Accounting rules and methods – Fixed financial assets – Equity securities", the equity securities book value, for which the Company is part of a sustainable holding logic, is brought back to its value in use if it is lower than the initial value. The value in use is assessed in particular by reference to the intrinsic value, to the yield value, to the expected cash flows, to the stock market prices and by taking into account any currency hedges.

As indicated in the note to the financial statements "Accounting rules and methods – Financial fixed assets – Receivables related to equity securities", relating to the equity securities valuation, the related receivables are, if applicable, depreciated when the risk is greater than the value of the securities and that the securities have already been depreciated.

We have considered that the valuation of equity securities and related receivables is a key audit matter due to both the significant importance in the Company's accounts and to the judgment required to assess the value in use of the securities.

OUR RESPONSE

As part of our audit of the financial statements, our work consistedmainly in:

- taking note of the valuations made by the Company of the methods used and of the underlying assumptions;
- assessing the value in use (equity securities and related receivables) based on the implicit valuation of SUEZ Groupe;
- assessing the value in use of ACEA's securities compared to its market value.

Verification of the Management Report and of the Other Documents Provided to the Shareholders

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

Information provided in the Management Report and in the Other Documents Provided to the 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 the Shareholders with respect to the financial position and the financial statements.

Information relating to Corporate Governance

We confirm the existence of the information, required by Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code *(Code de commerce)*, in a section of the Board of Directors' Management Report dedicated to Corporate Governance.

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code *(Code de commerce)* relating to remunerations and benefits received by the Directors and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from controlling and controlled companies. Based on this work, we attest the accuracy and fair presentation of this information.

Regarding the information on factors that your Company considered could have a potential incidence in case of public takeover or swap bid, given in accordance with the requirements of Article L. 225-37-5 of the French Commercial Code *(Code de commerce)*, we have verified they are in accordance with the underlying documentation provided to us. Based on this work, we have no matter 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.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of SUEZ by your Annual General Meeting held on July 15, 2008 for MAZARS and on December 21, 2007 for ERNST & YOUNG et Autres.

As at December 31, 2017, MAZARS was in the 10th year of total uninterrupted engagement and ERNST & YOUNG et Autres was in the 11th year of total uninterrupted engagement, which was the 10th year since securities of the Company were admitted to trading on a regulated market.

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 operations.

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

The financial statements were approved by the Board of Directors.

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 objective is 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 of management of the affairs of the Company.

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 financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be 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. This assessment is 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 Audit Committee

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

Our report to the 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 that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) N° 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set 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 Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Courbevoie and Paris-La Défense, March 1, 2018

The Statutory Auditors

French original signed by

MAZARS		ERNST & YOUNG ET AUTRES	
Achour Messas	Dominique Muller	Jean-Pierre Letartre	Stéphane Pédron

20.5 Dividend distribution policy

A dividend of EUR 0.65 per share, for a total amount of EUR 401.9 million[1], will be proposed to the SUEZ Shareholders' Meeting to approve the financial statements for the fiscal year ending December 31, 2017. Subject to approval by the Shareholders' Meeting, this dividend will be paid during the first half of 2018.

20.6 Legal and arbitration proceedings

20.6.1 Competition and industry concentration

No judgment was pronounced against the Group by a court or an authority in relation to competition during fiscal year 2017. In addition, the Group is aware of no proceedings pending before such court or authority likely to have or to have had, during the last twelve months, significant effects on the Group's financial position or profitability.

20.6.2 Litigation and arbitration

In the normal course of its business, the Group is involved in a certain number of litigation and arbitration with third parties or with the tax administrations of certain countries. Provisions are recorded for such litigation and arbitration when (i) a legal, contractual or constructive obligation exists at the closing date with respect to a third party; (ii) it is probable that an outflow of resources without economic benefits will be necessary to settle the obligation; and (iii) the amount of the said outflow of resources can be estimated in a sufficiently reliable manner. Provisions recorded in respect of the above amounted to EUR 90.3 million as of December 31, 2017 (excluding litigation in Argentina).

There is no other governmental, judicial, or arbitration proceedings of which the Group is aware of, that is suspended or with which it is threatened, likely to have or that has already had, in the past six months, a material impact on the Group's financial position or profitability.

Litigation in Argentina

In Argentina, tariffs applicable to public-service contracts were frozen by the Public Emergency and Exchange Regime Reform Law (Emergency Act) in January 2002, preventing the application of contractual price indexation that would apply in the event of a depreciation of the Argentine peso against the US dollar.

In 2003, SUEZ – now ENGIE – and its co-shareholders in the water concessions for Buenos Aires and Santa Fe filed arbitration proceedings against the Argentinean government, in its capacity as grantor, to enforce the concession agreements' contractual clauses with the International Center for the Settlement of Investment Disputes (ICSID), in accordance with the bilateral Franco-Argentinean investment protection treaties.

These ICSID arbitration proceedings aim at obtaining indemnities to compensate for the loss of value of the investments made since the start of the concession due to the measures adopted by the Argentinean government following the adoption of the abovementioned Emergency Act. The ICSID acknowledged its jurisdiction to rule on the two cases in 2006. At the same time as the ICSID proceedings, the concession-holders Aguas Argentinas and Aguas Provinciales de Santa Fe were forced to file proceedings to cancel their concession agreement with local governments.

However, since the financial situation of the concession-holding companies had deteriorated since the Emergency Act, Aguas Provinciales de Santa Fe announced that it was filing for judicial liquidation at its Shareholders' Meeting on January 13, 2006.

At the same time, Aguas Argentinas applied to file a Concurso Preventivo (similar to a French bankruptcy procedure). As part of these bankruptcy proceedings, a settlement proposal involving the novation of admissible Aguas Argentinas liabilities was approved by creditors and ratified by the bankruptcy court on April 11, 2008. The proposal provides for an initial payment of 20% (about USD 40 million) upon ratification and a second payment of 20% in the event of compensation by the Argentinean government. As controlling shareholders, ENGIE and Agbar decided to financially support Aguas Argentinas in making this first payment, upon ratification, and paid USD 6.1 million and USD 3.8 million respectively.

In two decisions dated July 30, 2010, the ICSID recognized the Argentine government's liability in canceling the Buenos Aires and Santa Fe water and wastewater treatment concession contracts. In addition, in June 2011 the ICSID appointed an expert to provide a definitive assessment of the compensation payable for the commercial harm. The reports on the Buenos Aires and Santa Fe concessions were presented by the expert to the ICSID respectively in September 2013 and in April 2014.

(1) Based on the outstanding number of shares as of December 31, 2017.

Regarding the Buenos Aires concession, ICSID rendered its decision on April 9, 2015 ordering the Argentine Republic to pay Aguas Argentinas shareholders USD 405 million in damages (including USD 367 million to SUEZ and its subsidiaries). In early August 2015, the Republic of Argentina petitioned an *ad hoc* ICSID committee to render this decision invalid. The appeal was rejected on May 2017 making ICSID's decision final.

Concerning the Santa Fe concession, in a December 4, 2015 decision, ICSID ordered the Argentine Republic to pay USD 225 million to the shareholders of Aguas Provinciales de Santa Fe as a result of the termination of the concession agreement, and the entire amount was to go to SUEZ and its subsidiaries. In September 2016, the Republic of Argentina petitioned an *ad hoc* ICSID committee to render this decision invalid. ICSID's decision is expected in 2018.

The Group considers that the provisions recorded in the financial statements relating to this litigation are appropriate.

20.6.3 Tax litigation

SUEZ Spain

SUEZ Spain was subject to a number of tax audits, mainly relating to corporate tax.

SUEZ Spain received a reassessment notice relating to the 1999-2001 fiscal years. In May 2009, SUEZ Spain was also notified of a reassessment in the amount of EUR 60.5 million for the 2002-2004 fiscal years, without additional penalties.

In court, the company challenged these notices, which were, for each period in question, justified with similar arguments by the tax authorities. Indeed, it considers the tax authorities' arguments groundless.

► **With regard to the reassessments notified for 1999-2001:**

In December 2016, the only outstanding item in litigation was the late interest in the amount of EUR 9.1 million, which was contested before the Central Administrative Court. The latter's decision was unfavorable to SUEZ Spain.

The company looked into the possibility of lodging an appeal with the Court of Appeal but chose not to in the end – as there was no argument to do so. As a result, the ruling became final, SUEZ Spain paid the EUR 9.1 million penalty interest and the legal proceedings are thus now definitively completed.

► **With regard to the reassessments notified for 2002-2004:**

In June 2009, SUEZ Spain filed suit with the Administrative Court to challenge the reassessments for 2002-2004.In June 2012, the Court reached a decision partially in SUEZ Spain favor.

SUEZ Spain filed an appeal before the Court of Appeal regarding the other elements for which the Administrative Court has not held in favor of SUEZ Spain.

In July 2015, SUEZ Spain received a partially favorable decision from the Court of appeal and then submitted an appeal to the Supreme Court.

At the beginning of 2017, the company received a ruling from the Supreme Court rejecting the company's prescriptive arguments. This ruling is final and irrevocable and the tax authorities have proceeded to execute it. SUEZ Spain paid the sum of EUR 18.5 million, ending the legal proceedings.

20.7 Significant change in the financial or business situation

Please see section 10.5.2 "Expected sources of financing", and chapter 20.1, Note 27 "Subsequent events", of this Reference Document.

21 complementary information

21.1 General information on share capital

21.1.1 Amount of share capital as of December 31, 2017

As of December 31, 2017, the Company's share capital totaled EUR 2,493,450,316. It consisted of 623,362,579 shares with a par value of EUR 4 each.

As of December 31, 2016, the Company's share capital totaled EUR 2,257,604,984. It consisted of 564,401,246 shares with a nominal value of EUR 4 each.

The Company shares are fully subscribed and paid up, and all belong to the same class.

21.1.2 Non-equity instruments

None.

21.1.3 Shares held by the Company or on its own behalf

This section contains information to be included in accordance with Article L. 225-211 of the French Commercial Code and to be disclosed in the description of the share buyback program pursuant to Article 241-2 of the AMF General Regulations.

AUTHORIZATION FOR THE COMPANY TO PURCHASE ITS OWN SHARES (SHAREHOLDERS' MEETING ON MAY 10, 2017)

Resolution 10 of the Combined Ordinary and Extraordinary Shareholders' Meeting on May 10, 2017 (i) terminated the unused portion of the authorization granted to the Board of Directors by Resolution 16 of the Combined Ordinary and Extraordinary Shareholders' Meeting held on April 28, 2016, and (ii) authorized the Company to trade in its own shares, and delegated full powers to the Board of Directors to implement this authorization, including the power to subdelegate, under the following terms and conditions and according to the following objectives:

Conditions:

- maximum authorized purchase price per share: EUR 25;
- maximum ownership: 10% of share capital;
- securities: shares traded on the Euronext Paris Stock Exchange;

Objectives:

- ensure liquidity and boost the secondary market for the Company's shares through an investment firm acting independently, under the framework of a liquidity contract entered into in accordance with the Ethics Charter accepted by the AMF;
- subsequent cancellation, either in whole or in part, of shares purchased in accordance with Article L. 225-209 of the French Commercial Code, in the context of a capital reduction approved or authorized by the Shareholders' Meeting;
- allotment or transfer, with or without a discount, of shares to employees or former employees and/or to corporate officers or former corporate officers of the Company and/or companies affiliated with it, or which will be affiliated with it under the conditions and in accordance with applicable regulations, particularly following the exercise of existing stock options or allotment of existing bonus shares as part of company or inter-company savings plans, under the terms provided by law (in particular Articles L. 3332-18 *et seq.* of the French Labor Code) or as part of shareholder plans governed by the laws of other countries;
- hedging of marketable securities that grant entitlement to the allotment of Company shares by remitting them after the exercise of rights attached to marketable securities (through redemption, conversion, exchange, presentation of warrant or any other means);
- in general, pursue any other goal that is or would become authorized by law or regulations, or engage in any market practice that is or would become accepted by financial market regulators, provided Company shareholders are notified thereof.

On May 10, 2017, the Board of Directors subdelegated to the Chief Executive Officer the power to implement this authorization granted by the Shareholders' Meeting of the same date, in accordance with the objectives authorized by Resolution 10 of that meeting.

TRANSACTIONS DURING FISCAL YEAR 2017 AND THE BALANCE OF TREASURY SHARES AS OF DECEMBER 31, 2017

As part of the liquidity contract

The Company entered into a liquidity contract with Rothschild & Cie Banque on August 9, 2010. Under this liquidity contract, in 2017 the Company acquired 11,746,589 shares for a total value of EUR 179,967,970.75 at an average share price of EUR 15.32 and sold 11,346,589 shares for a total value of EUR 174,475,410.41 at an average share price of EUR 15.38. As of December 31, 2017, the liquidity contract covered the following resources: 400,000 shares and EUR 26,709,042.

Outside the liquidity contract:

- the Company acquired 3,000,000 treasury shares, for an average share price of EUR 15.38, which were assigned to the objective of allocation to employees or corporate officers (including the hedging of bonus shares and stock purchase option plans);
- the Company also delivered 246,883 treasury shares to Group employees for stock purchase option plans set up in 2009 and 2010.

Balance as of December 31, 2017

Number of shares	
Purchased	14,746,589 [a]
Sold	11,346,589 [b]
Transferred	246,883 [c]
Canceled	0
Average price *(in euros)*	
Purchase	15.33
Sale	15.38
Number of treasury shares held as of December 31, 2017:	5,067,913
Percentage of capital held	0.81%
Value of the portfolio as of December 31, 2017 [d] *(in euros)*	77,043,795.04

(a) 11,746,589 shares were purchased under the liquidity contract and 3,000,000 shares were purchased outside the liquidity contract during fiscal year 2017.
(b) All of the shares sold during fiscal year 2017 were related to the liquidity contract set up by the Company.
(c) All the treasury shares used were transferred as part of the stock purchase option plans.
(d) Share value assessed at purchase price.

As of December 31, 2017, the Company held 5,067,913 shares, including 400,000 under the liquidity contract and 4,667,913 to the objective of allocation to the employees and corporate officers (including the hedging of the stock purchase option plans), amounting to 0.81% of the Company's share capital, with a market value of EUR 74.3 million (spot price as of December 31, 2017) and a purchase price of EUR 77 million.

TRANSACTIONS BETWEEN JANUARY 1 AND FEBRUARY 19, 2018

Between January 1, 2018 and February 19, 2018, the Company acquired 1,210,000 of its own shares in the amount of EUR 14,806,273.54, *i.e.*, at an average price per share of EUR 12.24, under the sole liquidity contract. During the same period, the Company sold 10,000 of its own shares under the sole liquidity contract, for a total value of EUR 149,190 at an average price per share of EUR 14.92, and delivered 25 treasury shares as part of the stock purchase option and bonus share allocation plans. On February 19, 2018, the Company held 1% of its share capital, *i.e.*, 6,267,888 shares, including 1,600,000 shares held under the liquidity contract and 4,667,888 shares held to the objective of allocation to employees or corporate officers (including the hedging of bonus shares and stock purchase option plans).

DESCRIPTION OF THE SHARE BUYBACK PROGRAM FOR SUBMISSION TO THE COMBINED ORDINARY AND EXTRAORDINARY SHAREHOLDERS' MEETING OF MAY 17, 2018

Pursuant to Articles 241-1 to 241-5 of the AMF General Regulations, the purpose of this section is to outline the objectives and conditions of the Company's share buyback program, to be submitted to the Combined Ordinary and Extraordinary Shareholders' Meeting of May 17, 2018.

21.1.3.1 Breakdown by objective of the shares held as of February 19, 2018

On February 19, 2018, the Company held 1% of its share capital, *i.e.*, 6,267,888 shares, including 4,667,888 shares assigned to the objective of allocation to employees or corporate officers (including the hedging of bonus shares and stock purchase option plans) and 1,600,000 shares held under the liquidity contract.

21.1.3.2 Main characteristics of the program

The potential main characteristics of this program are described below:

- securities: shares traded on the Euronext Paris Stock Exchange;
- maximum capital buyback percentage authorized by the Shareholders' Meeting: 10%;
- maximum number of shares that can be purchased based on the share capital as of February 28, 2018: 62,136,257 shares;
- maximum authorized purchase price per share: EUR 25.

21.1.3.3 Objectives of the share buyback program

The objectives pursued by the Company within the framework of this share buyback program are set forth below:

- ensure liquidity and promote the Company's shares on the secondary market through an investment service provider acting independently, under the framework of a liquidity contract concluded in accordance with the Ethics Charter accepted by the French Financial Market Authority; or
- subsequently cancel all or some of the shares thus purchased in accordance with Article L. 225-209 of the French Commercial Code within the framework of a capital reduction to be adopted or authorized by the Shareholders' Meeting; or
- implement the allocation or transfer of shares to employees or former employees and/or corporate officers or former corporate officers of the Company and/or companies affiliated with it, or which will be affiliated with it, in France and/or outside of France, as provided by Article L. 225-180 of the French Commercial Code, particularly in the context of any stock option plans, any bonus share plans, any employee shareholding plans, or any form of compensation practiced by the Company, specifically under the relevant provisions of the French Commercial Code and/or French Labor Code, or French or foreign laws and regulations, and for any hedges set up for

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such transactions and related commitments of the Company, under the conditions approved by the market authorities and at the times that the Board of Directors or the person acting on behalf of the Board of Directors deems appropriate; or

- hedging of marketable securities that grant entitlement to allotment of Company shares by remitting them after the exercise of rights attached to these marketable securities (through redemption, conversion, exchange, presentation of warrant or any other means); or
- in general, pursue any other goal that is or would become authorized by law or regulations, or engage in any market practice that is or would become accepted by financial market regulators, provided Company shareholders are notified thereof.

21.1.3.4 Terms and conditions

A) MAXIMUM PORTION OF CAPITAL THAT MAY BE ACQUIRED AND HELD AND MAXIMUM AMOUNT PAYABLE BY THE COMPANY

The maximum portion of capital acquired and held by the Company may not exceed 10% of the Company's share capital, for a maximum total of EUR 1,553,406,448 based on the share capital as of February 28, 2018, consisting of 621,362,579 shares.

B) DURATION OF THE SHARE BUYBACK PROGRAM

Pursuant to the resolution to be proposed at the Shareholders' Meeting on May 17, 2018, the share buyback program may be implemented for 18 months from the date of the Shareholders' Meeting, *i.e.*, until November 17, 2019.

21.1.4 Other equity instruments

On February 27, 2014, the Company issued 19,052,803 zero-coupon bonds convertible into and/or exchangeable for new and/or existing shares (known as "OCEANE" bonds in France) maturing on February 27, 2020, with a nominal amount of EUR 350 million. The nominal value of an OCEANE bond was set at EUR 18.37, representing an issue premium of 30% compared to the reference price of the SUEZ share.

The OCEANE bonds will be redeemed on February 27, 2020 either at par value *via* a cash payment, or *via* the issue of new and/or existing shares and, if applicable, a cash payment, at the Company's discretion. The OCEANE bonds will entitle holders to the allotment of new and/or existing SUEZ shares at the rate of one share per OCEANE bond, subject to any subsequent adjustments.

21.1.5 Options or agreements concerning the Company's share capital

None.

21.1.6 History of the share capital

Date	Type of transaction	Share capital before transaction *(in euros)*	Premium *(in euros)*	Shares issued/ canceled	Par value *(in euros)*	Cumulative number of shares	Share capital after transaction *(in euros)*
March 30, 2015	Capital increase [a]	2,160,935,316	N/A	895,111	4	541,128,940	2,164,515,760
November 2, 2015	Capital increase [b]	2,164,515,760	N/A	1,514,528	4	542,643,468	2,170,573,872
March 23, 2016	Capital increase by contribution in kind [c]	2,170,573,872	22,968,888	1,757,778	4	544,401,246	2,177,604,984
September 21, 2016	Capital increase by contribution in kind [d]	2,177,604,984	223,390,971	20,000,000	4	564,401,246	2,257,604,984
January 19, 2017	Capital increase [e]	2,257,604,984	N/A	1,176,328	4	565,577,574	2,262,310,296
March 28, 2017	Capital increase [f]	2,262,310,296	N/A	338,621	4	565,916,195	2,263,664,780
May 24, 2017	Capital increase [g]	2,263,664,780	560,126,577.20	47,468,354	4	613,384,549	2,453,538,196
December 19, 2017	Capital increase [h]	2,453,538,196	81,087,880	9,978,030	4	623,362,579	2,493,450,316
February 28, 2018	Capital reduction [i]	2,493,450,316	22,042,096.47	2,000,000	4	621,362,579	2,485,450,316

(a) Capital increase due to the issue of new shares delivered after the vesting period to beneficiaries of the performance share plan of March 27, 2013 in France, Belgium and Spain.
(b) Capital increase due to the issue of new shares delivered after the vesting period to beneficiaries of the bonus share plan of January 17, 2013 in France, Italy and Spain.
(c) Issue of 1,757,778 new shares carried out as part of ENGIE's contribution to the Company of all the shares comprising the capital of SUEZ IP, representing a capital increase of EUR 30 million (including EUR 7,031,112 in par value and EUR 22,968,888 in share premium account).
(d) Issue of 20,000,000 new shares carried out as part of Caltagirone's contribution to the Company of 10.85% of the shares comprising the capital of ACEA, representing a capital increase of EUR 303,390,971 (including EUR 80 million in par value and EUR 223,390,971 in share premium account).
(e) Capital increase due to the issue of new shares delivered after the vesting period to beneficiaries of the bonus share plan of January 17, 2013 outside France, Italy and Spain.
(f) Capital increase due to the issue of new shares delivered after the vesting period to beneficiaries of the performance share plan of March 27, 2013 outside France, Belgium and Spain.
(g) Issue of 47,468,354 new shares representing a capital increase of EUR 749,999,993.20, including EUR 189,873,416 in par value and EUR 560,126,577.20 in share premiums, carried out as part of the acquisition of GE Water & Process Technologies.
(h) Capital increase due to the subscription of 9,978,030 new shares as part of the SUEZ group "Sharing 2017" employee share issue.
(i) Capital reduction due to the Company's cancellation of 2,000,000 treasury shares.

21.2 Memorandum of association and Bylaws

This section summarizes the main provisions of the Company's bylaws and Internal Regulations.

21.2.1 Purpose of the Company

The Company's purpose is set out in Article 3 of the Company bylaws.

The purposes of the Company are as follows, in all countries and by all means:

1. the provision, in any form whatsoever, of all services connected to the environment, and in particular:
   - all services for the production, transportation and distribution of water, for all domestic, industrial, agricultural or other needs and uses, on behalf of local public authorities or private individuals,
   - all wastewater treatment services, including the disposal of sludge of domestic, industrial, or other origin,
   - all services that may directly or indirectly concern the collection, sorting, treatment, recycling, incineration, and recovery of all types of waste, by-products and residues, and generally any activity or venture related to waste management,
   - the creation, acquisition, operation or divestment of all transport and road haulage services,
   - the creation, purchase, sale, leasing, rental, management, installation and operation of any facility relating to waste management, and
   - generally, all services on behalf of local public authorities, private entities and private individuals connected with the above;
2. on an ancillary basis, the production, distribution, transportation, utilization, management and development of energy in all its forms;
3. the study, setup and completion of all projects, services, and public or private works on behalf of any local public authorities, private entities or private individuals; the preparation and awarding of all contracts of any type whatsoever relating to those projects and works;
4. the acquisition of equity interests by obtaining shares, interests, bonds and other corporate securities, existing or to be created

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in the future, *via* subscription, purchase, contribution, exchange or any other means, and the capacity to dispose of such interests;

5. the acquisition, purchase, transfer and operation of any patent, trademark, model, patent license or process;
6. the granting of any guarantee, first-call guarantee and other surety to any Group company or entity, in the course of their business, as well as the financing or refinancing of their activities;
7. the subscription of any borrowing or, more generally, recourse to any type of financing, specifically *via* the issue or, as the case may be, the subscription of debt securities or financial instruments, in order to finance or refinance the Company's business activity;
8. more generally, all industrial, financial and commercial transactions and transactions involving movable assets or real estate that may be connected directly or indirectly to one of the purposes specified above or any other similar or connected purpose or a purpose that might benefit and develop the Company's business.

21.2.2 Provisions relating to governance and management bodies

21.2.2.1 Board of Directors

A) INTERNAL REGULATIONS OF THE BOARD OF DIRECTORS

In 2008, the Board of Directors of the Company and its Committees adopted a set of Internal Regulations to define the Board's operating procedures. The Internal Regulations have been revised several times since it was initially adopted to take changes in applicable governance rules into account.

B) COMPOSITION OF THE BOARD OF DIRECTORS (ARTICLE 10 OF THE BYLAWS)

The Company is administered by a Board of Directors consisting of no less than three and no more than 18 members, except as otherwise provided for by law.

Two Directors representing employees may be appointed under the terms provided in Article L. 225-27-1 of the French Commercial Code. The Shareholders' Meeting also appoints a Director representing employee shareholders, pursuant to the provisions of Article L. 225-23 of the French Commercial Code. These Directors are not taken into account for determining the minimum and maximum number of Directors provided above.

Directors are appointed, re-elected, and dismissed in compliance with applicable legal and regulatory provisions.

Directors are appointed for a four-year term. Nevertheless, a Director who is appointed to replace another whose term has not expired will only remain on the Board for the remainder of his/her predecessor's term.

Each Director must hold at least 2,000 shares, except under conditions as stipulated by the law or regulations.

The number of Directors who have reached the age of 70 may not, at any time, exceed a third of the total number of Directors in office. If the number of Directors is not exactly divisible by three, then the resulting figure is rounded up.

Except in the case of termination of the employment contract (of an Executive Director), or resignation, dismissal or death, a Director's term ceases at the close of the Ordinary Shareholders' Meeting that approved the financial statements for the preceding fiscal year, held during the year that Director's appointment expires.

C) CHAIRMAN OF THE BOARD OF DIRECTORS (ARTICLE 11 OF THE BYLAWS)

The Board of Directors appoints a Chairman from among its members. The Chairman may propose that the Board of Directors be able to appoint one or more members to the position of Vice Chairman.

Regardless of the period of time for which they were granted, the Chairman's duties end no later than the end of the Ordinary Shareholders' Meeting which approves the accounts for the past year and which is held after the date on which the Chairman reaches the age of 70."

The Board is chaired by the Chairman, or in his absence, a Director chosen by the Board of Directors at the start of the meeting.

The Chairman of the Board organizes and manages the Board's work and reports on it to the Shareholders' Meeting. The Chairman ensures that the Company's governing bodies function correctly and, in particular, that the Directors are fit to carry out their duties.

D) FUNCTIONING OF THE BOARD OF DIRECTORS (ARTICLES 1 AND 2 OF THE BOARD OF DIRECTORS' INTERNAL REGULATIONS)

The functioning of the Board of Directors is described in Articles 1 and 2 of the Internal Regulations, which are reproduced below.

Article 1 of the Internal Regulations – Meetings

1. The Board of Directors meets as often as the interests of the Company and the legal and regulatory provisions require, and at least once a quarter. Notices of meetings may be circulated by the Board Secretary or the General Secretary, and are sent *via* letter, fax or e-mail, or conveyed verbally.
2. Meetings may be conducted in any manner, including by video conference or teleconference, subject to the restrictions and conditions laid down in the applicable regulations. Directors who participate in a Board meeting in the manner cited above are deemed to be present for the purposes of calculating the quorum and voting majority, subject to the restrictions envisaged in the applicable regulations.
3. Any Director, under his/her own responsibility, may delegate by proxy to another Director the ability to vote on his/her behalf. The proxy must be in writing and carry the signature, which may be electronic, of the Director assigning the proxy. The proxy

must state the date of the meeting to which it applies. A Director may assign a proxy only to another Director. Each Director may only represent one colleague at the same meeting. The Director receiving the proxy may participate in the Board meeting physically or, where applicable, by video conference or teleconference.

4. The content of the minutes of each meeting are sufficient proof, vis-à-vis third parties, of the number of Directors in office, their presence physically or by video conference or teleconference, or their representation by proxy. If the Chairman of the Board of Directors finds that the videoconferencing or teleconferencing technology is not functioning properly, the Board may validly deliberate and/or continue solely with the members physically present, provided that quorum conditions are satisfied.
5. Meetings are held at the head office at Tour CB21, 16, place de l'Iris, 92040 Paris-La Défense Cedex, France, or at any other place indicated in the Notice of Meeting.

Article 2 of the Internal Regulations – Registers and minutes

1. An attendance register is kept at the Company's head office and signed by the members of the Board of Directors attending the meeting, in their own name or on behalf of other members of the Board they represent. In accordance with the provisions of applicable laws and regulations, any proxies granted by letter or, if need be, by fax or e-mail, are attached to the attendance register. The attendance register for Board meetings must state which Directors, if any, participated by video conference or teleconference, and which conferencing method they used.
2. The Chairman submits the minutes of the previous meeting(s) to the Board for approval. The minutes must report the occurrence of any technical incident that disrupted the normal operation of the meeting.

In an emergency or if necessary, the exact wording of the minutes on a particular issue may, at the Chairman's request, be decided at the meeting, so that the Company can use it in a communication to third parties.

Every Director is entitled to request and receive a copy of the minutes of any Board meeting.

Extracts from the minutes used for court proceedings must be certified as true copies by the Chairman of the Board, the Chief Executive Officer, the General Secretary, or the Board Secretary.

E) MEETING OF THE BOARD OF DIRECTORS AND DELIBERATIONS (ARTICLE 12 OF THE BYLAWS)

The Chairman calls the Directors to meetings of the Board of Directors, which are held at the head office or at any other location indicated by the author of the Notice of Meeting. If the Board has not met for at least two months, then at least one third of the Board members may ask the Chairman to call a meeting on a specific agenda. The Chief Executive Officer may also request that the Chairman call a Board meeting on a specific agenda.

Notices of meetings may be issued by any means, including verbally.

A legal quorum and majority is required for the Board to make decisions. In the event of a tied vote, the meeting Chairman has the casting vote.

The Board appoints a person to act as secretary, who need not be a member of the Board.

At the Chairman's request, senior executives may attend Board meetings in an advisory capacity.

F) POWERS OF THE BOARD OF DIRECTORS (ARTICLE 14 OF THE BYLAWS)

The Board of Directors determines the key Company strategies and supervises their implementation. Without prejudice to the powers expressly attributed to the Shareholders' Meetings and within the limits of the Company's purpose, the Board deals with all issues concerning the management of the Company and decides on relevant matters through its debates.

The Board of Directors monitors and supervises activities as it deems appropriate. The Company Chairman or Chief Executive Officer must forward to each Director the documents and information they require to carry out their duties.

G) COMPENSATION OF DIRECTORS (ARTICLE 16 OF THE BYLAWS)

The Shareholders' Meeting may award a fixed annual amount in Directors' fees for the Board of Directors, which amount will remain the same until further notice.

Members of the Board of Directors may also be awarded other compensation from time to time, in the circumstances and under the conditions set forth by law.

21.2.2.2 General Management

A) CHIEF EXECUTIVE OFFICER (ARTICLE 17 OF THE BYLAWS)

The Chairman of the Board of Directors, or another person appointed by the Board of Directors from among its members with the title of Chief Executive Officer, takes responsibility for the General Management of the Company. In accordance with the bylaws, the decision of the Board of Directors as to which of the above two persons should take responsibility for the General Management of the Company is made by majority vote of the Directors present or represented, after consultation with the Chairman of the Board and the Chief Executive Officer.

Shareholders and third parties are informed of this decision in accordance with the regulations in force.

The Chief Executive Officer holds the most extensive powers to act, under all circumstances, on behalf of the Company. The Chief Executive Officer exercises these powers within the limit of the Company's purpose and without prejudice to the powers expressly granted by law to the Shareholders' Meetings and the Board of Directors.

Regardless of the period of the appointment, the term of office of the Chief Executive Officer expires no later than the close of the Ordinary Shareholders' Meeting that approved the financial statements for the preceding fiscal year, held during the year in which the Chief Executive Officer reaches the age of 68.

In the event that the Chief Executive Officer ceases to be a Director during his term of office, he will remain as Chief Executive Officer until the expiry of the term of his appointment by the Board of Directors.

When the Company's General Management is in the hands of the Chairman of the Board of Directors, the provisions of law and the bylaws relating to the Chief Executive Officer apply to the Chairman of the Board of Directors.

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B) EXERCISE OF AUTHORITY BY THE CHIEF EXECUTIVE OFFICER (ARTICLE 4 OF THE BOARD OF DIRECTORS' INTERNAL REGULATIONS)

The limits of powers of the Chief Executive Officer are described in Article 4 of the Internal Regulations and stated in chapter 16.4 of this Reference Document.

21.2.3 Rights, privileges and restrictions attached to shares

RIGHTS ATTACHED TO SHARES (ARTICLE 8 OF THE BYLAWS)

Each share, regardless of its class, grants entitlement to a share in the ownership of Company assets and the liquidating dividend, in proportion to the share capital it represents, taking into account whether capital is amortized or paid up, as the case may be.

All shares comprising current or future share capital, regardless of their class, will always be taxed on an equal footing. Consequently, any taxes and duties that may be owed for any reason as a result of total or partial repayment of the par value of those shares, either during the life of the Company or at the time of liquidation, will be spread among all shares making up the share capital at the time of these repayments, so that all current or future shares entitle their owners to the same actual benefits and the right to receive the same net sum, after taking into account the non-amortized par value of the shares and rights to those shares, where applicable.

Without prejudice to the laws governing the right to vote at Shareholders' Meetings and shareholders' right to information, shares are indivisible for the Company. Therefore, co-owners will be represented at the Shareholders' Meeting by one of them, or by a single proxy, to be appointed by the courts in the event of a dispute.

When, in order to exercise a right, a shareholder must hold several securities of a particular type or class, the holder will be personally responsible for gathering the required number or buying or selling the necessary number of shares.

21.2.4 Terms and conditions for amending shareholders' rights

None.

21.2.5 Shareholders' Meetings

A) PARTICIPATION IN SHAREHOLDERS' MEETINGS (ARTICLES 20, 21 AND 22 OF THE BYLAWS)

All shareholders may attend Shareholders' Meetings in person or through a proxy, regardless of the number of shares held. Attendance is subject to proof of identity and registration of the shares in their name or in the name of a proxy, by midnight Paris time on the second business day prior to the meeting, either in the register of shares held by the Company or in the register of bearer shares held by an authorized intermediary.

Meetings are held at the Company's headquarters, at any other location within the same *département* (French administrative jurisdiction) or in a neighboring *département*.

Shareholders' Meetings are chaired by the Chairman of the Board of Directors or, in the Chairman's absence, by a Director specially appointed for this purpose by the Board of Directors. Failing this, the meeting elects its own Chairman.

The function of teller is carried out by the two shareholders, present and willing, who hold, either themselves or by proxy, the highest number of voting rights. The committee thus formed appoints a secretary, who need not be a shareholder.

B) VOTING RIGHTS (ARTICLE 23 OF THE BYLAWS)

The voting rights attached to shares are equal to the proportion of the share capital they represent, and each share grants entitlement to one vote (except where voting rights are restricted under current regulations or the Company Bylaws). In line with the provisions of Article L. 225-123, paragraph 3 of the French Commercial Code, the Shareholders' Meeting of May 12, 2015 voted to retain the principle that one share confers the right to one vote.

In Ordinary and Extraordinary Shareholders' Meetings, the usufructuary holds the voting rights attached to usufruct shares.

All shareholders may have a postal vote in accordance with the conditions and in the manner set by current legal and regulatory provisions. These provisions also provide that shareholders may submit their proxy and postal ballot form either in paper format or, if stipulated by the Board of Directors in the Notice of Meeting, electronically.

21.2.6 Provisions to delay, postpone or prevent a change of control of the Company

The Bylaws contain no provisions likely to delay, postpone or prevent a change of control of the Company.

21.2.7 Statutory thresholds

FORM OF SECURITIES

Fully paid-up shares can be held as registered or bearer shares, at the discretion of the shareholder.

REFERENCE OF SHARES

Shares and all other securities issued by the Company are posted to their owners' accounts, in accordance with the applicable legal and regulatory provisions.

Where shares are in certificate form, the Board of Directors may grant authority to any person, even a person outside the Company, to sign such certificates.

IDENTIFICATION OF SHARES

In accordance with current legal and regulatory provisions, the Company may require, at any time, that the clearing agent provide the name, and if a corporation, the corporate name, nationality, and address of holders of shares which grant entitlement, immediately or in the future, to a right to vote at Company Shareholders' Meetings, as well as the number of shares held by each and, where applicable, any restrictions to which they may be subject.

NOTIFICATIONS TO BE MADE TO THE COMPANY

Any individual or legal entity, that either alone or in concert comes to hold or ceases to hold a fraction of the share capital or voting rights equal to or exceeding 1%, and then, after this threshold, any multiple of 1% up to a threshold of 33% of the share capital or voting rights, is required to notify the Company, by registered letter with acknowledgment of receipt, within five business days of crossing one of these thresholds, stating the total number of shares they hold directly, indirectly or jointly. To determine these thresholds, account will also be taken of shares held indirectly and of quasi-shares as defined in the provisions of Articles L. 233-7 *et seq.* of the French Commercial Code.

If one of these thresholds is crossed within five business days before the date of a Company Shareholders' Meeting, the above-mentioned notification will be made at the latest before the meeting's committee certifies the accuracy of the attendance register, in a manner that ensures that the Company receives it before certifying attendance.

Any individual or legal entity, acting alone or in concert, who comes to hold or ceases to hold a fraction of the share capital or voting rights equal to or exceeding 10%, 15%, 20% and 25%, is required to notify the Company by registered letter with acknowledgment of receipt, within five business days of crossing one of these thresholds, of the objectives that the individual or legal entity intends to pursue over the next six months, pursuant to Article 233-7 of the French Commercial Code.

To the fullest extent permitted by law, failure to comply with the above provisions is sanctioned by the withdrawal of voting rights in respect of the undeclared shares that exceed the fraction at any Shareholders' Meeting held between the time the threshold is exceeded and not reported, and a period of two years from the date on which the proper notification is given as provided above. Nevertheless, this sanction will only apply if one or more shareholders holding at least 5% of the Company's share capital so request.

21.2.8 Specific provisions governing changes to the share capital

There are no specific provisions governing changes to the share capital stricter than the law.

22 significant contracts

The most significant contracts, other than contracts entered into in the normal course of business, are described in chapters 6 and 18 of this Reference Document. These include the following contracts:

- Shareholders' Agreement signed between SUEZ Groupe SAS, SUEZ (Asia) Limited, Beauty Ocean Ltd and NWS Holdings Limited, relating to SUEZ NWS Limited (previously Sino French Holdings (Hong Kong) Limited (see section 6.5.4.2);
- Shareholders' Agreement entered into by SUEZ Groupe SAS, Cofely (the successor of Elyo), Fipar Holding and Al Wataniya in December 2004, related to Lydec (see section 6.5.4.3 (a));
- Master agreement signed on July 17, 2014 between SUEZ, Agbar and Criteria Caixa related to the contribution by Criteria Caixa of its 24.14% indirect interest in Agbar, to be compensated in part by issuing 22 million new Company shares; the Company shares held by Criteria Caixa are subject to a four-year lock-up period, *i.e.* until September 2018;
- Agreement signed in June 2015 between Chongqing Suyu Business Development Company Limited (joint venture between SUEZ and New World Services) and Chongqing Water Assets Management Co. Ltd concerning the Derun Environment company for the purpose of creating a major player in the water and waste sector in China;
- Agreement signed in July 2016 between SUEZ and various companies belonging to Caltagirone's group, related to their contribution of a 10.85% stake in the company, ACEA, compensated by issuing 20 million new Company shares subject to a four-year lock-up period, *i.e.* until September 2020; and
- Shareholders' agreement signed on September 22, 2017 between SUEZ, SUEZ Groupe SAS and Caisse de Dépôt et Placement du Québec, related to SUEZ Water Technologies and Solutions, a company integrating the industrial water assets of GE Water and SUEZ Eau Industrielle (see section 6.5.5 and Note 2 of section 20.1.6).

23 information from third parties, statements of experts and declarations of interest

None.

24 documents available to the public

24.1 Consultation of documents

Corporate documents relating to the Company are made available to shareholders in accordance with current legislation and may be consulted on the Company's website at the following address: https://www.suez.com, as well as at the Company's corporate headquarters, Tour CB21, 16, place de l'Iris, 92040 Paris-La Défense Cedex, France, under applicable legal and regulatory conditions.

Reference Documents filed with the AMF for 2015, 2016 and 2017, the interim financial reports, and quarterly financial information may be consulted on the Company's website at https://www.suez.com under "Finance", "Financial publications".

In addition, the regulatory information set out in Article 221-1 of the AMF General Regulations may be consulted on the Company's website at https://www.suez.com/en/Finance

PERSON IN CHARGE OF INFORMATION

Mr. Jean-Marc Boursier
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24.2 Financial reporting calendar

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SCHEDULE OF FINANCIAL COMMUNICATION

Presentation of annual results: March 1, 2018
Annual Shareholders' Meeting: May 17, 2018
2018 interim results: July 26, 2018

25 information on equity interests

Information concerning companies in which the Company holds a part of the share capital which could have a significant impact on the assessment of its assets, its financial position, or its income is provided in chapters 6 and 7, and in Note 28, chapter 20.1 of this Reference Document.

26 combined shareholders' meeting of May 17, 2018

26.1 Agenda

Resolutions to be submitted to the Ordinary Shareholders' Meeting

1. Approval of the Company financial statements for the fiscal year ended December 31, 2017
2. Approval of the Consolidated Financial Statements for the fiscal year ended December 31, 2017
3. Allocation of the net income for the fiscal year ended December 31, 2017 and setting of the dividend
4. Renewal of the term of office of Mr. Francesco Caltagirone as Director
5. Renewal of the term of office of Ms. Judith Hartmann as Director
6. Renewal of the term of office of Mr. Pierre Mongin as Director
7. Renewal of the term of office of Mr. Guillaume Pepy as Director
8. Appointment of Ms. Brigitte Taittinger-Jouyet as Director
9. Appointment of Mr. Franck Bruel as Director
10. Renewal of the mandate of Ernst & Young et Autres as lead Statutory Auditor
11. Approval of related-party agreements and the Special Report of the Statutory Auditors on related-party agreements and commitments governed by Articles L. 225-38 *et seq.* of the French Commercial Code
12. Vote on the compensation policy for fiscal year 2018 of the Chairman of the Board of Directors
13. Vote on the elements of compensation due or awarded for fiscal year 2017 to Mr. Gérard Mestrallet, Chairman of the Board of Directors
14. Vote on the compensation policy for fiscal year 2018 of the Chief Executive Officer
15. Vote on the elements of compensation due or awarded for fiscal year 2017 to Mr. Jean-Louis Chaussade, Chief Executive Officer
16. Authorization to be granted to the Board of Directors to trade in the Company's shares

Resolutions to be submitted to the Extraordinary Shareholders' Meeting

17. Authorization to be granted to the Board of Directors to reduce the Company's share capital by canceling treasury shares
18. Delegation of authority to be granted to the Board of Directors to increase the Company's share capital, with retention of the shareholders' preferential subscription rights, by issuing common shares of the Company and/or any securities granting access to the Company's equity securities or a right to the allocation of debt securities
19. Delegation of authority to be granted to the Board of Directors to increase the Company's share capital, with waiver of the shareholders' preferential subscription rights, by a public issue of common shares of the Company and/or securities granting access to the Company's equity securities or a right to the allocation of debt securities
20. Delegation of authority to be granted to the Board of Directors to increase the Company's share capital with waiver of the shareholders' preferential subscription rights by issuing, through a private placement, ordinary shares of the Company, and/or securities granting access to the Company's equity securities or a right to the allocation of debt securities, pursuant to Article L. 411-2 of the French Monetary and Financial Code
21. Delegation of authority to be granted to the Board of Directors to increase the number of securities to be issued in the event of a capital increase with retention or waiver of the shareholders' preferential subscription rights, by up to 15% of the initial issue
22. Delegation of power to be granted to the Board of Directors to increase the Company's share capital as compensation for contributions in kind comprised of equity securities or securities granting access to the share capital
23. Delegation of authority to be granted to the Board of Directors to increase the Company's share capital in consideration for securities contributed as part of a public exchange offer initiated by the Company, with waiver of the shareholders' preferential subscription rights
24. Delegation of authority to be granted to the Board of Directors to increase the share capital by issuing shares or securities granting access to the share capital to the benefit of members of savings plans, with waiver of the shareholders' preferential subscription rights in favor of the latter
25. Delegation of authority to be granted to the Board of Directors to increase the share capital, with waiver of the shareholders' preferential subscription rights in favor of the class(es) of named beneficiaries, as part of the implementation of the SUEZ group international shareholding and savings plans
26. Authorization to be granted to the Board of Directors to proceed to the allocation of bonus shares in favor of the employees or corporate officers subscribing to a group shareholding plan
27. Authorization to be granted to the Board of Directors to allocate performance shares
28. Overall cap applicable to the capital increases
29. Delegation of powers for formalities

26.2 Board of Directors' Report

A total of 29 resolutions have been submitted for your approval. The first 16 resolutions will be submitted to the Ordinary Shareholders' Meeting, while Resolutions 17 to 29 will be submitted to the Extraordinary Shareholders' Meeting.

Presentation of the resolutions to be submitted to the Ordinary Shareholders' Meeting

(RESOLUTIONS 1 AND 2)

Approval of the annual and Consolidated Financial Statements for the fiscal year ended December 31, 2017

The Shareholders' Meeting is asked to approve the Company's financial statements for the fiscal year ended December 31, 2017, as well as the transactions reflected in those statements.

These financial statements show a net result of EUR 392,692,851.21.

The Shareholders' Meeting is also asked to approve the Consolidated Financial Statements for the fiscal year ended December 31, 2017, which show a net result, Group share, of EUR 301.8 million, as well as the transactions reflected in those statements.

(RESOLUTION 3)

Allocation of the net income for the fiscal year ended December 31, 2017 and determination of the dividend

Distributable income as of December 31, 2017 amounts to EUR 488,685,534.34, and consists of the net income for the 2017 fiscal year of EUR 392,692,851.21, in addition to the previous retained earnings of EUR 95,992,683.13.

It is noted that, in accordance with Article L. 232-10 of the French Commercial Code, no allocation to the legal reserve has been proposed, as it currently represents 10% of the share capital.

The Board of Directors proposes that the Shareholders' Meeting set the dividend for the 2017 fiscal year at EUR 0.65 per share, representing a total pay-out (based on 621,362,579 shares comprising the Company's share capital as of February 28, 2018) of EUR 403,885,676.40.

The Board of Directors decides to allocate the distributable income of EUR 488,685,534.34 as follows:

Dividend of EUR 0.65 per share for fiscal year 2017	EUR 403,885,676.40
Retained earnings	EUR 84,799,857.94

The Board of Directors draws your attention to the fact that the final amount to be paid out will take into account the number of existing shares and the number of treasury shares held by the Company at the time the dividend is paid out which, in accordance with Article L. 225-210 of the French Commercial Code, have no entitlement to the dividend.

When the dividend is paid out to individuals residing in France for tax purposes, it is subject to a single flat-rate deduction at source, applied to the gross amount, of 30%, comprising social security contributions at the overall rate of 17.2% and a flat-rate income tax of 12.8% (unless they have chosen the annual option for the application of the progressive tax scale to investment income).

The ex-dividend date will be on May 22, 2018 with a payment date on May 24, 2018.

(RESOLUTIONS 4 TO 9)

Composition of the Board of Directors

In Resolutions 4 to 9, the shareholders will be asked to:

- renew, for a four-year term, the directorships of Ms. Judith Hartmann, Mr. Francesco Caltagirone, Mr. Pierre Mongin and Mr. Guillaume Pepy, whose terms of office expire at the end of this Shareholders' Meeting;
- appoint for a four-year term Ms. Brigitte Taittinger-Jouyet and Mr. Franck Bruel as Directors until the end of the Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2021.

It is specified that Ms. Ines Kolmsee and Mr. Jérôme Tolot, whose terms of office expire at the end of this Shareholders' Meeting, did not request to be re-appointed.

Brigitte Taittinger-Jouyet is a graduate of the Institut d'études politiques de Paris and holds a Master's in History from the Faculty of Human Sciences at Reims University. In 1984, she was appointed Advertising Manager at Publicis, before joining the Marketing Department within the Taittinger group in 1988, where she was in charge of industrial and hotel companies. From 1991 to 2012, she was Chairwoman and CEO of the perfume company Annick Goutal. From 1995 to 2015, she was also Vice-President of Baccarat. Between 2013 and 2017, she was Director of Strategy and Development at Sciences Po Paris. She has been also a Director of HSBC France since 2008, of the Centre Pompidou since 2013 and of Fnac Darty since 2014.

Franck Bruel has served, since December 2016, as Executive Vice-President of ENGIE, member of the Executive Committee, and head of the France BtoB BU. Franck Bruel has extensive experience in the services industry, both in France and abroad. He began his career at L'Oréal before joining the Pinault Distribution group, followed by the Samse group, where he held marketing and sales positions. In 2000, he joined Saint Gobain where he was successively appointed President of the Paris Region for the Point P group, Chief Executive Officer of Dahl in Sweden in 2004, and Chief Executive Officer of Point P in 2006. In 2010, he joined the family-owned group Sonepar (world leader in the distribution of electrical equipment) as Chief Operating Director, before being appointed Chief Executive Officer of the group. He joined ENGIE in 2016.

The biographies and information relating to the Directors whose renewal has been submitted appear in chapter 14 of the Reference Document.

As a result, subject to the approval of Resolutions 4 to 9 by the Shareholders' Meeting on May 17, 2018, the Board of Directors will be made up of 19 members, including:

- 8 Independent Directors (*i.e.* 50% of its members, not counting Directors appointed on the proposal of employees and employee shareholders, in compliance with the recommendations of the AFEP-MEDEF Code);
- 8 women, *i.e.* 42.1% of its members (or 7 women, *i.e.* 41.2% of its members, not counting Directors appointed on the proposal of employees, in compliance with the recommendations of the AFEP-MEDEF Code), in line with the proportion recommended by law;
- 6 Directors of foreign nationality, *i.e.* 31.6% of its members, with six different nationalities represented.

(RESOLUTION 10)

Renewal of the term of office of the lead Statutory Auditor

As the term of office of the lead Statutory Auditor, Ernst & Young, expires at the close of the Shareholders' Meeting of May 17, 2018, the Board of Directors, at the recommendation of the Audit and Financial Statements Committee, has decided to request the renewal of this term of office for a six-year term, *i.e.* until the end of the Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2023. The Audit and Financial Statements Committee issued this recommendation after reviewing the service provided by Ernst & Young, particularly with regard to the specific regulatory provisions applicable to the statutory audit, and noting the smooth functioning of the joint statutory audit.

It is also specified that the term of office of the deputy Statutory Auditor, Auditex, expires at the close of this Shareholders' Meeting and that the Board of Directors has decided not to request the renewal of the firm's term of office, the applicable regulations no longer requiring the appointment of a deputy Statutory Auditor.

(RESOLUTION 11)

Information regarding related-party agreements

The Shareholders' Meeting is asked to approve the related-party agreements previously authorized by your Board of Directors in the fiscal year 2017, as described in the Statutory Auditors' Special Report on related-party agreements and commitments governed by Articles L. 225-38 *et seq.* of the French Commercial Code.

The two new related-party agreements submitted for your approval, which concern a bridge loan agreement and a placement and underwriting agreement, were entered into with Société Générale, a company within which Gérard Mestrallet, the Chairman of the Board of Directors of your company, holds a position as Director.

BRIDGE LOAN AGREEMENT

This bridge loan, for an amount of three billion, five-hundred million US dollars (USD 3,500,000,000), was granted to finance the acquisition of GE Water & Process Technologies' activities and was authorized by the Company's Board of Directors on February 28, 2017 before being signed on March 8, 2017 by SUEZ and the various financial institutions involved, including Société Générale. This bridge loan agreement was entered into on an arm's length basis, after consultation with various banks.

It is specified that this bridge loan was not used, the financing for the acquisition being obtained under favorable conditions before its close on September 29, 2017, through the Company's issuance of senior debt of EUR 1.2 billion and undated deeply subordinated hybrid bonds of EUR 600 million, a capital increase of EUR 750 million and the implementation of a partnership with the Caisse de dépôt et placement du Québec. The agreement was definitively terminated in October 2017.

PLACEMENT AND UNDERWRITING AGREEMENT

Within the framework of the SUEZ capital increase carried out on May 24, 2017 for the financing of the acquisition of GE Water & Process Technologies' activities, SUEZ entered into a placement and underwriting agreement with Morgan Stanley & Co. International plc, Société Générale, Citigroup Global Markets Limited, Crédit Agricole Corporate and Investment Bank, HSBC Bank plc, CaixaBank and Natixis. This agreement was authorized by the Board of Directors on May 10, 2017 and signed on May 16, 2017.

Under the terms of this placement and underwriting agreement, the guarantors undertake to have investors subscribe for the newly issued shares, or failing that, to subscribe for the shares themselves.

It is furthermore proposed that shareholders take note that only one related-party agreement entered into previously and approved by previous Shareholders' Meetings as cited in the Statutory Auditors' Special Report was continued during the past fiscal year.

(RESOLUTIONS 12 TO 15)

Compensation of corporate officers ("Say on Pay")

In accordance with Article L. 225-37-2 of the French Commercial Code, the principles and criteria of determining, dividing and allocating the fixed, variable and exceptional elements comprising the total compensation and benefits of all kinds of each corporate officer of the Company for their mandates of Chairman of the Board of Directors and Chief Executive Officer must be submitted to the Shareholders' Meeting for approval.

Furthermore, in application of Article L. 225-100-II of the French Commercial Code, the elements of compensation and benefits of all kinds due or awarded for the fiscal year to each corporate officer of the Company are submitted to the shareholders for voting, the payment of the components of variable compensation and, where applicable, exceptional compensation, being subject to the approval of the Shareholders' Meeting.

The shareholders are reminded that all of the information relating to the compensation of the Company's Executive Directors is presented in the Corporate Governance Report referred to Article L. 225-37 of the French Commercial Code and appears in chapter 15 of the Company's 2017 Reference Document.

COMPENSATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

1. **Vote on the compensation policy of the Chairman of the Board of Directors for fiscal year 2018 (Resolution 12)**

The compensation policy of the Chairman of the Board of Directors was determined in 2014 by the Board of Directors, upon recommendation of the Compensation Committee. It has remained unchanged since that date and was renewed for fiscal year 2018.

Thus, the Chairman of the Board of Directors receives no compensation under his term apart from Directors' fees allocated to him.

The Chairman of the Board of Directors receives the following attendance fees:

- a fixed annual sum of EUR 15,000, applicable to each Director;
- a variable part of EUR 4,000 per attendance to a Board session;
- a variable part of EUR 4,000 per attendance to a meeting of the Strategy Committee, of which he is the Chairman;

The Chairman of the Board of Directors receives no other element of compensation or benefits from the Company.

It is thus proposed to the Shareholders' Meeting to approve the compensation policy of the Chairman of the Board of Directors as described above.

2. Vote on the elements of compensation due or awarded for fiscal year 2017 to Mr. Gérard Mestrallet, Chairman of the Board of Directors (Resolution 13)

The Shareholders' Meeting is being asked to approve the fact that there was no compensation awarded by the Company to Mr. Gérard Mestrallet for fiscal year 2017, apart from Directors' fees allocated to him for that fiscal year, which amounted to EUR 63,032.

COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

1. Vote on the compensation policy of the Chief Executive Officer for fiscal year 2018 (Resolution 14)

The compensation policy recommended by the Compensation Committee for the Chief Executive Officer has been drawn up by the Board of Directors, in application of the principles for determining compensation for executive and corporate officers set out in the AFEP-MEDEF Code. The principles governing this compensation policy were reviewed and confirmed for 2018 by the Board of Directors, at the recommendation of the Compensation Committee, at its meeting of February 28, 2018.

General principles for determining the compensation of the corporate executive officer

The Board of Directors and the Compensation Committee determine the compensation policy for the Chief Executive Officer on the basis of the following principles:

- Comparability and competitiveness: the Compensation Committee makes recommendations and proposals and submits them to the Board of Directors, drawing on studies and analyses of market practices of similar companies that have been done by independent experts;
- Balance: the Compensation Committee and the Board of Directors ensure that there is proper balance between the elements comprising the total short- and long-term compensation of the Chief Executive Officer;
- Alignment with the interests of shareholders: the Compensation Committee ensures that the compensation allotted to the Chief Executive Officer is determined in a manner consistent with Group performance on a financial, strategic, environmental and corporate level. A significant share of total compensation is subject to achieving performance conditions, for both long- and short-term compensation;
- Stability: the compensation policy must be sustainable as the criteria for determining this compensation are only reviewed after long intervals. This policy may be adjusted, however, if necessary to adapt to changes of objectives adopted by the Group or in the event of a major operation with a significant impact on the Group's scope.

Description of the compensation policy applicable to the corporate executive officer

In application of the principles determined above, the compensation of the Chief Executive Officer is comprised of the following elements, the first three of which were established in a balanced manner by the Board of Directors:

- fixed annual compensation (including annuities paid under pension plans) aimed at attracting and retaining highly experienced senior executives by means of a competitive and coherent compensation plan. It is calculated taking into account the Chief Executive Officer's experience, seniority and common market practices for similar positions. It is intended to be stable, only changing over relatively long periods or following significant changes in the scope of the Group;
- variable annual compensation, which serves as a *source* of motivation and as a reward for the achievement of the Company's annual financial and non-financial objectives and whose main characteristics are as follows:
  - amount: it is comprised between 0% and 145% of fixed annual compensation, as the achievement of set objectives corresponds to a variable portion equivalent to 80% of fixed compensation;
  - conditions governing compensation: this variable compensation is based on the achievement of quantifiable objectives (which account for 75%), *i.e.* financial criteria or criteria related to changes in the share price and set consistent with objectives and forecasts communicated to the financial market by the Group, which can be verified by the public, and qualitative objectives (which account for 25%) during the fiscal year. The type of these objectives, as well as their expected level of achievement, are determined at the beginning of each year;
- long-term variable compensation, aimed at retaining the Chief Executive Officer and at ensuring his interests are in line with the interests of the Company and its shareholders. The main characteristics of this compensation are as follows:
  - type: this may be a cash-based variable compensation or an allocation of performance shares. For the record, the long-term variable compensation plan for the Chief Executive Officer, which has been in place since 2014, is a long-term variable compensation paid in cash;
  - amount: the maximum amount of the long-term variable compensation awarded to the Chief Executive Officer is capped at 100% of fixed compensation on the date it is awarded, thus ensuring that it does not represent an excessive proportion of the Chief Executive Officer's total compensation;
  - conditions governing compensation: this variable long-term compensation is fully subject to the achievement of two cumulative performance conditions, assessed over a minimum period of three fiscal years and based on an "internal" performance requirement established on the basis of a financial indicator audited and disclosed by the Company, consistent with the forecasts and/or objectives published by the Group, as well as the Group budget and medium-term plan, such as EBIT for long-term variable compensation awarded in 2017. The second condition concerns an "external" performance requirement, used to evaluate the Company's performance compared to a group of similar companies, such

as the average change in Total Shareholder Return (TSR) of the Company over a three-year period, compared to changes in the TSR of the Eurostoxx Utilities index over the same period. It is specified that these two conditions are cumulative; as such, the Chief Executive Officer will not receive any portion of this compensation if only one of the two conditions is met. A non-financial performance requirement related to the Group's corporate and environmental responsibility may also be included;

- other conditions: award of long-term variable compensation is subject to a commitment by the Chief Executive Officer to hold a proportion of his fully vested performance shares, set at 25%, until the end of his term, or to reinvest in SUEZ shares a fixed amount (set at 15%) of the cash payments effectively made until such time as the value of the shares held by the Chief Executive Officer represents 150% of his fixed compensation, with the portion of shares to be held or the amount to be reinvested being set at the time of each award by the Board of Directors. Finally, the Chief Executive Officer has agreed not to engage in hedging transactions with respect to the performance shares or stock-options that he receives from the Company;
- other benefits of all kinds: current mandatory group plan for insurance and health care and a company car.

The Chief Executive Officer does not receive attendance fees.

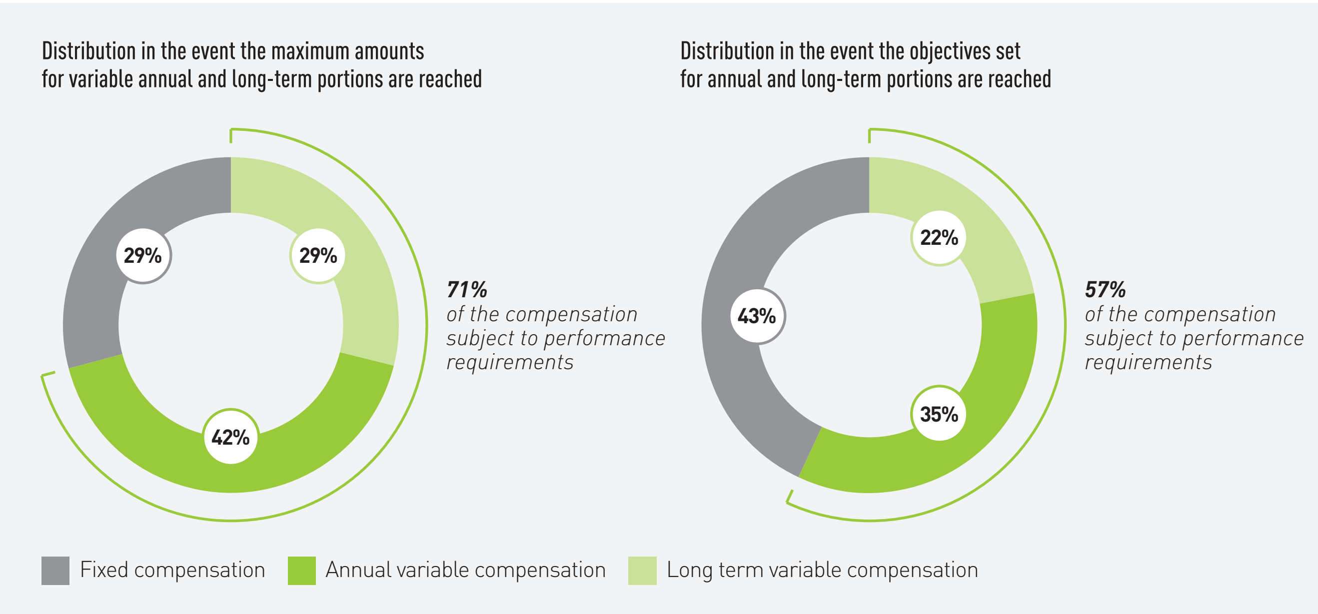
In addition, since the Chief Executive Officer decided to liquidate all of his retirement plans in 2014, he is not entitled to severance pay in the event of termination of his office, to compensation under a non-compete clause, or to Company supplementary retirement plans.

Lastly, in accordance with Article 24.3.4 of the AFEP-MEDEF Code, the Board of Directors may only decide to pay exceptional compensation to the Chief Executive Officer under circumstances resulting in a significant change in the scope of the Group; the payment of such compensation is fully subject to the achievement of performance conditions. At the start of 2018, the Board of Directors decided to pay exceptional compensation to the Chief Executive Officer, the amount of which will be determined based on the results and integration of the new Water Technologies & Solutions business unit, created following the acquisition of GE Water & Process Technologies' activities. This acquisition, which is the most significant by the Group since its IPO in 2008, is of strategic importance for the Group. Consequently, the Board has entrusted the Chief Executive Officer, as well as certain members of the Management Committee, with the responsibility of ensuring its successful integration within the Group, achieving the cost and development synergies announced to the market, and driving the strategy of the new entity. Upon the recommendation of the Compensation Committee, the Board of Directors therefore considered it necessary to add this exceptional compensation to Mr. Jean-Louis Chaussade's compensation structure. The details of this exceptional compensation are provided below.

It should be noted that, since the beginning of his term of office as Chief Executive Officer in 2008, SUEZ has never paid Mr. Chaussade exceptional compensation.

It is specified that, in accordance with Article L. 225-37-2 of the French Commercial Code, variable and exceptional compensation may only be paid subject to the prior approval of the Shareholders' Meeting.

The weighting of the fixed, annual variable and long-term variable elements (excluding exceptional compensation) in the total compensation of the Chief Executive Officer is as follows:



The compensation policy for the Chief Executive Officer will be reviewed by the Board of Directors regarding the various elements described above, in the event of the succession of the Chief Executive Officer. The Board of Directors will carry out an overall analysis of the situation of the Chief Executive Officer and will provide its opinion on all of the elements of his compensation (fixed, annual variable and long-term variable compensation, supplementary retirement plans, severance pay, etc.), taking into account the existing practices within the Company and the individual compensation awarded to the Chief Executive Officer in the past.

Elements of the compensation of the Chief Executive Officer for fiscal year 2018

In application of the compensation policy described above and on the recommendation of the Compensation Committee, during its February 28, 2018 meeting and with respect to fiscal year 2018, the Board of Directors:

- maintained the fixed compensation of the Chief Executive Officer at EUR 750,000, including annuities under mandatory retirement plans paid to Mr. Jean-Louis Chaussade;
- set performance requirements applicable to his variable annual compensation as follows:
  - quantifiable objectives, accounting for 75% of the overall weight of the variable portion, related to EBIT (20%), to free cash flow (20%), to ROCE (10%) and to Total Shareholder Return of the Company relative to that of the Eurostoxx Utilities index (25%); and
  - qualitative objectives, accounting for 25% of the overall weight of the variable portion.

  In application of Article L. 225-100 II of the French Commercial Code, payment of the annual variable compensation is contingent upon the approval of the annual Shareholders' Meeting called to approve the 2018 financial statements;
- paid exceptionnal compensation, whose target amount is twice the amount of fixed compensation paid to Mr. Jean-Louis Chaussade, *i.e.* EUR 1,500,000, which may be increased to a maximum of EUR 1,650,000 if the objectives set are exceeded, for the integration and performance of the Water Technologies & Solutions business unit, subject to the fulfilment of the following performance conditions, which shall be assessed over an 18-month period from October 1, 2017 to March 31, 2019:
  - quantifiable criteria, accounting for 80% of the overall weight, based on the organic growth (20%), EBITDA (32%) and operating cash flow (28%) of the new business unit.

    The above criteria would be applied as follows, it being understood that the target objective corresponds to the objectives outlined in the business plan approved by the Board of Directors and the objectives communicated to the market with respect to this new business unit:

Minimum	Triggering threshold	Target	Maximum	Remarks
No allocation if the achievement level is less than 94% of the target objective.	Allocation of 75% if the achievement level is greater or equal to 94% of the target objective.	Allocation of 100% if the target objective is achieved.	Allocation of 110% if the achievement level is greater or equal to 104% of the target objective (102% for organic growth).	Linear calculation between milestones.

  - qualitative criteria, representing 20% of the overall weight, relating to the integration process (change management, consistency within the teams, growth and development of the Group's revenue with industrial clients, speeding up of the Group's transformation thanks to the integration of GE Water).

  In application of Article L. 225-100 II of the French Commercial Code, payment of the elements of exceptional compensation is contingent upon the approval of the annual Shareholders' Meeting called to approve the 2018 financial statements.
- decided, at the request of Mr. Jean-Louis Chaussade, not to pay him any long-term variable compensation for fiscal year 2018.

2. Vote on the elements of compensation due or awarded for fiscal year 2017 to Mr. Jean-Louis Chaussade, Chief Executive Officer (Resolution 15)

Furthermore, under Resolution 15, the Shareholders' Meeting will be asked to approve the following elements of compensation due or awarded for fiscal year 2017 to Mr. Jean-Louis Chaussade, Chief Executive Officer:

Elements of compensation due or awarded for fiscal year 2017	Amount or value	Presentation
Fixed compensation	EUR 750,000	This is the gross fixed compensation for fiscal year 2017, unchanged since 2009. Since August 1, 2014, the retirement benefits claim date, the amount of annuities paid to Jean-Louis Chaussade under the mandatory pension plan (EUR 110,749 for fiscal year 2017) has been deducted from the amount of the fixed compensation paid by the Company.
Annual variable compensation	EUR 541,098	At its meeting on February 28, 2018, at the recommendation of the Compensation Committee, the Board of Directors adopted the annual variable compensation for Jean-Louis Chaussade for fiscal year 2017, which amounts to EUR 541,098, or 72% of his fixed compensation (compared to EUR 637,455 for fiscal year 2016). The Board of Directors deliberated on Jean-Louis Chaussade's compensation outside his presence. Jean-Louis Chaussade's variable compensation may represent between 0% and 145% of his fixed compensation and has been determined on the basis of: ► quantifiable criteria previously set by the Board of Directors in February 2017, based on the 2017 budget. These criteria represent 75% of the overall weight of the variable part and are related to EBIT (20%), free cash flow (20%), ROCE (15%) and TSR (20%); and ► qualitative criteria, which account for 25% of the overall weight of the variable part and that are related to health and safety results, the implementation of the Group's transformation plan and Key Industrial Accounts management. The Compensation Committee has recommended to the Board of Directors that 117% be the level of achievement for qualitative criteria. However, the Chief Executive Officer has indicated that he would like to partially waive 10% of the total amount of this compensation recommended by the Compensation Committee. As a result, the Board decided to apply this reduction to the compensation portion related to the qualitative criteria, in compliance with the recommendation made by the French Financial Market Authority's in its 2017 report on corporate governance, executive compensation, internal control and risk management. The payment of this annual variable compensation is subject to approval at the Shareholders' Meeting on May 17, 2018.

<table>
<tr><th>Elements of compensation due or awarded for fiscal year 2017</th><th>Amount or value</th><th>Presentation</th></tr>
<tr><td>Deferred variable compensation</td><td>N/A</td><td>Jean-Louis Chaussade is not entitled to deferred variable compensation.</td></tr>
<tr><td rowspan="2">Long-term compensation</td><td>No amount is due for fiscal year 2017. (IFRS value in the Consolidated Financial Statements: EUR 166,386)</td><td>At its meeting of February 28, 2017, the Board of Directors decided to award Jean-Louis Chaussade long-term compensation for fiscal year 2017, of a maximum amount of EUR 750,000, or 100% of his annual fixed compensation, and providing, as the case may be, for a cash payment in 2020.

The amount to be paid to Jean-Louis Chaussade in 2020 depends on the level of achievement of the following two cumulative performance conditions:
► an internal performance condition based on the Group's aggregate EBIT from 2017 to 2019,
► a market performance condition based on the level of Total Shareholder Return (TSR) of SUEZ compared to the average TSR of the companies in the DJ Euro Stoxx Utilities Index over the period from January 1, 2017 to December 31, 2019.

Furthermore, the amount that may be paid to Jean-Louis Chaussade in 2020, depending on what level he achieves for the two performance conditions stated above, could be increased or reduced by 10% depending on the level of equal representation in management at December 31, 2019. The payment of this long-term compensation is subject to approval by the Shareholders' Meeting.

Under the long-term compensation plan, Jean-Louis Chaussade is also subject to an obligation to reinvest 15% of the net amount received in 2020 in the Company's shares, until the number of shares that he holds represents 150% of his annual fixed compensation.</td></tr>
<tr><td>EUR 750,000 paid</td><td>At its meeting on March 26, 2014, the Board of Directors decided to award Jean-Louis Chaussade long-term compensation for fiscal year 2014, of a maximum amount of EUR 750,000, or 100% of his annual fixed compensation, and providing, as the case may be, for a cash payment in 2017, subject to meeting two cumulative performance conditions:
► an internal performance condition based on the Group's cumulative recurring net income from 2014 to 2016;
► a market performance condition based on the level of Total Shareholder Return (TSR) of SUEZ compared to the average TSR of the companies included in the DJ Euro Stoxx Utilities Index over the period from January 1, 2014 to December 31, 2016.

Since these two conditions were met at more than 120% for the internal condition and more than 110% for the external condition, the Chief Executive Officer was paid EUR 750,000 in 2017.</td></tr>
<tr><td>Exceptional compensation</td><td>N/A</td><td>Jean-Louis Chaussade did not receive exceptional compensation in 2017.</td></tr>
<tr><td>Stock options, performance shares or any other item relating to long-term compensation</td><td>N/A</td><td>No allocation was made during fiscal year 2017.</td></tr>
<tr><td>Directors' fees</td><td>N/A</td><td>Jean-Louis Chaussade does not receive Directors' fees.</td></tr>
<tr><td>Value of benefits of all kind</td><td>EUR 10,373</td><td>Jean-Louis Chaussade has a company car.</td></tr>
<tr><td>Severance pay</td><td>N/A</td><td>Jean-Louis Chaussade will receive no severance pay in the event of termination of his office.</td></tr>
<tr><td>Compensation due under a non-compete clause</td><td>N/A</td><td>Jean-Louis Chaussade is not entitled to compensation under a non-compete clause.</td></tr>
</table>

Elements of compensation due or awarded for fiscal year 2017	Amount or value	Presentation
Insurance and healthcare plans	EUR 5,112	Jean-Louis Chaussade is covered by the Company's mandatory defined-contribution plan for health care.
Supplementary retirement plan	No payment	Jean-Louis Chaussade was covered by the Group supplementary retirement plans applicable to SUEZ employees: a mandatory defined-contribution plan under Article L. 441-1 of the French Insurance Code and a supplementary variable Group defined-benefit pension plan. Mr. Jean-Louis Chaussade decided to claim benefits under all of his retirement plans as of August 1, 2014, including collective defined-contribution and defined-benefit pension plans. He did, however, decide to waive any pension payments under these supplementary plans until his current functions as Chief Executive Officer come to an end. The annual amount of the annuity resulting from Group supplementary retirement plans to be paid to Mr. Jean-Louis Chaussade (once he is no longer Chief Executive Officer) will be EUR 276,814, or 21% of his 2017 annual compensation (including fixed and variable compensation payable by the Company).

(RESOLUTION 16)

Authorization to be granted to the Board of Directors to trade in the Company's shares

The Shareholders' Meeting of May 10, 2017 authorized the Company, under Resolution 10, to trade in its own shares for a period of 18 months.

As of December 31, 2017, the Company held 5,067,913 treasury shares, *i.e.* 0.81% of the share capital. Details of the use of this delegation granted to the Board of Directors in 2017 are set out in section 21.1.3 of the 2017 Reference Document.

As the currently valid authorization expires in November 2018, you are requested to cancel the unused portion of this authorization and renew the authorization to the Board of Directors to trade in the Company's own shares for a period of 18 months.

The terms and conditions of this new authorization, which are the same as those applicable to the authorization granted by the Shareholders' Meeting in 2017, are as follows:

- maximum purchase price per share: EUR 25;
- maximum number of shares purchased: 10% of share capital;
- maximum holding: 10% of share capital;
- maximum acquisition value: EUR 1,553,406,425.

This new delegation would allow the Company to trade in its own shares, except in the event of a public offering on the Company's shares. The objectives of this buy-back program, set in accordance with regulations, would be the following:

- to ensure liquidity and promote the Company's shares on the secondary market through an investment service provider acting independently, under the framework of a liquidity contract concluded in accordance with the Ethics Charter accepted by the French Financial Market Authority; or
- to subsequently cancel all or part of the shares thus purchased under the conditions laid down in Article L. 225-209 of the French Commercial Code, as part of a capital reduction that would be decided or authorized by the Shareholders' Meeting; or
- to allocate or sell shares, with or without a discount, to employees or former employees and/or to corporate officers or former corporate officers of the Company and/or companies affiliated with it, or which will be affiliated with it, under the conditions and in accordance with the procedures set out in applicable regulations, particularly following the exercise of existing stock options or bonus share grants or as part of company or inter-company savings plans, under the terms provided by law (in particular Articles L. 3332-18 *et seq.* of the French Labor Code) or as part of shareholder plans governed by the laws of other countries; or
- to hedge securities that grant entitlement to the Company's shares; said shares to be delivered at the time of exercise of the rights attached to these securities, either through redemption, conversion, exchange, presentation of a warrant or by any other means of allocation of Company shares; or
- in general, to pursue any other goal that is or would become authorized by law or regulations, or engage in any market practice that is or would become accepted by financial market regulators, provided Company shareholders are notified thereof.

Presentation of the resolutions to be submitted to the Extraordinary Shareholders' Meeting

(RESOLUTION 17)

Reduction of the Company's share capital by cancellation of treasury shares held by the Company

The Shareholders' Meeting of May 10, 2017, in Resolution 11, authorized the Board of Directors to reduce the Company's share capital by canceling treasury shares.

On February 28, 2018, the Company used the authorization granted under that Resolution 11 to cancel 2 million shares, representing 0.32% of the share capital, aimed at offsetting the dilutive effect of the capital increase resulting from the "Sharing 2017" offer reserved for employees.

The Shareholders' Meeting is asked to terminate the authorization granted by the Shareholders' Meeting of May 10, 2017, and to grant the Board of Directors a new authorization, under similar conditions, for a period of 26 months in order to reduce the Company's share capital by canceling some or all of the shares that the Company acquires as part of a share buyback program (including the program proposed to this Shareholders' Meeting under Resolution 16), up to a limit of 10% of its share capital per period of 24 months.

(RESOLUTIONS 18 TO 23 AND RESOLUTION 28)

Financial delegations to be granted to the Board of Directors

Resolutions 18 to 23 relate to financial delegations with the purpose of granting the Board of Directors the flexibility that it needs, within limits, to carry out in the next two years financial transactions that are best suited to the needs of the Company and its development, within a time frame that enables it to take advantage of market opportunities.

In past years, specifically at the Shareholders' Meeting of May 10, 2017, the Company's shareholders have granted the Board of Directors the necessary delegations to, in particular, increase the Company's share capital, subject to various procedures, within the limits of the delegations granted, with or without shareholders' preferential subscription rights.

In fiscal year 2017, the Company's Board of Directors decided to use some of the delegations granted by the Shareholders' Meeting of May 10, 2017 to carry out the following transactions:

- a share capital increase through a public offering, without preferential subscription rights but subject to a 3-day priority subscription period for the Company's shareholders, in an amount of EUR 750 million, which helped to partially finance the acquisition of GE Water & Process Technologies through the issuance of 47,468,354 new common shares (*i.e.* 7.64% of the capital as of the date of this report);
- the "Sharing 2017" offer reserved for employees of the SUEZ group, which led to the issuance, under Resolutions 18 and 19, of 9,978,030 new shares, *i.e.* 1.61% of the capital as of the date of this report (representing a capital increase of EUR 39,912,120 and an issue premium of EUR 81.1 million).

As these transactions used up a considerable portion of the allocated spending for 2017, under exceptional circumstances and mainly due to the acquisition of GE Water & Process Technologies, the shareholders are therefore asked to renew in advance the financial authorizations for a further 26-month period and within the same limits as before, in order to enable the Board of Directors, in the interests of the Company, to continue to have the necessary authorizations to be able to seize opportunities and to carry out strategic transactions.

A summary table of the content of the current delegations and their use is set out in section 16.4 of the Company's 2017 Reference Document.

Notwithstanding the Board of Directors' policy of preferring recourse to capital increases with retention of the shareholders' preferential subscription rights, special circumstances may present themselves in which it is necessary and in the shareholders' own interests to eliminate their preferential subscription rights, to provide the resources to make the necessary payments to compensate for contributions in kind comprised of equity securities, subject to a maximum of 10% of the share capital, or for contributions entirely in shares in the event of a public exchange offer (Resolutions 22 and 23). Furthermore, in order to facilitate the placement of issues, it is proposed that the Board be authorized to resort to private placement, when appropriate, among qualified investors or a restricted circle of investors (Resolution 20).

These delegations are in line with normal practices in terms of amount, cap and term, and will terminate the delegations granted by the Shareholders' Meeting of May 10, 2017. Furthermore, as required by law, the Statutory Auditors' Reports have been made available to you within the legal deadlines.

The financial delegations that are submitted for the vote of this Shareholders' Meeting are subject to various caps:

- as concerns capital increases through the issue of shares or securities **with retention of the preferential subscription rights** (Resolution 18), the nominal amount of the overall cap is EUR 497 million, representing, as with the delegation granted by the Shareholders' Meeting on May 10, 2017, about 20% of the share capital, and EUR 3 billion for issues of securities representing debt or similar instruments granting immediate or future access to the Company's capital;
- as concerns capital increases through the issue of shares or securities **with waiver of the preferential subscription rights** (Resolutions 19, 20, 22 and 23), the nominal amount of the cap set is EUR 248 million, representing, as with the delegations granted by the Shareholders' Meeting on May 10, 2017, about 10% of the share capital, and EUR 3 billion for issues of securities representing debt or similar instruments granting immediate or future access to the Company's capital.

It should also be understood that the nominal amount of securities to be issued pursuant to Resolution 21, which increases the number of shares to be issued in the event of oversubscription, up to a maximum of 15% of the original number of shares issued as part of capital increases with or without preferential subscription rights, would be counted against (i) the cap on the authorization under which the initial issue is made and (ii) the overall caps provided in Resolution 28 and described below:

- for all capital increases through issues of shares that may be carried out under the delegations submitted to the vote of this Shareholders' Meeting (including Resolutions 24, 25 and 26 concerning employee shareholding and Resolution 27 concerning the granting of performance shares), a cap set at a nominal amount of EUR 497 million (*i.e.* about 20% of the share capital) and at EUR 3 billion as concerns issues of securities representing debt or similar instruments granting immediate or future access to the Company's capital;
- for all share issues that may be carried out with waiver of the preferential subscription rights, under Resolutions 19, 20, 22 and 23, a cap set at a nominal amount of EUR 248 million (*i.e.* about 10% of the share capital).

If your Board of Directors uses one or more of the delegations provided under Resolutions 19 to 23, your Board of Directors will report to you at the Ordinary Shareholders' Meeting following their use on the final terms of the transaction and its impact on the position of holders of equity securities or securities granting access to the capital.

The delegations detailed below will be granted with the option to subdelegate, as permitted by law and the Company's bylaws.

Finally, if a third party has filed a public tender offer for the Company's shares, the Board of Directors may not, during the offer period, implement any of the delegations of authority under Resolutions 19 to 23 without the prior approval of the Shareholders' Meeting.

Capital increase with retention of the shareholders' preferential subscription rights (Resolution 18)

The Shareholders' Meeting of May 10, 2017, under Resolution 12, delegated its authority to the Board of Directors for a 26-month period to increase the Company's share capital by issuing common shares and/or any other securities granting access to the Company's share capital, or granting entitlement to the allocation of debt securities and/or securities granting access to equity securities to be issued, with retention of the preferential subscription rights.

The shareholders are asked to renew this delegation of authority, under equivalent conditions and limits:

- **EUR 497 million** or the counter-value of this amount (*i.e.* as of February 28, 2018, about 20% of the share capital) for capital increases that may be carried out under this delegation; and
- **EUR 3 billion** or the counter-value of this amount for issues of securities representing debt or similar securities of the Company granting immediate or future access to the Company's capital that may be issued pursuant to this delegation;

It being understood that these amounts will be counted against the overall nominal caps of EUR 497 million for all capital increases, and EUR 3 billion for debt securities or similar securities granting immediate or future access to the Company's share capital, as provided for in Resolution 28 (Overall cap on capital increases).

Capital increase with waiver of the shareholders' preferential subscription rights, through a public offering (Resolution 19)

The Shareholders' Meeting of May 10, 2017, under Resolution 13, delegated its authority to the Board of Directors for a 26-month period to increase the Company's share capital by issuing common shares and/or any other securities granting access to the Company's share capital, or granting entitlement to the allocation of debt securities and/or securities granting access to equity securities to be issued, **with waiver of the preferential subscription rights**, through a public offering.

This authorization, granted by the Shareholders' Meeting of May 10, 2017, helped to partially finance the Company's acquisition of GE Water & Process Technologies through the issuance of 47,468,354 new shares, representing a total amount of EUR 750 million.

The shareholders are asked to renew this delegation of authority, under equivalent conditions and limits:

- **EUR 248 million** or the counter-value of this amount (*i.e.* as of February 28, 2018, about 10% of the share capital) for capital increases that may be carried out under this delegation; and
- **EUR 3 billion** or the counter-value of this amount for issues of securities representing debt or similar securities granting immediate or future access to the Company's capital that may be issued pursuant to this delegation;

it being understood that these amounts will be counted against the overall nominal caps of EUR 497 million for all capital increases, EUR 248 million for capital increases without preferential subscription rights, and EUR 3 billion for securities, as provided for in Resolution 28 (Overall cap on capital increases).

The minimum issue price specified in this delegation is, for shares, the weighted average share price of the three trading days preceding the date on which the issue price is set, potentially reduced by a maximum discount of 5%. For securities granting access to the capital, the sum immediately collected by the Company, plus any amount that may be collected subsequently by the Company, must, for each share issued as a consequence of the issuance of these securities, be equal to at least the minimum issue price determined for the shares.

The Board of Directors may, as the case may be, establish a priority subscription period to the benefit of the Company's shareholders, for a period and in accordance with procedures that it will decide upon in compliance with applicable laws and regulations (the minimum period set by law is currently three days).

Capital increase with waiver of the shareholders' preferential subscription rights by way of private placement as referred to in Article L. 411-2-II of the French Monetary and Financial Code (Resolution 20)

The Shareholders' Meeting of May 10, 2017, under Resolution 14, delegated its authority to the Board of Directors for a 26-month period to increase the Company's share capital by issuing as part of a private placement (an offering reserved for qualified investors) common shares and/or any other securities granting access to the Company's share capital, or granting entitlement to the allocation of debt securities and/or securities granting access to equity securities to be issued, **with waiver of the preferential subscription rights**.

This delegation provides the Board of Directors with a method of financing that is quicker than a capital increase by public offering, which is essential in order to be able to seize windows of opportunity on the market – which may be short – enabling access to advantageous financial conditions.

As a reminder, in February 2014, the Company used Resolution 20 of the Shareholders' Meeting of May 24, 2012 by issuing zero-coupon bonds convertible into and/or exchangeable for new and/or existing shares ("OCEANE") for a nominal amount of approximately EUR 350 million, maturing on February 27, 2020.

The shareholders are asked to renew this delegation of authority, under equivalent conditions and limits:

- **EUR 248 million** or the counter-value of this amount (*i.e.* as of February 28, 2018, about 10% of the share capital) for capital increases that may be carried out under this delegation; and
- **EUR 3 billion** or the counter-value of this amount for issues of securities representing debt or similar securities granting immediate or future access to the Company's capital that may be issued pursuant to this delegation;

it being understood that these amounts will be counted against the overall nominal caps of EUR 497 million for all capital increases, EUR 248 million for capital increases without preferential subscription rights, and EUR 3 billion for securities, as provided for in Resolution 28 (Overall cap on capital increases).

The minimum issue price specified by this delegation is the same as that set out in Resolution 19.

Increase in the number of shares that may be issued in case of excess demand by up to 15% of the initial issue (Resolution 21)

The Shareholders' Meeting of May 10, 2017, under Resolution 15, delegated its authority to the Board of Directors for a 26-month period to increase the number of shares to be issued, by up to 15% of the initial issue, with retention or waiver of the shareholders' preferential subscription rights and at the same price as that of the initial issue.

The Shareholders' Meeting is asked to renew this delegation of authority to the Board of Directors, to allow it, in the event of excess demand for shares issued with retention or waiver of the preferential subscription rights as part of a capital increase under Resolutions 18 to 20, to increase the number of shares to be issued subject to legal limits and conditions, namely a maximum of 15% of the initial issue and subject to the cap applicable to the initial issue, within 30 days of the end of the subscription period and at the same price as that of the initial issue.

The nominal amount of the shares or securities issued pursuant to this delegation of authority would be counted against (i) the cap for the authorization under which the initial issue would be decided, and (ii) the overall nominal caps provided in Resolution 28 (Overall cap on capital increases).

Capital increase in consideration of contributions in kind consisting of equity securities or securities granting access to the share capital (Resolution 22)

The Shareholders' Meeting of May 10, 2017, under Resolution 16, delegated its powers to the Board of Directors for a 26-month period to increase the Company's share capital by issuing common shares and/or any other securities granting access to the Company's share capital, or granting entitlement to the allocation of debt securities and/or securities granting access to equity securities to be issued, in consideration for contributions in kind consisting of equity securities or securities granting access to the share capital. This delegation was not used.

The purpose of this delegation is to enable the financing of external growth transactions or the acquisition of minority holdings by compensating the provider of equity securities or securities granting access to the share capital with Company securities. It helped to partially finance the acquisition, in 2014, of Criteria Caixa's 24.26% interest in HISUSA, the parent company of Agbar, and of the Caltagirone group's 10.85% interest in ACEA in 2016.

Capital increases that may be carried out under this delegation may not exceed 10% of the Company's share capital, in accordance with the limit defined by current regulations.

The shareholders are asked to renew this delegation of power, under equivalent conditions and limits:

- **EUR 248 million** or the counter-value of this amount (*i.e.* as of February 28, 2018, about 10% of the share capital) for capital increases that may be carried out under this delegation; and
- **EUR 3 billion** or the counter-value of this amount for issues of securities representing debt or similar securities granting immediate or future access to the Company's capital that may be issued pursuant to this delegation;

it being understood that these amounts will be counted against the overall nominal caps of EUR 497 million for all capital increases, EUR 248 million for capital increases without preferential subscription rights, and EUR 3 billion for securities, as provided for in Resolution 28 (Overall cap on capital increases).

Capital increase in consideration for securities contributed as part of a public exchange offer initiated by the Company, with waiver of the shareholders' preferential subscription rights (Resolution 23)

The Shareholders' Meeting of May 10, 2017, under Resolution 17, delegated its authority to the Board of Directors, for a 26-month period to increase the Company's share capital by issuing common shares and/or any other securities granting access to the Company's share capital, or granting entitlement to the allocation of debt securities and/or securities granting access to equity securities to be issued, **with waiver of the preferential subscription rights**, in consideration for shares contributed as part of a public exchange offer initiated by the Company.

The shareholders are asked to renew this delegation of authority, which was not used, under equivalent conditions and limits:

- **EUR 248 million** or the counter-value of this amount (*i.e.* as of February 28, 2018, about 10% of the share capital) for capital increases that may be carried out under this delegation; and
- **EUR 3 billion** or the counter-value of this amount for issues of securities representing debt or similar securities granting immediate or future access to the Company's capital that may be issued pursuant to this delegation;

it being understood that these amounts will be counted against the overall nominal caps of EUR 497 million for all capital increases, EUR 248 million for capital increases without preferential subscription rights, and EUR 3 billion for securities, as provided for in Resolution 28 (Overall cap on capital increases).

(RESOLUTIONS 24 TO 26)

Employee shareholding

The delegations of authority described in Resolutions 24 and 25 are intended to renew authorizations that were previously granted to the Board of Directors by the Shareholders' Meeting on May 10, 2017, some of which will expire in November 2018, in connection with the development of employee shareholding at Group level, by giving the Board the option to carry out additional employee shareholding transactions whenever it considers it appropriate to do so. Resolution 26 is intended to renew the authorization granted to the Board of Directors by the shareholders on May 10, 2017 to allocate bonus shares to employees and corporate officers who subscribe to an employee shareholding plan of the Group.

The Board of Directors used the abovementioned delegations to launch a third offer reserved for employees of the SUEZ group during fiscal year 2017. The offer was oversubscribed by approximately 22,000 of the Group's employees in 20 countries and led to the issuance of 9,978,030 new shares, *i.e.* 1.61% of the share capital (representing a capital increase of EUR 39,912,120 and an issue premium of EUR 81.1 million).

The Board of Directors wishes to pursue its policy of employee shareholding in order to:

- make employees full-fledged partners of the Group;
- pay special attention to value creation as one of the meeting points between the interests of shareholders and the interests of employees;
- allow employees to be involved in the choices made by the shareholders through annual decisions.

As of December 31, 2017, employee shareholders held 3.81% of the Company's share capital.

Capital increase reserved for members of savings plans with waiver of the preferential subscription rights for the benefit of the latter (Resolution 24)

The Shareholders' Meeting of May 10, 2017, under Resolution 18, delegated its authority to the Board of Directors for a 26-month period to increase the Company's share capital, **with waiver of the preferential subscription rights**, such increase to be reserved for members of the company savings plan(s) in place within the SUEZ group.

As indicated above, this delegation was used by the Board of Directors in December 2017. Under Article L. 225-129-6 of the French Commercial Code, the Shareholders' Meeting is required to vote on resolutions of this kind.

The shareholders are therefore asked to renew this authorization for a further 26-month period. The maximum nominal amount for capital increases that may be carried out under this delegation is being increased to EUR 50 million (from EUR 40 million under the previous delegation), representing approximately 2% of the Company's share capital as of February 28, 2018, in order to take into account the increase in the number of employees within the Group (approximately 7,500 people) following the acquisition of GE Water & Process Technologies' activities, and as a result of the oversubscription noted during the last employee shareholding transaction under the "Sharing 2017" offer.

It is specified that this maximum nominal amount will count against the nominal cap of EUR 497 million as provided for in Resolution 28 of this Shareholders' Meeting.

The issue price of new shares or securities granting access to the Company's share capital will be at least 80% of the Company's average opening share price on Euronext Paris for the 20 trading sessions preceding the date on which the decision is made to set the opening day of the subscription period of the share capital increase reserved for members of a company savings plan (the "Reference Price").

This delegation authorizes the Board of Directors to freely allocate to the above-mentioned beneficiaries, in addition to shares or securities granting access to the Company's share capital to be subscribed in cash, shares or securities granting access to share capital to be issued or that has already been issued, as a substitution for all or part of the discount based on the Reference Price and/or a company contribution, with the understanding that the overall benefit created by this allocation may not exceed the legal or regulatory limits pursuant to Articles L. 3332-18 *et seq.* and L. 3332-11 *et seq.* of the French Labor Code.

Capital increase with waiver of the preferential subscription rights to the benefit of categories of designated beneficiaries, as part of the implementation of the SUEZ group's worldwide shareholding and savings plans (Resolution 25)

The Shareholders' Meeting of May 10, 2017, under Resolution 19, delegated its authority to your Board of Directors to increase the share capital, **with waiver of the preferential subscription rights**, on one or more occasions, in favor of all entities whose sole purpose is to subscribe, hold and dispose of shares or other financial instruments to facilitate access to the Company's share capital for the Group's international employee shareholders; this authorization is for a maximum nominal amount of EUR 12 million over an 18-month period.

As indicated above, this delegation was used by the Board of Directors in December 2017.

The shareholders are asked to renew this authorization, which expires in November 2018, for a further 18-month period. The maximum nominal amount of capital increases that may be carried out pursuant to this delegation remains unchanged at EUR 12 million, or about 0.48% of the Company's share capital as of February 28, 2018. It is specified that the maximum nominal amount shall be counted against the nominal cap of EUR 497 million as provided for in Resolution 28 of this Shareholders' Meeting.

The shareholders are also asked to approve the waiver of shareholders' preferential subscription rights applicable to the corresponding shares issued and to reserve subscription rights for the following categories of beneficiaries:

(a) employees and corporate officers of foreign companies belonging to the SUEZ group and linked to the Company under the conditions set out in Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code;

(b) mutual funds (UCITS) or other incorporated or unincorporated entities of employee shareholding invested in the Company's shares whose unitholders or shareholders consist of persons mentioned in point (a) above;

(c) any banking establishment or subsidiary of such establishment acting at the Company's request for the purpose of setting up a shareholding or savings plan for the benefit of the persons mentioned in point (a) above.

To this end, it is proposed that the Board of Directors be authorized to select said entities.

The issue price of new shares would be equal to the price of shares issued as part of a capital increase for employees who are members of a company savings plan, pursuant to Resolution 24 of this Shareholders' Meeting, and may not in any case be less than 80% of the average opening share price over the 20 trading days preceding the date of the decision that sets the opening date of the subscription period.

Authorization to be granted to the Board of Directors to allocate bonus shares to employees or corporate officers who subscribe to a Group employee shareholding plan (Resolution 26)

The Shareholders' Meeting of May 10, 2017, under Resolution 20, authorized the Board of Directors to allocate bonus shares to employees and/or corporate officers of the Company and/or companies and entities related directly or indirectly to the Group under the provisions of Article L. 225-197-2 of the French Commercial Code, who subscribe to a Group employee shareholding plan, which would be implemented as part of a capital increase reserved for them and carried out in application of Resolutions 18 and/or 19 of the Shareholders' Meeting of May 10, 2017 or as part of a sale of existing shares reserved for subscribers to one of the Group's savings plans (or of any other delegation of the same kind subsequently granted by the Shareholders' Meeting).

Under Resolution 20 of the Shareholders' Meeting of May 10, 2017, 140,512 shares were allocated as a matching contribution under the "Sharing 2017" employee shareholding plan.

The shareholders are being asked, under the terms described below, to renew this authorization which, in accordance with the provisions of Articles L. 225-129 *et seq.* and L. 229-197-1 *et seq.* of the French Commercial Code, would enable the Board of Directors to establish bonus share allocation plans for employees and corporate officers eligible for an employee shareholding plan who would subscribe to such a plan. Matching contributions are often made for persons who subscribe to employee shareholding plans, and it may be necessary that such matching contributions take the form of bonus share allocations, especially outside of France.

Conditions of allocation

These shares would not be subject to performance conditions because their allocation is the result of an investment by employees or corporate officers in a shareholding plan. In contrast, the Board of Directors must make the allocation of shares subject to a service condition in the Group, except in extremely special cases.

Allocation ceilings

The number of bonus shares that may be allocated may not exceed 0.05% of the Company's share capital as evaluated on the day the Board of Directors decides to allocate the shares.

It is noted that the maximum nominal amount of capital increases that may be carried out will be counted against the overall cap of capital increases of EUR 497 million, as determined by Resolution 28 of the Shareholders' Meeting.

Duration

The Shareholders' Meeting is asked to approve this delegation to the Board of Directors for a period of 26 months.

Vesting and holding periods

The allocation of Company shares to their beneficiaries will be final after a minimum vesting period of one year for all or part of the shares allocated, and after a minimum mandatory holding period of one year, with the understanding that for allocated shares for which the vesting period is set at two years, the mandatory minimum holding period of the shares may be eliminated, so that said shares can be freely transferred from the date of their definitive allocation.

(RESOLUTION 27)

Authorization to grant performance shares

The compensation policy implemented by the Board of Directors as proposed by the Compensation Committee includes a long-term element based on the allocation of performance shares or long-term variable compensation in cash. This long-term compensation is entirely subject to the achievement of performance conditions that are assessed over several years.

The objective of long-term compensation is to associate certain categories of employees and corporate officers with the Company's future growth and value creation, and to retain them and recognize their performance. These categories include:

- executives and senior managers ("Top Executives"), including members of the Management Committee and the Executive Committee, as well as high-potential managers and experts ("A Beneficiaries"); and
- employees who demonstrate outstanding performance but do not fall within the above categories ("B Beneficiaries").

The various long-term compensation plans implemented by the Company in application of this policy are described in section 15.1.5 of the 2017 Reference Document.

The Shareholders' Meeting of April 28, 2016, under Resolution 20, authorized the Board of Directors, for a 26-month period, to allocate, on one or more occasions, bonus shares (existing or to be issued by your Company) representing up to 0.5% of the share capital, to the benefit of employees and corporate officers of the Company and of companies or entities affiliated with it under the conditions set out in Article L. 225-197-2 of the French Commercial Code.

This delegation will expire in June 2018. The shareholders are therefore asked to renew it under the terms outlined below, it being understood that this delegation was not used by the Board of Directors and that there was no performance share plan in place as of December 31, 2017.

Allocation ceilings

The total number of existing or new shares that may be allocated (hereinafter the "Performance Shares") under this delegation may not exceed 0.5% of the share capital as confirmed on the day the Board of Directors decides to allocate the shares. The cap for the allocation of Performance Shares is the same as in the previous delegation.

This ceiling includes Performance Shares that may be allocated to the corporate officers, which may not exceed 5% of the overall number of Performance Shares granted.

Upon any allocation of Performance Shares, the Board of Directors shall ensure, upon recommendation by the Compensation Committee, that the value of the Performance Shares (according to IFRS 2) allocated to the Chief Executive Officer during the year does not represent an excessive percentage of his total compensation.

It is noted that the maximum nominal amount of capital increases that may be carried out will be counted against the overall cap of capital increases of EUR 497 million, as determined by Resolution 28 of this Shareholders' Meeting.

Duration

The Shareholders' Meeting is asked to approve this delegation to the Board of Directors for a period of 26 months.

Vesting and holding periods

The allocation of the Company's shares to their beneficiaries will be definitive at the end of a vesting period of a minimum of three years for all or part of the Performance Shares allocated.

The Board of Directors shall, as the case may be, determine the duration of an obligatory holding period for the Performance Shares.

Furthermore, in accordance with the provisions of Article L. 225-197-1 of the French Commercial Code, at each allocation of shares, the Board of Directors shall determine the number of shares the Chief Executive Officer must retain during his term, with the understanding that the policy established by the Board of Directors on the proposal of the Compensation Committee states that the Chief Executive Officer must retain 25% of the Performance Shares that are fully vested throughout that person's term. This applies to all plans implemented by SUEZ, until the value of the Chief Executive Officer's shares represents 150% of his annual fixed compensation.

Conditions of allocation

All Performance Shares allocated in accordance with Resolution 27 shall be subject to:

- a service condition in the SUEZ group for a minimum period of three years;
- one or more performance conditions, evaluated over minimum period of three years and based on an "internal" performance condition, *i.e.* the SUEZ group's EBIT, an indicator audited and published by the Company, and an "external" performance condition, *i.e.* the average of the changes in the total shareholders' return (TSR) of the Company over a three-year period compared to changes in the TSR of the Eurostoxx Utilities index over the same period.

Performance Shares allocated to corporate officers and to members of the Management and Executive Committees would be subject to these two cumulative internal and external performance conditions. Consequently, should the eligible beneficiary fail to reach the level required for the triggering threshold, as specified below, for one of the two conditions, they would not be entitled to any Performance Shares, regardless of the level of achievement of the other performance condition. Furthermore, should the eligible beneficiary reach the target level for each of the two performance conditions, they would be allocated 52% of the Performance Shares initially allocated (number of Performance Shares initially allocated x65% x80%), subject to compliance with the service condition.

The targets relating to the criteria stated above would be set at the time of allocation of the Performance Shares, consistent with the Group's budget and medium-term plan. The allocation levels would be as follows:

	Minimum	Triggering threshold	Target	Maximum	Remarks
Internal condition	No allocation if the achievement level is less than 90% of the target objective.	Allocation of 20% if the achievement level is greater or equal to 90% of the target objective.	Allocation of 65% if the target objective is achieved.	Allocation of 110% if the achievement level is greater or equal to 110% of the target objective.	Linear calculation between milestones
External condition	No allocation if change in the TSR is less than 90% of the change in the TSR of the index.	Allocation of 50% if change in the TSR is greater or equal to 90% of the change in the TSR of the index.	Allocation of 80% if change in the TSR is greater than the change in the TSR of the index.	Allocation of 110% if change in the TSR is greater or equal to 110% of the change in the TSR of the index.	Linear calculation between milestones

The Board of Directors could furthermore stipulate an additional performance condition for all or some beneficiaries to be based on a non-financial indicator related to the Group's corporate and environmental responsibility, such as, for example, the percentage of women in Group management, with the level of achievement of this condition set previously by the Board of Directors increasing or diminishing by 10% the number of Performance Shares acquired by each of the beneficiaries after applying internal or, as the case may be, external performance conditions.

Information regarding the application of performance conditions under previous long-term compensation plans are available in section 15.1.5 of the 2017 Reference Document.

Overview of the financial delegations proposed to the Combined Shareholders' Meeting of May 17, 2018

No	Purpose	Duration	Cap	Implementation method
18.	Issue with retention of the preferential subscription rights	26 months	EUR 497 million (*i.e.* 20% of capital), such use to be counted against the maximum overall cap of EUR 497 million common to Resolutions 18 to 27 (hereinafter the "Overall Cap")	The delegation may not be used in the event of a public tender
19.	Issue with waiver of the preferential subscription rights by way of a public offer	26 months	EUR 248 million (*i.e.* 10% of capital), such use to be counted against the Overall Cap and the common cap of EUR 248 million applicable to issues carried out without preferential subscription rights (hereinafter the "Overall Sub-Cap")	The delegation may not be used in the event of a public tender Possibility of setting up a priority subscription period Maximum discount: 5%
20.	Issue with waiver of the preferential subscription rights by way of private placement	26 months	EUR 248 million (*i.e.* 10% of capital), such use to be counted against the Overall Cap and the Overall Sub-Cap	The delegation may not be used in the event of a public tender Maximum discount: 5%
21.	Increase in the number of shares to be issued for a capital increase with retention or waiver of preferential subscription rights (greenshoe)	26 months	A total of 15% of the initial issue; the nominal amount to be counted against the Overall Cap and, in the event that the initial issue was without preferential subscription rights, against the Overall Sub-Cap	The delegation may not be used in the event of a public tender
22.	Issue in consideration for contributions in kind granted to the Company, with waiver of the preferential subscription rights	26 months	EUR 248 million (*i.e.* 10% of capital), such use to be counted against the Overall Cap and the Overall Sub-Cap	The delegation may not be used in the event of a public tender
23.	Issue in consideration for securities contributed under a public exchange offer, with waiver of the preferential subscription rights	26 months	EUR 248 million (*i.e.* 10% of capital), such use to be counted against the Overall Cap and the Overall Sub-Cap	The delegation may not be used in the event of a public tender
24.	Issue reserved for subscribers to one of the savings plans with waiver of the preferential subscription rights	26 months	EUR 50 million (*i.e.* 2% of capital), such use to be counted against the Overall Cap	Maximum discount: 20%
25.	Issue reserved for the implementation of the SUEZ group's worldwide shareholding and savings plans	18 months	EUR 12 million (*i.e.* 0.48% of capital), such use to be counted against the Overall Cap	Maximum discount: 20%
26.	Allocation of bonus shares under an employee shareholding plan	26 months	0.05% of capital, with the amount counted against the Overall Cap	–
27.	Allocation of Performance Shares	26 months	0.5% of capital, with the amount counted against the Overall Cap	–

(RESOLUTION 28)

Overall cap applicable to capital increases

In the interests of proper transparency, the Shareholders' Meeting is requested to adopt a special resolution setting the total nominal amount of immediate or future share capital increases under Resolutions 18 to 27 or, if applicable, under any similar resolution(s) that may supersede said resolutions during their period of validity. The Shareholders' Meeting is therefore requested to resolve that this total amount must not exceed:

a) with respect to share issues that may be carried out under Resolutions 18 to 27 of this Shareholders' Meeting, an overall nominal amount of **EUR 497 million** (which, as of February 28, 2018, represented 20% of the share capital), or the counter-value of this amount if the issuance was in another currency or monetary unit established by reference to a basket of currencies, on the issue date; and

b) with respect to share issues that may be carried out under Resolutions 19, 20, 22 and 23 of this Shareholders' Meeting, an overall nominal amount of **EUR 248 million** (which, as of February 28, 2018, represented 10% of the share capital), or the counter-value of this amount if the issuance was in another currency or monetary unit established by reference to a basket of currencies, on the issue date; and

c) with respect to issues of securities representing debt or similar securities conferring access to the Company's share capital that may be issued under Resolutions 18 to 25 of this Shareholders' Meeting, an overall nominal amount of **EUR 3 billion**, or the counter-value of this amount if the issuance was in another currency or monetary unit established by reference to a basket of currencies, on the issue date.

To these caps must be added the nominal amount of any additional shares to be issued to comply with applicable laws and regulations and, as the case may be, any contractual stipulations, so as to preserve the rights of the holders of the securities or other rights granting access to the Company's share capital.

(RESOLUTION 29)

Delegation of powers for formalities

The Shareholders' Meeting is asked to authorize any holder of an original, copy or extract of the minutes of the Shareholders' Meeting to carry out all formal procedures related to the Shareholders' Meeting of May 17, 2018.

Feel free to contact the Board of Directors for any further information or explanations you might need.

The Board of Directors

26.3 Statutory Auditors' Report on related party agreements and commitments

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

To the Annual General Meeting of SUEZ,

In our capacity as Statutory Auditors of your Company, we hereby present to you our report on related party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the terms and conditions of those agreements and commitments indicated to us, or that we may have identified in the performance of our engagement, as well as the reasons justifying why they benefit the Company. We are not required to give our opinion as to whether they are beneficial or appropriate or to ascertain the existence of other agreements and commitments. It is your responsibility, in accordance with Article R. 225-31 of the French Commercial Code *(Code de commerce)*, to assess the relevance of these agreements and commitments prior to their approval.

We are also required, where applicable, to inform you in accordance with Article R. 225-31 of the French Commercial Code *(Code de commerce)* of the continuation of the implementation, during the year ended December 31, 2017, of the agreements and commitments previously approved by the Annual General Meeting.

We performed those procedures which we deemed necessary in compliance with professional guidance issued by the French Institute of Statutory Auditors *(Compagnie nationale des commissaires aux comptes)* relating to this type of engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

Agreements and commitments submitted for approval to the Annual General Meeting

AGREEMENTS AND COMMITMENTS AUTHORIZED AND CONCLUDED DURING THE YEAR ENDED DECEMBER 31, 2017

In accordance with Article L. 225-40 of the French Commercial Code *(Code de commerce)*, we have been notified of the following related party agreements and commitments, concluded during the year ended December 31, 2017, which received prior authorization from your Board of Directors.

With Société Générale

Person concerned

Mr Gérard Mestrallet, Director of Société Générale and Chairman of the Board of Directors of your Company.

a) Nature and purpose

A bridge loan agreement between your Company and The Bank of Tokyo-Mitsubishi UFJ, Ltd., HSBC Bank plc, Morgan Stanley Bank International Limited and Société Générale Corporate & Investment Banking (Subsidiary of Société Générale) was authorized by the Board of Directors of your Company on February 28, 2017.

Conditions

A USD 3,500,000,000 bridge loan agreement, to finance the acquisition of the GE Water & Process Technologies business, was entered into on March 8, 2017 between your Company and The Bank of Tokyo-Mitsubishi UFJ, Ltd., HSBC Bank plc, Morgan Stanley Bank International Limited and Société Générale Corporate & Investment Banking (subsidiary of Société Générale). This bridge loan agreement was not used and definitely ended in October 2017.

Reasons justifying why the Company benefits from this agreement

Your Board of Directors gave the following reason:

The Board notes that Société Générale has the advantage of usually participating in the financing of your Company, having knowledge of the financing documentation of your Company on the basis of which the loan would be negotiated. It also notes that the fees and interest that would be collected by Société Générale under the loan, negotiated in the best interests of your Company with Société Générale and three other leading banks, are based on market conditions for similar operations. These fees and interest are determined in strict proportion to its obligations under the mandate and will therefore be equivalent to the fees and interest due to the other leading banks that will participate in the loan.

b) Nature and purpose

Placement and guarantee agreement authorized by the Board of Directors on May 10, 2017.

Conditions

As part of your Company's capital increase on May 24, 2017 to fund the acquisition of the GE Water & Process Technologies business, your Company entered into an investment and guarantee agreement with Morgan Stanley & Co. International plc, Société Générale, Citigroup Global Markets Limited, Credit Agricole Corporate and Investment Bank, HSBC Bank plc, Caixa Bank and Natixis. This contract was executed on May 16, 2017.

Under this investment and guarantee agreement, the guarantors undertook to subscribe investors, or failing this, to subscribe for the new shares issued.

Reasons justifying why the Company benefits from this agreement

Your Board of Directors gave the following reason:

The conclusion of this guarantee and placement agreement is part of your Company's capital increase project, of which it forms an inseparable component, in accordance with market practices. In this respect, it is recalled the interest that this contract presents for your Company in order to allow the good realization of the Capital Increase.

Agreements and commitments previously approved by the Annual General Meeting

AGREEMENTS AND COMMITMENTS APPROVED IN PRIOR YEARS, WHICH CONTINUED TO BE PERFORMED DURING THE YEAR ENDED DECEMBER 31, 2017

In accordance with Article R. 225-30 of the French Commercial Code *(Code de commerce)*, we have been notified that the implementation of the following agreements and commitments, which were approved by the Annual General Meeting in prior years, continued during the year ended December 31, 2017.

With Criteria Caixa (formerly Criteria Caixaholding)

Person concerned

Mr Jean-Louis Chaussade, Director of Criteria Caixa and Chief Executive Officer and Director of your Company.

Nature and purpose

"Master Agreement" entered into between Agbar, Criteria Caixa and your Company.

Conditions

The Board of Directors of your Company authorized during its July 17, 2014 meeting that a framework agreement be concluded at that same date between your Company, Agbar and Criteria Caixa, which provides for the following elements:

- the transfer by Criteria Caixa of its 24.26% stake in HISUSA in counterpart to the issuance of EUR 22 million new shares of your Company and a EUR 298,574 million cash amount, subsequent to the execution of a contribution agreement and the delivery of an independent auditors' report confirming the valuation of the contribution and the fairness of this value with the proposed remuneration (completed on September 17, 2014);
- the acquisition by Criteria Caixa from Agbar of a 15% stake in Aïgues de Barcelona, E.M. De Gestiò Del Cicle Integral de l'Aigua, S.A., 85% of which is currently held by Agbar and 15% of which is currently held by the Barcelona Metropolitan Area (completed in 2014);
- the acquisition by Criteria Caixa of a 14.5%-stake in Aguas de Valencia, S.A. from your subsidiary SUEZ Groupe (completed in 2014);
- the cooptation by the Board of Directors of your Company of a Director designated by Criteria Caixa, as soon as the latter holds 5% of your Company's share capital. During its October 29, 2014 meeting, your Board of Directors coopted Mr Isidro Fainé Casas and appointed him as a member of the Strategy Committee;
- the commitment for Criteria Caixa to increase its interest in the share capital of your Company up to 7%;
- the obligation for Criteria Caixa to keep its shares for a period of four years from the realization of the contribution.

Your Board of Directors indicated that, when this agreement is signed, it would allow reinforcing the long-term partnership between your Company and Criteria Caixa, in Spain and in France, with Criteria Caixa becoming the second main shareholder of your Group subsequent to this operation.

Courbevoie and Paris-La Défense, March 20, 2018

The Statutory Auditors
French original signed by

MAZARS		ERNST & YOUNG ET AUTRES	
Achour Messas	Dominique Muller	Jean-Pierre Letartre	Stéphane Pédron

26.4 Statutory Auditors' reports

26.4.1 Statutory Auditors' Report on the reduction in capital (Resolution 17)

To the shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with Article L. 225-209 of the French Commercial Code *(Code de commerce)* in respect of the reduction in capital by the cancellation of repurchased shares, we hereby report on our assessment of the terms and conditions of the proposed reduction in capital.

Your Board of Directors requests that it be authorized, for a period of twenty-six months starting on the date of the present Shareholders' Meeting, to proceed with the cancellation (on one or more occasions) of shares the Company was authorized to repurchase, representing an amount not exceeding 10% of its total share capital by a period of twenty-four months, in compliance with the Article mentioned above.

We have performed the procedures which we considered necessary in accordance with professional guidance issued by the French national auditing body *(Compagnie nationale des Commissaires aux comptes)* for this type of engagement. The procedures consisted in verifying that the terms and conditions for the proposed reduction in capital, which should not compromise equality among the shareholders, are fair.

We have no matters to report on the terms and conditions of the proposed reduction in capital.

Courbevoie and Paris-La Défense, April 5, 2018

The Statutory Auditors
French original signed by

MAZARS		ERNST & YOUNG ET AUTRES	
Achour Messas	Dominique Muller	Jean-Pierre Letartre	Stéphane Pédron

26.4.2 Statutory Auditors' Report on the issue of shares or marketable securities with or without cancellation of preferential subscription rights (Resolutions 18 to 23)

To the shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with Articles L. 228-92 and L. 225-135 *et seq.* of the French Commercial Code *(Code de commerce)*, we hereby report on the proposals to authorize your Board of Directors to decide on whether to proceed with the issues of shares and/or marketable securities, operations upon which you are called to vote.

Your Board of Directors proposes, on the basis of its report:

- that it be delegated, for a period of twenty-six months, the jurisdiction to decide whether to proceed with the following operations and to determine the final conditions of these issues and proposes, if applicable, to cancel your preferential subscription rights:
  - the issue without cancellation of the shareholder's preferential subscription right (18th resolution) of ordinary shares of the Company and/or marketable securities giving access to other equity securities or entitling holders to the allotment of debt securities and/or marketable securities, including debt securities giving access to your Company's equity securities or giving right to the allocation of debt securities,
  - the issue with cancellation of the shareholder's preferential subscription right by public offering (19th resolution) of ordinary shares of the Company and/or marketable securities giving access to the equity securities of the Company or entitling holders to the allotment of debt securities,
  - the issue with cancellation of the preferential subscription right by offers provided by paragraph II of Article L. 411-2 of the French Monetary and Financial Code *(Code monétaire et financier)* (20th resolution), of ordinary shares and/or marketable securities giving access to the Company's equity securities or entitling holders to the allotment of debt securities,
  - the issue of ordinary shares and/or marketable securities giving access to other equity securities or entitling holders to the allotment of debt securities and/or marketable securities, including debt securities giving access to your Company's equity securities to be issued, in case of exchange public offering initiated by your Company (23rd resolution);
- that it be delegated, for a period of twenty-six months, the power to determine the conditions of the issue of ordinary shares and/or marketable securities giving access to ordinary shares, in order to pay capital investment in the Company and made up of capital shares or marketable securities giving access to the capital within the limit of 10% of the total capital (22nd resolution).

The maximum nominal amount of the issues of shares that can be implemented immediately or at a later date may not (28th resolution) exceed € 497,000,000 under the 18th to 27th resolutions being specified that the nominal amount of the potential issue of shares may not exceed € 248,000,000 for the 19th, 20th, 22nd and 23rd resolutions.

The maximum nominal amount of the issues of marketable securities that may be achieved may not exceed (28th resolution) € 3,000,000,000 under the 18th to 25th resolutions.

These ceilings of € 497,000,000 and € 3,000,000,000 respectively take into account the additional number of shares and marketable securities made available through the implementation of the delegations presented in the 18th, 19th and 20th resolutions, in accordance with Article L. 225-135-1 of the French Commercial Code *(Code de commerce)*, if you adopt the 21th resolution.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 *et seq.* of the French Commercial Code *(Code de commerce)*. Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of preferential subscription rights and on other information relating to these operations provided in this report.

We have performed those procedures which we considered necessary to comply with professional guidance issued by the French national auditing body *(Compagnie nationale des Commissaires aux comptes)* for this type of engagement. These procedures consisted in verifying the information provided in the Board of Directors' Report relating to these operations and the methods used to determine the issue price of the capital securities to be issued.

Subject to a subsequent examination of the conditions for the issues that would be decided, we have no matters to report as to the methods used to determine the issue price of the capital securities to be issued provided in the Board of Directors' Report with respect to the 19th and 20th resolutions.

Moreover, as the methods used to determine the issue price of the capital securities to be issued in accordance with the 18th, 22nd and 23rd resolutions are not specified in that report, we cannot report on the choice of constituent elements used to determine this issue price.

As the final conditions for the issues have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of preferential subscription rights proposed in the 19th and 20th resolutions.

In accordance with Article R. 225-116 of the French Commercial Code *(Code de commerce)*, we will issue a supplementary report, if necessary, when your Board of Directors has exercised these authorizations for the issue of marketable securities giving access to other equity securities or entitling holders to the allotment of debt securities and/or marketable securities, including debt securities giving access to your Company's equity securities to be issued and in case of cancellation of preferential subscription rights.

Courbevoie and Paris-La Défense, April 5, 2018

The Statutory Auditors
French original signed by

MAZARS		ERNST & YOUNG ET AUTRES	
Achour Messas	Dominique Muller	Jean-Pierre Letartre	Stéphane Pédron

26.4.3 Statutory Auditors' Report on the issue of shares or other equity securities giving access to the capital reserved for members of company savings schemes (Resolutions 24)

To the shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with Articles L. 228-92 and L. 225-135 *et seq.* of the French Commercial Code *(Code de commerce)*, we hereby report on the proposal to authorize your Board of Directors to decide whether to proceed with the issue of shares or other equity securities giving access to the capital, with cancellation of preferential subscription rights, reserved to members of one or several company savings schemes (or to any other plan whose members would be entitled to a reserved share capital increase under equivalent conditions in accordance with Articles L. 3332-18 *et seq.* of the French Labor Code *(Code du travail)* which could be implemented within the group comprised of your Company and the French or foreign entities included in the scope of consolidation of its financial statements, in application of Article L. 3344-1 of the French Labor Code *(Code du travail)*, an operation upon which you are called to vote.

The maximum nominal amount of the increases in capital that may be achieved may not exceed EUR 50,000,000 and will be allocated against the global maximum nominal amount of EUR 497,000,000 mentioned in the 28th resolution of the present Shareholders' Meeting.

The maximum nominal amount of the debt securities that may be issued will be allocated against the maximum global nominal amount of EUR 3,000,000,000 mentioned in the 28th resolution of the present Shareholders' Meeting.

This operation is submitted for your approval in accordance with Articles L. 225-129-6 of the French Commercial Code *(Code de commerce)* and L. 3332-18 *et seq.* of the French Labor Code *(Code du travail)*.

Your Board of Directors proposes that, on the basis of its report, it be authorized for a period of twenty-six months from the date of the present meeting, to decide on whether to proceed with an issue and to cancel your preferential subscription rights to the shares and marketable securities to be issued. If applicable, it shall determine the final conditions of these operation.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 *et seq*. of the French Commercial Code *(Code de commerce)*. Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of the preferential subscription rights and on other information relating to the issue provided in this report.

We have performed the procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body *(Compagnie nationale des Commissaires aux comptes)* for this type of engagement. These procedures consisted in verifying the information relating to the operation provided in the Board of Directors' Report and the methods used to determine the issue price of the equity securities to be issued.

Subject to a subsequent examination of the conditions for any issue decided, we have no matters to report as to the methods used to determine the issue price for the equity securities to be issued provided in the Board of Directors' Report.

As the final conditions of the issue have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with Article R. 225-116 of the French Commercial Code *(Code de commerce)*, we will issue a supplementary report, if applicable, when your Board of Directors has exercised this authorization for the issue of shares and equity securities giving access to other equity securities or for the issue of marketable securities giving access to equity securities to be issued.

Courbevoie and Paris-La Défense, April 5, 2018

The Statutory Auditors
French original signed by

MAZARS		ERNST & YOUNG ET AUTRES	
Achour Messas	Dominique Muller	Jean-Pierre Letartre	Stéphane Pédron

26.4.4 Statutory Auditors' Report on the issue of shares or marketable securities reserved for a category of defined beneficiaries for the purposes of implementing international shareholding and savings schemes of the SUEZ group with cancellation of preferential subscription rights (Resolution 25)

To the shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with Articles L. 228-92 and L. 225-135 *et seq*. of the French Commercial Code *(Code de commerce)*, we hereby report on the proposal to authorize your Board of Directors to decide whether to proceed with the issue of shares or other equity securities giving access to the capital, with cancellation of preferential subscription rights, reserved to (a) employees and officers of foreign subsidiaries of the SUEZ group within the scope of Article L. 225-180 of the French Commercial Code *(Code de commerce)* and Article L. 3344-1 of the French Labor Code *(Code du travail)*; (b) and/or UCITS or other entities, incorporated or otherwise, engaged in employee stock ownership and invested in the Company's shares, the members of which are amongst the persons mentioned under (a) of the present paragraph; (c) and/or any bank (or subsidiary thereof) acting at your Company's request for the purposes of implementing a shareholding or savings scheme for the benefit of persons mentioned under (a) of the present paragraph, an operation upon which you are called to vote.

This issue is subject to your approval in accordance with Articles L. 225-129-6 of the French Commercial Code *(Code de commerce)* and L. 3332-18 *et seq*. of the French Labor Code *(Code du travail)*.

The maximum nominal amount of the increases in capital that may be achieved may not exceed EUR 12,000,000 and will be allocated against the global maximum nominal amount of EUR 497,000,000 mentioned in the 28th resolution of the present Shareholders' Meeting.

The maximum nominal amount of the debt securities that may be issued will be allocated against the maximum global nominal amount of EUR 3,000,000,000 mentioned in the 28th resolution of the present Shareholders' Meeting.

Your Board of Directors proposes that, on the basis of its report, it be authorized for a period of eighteen months from the date of the present meeting to decide whether to proceed with an issue and to cancel your preferential subscription rights to the shares and marketable securities to be issued. If applicable, it shall determine the final conditions of these operations.

It is the responsibility of the Board of Directors to prepare a report in accordance with Articles R. 225-113 *et seq.* of the French Commercial Code *(Code de commerce)*. Our role is to report on the fairness of the financial information taken from the accounts, on the proposed cancellation of the preferential subscription rights and on other information relating to the issue provided in this report.

We have performed the procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body *(Compagnie nationale des Commissaires aux comptes)* for this type of engagement. These procedures consisted in verifying the information relating to the operation provided in the Board of Directors' Report and the methods used to determine the issue price of the equity securities to be issued.

Subject to a subsequent examination of the conditions for any issue decided, we have no matters to report as to the methods used to determine the issue price for the equity securities to be issued provided in the Board of Directors' Report.

As the final conditions of the issue have not yet been determined, we cannot report on these conditions and, consequently, on the proposed cancellation of preferential subscription rights.

In accordance with Article R. 225-116 of the French Commercial Code *(Code de commerce)*, we will issue a supplementary report, if applicable, when your Board of Directors has exercised this authorization for the issue of shares and equity securities giving access to other equity securities or for the issue of marketable securities giving access to equity securities to be issued.

Courbevoie and Paris-La Défense, April 5, 2018

The Statutory Auditors
French original signed by

MAZARS		ERNST & YOUNG ET AUTRES	
Achour Messas	Dominique Muller	Jean-Pierre Letartre	Stéphane Pédron

26.4.5 Statutory Auditors' Report on the free allocation of existing shares or shares to be issued in the framework of a company savings scheme (Resolution 26)

To the shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with Article L. 225-197-1 of the French Commercial Code *(Code de commerce)*, we hereby report on the proposed free allocations of existing shares or shares to be issued for the benefit of employees and/or officers of the Company, or of affiliated companies or other groupings (as provided for by Article L. 225-197-2 of the French Commercial Code), subscribing to a company savings scheme implemented in particular for the purpose of a reserved share capital increase as provided for under the 24th and/or 25th resolutions of the present Shareholders' Meeting, or of an allocation of existing shares reserved for the benefit of members of a company savings scheme or an equivalent scheme outside France, an operation upon which you are called to vote.

The total number of free shares liable to be allocated under the present authorization may not exceed 0.05% of the Company's share capital as of the date of the Board of Directors' allocation. The maximum nominal amount of the issues of shares liable to occur as a result of the present authorization will be allocated against the maximum global nominal amount of EUR 497,000,000 mentioned in the 28th resolution of the Combined Shareholders' Meeting of May 17, 2018.

Your Board of Directors proposes, on the basis of its report, that it be authorized for a period of twenty six months from the date of the present meeting to allocate, for free, existing shares or shares to be issued.

It is the responsibility of the Board of Directors to prepare a report on the operation envisaged. Our role is to report on the information relating to the operation provided in their report.

We have performed those procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body *(Compagnie nationale des Commissaires aux comptes)* for this type of engagement. These procedures consisted in verifying the compliance with the law of the bases for the operation and other information provided in the Board of Directors' Report relating to the operation.

We have no matters to report on the information provided in the Board of Directors' Report relating to the proposed free allocation of shares.

Courbevoie and Paris-La Défense, April 5, 2018

The Statutory Auditors
French original signed by

MAZARS		ERNST & YOUNG ET AUTRES	
Achour Messas	Dominique Muller	Jean-Pierre Letartre	Stéphane Pédron

26.4.6 Statutory Auditors' Report on the free allocation of existing performance shares or performance shares to be issued (Resolution 27)

To the shareholders,

In our capacity as Statutory Auditors of your Company and in compliance with Article L. 225-197-1 of the French Commercial Code *(Code de commerce)*, we hereby report on the proposed free allocations of existing performance shares or performance shares to be issued for the profit of beneficiaries or categories of beneficiaries that the Board of Directors shall determine among the employees of the Company, or of affiliated companies or other groupings (as provided for by Article L. 225-197-2 of the French Commercial Code), and the officers of the Company, or of affiliated companies or other groupings (as provided for by Article L. 225-197-1, II of the French Commercial Code), an operation upon which you are called to vote.

The total number of free shares liable to be allocated under the present authorization may not exceed 0.5% of the Company's share capital as of the date of the Board of Directors' allocation, being specified that the free allocation of shares to the corporate officers must not exceed 5% of the total number granted, and that the maximum nominal amount of the issues of shares liable to occur as a result of the present authorization will be allocated against the maximum global nominal amount of EUR 497,000,000 as defined in the 28th resolution of the Combined Shareholders' Meeting of May 17, 2018.

Your Board of Directors proposes, on the basis of its report, that it be authorized for a period of twenty six months from the date of the present meeting to allocate, for free, existing performance shares or performance shares to be issued.

It is the responsibility of the Board of Directors to prepare a report on the operation envisaged. Our role is to report on the information relating to the operation provided in their report.

We have performed the procedures which we considered necessary to comply with the professional guidance issued by the French national auditing body *(Compagnie nationale des Commissaires aux comptes)* for this type of engagement. These procedures consisted in verifying the compliance with the law of the bases for the operation and other information provided in the Board of Directors' Report relating to the operation.

We have no matters to report on the information provided in the Board of Directors' Report relating to the proposed free allocation of performance shares.

Courbevoie and Paris-La Défense, April 5, 2018

The Statutory Auditors
French original signed by

MAZARS		ERNST & YOUNG ET AUTRES	
Achour Messas	Dominique Muller	Jean-Pierre Letartre	Stéphane Pédron

26.5 Text of the draft resolutions

Resolutions to be submitted to the Ordinary Shareholders' Meeting

RESOLUTION 1

(The purpose of this resolution is to approve the Company financial statements for the fiscal year ended December 31, 2017)

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, after having deliberated and reviewed the Board of Directors' Report and the Statutory Auditors' Report on the annual financial statements for the fiscal year ended December 31, 2017, hereby approves the Company's financial statements for that fiscal year, including the balance sheet, income statement and notes as presented to it, and the transactions reflected in these financial statements and summarized in these reports, and showing a net income of EUR 2,485,450,316.00.

RESOLUTION 2

(The purpose of this resolution is to approve the Consolidated Financial Statements for the fiscal year ended December 31, 2017)

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, after having deliberated and reviewed the Board of Directors' Report and the Statutory Auditors' Report on the Consolidated Financial Statements for the fiscal year ended December 31, 2017, hereby approves the Consolidated Financial Statements for that fiscal year, including the balance sheet, income statement and notes as presented to it, and the transactions reflected in these financial statements and summarized in these reports.

RESOLUTION 3

(The purpose of this resolution is to approve the allocation of the net income for the fiscal year ended December 31, 2017 and determination of the dividend)

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, and having deliberated and reviewed the Board of Directors' Report and the Statutory Auditors' Report on the Company's financial statements for the fiscal year ended December 31, 2017:

- notes that the distributable income, consisting of net income for the fiscal year, amounts to EUR 392,692,851.21, to which are added previous retained earnings of EUR 95,992,683.13, amounting to a total of EUR 488,685,534.34; and
- resolves to allocate the distributable income of EUR 488,685,534.34 as follows:

Distributable income	
Net income for fiscal year 2017	EUR 392,692,851.21
Retained earnings from previous year	EUR 95,992,683.13
Distributable income	EUR 488,685,534.34

Proposed allocation	
EUR 0.65 dividend with respect to fiscal year 2017	EUR 403,885,676.40
Retained Earnings	EUR 84,799,857.94

For information only, equity items after dividend payment	
Share capital	EUR 2,485,450,316.00
Legal reserve	EUR 249,345,031.60
Additional paid-in capital	EUR 5,236,416,832.14
Retained earnings for fiscal year 2017	EUR 84,799,857.94

The Shareholders' Meeting therefore sets the dividend at EUR 0.65 per share.

The amount of EUR 403,885,676.40 is based on the number of SUEZ shares outstanding as of February 28, 2018, *i.e.* 621,362,579 shares, and the final amount paid will take into account the number of treasury shares held by the Company at the time the dividend is paid, which, in accordance with Article L. 225-210 of the French Commercial Code, do not have dividend rights. As a result, when the dividend is paid, the dividend corresponding to treasury shares held by the Company will be allocated to retained earnings.

When the dividend is paid out to individuals residing in France for tax purposes, it is subject to a single flat-rate deduction at *source*, applied to the gross amount, of 30%, comprising social security contributions at the overall rate of 17.2%, and a flat-rate income tax of 12.8% (unless they have chosen the annual option for the application of the progressive tax scale to investment incomes).

The ex-dividend date will be on May 22, 2018 with a payment date on May 24, 2018.

In accordance with Article 243-bis of the French General Tax Code, the Shareholders' Meeting acknowledges the dividend amounts paid in the last three fiscal years:

(in EUR)	Dividend paid per share	Total dividend distributed
Fiscal year 2014	0.65	350,324,292.50
Fiscal year 2015	0.65	352,718,254.20
Fiscal year 2016	0.65	366,612,815.40

For individuals residing in France for tax purposes, these dividends were eligible for the 40% tax allowance under Article 158-3-2° of the French General Tax Code in the version in force on December 31, 2017.

RESOLUTION 4

(The purpose of this resolution is to renew the term of office of Mr. Francesco Caltagirone as Director)

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, after having deliberated and reviewed the Board of Directors' Report, noting that Mr. Francesco Caltagirone's term of office as Director expires at the end of this Shareholders' Meeting, resolves to renew his mandate for a term of four (4) years expiring at the close of the Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2021.

RESOLUTION 5

(The purpose of this resolution is to renew the term of office of Ms. Judith Hartmann as Director)

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, after having deliberated and reviewed the Board of Directors' Report, noting that Ms. Judith Hartmann's term of office as Director expires at the close of this Shareholders' Meeting, resolves to renew her mandate for a term of four (4) years expiring at the close of the Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2021.

RESOLUTION 6

(The purpose of this resolution is to renew the term of office of Mr. Pierre Mongin as Director)

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, after having deliberated and reviewed the Board of Directors' Report, noting that Mr. Pierre Mongin's term of office as Director expires at the close of this Shareholders' Meeting, resolves to renew his mandate for a term of four (4) years expiring at the close of the Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2021.

RESOLUTION 7

(The purpose of this resolution is to renew the term of office of Mr. Guillaume Pepy as Director)

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, after having deliberated and reviewed the Board of Directors' Report, noting that Mr. Guillaume Pepy's term of office as Director expires at the close of this Shareholders' Meeting, resolves to renew his mandate for a term of four (4) years expiring at the close of the Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2021.

RESOLUTION 8

(The purpose of this resolution is to appoint Ms. Brigitte Taittinger-Jouyet as Director)

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, after having deliberated and reviewed the Board of Directors' Report, decides to appoint Ms. Brigitte Taittinger-Jouyet as Director for a term of four (4) years, to expire at the close of the Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2021.

RESOLUTION 9

(The purpose of this resolution is to appoint Mr. Franck Bruel as Director)

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, after having deliberated and reviewed the Board of Directors' Report, decides to appoint Mr. Franck Bruel as Director for a term of four (4) years, to expire at the close of the Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2021.

RESOLUTION 10

(The purpose of this resolution is to renew the mandate of Ernst & Young et Autres as lead Statutory Auditor)

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary shareholder's meetings, after having deliberated and reviewed the Board of Directors' Report and noting that the mandate of Ernst & Young et Autres as lead Statutory Auditor expires at the close of this Shareholders' Meeting, decides to renew its mandate for a term of six (6) years expiring at the close of the Shareholders' Meeting called to approve the financial statements for the fiscal year ending on December 31, 2023.

The Statutory Auditor informed the Company in advance that it would accept the mandate renewal.

RESOLUTION 11

(The purpose of this resolution is to approve the related-party agreements and the Special Report of the Statutory Auditors on related-party agreements and commitments governed by Articles L. 225-38 *et seq.* of the French Commercial Code)

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, after having deliberated and reviewed the Statutory Auditors' Special Report on the agreements and commitments governed by Articles L. 225-38 *et seq.* of the French Commercial Code:

- approves the two related-party agreements authorized by the Board of Directors during fiscal year 2017 referred to in said report;
- approves the terms of said report, and acknowledges that the related-party agreements and commitments entered into and approved by previous Shareholders' Meetings, referred to therein, continued during the past fiscal year.

RESOLUTION 12

(The purpose of this resolution is to approve the compensation policy for fiscal year 2018 of the Chairman of the Board of Directors)

Having reviewed the Corporate Governance Report stipulated by Article L. 225-37 of the French Commercial Code, the Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, approves the principles and criteria for determining, dividing and allocating the elements comprising the total compensation of the Chairman of the Board of Directors as presented in section 15.1.1 of the Company's 2017 Reference Document that are due to him because of his term of office.

RESOLUTION 13

(The purpose of this resolution is to approve the elements of compensation due or awarded for fiscal year 2017 to Mr. Gérard Mestrallet, Chairman of the Board of Directors)

Pursuant to Article L. 225-100 of the French Commercial Code, the Shareholders' Meeting acting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, hereby approves the elements of compensation and the benefits of all kinds due or awarded for the fiscal year 2017 to Mr. Gérard Mestrallet, Chairman of the Board of Directors, as presented in the Corporate Governance Report stipulated by Article L. 225-37 of said Code and as set out in section 15.1.6 of the Company's 2017 Reference Document.

RESOLUTION 14

(The purpose of this resolution is to approve the compensation policy for fiscal year 2018 of the Chief Executive Officer)

Having reviewed the Corporate Governance Report stipulated by Article L. 225-37 of the French Commercial Code, the Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, approves the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional elements comprising the total compensation and benefits of all kinds of the Chief Executive Officer as presented in section 15.1.1 of the Company's 2017 Reference Document, due to him because of his term of office.

RESOLUTION 15

(The purpose of this resolution is to approve the elements of compensation due or awarded for fiscal year 2017 to Mr. Jean-Louis Chaussade, Chief Executive Officer)

Pursuant to Article L. 225-100 of the French Commercial Code, the Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, hereby approves the elements of compensation and the benefits of all kinds due or awarded for fiscal year 2017 to Mr. Jean-Louis Chaussade, Chief Executive Officer, as presented in the Corporate Governance Report stipulated by Article L. 225-37 of said Code and as set out in section 15.1.6 of the Company's 2017 Reference Document.

RESOLUTION 16

(The purpose of this resolution is to authorize the Company to trade its own shares)

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Ordinary Shareholders' Meetings, after having deliberated and reviewed the Board of Directors' Report, and in compliance with the provisions of the French Commercial Code, specifically Articles L. 225-209 *et seq.* thereof, the directly applicable provisions of Regulation (EC) No. 596/2014 of April 16, 2014, the provisions of the General Regulation of the French Financial Market Authority, and market practices permitted by the French Financial Market Authority, authorizes the Board of Directors, with the option to subdelegate as permitted by law, to purchase the Company's shares or have them purchased in order to:

- ensure the liquidity and promote the secondary market for the Company's shares through an investment services provider acting independently under a liquidity contract in accordance with the Ethics Charter recognized by the French Financial Market Authority; or
- subsequently cancel all or part of the shares thus purchased under the conditions and limitations of Article L. 225-209 of the French Commercial Code, as part of a capital reduction that would be resolved or authorized by the Shareholders' Meeting; or
- implement the allocation or disposal of shares to employees or former employees and/or corporate officers or former corporate officers of the Company and/or companies affiliated with it, or which will be affiliated with it, in France and/or outside of France, as provided by Article L. 225-180 of the French Commercial Code, particularly in the context of any stock option plans, any bonus share plans, any employee shareholding plan, or any form of compensation practiced by the Company, specifically under the relevant provisions of the French Commercial Code and/or French Labor Code, or French or foreign laws and regulations, and for any hedges set up for such transactions and related commitments of the Company, under the conditions approved by the market authorities and at the times that the Board of Directors or the person acting on behalf of the Board of Directors deems appropriate; or
- hedge securities granting entitlement to the Company's shares, which shares are to be delivered at the time of exercise of the rights attached to securities granting entitlement to the allocation of the Company's shares, either through redemption, conversion, exchange, presentation of a warrant or by any other means of allocation of Company shares; or
- more generally, pursue any other goal that is or becomes authorized by law or regulations, or engage in any market practice that is or becomes approved by financial market regulators, provided that the Company's shareholders are formally notified thereof *via* a press release.

Share purchase volumes are subject to the following limits:

- the number of shares acquired during the term of the share buyback program must not exceed 10% of the shares of the Company's share capital, at any time, on the understanding that this percentage applies to a share capital adjusted according to transactions impacting it and performed after this Shareholders' Meeting and, with respect to the special case of shares acquired under a liquidity contract, the number of shares used to calculate the 10% limit corresponds to the number of shares purchased, less the number of shares resold during the term of the authorization;
- the number of shares that the Company holds at any time must not exceed 10% of the shares of the Company's share capital on the relevant date, on the understanding that this percentage applies to share capital that has been adjusted according to transactions impacting it that are performed after this Shareholders' Meeting.

The Shareholders' Meeting resolves that the maximum purchase price per share is set at EUR 25 (or the equivalent value of this amount on the date of acquisition in any other currency), excluding acquisition cost.

Consequently, on an indicative basis and pursuant to Article R. 225-151 of the French Commercial Code, the Shareholders' Meeting sets the maximum number of shares that may be purchased at 62,136,257 and the maximum overall amount allocated to the above-mentioned authorized share buyback program at EUR 1,533,406,425 calculated on the basis of the Company's share capital as of February 28, 2018, consisting of 621,362,579 shares.

Shares may be purchased, sold, exchanged or transferred on one or more occasions by any means, except for the sale of put options under the conditions approved by the market authorities, at all times in accordance with current legal provisions. However, if a third party has filed a public tender offer for the Company's shares, the Board of Directors may not, during the offer period, implement this resolution without prior authorization of the Shareholders' Meeting.

The Shareholders' Meeting grants the Board of Directors, with the ability to subdelegate as permitted by law and the Company's bylaws, in the event of a change in the nominal value of the share, an increase in share capital through the incorporation of reserves, bonus shares allocation, stock splits or reverse splits, distribution of reserves or any other assets, share capital amortization or any other transactions involving shareholders' equity, and the power to adjust the aforementioned maximum purchase price to take the impact of such transactions on the share price into account.

The Shareholders' Meeting grants full powers to the Board of Directors, including the option to subdelegate as permitted by law and the Company's bylaws, to implement this authorization, in particular to determine the timeliness of launching a share buyback program and to specify, if necessary, the terms and procedures for carrying out the share buyback program, and specifically to submit any market order, enter into any agreements, particularly in view of keeping records of purchases and sales of shares, carry out any formalities and make statements to any bodies, including the French Financial Market Authority, and, in general, to do whatever is necessary.

The Shareholders' Meeting also grants full powers to the Board of Directors, including the option to subdelegate as permitted by law and the Company's bylaws and within the legal and regulatory limits concerned, to make any permitted reallocations of the purchased shares in accordance with one or more objectives of the share buyback program, or to sell them, on the stock market or over-the-counter, it being understood that such allocations and sales may involve shares repurchased under previous authorizations.

This authorization is granted for a term of eighteen (18) months from the date of this Shareholders' Meeting. It supersedes, as of today, all previous authorizations having the same purpose, and therefore any unused portion of the previous authorization granted to the Board of Directors under Resolution 10 of the Combined Shareholders' Meeting of May 10, 2017.

The Shareholders' Meeting notes that, in accordance with applicable laws and regulations, if the Board of Directors uses this delegation, it must report to the next Ordinary Shareholders' Meeting on how it has used the authorizations granted under this resolution.

Resolutions to be submitted to the Extraordinary Shareholders' Meeting

RESOLUTION 17

(The purpose of this resolution is to authorize the Board of Directors to reduce the Company's share capital by canceling treasury shares)

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, after having deliberated and reviewed the Board of Directors' Report and the Statutory Auditors' Special Report, in accordance with Articles L. 225-209 *et seq.* of the French Commercial Code:

1. Authorizes the Board of Directors to reduce the Company's share capital, on one or more occasions, in the proportions and at the times it considers appropriate, by canceling all or some of the shares acquired by the Company, in accordance with Resolution 16 submitted to this Shareholders' Meeting, or as part of a previous share buyback program authorization granted previously or subsequently by a Shareholders' Meeting, up to a maximum of 10% of the Company's share capital (as may be adjusted to take into account any transactions on the Company's share capital after the date of this Shareholders' Meeting) per 24-month period, on the understanding that this percentage will be calculated on the date of the Board of Directors' decision to reduce the share capital;
2. Grants full powers to the Board of Directors, including the option to sub-delegate under conditions provided by law and the Company's bylaws, to:
   - decide on the share capital reduction(s),
   - determine the final amount, specify the terms and conditions thereof, and record its completion,
   - allocate the difference between the book value of the canceled shares and their nominal amount to all items corresponding to reserves and premiums,
   - amend the bylaws accordingly,
   - carry out all publications and formalities and
   - in general, do whatever is necessary;
3. Decides that this authorization supersedes, as of today, all previous authorizations having the same purpose, and therefore any unused portion of the previous authorization granted to the Board of Directors by the Combined Shareholders' Meeting of May 10, 2017, under Resolution 11.

This authorization is granted for a term of twenty-six (26) months as of the date of this Shareholders' Meeting.

RESOLUTION 18

(The purpose of this resolution is to delegate authority to the Board of Directors to increase the Company's share capital by issuing, with retention of the shareholders' preferential subscription rights, common shares of the Company and/or any securities granting access to the Company's equity securities or entitlement right to the allocation of debt securities)

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, after having deliberated and reviewed the Board of Directors' Report and the Statutory Auditors' Report, in accordance with Articles L. 225-129 *et seq.* and L. 228-91 *et seq.* and specifically Articles L. 225-129-2 and L. 228-92:

1. Delegates its authority to the Board of Directors, including the power to subdelegate under conditions provided by law and the Company's bylaws, to increase the share capital on one or more occasions, in France and abroad, in the proportions and at the times it considers appropriate, in euros or in foreign currency, by issuing, with retention of shareholders' preferential subscription rights, (i) common shares of the Company; (ii) securities that are equity securities granting access to other equity securities of the Company or a right to the allocation of debt securities; and/or (iii) securities, including debt securities, granting access to equity securities to be issued by the Company, it being understood that subscription of these shares and other securities may be accomplished in cash or by way of offsets for liquid payable debts;

2. Resolves that such authorization specifically excludes the issuance of preferred shares and securities granting access to preferred shares;
3. Decides that capital increases may be carried out at all times, in accordance with current regulations on the date of transactions under consideration. However, if a third party has filed a public tender offer for the Company's shares, the Board of Directors may not, during the offer period, decide to implement this delegation of authority without prior authorization from the Shareholders' Meeting;
4. Resolves that the maximum nominal amount of capital increases that may be carried out pursuant to this delegation, immediately or in the future, may not exceed the cap of EUR 497 million (*i.e.* as of February 28, 2018, about 20% of the share capital) or the counter-value of this amount, set in Resolution 28 of this Shareholders' Meeting, and does not take into account adjustments that could be made in accordance with legal and regulatory provisions, and, if required, with contractual stipulations that implement other adjustments intended to preserve the rights of bearers of securities or other rights granting access to the Company's share capital;
5. Resolves that the maximum nominal amount of securities representing debt or similar securities granting access to the Company's share capital that may be issued under this delegation of authority may not exceed the EUR 3 billion cap, or the counter-value of this amount, set forth under Resolution 28 of this Shareholders' Meeting;
6. Notes that this delegation automatically includes, for the benefit of the holders of the securities issued under this delegation, which grant access to the Company's share capital, a waiver by shareholders of their preferential subscription rights to new shares to which these securities will immediately or in the future grant entitlement;
7. Resolves that shareholders may exercise, under the conditions provided by law, their preferential subscription rights to the full proportion of numbers of shares that they own. Furthermore, the Board of Directors shall have the option to:
   - grant shareholders the right to subscribe for excess shares that outnumber the shares they subscribed for as of right, proportionately to the rights which they enjoy and, in all events, up to the limit or their request, and
   - in accordance with the provisions of Article L. 225-134 of the French Commercial Code, if subscriptions in proportion to existing shareholdings, and where applicable, excess subscription does not account for the entire issue of shares or securities as set out above, may use, under the conditions provided by law and in the order that it deems appropriate, one and/or the other of the options listed below:
     - limit the capital increase to the amount of subscriptions, provided that this amount reaches at least three quarters of the capital increase decided upon,
     - allot at its discretion some or all of the shares or securities issued and not subscribed,
     - offer to the public all or part of the unsubscribed shares or securities issued, on the French and/or international markets;
8. Decides that the issuance of Company's share warrants that could be carried out under this delegation may be done by subscription offer, but also by free grant to shareholders of existing shares, it being understood that the Board of Directors shall be entitled to decide that the fractional rights are not negotiable and that the corresponding securities will be sold;
9. Decides that the amount received or to be received by the Company for each of the shares issued in connection with this delegation shall be at least equal to the nominal value of the shares on the date of issue of such securities;
10. Grants full powers to the Board of Directors, including the power to subdelegate as permitted by law and the Company's bylaws, to undertake the aforementioned issuances pursuant to the terms and conditions it decides upon as provided by law, and specifically to:
    - determine the issue dates and procedures as well as the form and characteristics of the shares and/or securities to be issued, set the number of shares and/or other securities to be issued, as well as their terms and conditions, and specifically their issue price, if applicable, the amount of the premium, the conditions of their payment and their effective date (retroactively, if necessary),
    - suspend, if required, the exercise of the rights attached to these securities under the circumstances and subject to the limits set forth by applicable laws and regulations,
    - decide and carry out, as a result of the issuance of shares and/or securities granting access to the Company's share capital, all necessary measures to protect the rights of holders of securities granting access to the Company's share capital, of options to subscribe for or purchase shares, or of rights to bonus shares, in accordance with the applicable laws and regulations and, where relevant, applicable contractual provisions,
    - decide not to take into account treasury shares for the determination of preferential subscription rights attached to other shares,
    - at its sole initiative, apply the fees of any issuance to the amount of the related premiums and withhold the necessary sums from this amount to bring the legal reserve to one tenth of the new share capital after each increase, and
    - generally, take any necessary measures, enter into any agreements, require any authorizations, carry out any formalities and do everything necessary to bring the issuances to a successful conclusion or to postpone them, and specifically record the share capital increase(s) resulting from any issuance carried out under this delegation, modify the bylaws accordingly and request the listing of any securities issued under this delegation;
11. Notes that if the Board of Directors uses this delegation, it must report to the next Ordinary Shareholders' Meeting, in accordance with the applicable laws and regulations on use of the authorizations granted under this delegation;

12. Decides that this delegation supersedes, as of today, all previous delegations having the same purpose, and therefore any unused portion of the previous delegation granted to the Board of Directors by the Combined Shareholders' Meeting of May 10, 2017, under Resolution 12.

This delegation is granted for a term of twenty-six (26) months as of the date of this Shareholders' Meeting.

RESOLUTION 19

(The purpose of this resolution is to delegate authority to the Board of Directors to increase the Company's share capital with waiver of the preferential subscription rights, by a public issue of common shares of the Company and/or any securities granting access to equity securities to be issued or a right to the allocation of debt securities)

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, after having deliberated and reviewed the Board of Directors' Report and the Statutory Auditors' Report, and in accordance with the provisions of the French Commercial Code, and in particular Articles L. 225-129 *et seq.* and specifically Articles L. 225-129-2, L. 225-135, L. 225-136 and L. 228-91 *et seq.*:

1. Delegates its authority to the Board of Directors, including the power to subdelegate under conditions provided by law and the Company's bylaws, to increase the share capital through a public offering on one or more occasions, in France and abroad, in the proportions and at the times it considers appropriate, in euros or in foreign currency, by issuing (i) common shares of the Company; (ii) securities that are equity securities granting access to other equity securities of the Company or a right to the allocation of debt securities; and/or (iii) securities, including debt securities, granting access to equity securities to be issued by the Company, it being understood that subscription of these equities and other securities may be accomplished in cash or by way of offsets for liquid payable debts;
2. Resolves that such authorization specifically excludes the issuance of preferred shares and securities granting access to preferred shares;
3. Decides that capital increases may be carried out at all times, in accordance with current regulations on the date of transactions under consideration. However, if a third party has filed a public tender offer for the Company's shares, the Board of Directors may not, during the offer period, decide to implement this delegation of authority without prior authorization from the Shareholders' Meeting;
4. Resolves that the total nominal amount of capital increases that may be carried out pursuant to this delegation, immediately or in the future, may not exceed the nominal cap of EUR 248 million (*i.e.* as of February 28, 2018, about 10% of the share capital) or the counter-value of this amount, with the understanding that the maximum nominal amount will be counted against the overall nominal cap of EUR 497 million and against the maximum nominal amount of EUR 248 million, as set out in Resolution 28 of this Shareholders' Meeting, and does not take into account adjustments that could be made in accordance with legal and regulatory provisions, and, if required, with contractual stipulations that implement other adjustments intended to preserve the rights of bearers of securities or other rights granting access to the capital of the Company;
5. Resolves that the maximum nominal amount of securities representing debt or similar securities granting access to the Company's share capital that may be issued under this delegation of authority may not exceed the EUR 3 billion cap, or the counter-value of this amount, with the understanding that this maximum nominal amount will be counted against the overall nominal cap of EUR 3 billion, as set out in Resolution 28 of this Shareholders' Meeting;
6. Resolves to cancel shareholders' preferential subscription rights for shares and/or securities that may be issued under this delegation;
7. Delegates to the Board of Directors, pursuant to Article L. 225-135, paragraph 5 of the French Commercial Code, the power to establish in favor of the Company's shareholders, for a period and according to terms and conditions it will determine in compliance with applicable laws and regulations, and for all or a part of the issuance thus implemented, a priority subscription period of no fewer than three trading days (according to current legislation); such priority subscription period will not generate tradable rights and may be exercised in proportion to the number of common shares held by each shareholder and supplemented, as the case may be, by a right to subscribe to excess shares, if the Board of Directors so decides;
8. Decides that if the subscriptions, including, where relevant, any subscriptions by shareholders, do not absorb the entire issue of shares or securities decided under this delegation, the Board of Directors may, under the conditions provided for by law and in the order it so determines, use one or more of the following options:
   - limit the capital increase to the amount of subscriptions, provided that this amount reaches at least three quarters of the capital increase decided upon,
   - allot at its discretion some or all of the shares or securities issued and not subscribed,
   - offer to the public all or part of the unsubscribed shares or securities issued, on the French and/or international markets;
9. Notes that this delegation includes, for the benefit of the holders of the securities issued under this delegation and granting access to the Company's share capital, a waiver by shareholders of their preferential subscription rights for new shares or securities granting access to the capital to which these securities will immediately or in the future grant entitlement;
10. Decides that (i) the issue price of the shares issued under this delegation must be at least equal to the minimum value set forth in applicable laws and regulations in force on the issue date (as of this date, the weighted average share price of the three stock exchange trading days immediately preceding the date on which the issue price is set less a possible discount of up to 5%, after any correction to this average in the event of a difference in dividend entitlement dates); and (ii) the issue price of other securities shall be the amount immediately received by the Company plus any amount that it may receive subsequently, which is, for every share issued as a result of the issue of such securities, at least equal to the minimum issue price as defined in (i) of this paragraph;

11. Grants full powers to the Board of Directors, including the power to subdelegate as permitted by law and the Company's bylaws, to undertake the aforementioned issuances pursuant to the terms and conditions it decides upon as provided by law, and specifically to:
    - determine the issue dates and procedures as well as the form and characteristics of the securities to be issued,
    - set the number of shares and/or other securities to be issued, as well as their terms and conditions, and specifically their issue price, if appropriate, the amount of the premium, the conditions of their payment and their effective date (retroactively, if necessary),
    - suspend, if required, the exercise of the rights attached to these securities under the circumstances and subject to the limits set forth by the applicable laws and regulations,
    - decide and carry out, as a result of the issuance of shares and/or securities granting access to equity securities to be issued, all necessary measures to protect the rights of holders of securities granting access to the Company's share capital, of options to subscribe for or purchase shares, or of rights to bonus shares, in accordance with the applicable laws and regulations and, where relevant, applicable contractual provisions,
    - at its sole initiative, apply the fees of any issuance to the amount of the related premiums and withhold the necessary sums from this amount to bring the legal reserve to one tenth of the new share capital after each increase,
    - generally, take any necessary measures, enter into any agreements, require any authorizations, carry out any formalities and do everything necessary to bring the issuances to a successful conclusion or to postpone them, and specifically record the share capital increase(s) resulting from any issuance carried out under this delegation, modify the bylaws accordingly and request the listing of any securities issued under this delegation;
12. Notes that if the Board of Directors uses this delegation of authority, it must report to the next Ordinary Shareholders' Meeting, in accordance with the applicable laws and regulations, on how it has used this delegation;
13. Decides that this delegation supersedes, as of today, all previous delegations having the same purpose, and therefore any unused portion of the previous authorization granted to the Board of Directors by the Combined Shareholders' Meeting of May 10, 2017, under Resolution 13.

This delegation is granted for a term of twenty-six (26) months as of the date of this Shareholders' Meeting.

RESOLUTION 20

(The purpose of this resolution is to delegate authority to the Board of Directors to issue, by way of private placement as referred to in Article L. 411-2 of the French Monetary and Financial Code, common shares and/or any securities granting access to equity securities of the Company or entitlement right to the allocation of debt securities, with waiver of the shareholders' preferential subscription rights)

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements applicable to Extraordinary Shareholders' Meetings, after having deliberated and reviewed the Board of Directors' Report and the Statutory Auditors' Report, and pursuant to Articles L. 225-129 *et seq.* and L. 228-91 *et seq.* and specifically Articles L. 225-129-2, L. 225-135, L. 225-136 and L. 228-92 of the French Commercial Code, and in accordance with the provisions of Article L. 411-2 of the French Monetary and Financial Code:

1. Delegates its authority to the Board of Directors, including the power to subdelegate under the conditions provided by law and the Company's bylaws, to increase the share capital on one or more occasions, both in France and abroad, in the proportions and at the times it deems appropriate, in euros or in foreign currency, through private placement as referred to in Article L. 411-2 of the French Monetary and Financial Code (as in force on the issue date): (i) common shares of the Company; (ii) securities that are equity securities granting access to other equity securities of the Company or entitlement right to the allocation of debt securities; and/or (iii) securities, including debt securities granting access to the Company's share capital to be issued, it being understood that the subscription of such shares and/or securities may be made either in cash or by way of offsets for liquid payable debts;
2. Resolves that such authorization specifically excludes the issuance of preferred shares and securities granting access to preferred shares;
3. Decides that capital increases may be carried out at all times, in accordance with current regulations on the date of transactions under consideration. However, if a third party has filed a public tender offer for the Company's shares, the Board of Directors may not, during the offer period, implement this delegation of authority without prior authorization from the Shareholders' Meeting;
4. Resolves to cancel shareholders' preferential subscription rights to securities that may be issued under this delegation;
5. Resolves that the maximum nominal amount of capital increases that may be carried out pursuant to this delegation, immediately or in the future, may not exceed the cap of EUR 248 million (*i.e.* as of February 28, 2018, about 10% of the share capital) or the counter-value of this amount, with the understanding that this maximum nominal amount will be counted against the overall nominal cap of EUR 497 million and against the maximum nominal amount of EUR 248 million, as set out in Resolution 28 of this Shareholders' Meeting, and does not take into account adjustments that could be made in accordance with the applicable legal and regulatory provisions, and, if required, with contractual stipulations that implement other adjustments intended to preserve the rights of bearers of securities or other rights granting access to the capital of the Company;

6. Resolves that the maximum nominal amount of securities representing debt or similar securities granting access to the Company's share capital that may be issued under this delegation may not exceed the EUR 3 billion cap, or the counter-value of this amount, it being understood that this maximum nominal amount will be counted against the overall nominal cap of EUR 3 billion, as set out in Resolution 28 of this Shareholders' Meeting;
7. Decides that, in any case, the equity securities issued under this resolution must not exceed regulatory limits in force on the issuance date;
8. Notes that this delegation includes, for the benefit of the holders of the securities issued under this resolution, granting access to the Company's share capital, a waiver by shareholders of their preferential subscription rights to the new shares or securities providing access to the capital to which these securities will immediately or in the future grant entitlement;
9. Decides that if the subscriptions, including any subscriptions by shareholders, have not absorbed the entire issuance of shares or securities decided upon under this delegation, the Board of Directors may in particular limit the issuance to the amount subscribed for provided that at least three quarters of the determined issuance is subscribed for;
10. Decides that: (i) the issue price of the shares issued under this delegation must be at least equal to the minimum value set forth in applicable laws and regulations in force on the issue date (as of this date, the weighted average share price of the three stock exchange trading days immediately preceding the date on which the issue price is set less a possible discount of up to 5%, after any adjustment to this average in the event of a difference in dividend entitlement dates); and (ii) the issue price of other securities shall be the amount immediately received by the Company plus any amount that it may receive subsequently, which is, for every share issued as a result of such securities, at least equal to the issue price as defined in (i) of this paragraph;
11. Grants full powers to the Board of Directors, including the option to subdelegate, as permitted by law and the Company's bylaws, to implement this delegation, and in particular to:
    - determine the issue dates and procedures as well as the form and characteristics of the securities to be issued, set the number of shares and/or other securities to be issued, as well as their terms and conditions, and specifically their issue price, if applicable, the amount of the premium, the conditions of their payment and their effective date (retroactively, if necessary),
    - suspend, if required, the exercise of the rights attached to these securities under the circumstances and subject to the limits set forth by applicable laws and regulations,
    - decide and carry out, as a result of the issuance of shares and/or securities granting access to equity securities to be issued, all necessary measures to protect the rights of holders of securities granting access to the Company's share capital, of options to subscribe for or purchase shares, or of rights to bonus shares, in accordance with the applicable laws and regulations and, where relevant, applicable contractual provisions,
    - at its sole initiative, apply the fees of any issuance to the amount of the related premiums and withhold the necessary sums from this amount to bring the legal reserve to one tenth of the new share capital after each increase, and
    - generally, take any necessary measures, enter into any agreements, require any authorizations, carry out any formalities and do everything necessary to bring the issuances to a successful conclusion, or postpone them, and specifically record the share capital increase(s) resulting from any issuance carried out under this delegation, modify the bylaws accordingly, and request the listing of any securities issued under this delegation;
12. Notes that if the Board of Directors uses this delegation of authority, it must report to the next Ordinary Shareholders' Meeting, in accordance with the applicable laws and regulations, on how it has used the authorizations granted under said delegation;
13. Decides that this delegation supersedes, as of today, all previous delegations having the same purpose, and therefore any unused portion of the previous delegation granted to the Board of Directors by the Combined Shareholders' Meeting of May 10, 2017, under Resolution 14.

This delegation is granted for a term of twenty-six (26) months from the date of this Shareholders' Meeting.

RESOLUTION 21

(The purpose of this resolution is to delegate authority to the Board of Directors to increase the number of shares to be issued in the event of a capital increase, with retention or waiver of the shareholders' preferential subscription rights, up to 15% of the initial issue)

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements applicable to Extraordinary Shareholders' Meetings, after having deliberated and reviewed the Board of Directors' Report and the Statutory Auditors' Report, and pursuant to the provisions of the French Commercial Code, specifically Article L. 225-135-1:

1. Delegates its authority to the Board of Directors, including the power to subdelegate under the conditions provided by law and the Company's bylaws, to increase the number of securities to be issued for every issuance of securities with retention or waiver of the shareholders' preferential subscription rights, decided pursuant to Resolutions 18 to 20 of this Shareholders' Meeting, at the same price as that of the initial issuance and within the time frames and limitations set forth in the applicable legal and regulatory provisions in force on the issue date (as of this date, within 30 days of the end of the subscription period and by up to 15% of the initial issue), subject to the cap under which the issue is decided;
2. Decides that the nominal amount of capital increases that may be carried out pursuant to this delegation, whether directly or upon presentation of securities, shall be counted against the amount of the overall nominal cap of EUR 497 million as set out in Resolution 28 of this Shareholders' Meeting;
3. Decides that the maximum nominal amount of securities representing debt securities or similar securities granting access to the Company's share capital that may be issued under this resolution will count toward the overall nominal cap of EUR 3 billion as set out in Resolution 28 of this Shareholders' Meeting;

4. Decides that this delegation granted to the Board of Directors may be used within the time period set out in paragraph one of this resolution. However, if a third party has filed a public tender offer for the Company's shares, the Board of Directors may not, during the offer period, decide to implement this resolution without prior authorization of the Shareholders' Meeting;
5. Decides that this delegation supersedes, as of today, all previous delegations having the same purpose, and therefore any unused portion of the previous delegation granted to the Board of Directors by the Combined Shareholders' Meeting of May 10, 2017, under Resolution 15;
6. Decides that the Board of Directors will have full powers, including the power to subdelegate as permitted by law and the Company's bylaws, to implement this delegation of authority.

This delegation is granted for a term of twenty-six (26) months from the date of this Shareholders' Meeting.

RESOLUTION 22

(The purpose of this resolution is to delegate the power to the Board of Directors to increase the Company's share capital as compensation for contributions in kind comprised of equity securities or securities granting access to the Company's share capital)

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements applicable to Extraordinary Shareholders' Meetings, after having deliberated and reviewed the Board of Directors' Report and the Statutory Auditors' Report, and pursuant to the provisions of the French Commercial Code, specifically Articles L. 225-129 *et seq.*, L. 228-91 *et seq.* and L. 225-147 thereof:

1. Delegates the necessary powers to the Board of Directors, including the option to subdelegate under conditions provided by law and the Company's bylaws, to increase the share capital, based on the Contribution Auditors' Report, on one or more occasions, up to a maximum of 10% of the share capital on the issue date (this percentage is to be applied to the share capital adjusted for any transactions that affect it following this Shareholders' Meeting) by issuing common shares and/or any other securities that immediately or in the future grant access to the Company's share capital, in consideration for contributions in kind granted to the Company and comprised of equity securities or securities granting access to the Company's share capital, when the provisions of Article L. 225-148 of the French Commercial Code do not apply;
2. Resolves that such authorization specifically excludes the issuance of preferred shares and securities granting access to preferred shares;
3. Decides that capital increases may be carried out at all times, in accordance with current regulations on the date of transactions under consideration. However, if a third party has filed a public tender offer for the Company's shares, the Board of Directors may not, during the offer period, decide to implement this delegation of power without prior authorization from the Shareholders' Meeting;
4. Decides that the total nominal amount of capital increases that may be carried out pursuant to this delegation may not exceed the nominal cap of EUR 248 million (*i.e.* as of February 28, 2018, about 10% of the share capital) or the counter-value of this amount, with the understanding that this maximum nominal amount will be counted toward the overall nominal cap of EUR 497 million and the maximum nominal amount of EUR 248 million as set out in Resolution 28 of this Shareholders' Meeting;
5. Resolves that the maximum nominal amount of securities representing debt or similar securities granting access to the Company's share capital that may be issued under this delegation may not exceed the EUR 3 billion cap, or the counter-value of this amount, with the understanding that this maximum nominal amount will be counted against the overall nominal cap of EUR 3 billion, as set out in Resolution 28 of this Shareholders' Meeting;
6. Notes that in case of use of this delegation, the Board of Directors will make a decision with regard to the report(s) of one or more Contribution Auditors mentioned in Article L. 225-147 of the French Commercial Code;
7. Grants the Board of Directors full powers, including the option to subdelegate, to undertake the aforementioned issuances according to the terms and conditions it will decide upon as provided by law, and specifically to:
   - decide to increase the share capital as compensation for the contributions and to determine the form and characteristics of the shares and/or securities to be issued,
   - draw up a definitive list of the contributed securities and acknowledge the number of securities contributed in exchange,
   - approve the assessment of the contributions and the allocation of any specific advantages, determine the number of shares and/or other securities to be issued as well as their terms and conditions, and, if appropriate, the amount of the premium,
   - suspend, if applicable, the exercise of the rights attached to these securities under the circumstances and subject to the limits set forth by applicable laws and regulations,
   - decide and carry out, as a result of the issuance of shares and/or securities granting access to shares, all necessary measures to protect the rights of holders of securities granting access to the Company's share capital, of options to subscribe for or purchase shares, or of rights to bonus shares, in accordance with the applicable laws and regulations and, where relevant, applicable contractual provisions,
   - at its sole initiative, apply the fees of any issuance to the amount of the related premiums and withhold the necessary sums from this amount to bring the legal reserve to one tenth of the new share capital after each increase, and
   - generally, take any necessary measures, enter into any agreements, require any authorizations, carry out any formalities and do everything necessary to bring the intended issuances to a successful conclusion or to postpone them, and specifically record the share capital increase(s) resulting from any issuance carried out under this delegation, modify the bylaws accordingly and request the listing of any securities issued under this delegation;
8. Decides that this delegation supersedes, as of today, all previous delegations having the same purpose, and therefore any unused portion of the previous authorization granted to the Board of Directors by the Combined Shareholders' Meeting of May 10, 2017, under Resolution 16.

This delegation is granted for a term of twenty-six (26) months from the date of this Shareholders' Meeting.

RESOLUTION 23

(The purpose of this resolution is to delegate authority to the Board of Directors to increase the share capital in consideration for securities contributed as part of a public exchange offer initiated by the Company, with waiver of the shareholders' preferential subscription rights)

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements applicable to Extraordinary Shareholders' Meetings, after having deliberated on and reviewed the Board of Directors' Report and the Statutory Auditors' Report, and pursuant to Articles L. 225-129-2, L. 225-148, and L. 228-91 *et seq.* of the French Commercial Code:

1. Delegates its authority to the Board of Directors, including the power to subdelegate under conditions provided by law and the Company's bylaws, to increase the Company's share capital, on one or more occasions, in the proportions and at the times it considers appropriate, by issuing (i) common shares of the Company; (ii) securities that are equity securities granting access to other equity securities of the Company or entitlement right to the allocation of debt securities; and/or (iii) securities, including debt securities, granting access to the Company's share capital to be issued, in consideration for securities that would be contributed as part of a public exchange offer initiated by the Company, both in France and abroad, according to local regulations (including any other transaction having a similar effect to a public exchange offer initiated by the Company on the securities of another company whose securities are accepted to trading on a regulated market governed by foreign law or a similar market), on the securities of another company admitted to trading on the regulated markets referred to in Article L. 225-148 of the French Commercial Code;
2. Resolves that such authorization specifically excludes the issuance of preferred shares and securities granting access to preferred shares;
3. Decides that capital increases may be carried out at all times, in accordance with current regulations on the date of transactions under consideration. However, if a third party has filed a public tender offer for the Company's shares, the Board of Directors may not, during the offer period, decide to implement this delegation of authority without prior authorization from the Shareholders' Meeting;
4. Decides that the total nominal amount of capital increases that may be carried out pursuant to this delegation shall not exceed the nominal cap of EUR 248 million, or the counter-value of this amount, with the understanding that this maximum nominal amount will be counted toward the overall nominal cap of EUR 497 million and the maximum nominal amount of EUR 248 million as set out in Resolution 28 of this Shareholders' Meeting;
5. Resolves that the maximum nominal amount of securities representing debt or similar securities granting access to the Company's share capital that may be issued under this delegation will count toward the EUR 3 billion cap, or the counter-value of this amount, as set out in Resolution 28 of this Shareholders' Meeting;
6. Resolves to cancel shareholders' preferential subscription rights to securities that may be issued under this delegation;
7. Notes that this delegation automatically includes, for the benefit of the holders of the securities issued under this resolution and providing access to the Company's share capital, a waiver by shareholders of their preferential subscription rights to the shares to which these securities will immediately or in the future grant entitlement;
8. Grants the Board of Directors full powers, including the option to subdelegate, to carry out the aforementioned issuances according to the terms and conditions it will decide upon as provided by law, and specifically to:
   - determine the dates, conditions and other characteristics of the issuances,
   - decide, in the case of debt securities (including securities granting a right to the allocation of debt securities pursuant to Article L. 228-91 of the French Commercial Code), whether they will be subordinated or not, to set the interest rate and provide, as the case may be, for instances of mandatory or optional suspension or non-payment of interest,
   - set the exchange parity as well as the amount of the balance to be paid in cash, and to record the number of shares contributed to the exchange,
   - decide and carry out, as a result of the issuance of shares and/or securities granting access to equity securities to be issued, all necessary measures to protect the rights of holders of securities granting access to the Company's share capital, of options to subscribe for or purchase shares, or of rights to bonus shares, in accordance with the applicable laws and regulations and, where relevant, applicable contractual provisions,
   - at its sole initiative, apply the fees of any issuance to the amount of the related premiums and withhold the necessary sums from this amount to bring the legal reserve to one tenth of the new share capital after each increase, and
   - generally, take any necessary measures, enter into any agreements, require any authorizations, carry out any formalities and do everything necessary to bring the intended issuances to a successful conclusion or to postpone them, and specifically record the share capital increase(s) resulting from any issuance carried out under this delegation, modify the bylaws accordingly and request the listing of any securities issued under this delegation;
9. Decides that this delegation supersedes, as of today, all previous delegations having the same purpose, and therefore any unused portion of the previous delegation granted to the Board of Directors by the Combined Shareholders' Meeting of May 10, 2017, under Resolution 17;
10. Notes that if the Board of Directors uses this delegation, it must report to the next Ordinary Shareholders' Meeting, in accordance with the applicable laws and regulations, on how it has used the authorizations granted under this resolution.

This delegation is granted for a term of twenty-six (26) months from the date of this Shareholders' Meeting.

RESOLUTION 24

(The purpose of this resolution is to delegate authority to the Board of Directors to increase the Company's share capital by issuing shares or securities granting access to the share capital to the benefit of members of savings plans, with waiver of the preferential subscription rights, in favor of the latter)

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements applicable to Extraordinary Shareholders' Meetings, after having deliberated and reviewed the Board of Directors' Report and the Statutory Auditors' Report, in accordance (i) with the provisions of Articles L. 225-129, L. 225-129-2 to L. 225-129-6, L. 225-138, L. 225-138-1, L. 228-91 and L. 228-92 of the French Commercial Code, and (ii) with those of Articles L. 3332-18 *et seq.* of the French Labor Code:

1. Delegates its authority to the Board of Directors, including the power to subdelegate under conditions provided by law and the Company's bylaws, to increase the share capital on one or more occasions, in the proportions and at the times it considers appropriate, by issuing shares or securities granting access to the Company's share capital, reserved for members of one or more company savings plans (or another plan that would provide for the possibility to reserve for its members a capital increase under equivalent conditions under Articles L. 3332-18 *et seq.* of the French Labor Code), which would be put in place within a group consisting of the Company and other French or foreign companies within the scope of consolidation of the financial statements under Article L. 3344-1 of the French Labor Code;

2. Resolves that such authorization specifically excludes the issuance of preferred shares and securities granting access to preferred shares;

3. Decides that the total nominal amount of capital increases that may be carried out pursuant to this delegation shall not exceed the nominal cap of EUR 50 million (*i.e.* as of February 28, 2018, about 2% of the share capital), or the counter-value of this amount, with the understanding that this maximum nominal amount will be counted toward the overall nominal cap of EUR 497 million as set out in Resolution 28 of this Shareholders' Meeting;

4. Decides that the maximum nominal amount of securities representing debt securities or similar securities granting access to the Company's share capital that may be issued under this delegation will count toward the overall nominal cap of EUR 3 billion as set out in Resolution 28 of this Shareholders' Meeting;

5. Notes that this delegation automatically includes, for the benefit of the holders of the securities issued under this delegation and granting access to the Company's share capital, a waiver by shareholders of their preferential subscription rights for shares to which these securities will immediately or in the future grant entitlement;

6. Decides that the issue price of new shares or securities granting access to the Company's share capital will be determined under the conditions set forth in Articles L. 3332-18 *et seq.* of the French Labor Code and will be equal to at least 80% of the Company's average quoted share price on Euronext Paris for the 20 trading sessions preceding the date on which the decision is made to set the opening day of the subscription period of the share capital increase reserved for members of a company savings plan of the SUEZ group (the "Reference Price"); however, the Shareholders' Meeting expressly authorizes the Board of Directors, if it considers it appropriate, to reduce or eliminate the aforementioned discount, within the legal and regulatory limits, in order to comply with locally applicable legal, accounting, tax and corporate systems;

7. Authorizes the Board of Directors to freely allocate to the above-mentioned beneficiaries, in addition to shares or securities granting access to the Company's share capital to be subscribed for in cash, shares or securities granting access to share capital to be issued or already issued, as a substitution for all or part of the discount based on the Reference Price and/or as a company contribution, with the understanding that this allocation may not exceed the legal or regulatory limits pursuant to Articles L. 3332-18 *et seq.* and L. 3332-11 *et seq.* of the French Labor Code;

8. Authorizes the Board of Directors, under the conditions of this delegation, to sell shares to members of a company savings plan as provided in Article L. 3332-24 of the French Labor Code, with the understanding that the shares sold at a discount in favor of the members of one or more company savings plans referred to in this resolution will be counted against the cap mentioned in paragraph 3 above, up to the nominal value of the shares thus sold;

9. Resolves that the Board of Directors will have full powers to implement this delegation, with the power to subdelegate as permitted by law, within the limitations and the conditions specified above, specifically to:

   - in accordance with the legal conditions, determine the list of companies for which members of one or more company savings plans may subscribe for shares or securities granting access to the Company's share capital thus issued and benefit from shares or securities granting access to the Company's share capital, which are allocated free of charge,
   - resolve that the subscriptions may be made directly by the beneficiaries who are members of an employee savings plan, or through a company mutual fund or other structures or companies that are acceptable under applicable legal or regulatory provisions,
   - determine the conditions, including seniority, that beneficiaries of capital increases must meet,
   - set the opening and closing dates of the subscription period,
   - determine the maximum number of shares or securities granting access to capital that may be subscribed by each beneficiary,
   - set the amounts of issues that will be performed by virtue of this delegation of authority, and in particular determine the issue price, dates, deadlines, terms and conditions for subscribing, paying, discharging, and holding the securities (even retroactively), the reduction rules applicable in cases of oversubscription, as well as the other terms and conditions of issuance, within the legal and regulatory limitations in force,
   - in the event of an allocation of bonus shares or securities granting access to the share capital, to set the nature, characteristics and number of shares or securities granting access to the share capital to be issued, the number to be allocated to each beneficiary, and to determine the dates, deadlines, terms and conditions for allocating these shares or securities granting access to the share capital within the legal and regulatory limitations in force, and specifically to choose either to substitute all or a part of the allocation of these shares or securities granting access to the share capital with the aforementioned Reference Price-based discounts, or to attribute the counter-value of those shares towards the total amount of the contribution, or combine these two options,
   - in the event that new bonus shares are issued, to allocate, where relevant, profits or issue premiums in the amounts necessary to release said shares to the reserves,

- acknowledge the completion of the share capital increases up to the amount of the subscribed shares (following any reduction in the event of oversubscription),
- deduct, if applicable, the capital increase expenses from the corresponding premiums collected and withhold the necessary sums from this amount to bring the legal reserve to one tenth of the new share capital resulting from these capital increases,
- enter into agreements, carry out transactions directly or indirectly through an agent, including formalities arising from the capital increases and amending the bylaws accordingly, and generally to enter into any agreement with the specific purpose of ensuring the successful conclusion of intended issues, to carry out all measures, decisions and formalities necessary for the issue, listing and financial servicing of the shares issued by virtue of this delegation, and to permit the exercise of the rights attached thereto or arising from the capital increases carried out;

10. Decides that this delegation supersedes, as of today, all previous delegations having the same purpose, and therefore any unused portion of the previous authorization granted to the Board of Directors by the Combined Shareholders' Meeting of May 10, 2017, under Resolution 18;
11. Acknowledges that, in accordance with applicable laws and regulations, if the Board of Directors uses this delegation it must report to the next Ordinary Shareholders' Meeting on how it has used the authorizations granted under this resolution.

This delegation is granted for a term of twenty-six (26) months from the date of this Shareholders' Meeting.

RESOLUTION 25

(The purpose of this resolution is to delegate authority to the Board of Directors to increase the Company's share capital, with waiver of the shareholder's preferential subscription rights in favor of a class or classes of beneficiaries as part of the implementation of the SUEZ group worldwide employee shareholding and savings plans)

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements applicable to Extraordinary Shareholders' Meetings, after having deliberated and reviewed the Board of Directors' Report and the Statutory Auditors' Report, in accordance with the provisions of Articles L. 225-129, L. 225-129-2 to L. 225-129-6 and L. 225-138 of the French Commercial Code:

1. Delegates its authority to the Board of Directors to increase the Company's share capital on one or more occasions, in the proportions and at the times it considers appropriate, by issuing shares or securities granting access to the Company's share capital reserved for the class of beneficiaries defined in paragraph 7 below;
2. Resolves that such authorization specifically excludes the issuance of preferred shares and securities granting access to preferred shares;
3. Decides that the total nominal amount of capital increases that may be carried out pursuant to this delegation shall not exceed the nominal cap of EUR 12 million (*i.e.* as of February 28, 2018, about 0.48% of the share capital), or the counter-value of this amount, with the understanding that this maximum nominal amount will be counted toward the overall nominal cap of EUR 497 million as set out in Resolution 28 of this Shareholders' Meeting;
4. Decides that the maximum nominal amount of securities representing debt securities or similar securities granting access to the Company's share capital that may be issued under this delegation will count toward the overall nominal cap of EUR 3 billion as set out in Resolution 28 of this Shareholders' Meeting;
5. Notes that this delegation automatically includes, for the benefit of the holders of the securities issued under this resolution and granting access to the Company's share capital, a waiver by shareholders of their preferential subscription rights applicable to the shares to which these securities will immediately or in the future grant entitlement;
6. Decides that the amount of each employee's subscriptions may not exceed the limits that will be provided by the Board of Directors pursuant to this delegation, and, in the event of excess employee subscriptions, these will be reduced pursuant to the rules defined by the Board of Directors;
7. Decides to cancel shareholders' preferential subscription rights to any shares issued pursuant to this resolution and to reserve the right to subscribe the said shares to the category of beneficiaries that meet the following criteria:

   (a) employees and corporate officers of foreign companies belonging to the SUEZ group related to the Company under the conditions set out in Article L. 225-180 of the French Commercial Code and Article L. 3344-1 of the French Labor Code, in order to allow them to subscribe for the Company's share capital on economically equivalent terms to what is offered to members of one or more company savings plans as part of a capital increase pursuant to Resolution 24 of this Shareholders' Meeting, and/or

   (b) mutual funds (UCITS) or other incorporated or unincorporated entities of employee shareholding invested in Company shares whose unitholders or shareholders consist of the persons mentioned in letter (a) to this paragraph, and/or

   (c) any banking establishment or subsidiary of such an establishment acting at the Company's request for the purpose of setting up a shareholding or savings plan for the benefit of the persons mentioned in letter (a) to this paragraph, provided that the authorized person's subscription in accordance with this resolution is necessary or beneficial in allowing the above-mentioned employees or corporate officers to benefit from employee shareholding or savings plans with economic benefits equivalent or similar to the plans enjoyed by other SUEZ group employees;
8. Decides that the issue price of the shares or securities granting access to the Company's share capital will be set by the Board of Directors and may be (a) under the same conditions as those set out in Articles L. 3332-18 *et seq.* of the French Labor Code, the subscription price being equal to at least 80% of the Company's average quoted share price on Euronext Paris over the 20 trading days preceding the day that the decision is made to set the opening price for subscriptions under this resolution, or (b) equal to the price of the shares issued as part of the capital increase benefiting the employee members of a company savings plan, pursuant to Resolution 24 of this Shareholders' Meeting, and will be at least equal to the Reference Price (as this term is defined in Resolution 24 of this Shareholders' Meeting);

9. However, the Shareholders' Meeting expressly authorizes the Board of Directors, if it considers it appropriate, to reduce or cancel the aforementioned discount, particularly to take into account locally applicable legal, accounting, tax and social provisions. For the specific requirements of an offer made to the beneficiaries mentioned in 7(a) above who are residents in the United Kingdom, as part of a share incentive plan, the Board of Directors may also resolve that the subscription price of new shares or securities granting access to the share capital to be issued by the Company under this plan be equal to the lower of (i) the Euronext Paris opening share price of the reference period used to set the share price for the plan; or (ii) the closing share price of the same reference period, the start and end dates of this reference period being determined under applicable local regulations. This price will include no discount on the reference share price;

10. Decides that the Board of Directors may, with the power to subdelegate as permitted by law, determine the subscription options that will be offered to employees in each relevant country, in accordance with local legal restrictions, and may choose the countries from among those in which the Group has subsidiaries within the Company's financial consolidated scope pursuant to Article L. 3344-1 of the French Labor Code, as well as the subsidiaries whose employees will be eligible to participate in the transaction;

11. Decides that the amount of the share capital increase or of each share capital increase will be limited, if necessary, to the amount of each subscription received by the Company, while adhering to applicable legal and regulatory provisions;

12. Resolves that the Board of Directors will have full powers to implement this delegation, with the power to subdelegate as permitted by law, within the limits and the conditions specified above, specifically to:

   - decide upon the list of beneficiaries, without shareholders' preferential subscription rights, within the category defined above, as well as the number of shares or securities granting access to the Company's share capital to be subscribed for by those beneficiaries, or by each beneficiary,
   - set the opening and closing dates of the subscription period,
   - determine the maximum number of shares or securities granting access to capital that may be subscribed by each beneficiary,
   - set the amounts of issues that will be performed by virtue of this delegation of authority, and determine in particular the issue price, dates, deadlines, terms and conditions for subscribing, paying, discharging, and holding the securities (even retroactively), the reduction rules applicable in cases of oversubscription, as well as the other terms and conditions of issuance, within the legal and regulatory limits in force,
   - note the completion of the capital increases up to the amount of the subscribed shares or securities granting access to the Company's share capital (after any reduction in the event of oversubscription),
   - if necessary, allocate the fees for the share capital increases to the resulting premiums and withhold the necessary sums from this amount to bring the legal reserve to one tenth of the new share capital resulting from these share capital increases, and
   - enter into agreements, conduct transactions directly or indirectly through an agent, including carrying out the formalities arising from the capital increases and amending the bylaws accordingly, and generally to enter into any agreement with the specific purpose of ensuring the successful conclusion of intended issues, to carry out all measures, decisions and formalities necessary for the issue, and conduct listing and financial servicing of the shares issued by virtue of this delegation, and to permit the exercise of the rights attached thereto or arising from the capital increase carried out;

13. Decides that this delegation supersedes, as of today, all previous delegations having the same purpose, and therefore any unused portion of the previous authorization granted to the Board of Directors by the Combined Shareholders' Meeting of May 10, 2017, under Resolution 19;

14. Acknowledges that, in accordance with applicable laws and regulations, if the Board of Directors uses this delegation it must report to the next Ordinary Shareholders' Meeting on how it has used the authorizations granted under this resolution.

This delegation is granted for a term of eighteen (18) months from the date of this Shareholders' Meeting.

RESOLUTION 26

(The purpose of this resolution is to authorize the Board of Directors to allocate bonus shares as part of a SUEZ employee shareholding plan)

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, after having deliberated and reviewed the Board of Directors' Report and the Statutory Auditors' Report:

1. Authorizes the Board of Directors, pursuant to the provisions of Articles L. 225-197-1 to L. 225-197-6 of the French Commercial Code, to carry out, on one or more occasions, free allocation of existing shares or shares to be issued by the Company in favor of employees and/or corporate officers of the Company and/or of companies or directly or indirectly affiliated entities, under the conditions set forth in Article L. 225-197-2 of the French Commercial Code, who subscribe to a Group employee shareholding plan, which would be implemented under a capital increase reserved for them and carried out in application of Resolutions 24 and/or 25 of this Shareholders' Meeting, or under any similar resolution subsequently granted by the Company's Shareholders' Meeting, or as part of a sale of existing shares reserved for subscribers to one of the Group's savings plans or an equivalent plan outside of France;

2. Resolves that such authorization specifically excludes the issuance of preferred shares and securities granting access to preferred shares;

3. Resolves that the total number of bonus shares that may be allocated under this authorization must not exceed 0.05% of the share capital as determined on the day that the allocation decision is made by the Board of Directors, and that the maximum nominal amount of the share capital increases that may be carried out under this authorization will count toward the overall nominal cap of EUR 497 million as set out in Resolution 28 of this Shareholders' Meeting;
4. Resolves that the allocation of shares of the Company to their beneficiaries will be final after a vesting period of a minimum of one year and must be subject to the beneficiaries remaining within the Group according to the terms and conditions established by the Board of Directors. The mandatory holding period for which the beneficiaries must hold the allocated shares will be set at a minimum of one year, starting from the date the shares are fully vested. For allocated shares for which the vesting period is set at two years, the mandatory minimum holding period may be waived to allow the shares to be freely tradable from the date they are fully vested;
5. Resolves that, in the event of the incapacity of a beneficiary corresponding to the classification under Category 2 or 3 as set forth in Article L. 341-4 of the French Social Security Code, the final allocation of shares shall occur immediately, and in the event of the death of the beneficiary, his/her heirs may request the final allocation of shares within six months of said death;
6. Resolves that the existing shares that may be allocated pursuant to this resolution must be acquired by the Company, either pursuant to Article L. 225-208 of the French Commercial Code or, as the case may be, as part of a share buyback program pursuant to the provisions of Article L. 225-209 of the French Commercial Code;
7. Acknowledges that, in the event of an allocation of new bonus shares, this authorization will imply, as and when the allocation of said shares is finalized, a share capital increase by incorporating reserves, profits or share premiums for the beneficiaries of said shares and the corresponding waiving of shareholders' preferential subscription rights to said shares in favor of the beneficiaries of said shares;
8. Grants the Board of Directors full powers within the limitations set forth above, with the power to subdelegate as permitted by law, to implement this delegation, and specifically to:
   - determine if the bonus shares are shares to be issued or existing shares,
   - determine the number of shares allocated to each beneficiary it will have identified,
   - set the conditions and, if necessary, the criteria for allocating shares, specifically the minimum vesting period and the minimum holding period,
   - increase, as the case may be, the share capital by incorporating reserves, profits or issue premiums so as to carry out the issuance of bonus shares,
   - allocate shares to the persons mentioned in Article L. 225-197-1 II of the French Commercial Code, subject to the conditions in Article L. 225-197-6 of said Code and, with regard to the shares thus allocated, either (i) resolve that the bonus shares granted shall not be sold by the interested parties before they resign from their duties; or (ii) set the quantity of bonus shares granted that they must hold as registered shares until they resign from their duties,
   - as the case may be, provide for the option to postpone the dates of the final allocation of shares and, for the same period, the mandatory term for holding said shares (such that the minimum holding period remains unchanged),
   - as the case may be, adjust the number of allocated bonus shares needed to preserve the rights of beneficiaries, based on potential operations on the Company's share capital under the circumstances provided for in Article L. 225-181 of the French Commercial Code. It is specified that the shares allocated pursuant to such adjustments will be deemed to have been allocated on the same day as shares allocated initially,
   - determine the dates and terms of the allocations, and generally carry out all necessary provisions and enter into any agreements to bring the allocations considered to their proper conclusion,

   The Board of Directors may also implement any other new legal provisions that may arise during the period of validity of this authorization, the application of which does not require an express decision of the Shareholders' Meeting.
9. Resolves that the Company may adjust the number of bonus shares allocated, if necessary, to preserve the rights of the beneficiaries, based on potential transactions impacting the Company's share capital, particularly in the event of a change in the nominal value of a share, a capital increase by incorporation of reserves, an allocation of bonus shares, a stock-split or a reverse-stock-split, a distribution of reserves or any other assets, amortization of capital or any other transaction impacting shareholders' equity. It is specified that the shares allocated after such adjustments will be deemed to have been allocated on the same day as shares allocated initially;
10. Decides that this delegation supersedes, as of today, all previous delegations having the same purpose, and therefore any unused portion of the previous delegation granted to the Board of Directors by the Combined Shareholders' Meeting of May 10, 2017, under Resolution 20.

This delegation is granted for a term of twenty-six (26) months from the date of this Shareholders' Meeting.

RESOLUTION 27

(The purpose of this resolution is to authorize the Board of Directors to grant performance shares)

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, after having deliberated and reviewed the Board of Directors' Report and the Statutory Auditors' Special Report:

1. Authorizes the Board of Directors, pursuant to the provisions of Articles L. 225-197-1 to L. 225-197-6 of the French Commercial Code, to grant, on one or more occasions, existing shares or shares to be issued by the Company in favor of beneficiaries or categories of beneficiaries it will identify among employees of the Company or of companies or entities affiliated with it under the conditions set forth in Article L. 225-197-2 of the said Code and the corporate officers of the Company or of companies or entities affiliated with it and that satisfy the conditions set forth in Article L. 225-197-1 II of the said Code, under the conditions set forth below;

2. Resolves that such authorization specifically excludes the issuance of preferred shares and securities conferring entitlement to preferred shares;
3. Resolves that the total number of bonus shares that may be allocated under this authorization must not exceed 0.5% of the Company's share capital as determined on the day that the allocation decision is made by the Board of Directors, with the understanding that the allocation of bonus shares to corporate officers must not exceed 5% of the overall allocated amount, and that the maximum nominal amount of the share capital increases that may be carried out under this authorization will count toward the overall nominal cap of capital increases of EUR 497 million set forth in Resolution 28 of this Shareholders' Meeting;
4. Resolves that the allocation of shares of the Company to their beneficiaries will be final after a vesting period of a minimum of three years and must be subject to the Group's performance criteria that will be assessed over a period of at least three years and subject to the beneficiaries remaining within the Group according to the terms and conditions established by the Board of Directors. The mandatory holding period for beneficiaries shall be set by the Board of Directors, as appropriate;
5. Resolves that, in the event of the incapacity of a beneficiary corresponding to the classification under Category 2 or 3 as set forth in Article L. 341-4 of the French Social Security Code, the final allocation of shares shall occur immediately, and in the event of the death of the beneficiary, his/her heirs may request the final allocation of shares within six months of the said death;
6. Resolves that the existing shares that may be allocated pursuant to this resolution must be acquired by the Company, either pursuant to Article L. 225-208 of the French Commercial Code or, if necessary, as part of a share buyback program pursuant to the provisions of Article L. 225-209 of the French Commercial Code;
7. Acknowledges that, in the event of an allocation of new bonus shares, this authorization will imply, as and when the allocation of the said shares is finalized, a share capital increase by incorporating reserves, profits or share premiums for the beneficiaries of the said shares and the corresponding waiving of preferential subscription rights applicable to the said shares by shareholders in favor of the beneficiaries of the said shares;
8. Grants the Board of Directors full powers within the limitations set forth above, with the power to sub-delegate as permitted by law, to implement this delegation, and specifically to:
   - determine if the bonus shares are shares to be issued or existing shares,
   - determine the number of shares allocated to each beneficiary it will have identified,
   - set the conditions and, if necessary, the criteria for allocating shares, specifically the minimum vesting period and the minimum holding period,
   - increase, as the case may be, the share capital by incorporating reserves, profits or issue premiums so as to carry out the issuance of bonus shares,
   - allocate shares to the persons mentioned in Article L. 225-197-1 II of the French Commercial Code, subject to the conditions in Article L. 225-197-6 of said Code and, with regard to the shares thus allocated, either (i) resolve that the bonus shares granted shall not be sold by the interested parties before they resign from their duties, or (ii) set the quantity of bonus shares granted that they must hold as registered shares until they resign from their duties,
   - as the case may be, provide for the option to postpone the dates of the final allocation of shares and, for the same period, the mandatory term for holding said shares (such that the minimum holding period remains unchanged),
   - as the case may be, adjust the number of allocated bonus shares needed to preserve the rights of beneficiaries, based on potential operations on the Company's share capital under the circumstances provided for in Article L. 225-181 of the French Commercial Code. It is specified that the shares allocated pursuant to such adjustments will be deemed to have been allocated on the same day as shares allocated initially,
   - determine the dates and terms of the allocations, and generally carry out all necessary provisions and enter into any agreements to bring the allocations considered to their proper conclusion;

The Board of Directors may also implement any other new legal provisions that may arise during the period of validity of this authorization, the application of which does not require an express decision of the Shareholders' Meeting.

9. Resolves that the Company may adjust the number of bonus shares allocated, if necessary, to preserve the rights of the beneficiaries, based on potential transactions impacting the Company's share capital, particularly in the event of a change in the nominal value of a share, a capital increase by incorporation of reserves, an allocation of bonus shares, a stock-split or a reverse-stock-split, a distribution of reserves or any other assets, amortization of capital or any other transaction impacting shareholders' equity. It is specified that the shares allocated pursuant to such adjustments will be deemed to have been allocated on the same day as shares allocated initially;
10. Decides that this delegation supersedes, as of today, all previous delegations having the same purpose, and therefore any unused portion of the previous authorization granted to the Board of Directors by the Combined Shareholders' Meeting of April 28, 2016, under Resolution 20.

This delegation is granted for a term of twenty-six (26) months from the date of this meeting.

RESOLUTION 28

(The purpose of this resolution is to set an overall cap on capital increases)

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, after having deliberated and reviewed the Board of Directors' Report:

1. Decides that the total nominal amount of capital increases that may be carried out immediately and/or in the future under Resolutions 18 to 27 of this Shareholders' Meeting or, if applicable, under any similar resolution of that may supersede said resolutions during their period of validity, may not exceed EUR 497 million (*i.e.* as of February 28, 2018, about 20% of the share capital) or the counter-value of this amount if issued in another currency at the date of issue;

2. Decides that the total nominal amount of capital increases that may be carried out immediately and/or in the future under Resolutions 19, 20, 22 and 23 of this Shareholders' Meeting or, if applicable, under any similar resolution that may supersede said resolutions during their period of validity, may not exceed EUR 248 million (*i.e.* as of February 28, 2018 about 10% of the share capital) or the counter value of this amount if issued in another currency;
3. Decides that the maximum nominal amount of securities representing debt securities or similar securities granting access to the Company's share capital that may be issued under Resolutions 18 to 25 of this Shareholders' Meeting or, if applicable, under any similar resolution that may supersede said resolutions during their period of validity, may not exceed EUR 3 billion or the counter-value of this amount if issued in another currency at the date of issue;
4. Decides that these nominal amounts do not take into account adjustments that may be made pursuant to applicable laws and regulations and, as the case may be, to contractual provisions laying down other cases of adjustment to preserve the rights of the holders of securities or other rights granting access to the Company's share capital.

RESOLUTION 29

(The purpose of this resolution is the delegation of powers for formalities)

The Shareholders' Meeting, acting in accordance with the quorum and majority requirements for Extraordinary Shareholders' Meetings, authorizes any person holding an original, copy or extract of the minutes of this meeting to carry out all necessary filings and formalities.

G glossary

Biological recovery	Method of treating organic waste by composting it or turning it into methane.
Biomechanical recovery	Process in which waste is treated by mechanically isolating certain parts and treating others biologically. Includes several types of mechanical and biological processes, which may be combined in several ways depending on the desired results. Enables the separation of different fractions contained in waste into potentially reusable fractions and/or which can be treated biologically.
BOT (Build-Operate-Transfer) Contract	Contract under which a private company is responsible for project financing and for the design, construction and operation of the site for a fixed period, after which the property is transferred to the co-contractor.
Composting	A biologic process consisting of the conversion and recycling of organic materials including sewage sludge and organic waste of biologic origin into compost, a product that is stable and rendered hygienic and is rich in humic acids that are used to enhance agricultural processes.
DB (Design-Build) Contract	A building contract for a system for delivering the finished product. The design and construction of the project are carried out by one and the same entity known as the design-builder or design-build-contractor.
DBO (Design-Build-Operate)	ContractContract under which a private company is responsible for the design, construction and operation of a site.
EMAS – Environmental, Management and Audit	SystemCertificate based on ISO 14001 certification and an environmental declaration certified by European inspectors, approved by the European Commission and published.
End-of-Life Vehicle	An end-of-life vehicle is a vehicle transferred by its owner to a third party for destruction. The vehicles involved are private cars, vans and three-wheeled scooters.
Energy recovery	Use of combustible waste as a means of producing energy, by direct incineration with or without other combustible matter, or by any other process, but with heat recovery. Energy recovery consists in using the calorific energy of waste by burning it and recovering that energy in the form of heat or electricity. The process can be carried out at an incineration plant or a cement works.
Energy recovery units	Another name for energy-recovering incinerators.
EPC (Engineering, Procurement and Construction)	Turnkey contracts where contractors provide engineering, design and completion services for a project.
ISO 14001	International standard aimed at verifying a company's procedural organization and methods of the organizational units, as well as the efficient set-up of an environmental policy and related environmental objectives.
Leachate	Water that percolates through the waste stored in landfills and becomes bacteriologically and chemically charged. By extension, this term is also used for water that has come into contact with waste.

Membrane	A kind of filter or sieve that retains particles of different sizes depending on its type and the diameter of its holes.
Natura 2000 Zones	Aiming to conserve biological diversity and promote landscapes, the European Union has embarked, since 1992, on establishing a network of ecological zones known as Natura 2000, which preserve species and natural habitats while taking the human, economic, cultural and regional activities that exist in those zones into account.
O&M (Operations and Maintenance)	Type of contract where management is delegated for the operation and maintenance of facilities as well as for certain renewal projects, excluding investments for initial capital expenditure.
PFI – Private Finance Initiative	Financing mechanism which appeared in Great Britain in 1992, whereby a private company finances the design and construction of a project usually assigned to a public authority, and then ensures its management by signing a PPP contract.
PPP – Public-Private Partnership	Financing mechanism by which the local authority calls upon private service providers to finance and manage installations that provide or contribute to the provision of a public service.
Process water	Water used by industries for the operation of technical facilities or to manufacture products.
Public service contract	Public service contracts are a form of management contract under which a public entity entrusts management of a public service to a company for a fixed period. The company is paid directly by customers and finances all or part of the investments in plant renewal (leasing contract) and in new plants (concession). The terms of concession contracts are generally longer (10 to 30 years) than those of leasing contracts (10 to 20 years) in view of the need for the operator to amortize the newly built installation works.
RDF – Refuse-Derived Fuel	Solid fuel produced through sorting household waste to extract non-combustible materials and compact combustible materials.
Relevant revenues	Revenues generated by "relevant" activities. In fact, certain activities within the scope of financial consolidation may not be considered relevant for environmental reporting purposes due to their core activity. The financial holding company, and commercial, broking, trading, marketing and sales activities are not considered relevant.
Single stream	Type of waste collection system where recyclable waste is collected from users in a single stream, which is subsequently separated in recycling centers.
Skid	In membrane technology, a platform comprising a frame, potentially on rails, on which an installation assembly is placed. Enables access to a system which can be moved and transported immediately, without dismantling it.
Sludge	Residue obtained following the treatment of effluent. Sludge consists of water and dry material. Properties of sludge vary widely depending on their origin. They depend on the nature of the effluent and the type of treatment applied.
Soil amendment/ conditioning	Process aimed at improving the physical properties of soil by incorporating material which, without being a fertilizer, alters and improves the nature of the soil. Sand, clay, lime or organic material, are all conditioners.

Stadtwerke	Term of German origin used for a municipal company belonging to a German town, the purpose of which is to manage certain public services, particularly energy, water and transport.
Treatment plant sludge	All residues from the biological activity of microorganisms living in treatment plants and transforming the material carried by wastewater so that it can be extracted. They consist mainly of water, mineral salts and organic matter.
WEEE – Waste electrical and electronic equipment	Electrical and electronic equipment includes all devices or components operating on electric or electromagnetic current (whether powered by electrical outlets or by batteries). These include, for example, **household electrical goods or white products** (cooking appliances, refrigerators, heaters, vacuum cleaners, etc.); **audiovisual equipment or brown products** (radios, television sets, camcorders, video recorders, hi-fi equipment, etc.); and **office and computer equipment, or gray products** (computers, printers, scanners, telephones, etc.).

N

note on methodology

Operating data	Most of the operating data contained in this document were calculated on the basis of a scope of consolidation that includes fully integrated companies.
Population served by collection activities	The population served by the Group's collection activities corresponds to the number of residents served by traditional collection, to which is added the number of residents served by selective collection (a conventional collection operation and a selective collection operation that serve the same individual can thus be added together). This involves estimates (the number of residents served by the Group's collection activities has not been counted).
Human Resources	The number of Group employees corresponds to the number of salaried employees in SUEZ and its fully consolidated subsidiaries. Employees of companies consolidated by proportional consolidation or the equity method (for example employees of Group subsidiaries in China or Mexico) are therefore not included in the total Group workforce on that basis; the employee counts mentioned for them are thus in addition to that total. As soon as a company enters into the scope of consolidation through full consolidation, 100% of its employee data is included, regardless of the percentage of share capital held.

T concordance table

This Reference Document includes all the elements from the Management Report of the Company and of the Group for the year 2017, as required in particular by Articles L. 225-100, L. 232-1 and L. 225-100-1 of the French Commercial Code (FCC). The Management Report was approved by the Board of Directors of the Company on February 28, 2018.

Mentions relating to the Management Report	Article	Reference Document section
I. ACTIVITY OF THE COMPANY AND ITS SUBSIDIARIES AND/OR CONTROLLED COMPANIES, AND OUTLOOK		
Status and business of the Group	L. 232-1-II, L. 233-6, and L. 233-26 (FCC)	Section 6
Income from the Group's business: financial situation and performance indicators	L. 233-6 para. 2 (FCC)	Sections 9, 20.1 and 20.3
Objective and exhaustive analysis of business development, the Company's income and financial situation and, specifically, its debt position in terms of business volume and complexity	L. 225-100-1, I-1, L. 232-1, L. 233-6 and L. 233-26 (FCC)	Sections 6, 9, 10, 20.1 and 20.3
Analysis of key non-financial performance indicators relating to the Company's specific business and particularly information relating to environmental or employee issues	L. 225-100-1, I-2 (FCC)	Sections 6.8 and 17
Foreseeable development of the Company's situation and future outlook	L. 232-1-II and L. 233-26 (FCC)	Sections 6.3.4 and 13
Important events occurring between the closing date of the fiscal year and publication of this document	L. 232-1-II and L. 233-26 (FCC)	Sections 20.1.6, Note 27 and 20.7
Main risks and uncertainties	L. 225-100-1, I-3 (FCC)	Section 4
Price, credit, liquidity, cash flow risks: indication of the Company's exposure to these risks and indications of the Company's objectives and policy regarding the Company's management of financial risks	L. 225-100-1, I-6 (FCC)	Sections 4.1.3 and 4.2.5
Financial risks linked to climate change and the measures taken by the Company	L. 225-100-1, I-4 (FCC)	Sections 4.1.1 and 6.8.1.5
Internal control and risk management procedures implemented by the Company	L. 225-100-1, I-5 (FCC)	Section 4.3
Research and development activities	L. 232-1-II and L. 233-26 (FCC)	Section 11
II. PRESENTATION AND INCLUSION OF THE FINANCIAL STATEMENTS IN THE MANAGEMENT REPORT		
Changes made to the presentation of the annual financial statements or the valuation methods selected	L. 123-17, L. 232-5 (FCC) and 120-2 GAP	Section 20.3
Amount of non-tax deductible expenses, total amount of sumptuary expenditures and the corresponding tax and reintegration into taxable income of certain general expenses by total number or expense category	Article 223 *quater* and 223 *quinquies* of the French General Tax Code (CGI)	Section 20.3
Income for the fiscal year and proposed allocation of that income	–	Sections 20.3, 20.5 and 26
Amount of dividends paid during the last three fiscal years	Article 243 *bis* CGI	Section 26.5
Maturity of trade payables	L. 441-6-1 and D. 441-4 (FCC)	Section 20.3.7, Note 21
Amount of intercompany loans granted	L. 511-6 of the French Monetary and Financial Code	Section 7.3
III. SUBSIDIARIES AND INTERESTS		
Status of interests acquired in companies whose headquarters are on French soil	Article L. 233-6, para. 1 (FCC)	Sections 20.1, Note 28 and 20.3
IV. SHAREHOLDING AND SHARE CAPITAL		
Name of the companies controlled and proportion of the share capital the latter hold in the Company (treasury shares)	L. 233-13 (FCC)	Sections 18.1 and 21.1
Identity of individuals or corporate entities owning over 1/20, 1/10, 3/20, 1/5, 1/4, 1/3, 1/2, 2/3, 18/20 or 19/20 of the share capital or voting rights at shareholders' meetings	L. 233-13 (FCC)	Sections 18.1, 18.2 and 18.3
Purchase and disposal of treasury shares	L. 225-211 (FCC)	Section 21.1.3
Employee profit-sharing in the share capital	L. 225-102 (FCC)	Sections 17.3 and 18.1

Mentions relating to the Management Report	Article	Reference Document section
Summary of transactions made by the corporate officers and their relatives during the year (Article L. 621-18-2 of the French Monetary and Financial Code and Article 223-26 of the AMF General Regulation)	L. 621-18-2 of the French Monetary and Financial Code and 223-26 of the AMF General Regulation	Section 18.5
Share disposals to adjust reciprocal shareholdings	R. 233-19 para. 2 (FCC)	N/A
Potential adjustments for equity instruments in the event of share buybacks or financial transactions	R. 228-90 and R. 228-91 (FCC)	N/A
V. STOCK OPTIONS AND BONUS SHARE ALLOCATIONS		
Stock options and bonus share allocations	L. 225-185, L. 225-180, L. 225-184 and L. 225-197-1 (FCC)	Sections 15.1, 17.3, and 20.1 Note 23
VI. COMPANY AND ENVIRONMENTAL INFORMATION		
Social Information	L. 225-102-1, R. 225-105 and R. 225-105-1 (FCC)	Sections 17.2 and 6.8.2
Environmental information	L. 225-102-1, R. 225-105 and R. 225-105-1 (FCC)	Sections 6.7 and 6.8.1
Corporate information	L. 225-102-1, R. 225-105 and R. 225-105-1 (FCC)	Section 6.8.3
Information on plants classified as high-risk: ► policy for preventing risk of technological accidents implemented by the Company; ► ability of the Company to cover third-party liability to property and people resulting from the operation of its plants; ► means implemented by the Company to ensure the management of victim indemnification in the event of a technological accident in which the Company's responsibility is engaged.	L. 225-102-2 and R. 225-105-1 (FCC)	Sections 4.1.2, 4.2.2 and 4.2.7
Vigilance plan	L. 225-102-4 (FCC)	Section 6.8.3
VII. BOARD OF DIRECTORS' REPORT ON CORPORATE GOVERNANCE	L.225-37 para. 6 (FCC)	Sections 16.4 and 26
VIII. MISCELLANEOUS INFORMATION		
Summary of resolutions submitted at the shareholders' Meeting	–	Section 26
Injunctions or financial sanctions for anti-competitive practices issued by the Anti-Trust Authority	L. 464-2-I para. 5 (FCC)	Section 20.6.1
IX. STATUTORY AUDITORS		
Mandates awarded to the Statutory Auditors	–	Section 2
X. DOCUMENTS TO BE ANNEXED TO THE MANAGEMENT REPORT AND/OR TO BE CIRCULATED TO SHAREHOLDERS		
Income statement for the last five fiscal years	R. 225-102 (FCC)	Section 20.3
Statutory Auditors' Report on the Parent Company financial statements including information on corporate governance	L. 225-35, L. 823-9, L. 823-10, L. 823-11, L. 823-12 and R. 823-7 (FCC)	Section 20.4
Statutory Auditors' Report on selected social, environmental and corporate disclosures	L. 225-105-2 (FCC)	Section 6.8.5
Inventory of marketable securities held in portfolios at the end of the fiscal year	–	Section 20.3.7 Notes 5 and 18

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