



Paris - La Défense, March 1st, 2018

COMPENSATION OF COMPANY OFFICERS

In accordance with the recommendations of the AFEP-MEDEF Corporate governance code, the Board of Directors on February 28th, 2018, upon recommendation of the Compensation Committee, has taken the following decisions with respect to the compensation of company officers.

I – COMPENSATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

For fiscal year 2017, Mr. Gérard Mestrallet received no compensation from the Company, apart from directors' fees allocated to him, which amounted to EUR 63,032.

The Chairman of the Board's compensation policy remains unchanged for fiscal year 2018.

II – COMPENSATION OF THE CHIEF EXECUTIVE OFFICER

Compensation for fiscal year 2017

Chief Executive Officer's compensation for fiscal year 2017 has been established pursuant to the compensation policy approved by the Shareholders' Meeting of May 10th, 2017, in Resolution 8.

The fixed annual gross compensation of Mr. Jean-Louis Chaussade amounted to EUR 750,000 for fiscal year 2017 (unchanged since 2009). 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 included in the said fixed compensation.

Upon recommendation of the Compensation Committee, the Board of Directors sets Chief Executive Officer's variable compensation for fiscal year 2017 to EUR 541,098 (as compared to EUR 637,455 in 2016), *i.e.* 50% of the variable compensation's maximum amount or 72% of his fixed compensation. The payment of the Chief Executive Officer's variable compensation will be subject to the approval of the Shareholders' Meeting to be held on May 17th, 2018.

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This variable part is determined on the basis of criteria established by the Board of Directors at its meeting of February 28th, 2017, based on the 2017 financial results as to quantifiable criteria and after having determined the level of achievement of qualitative criteria.

The Compensation Committee recommended to the Board of Directors a level of achievement of qualitative criteria of 117%. However, the Chief Executive Officer indicated his willingness to partly waive his right to this compensation, up to 10% of the total amount recommended by the Compensation Committee. The Board of Directors decided consequently to deduct this amount from the part related to qualitative criteria, in compliance with the *Autorité des Marchés Financiers*' recommendation in its 2017 annual report on corporate governance, executive compensation, internal control and risk management.

	Weighting	Rating scale ^(a)	Achievement	Amount
EBIT	20 %	0 to 120 %	96.93%	€ 101,570
<i>Free Cash Flow</i>	20 %	0 to 120 %	104.82%	€ 143,498
ROCE	15 %	0 to 120 %	103.43%	€ 102,559
<i>Total Shareholder Return</i>	20 %	0 to 120 %	<80%	-
TOTAL QUANTITATIVE 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 level of completion of quantifiable criteria, set in accordance with the budget reviewed by the Board of Directors, corresponds to a level of achievement of 80%. 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) The qualitative criteria were related to the results in terms of health and safety, the implementation of the Group transformation plan and the management of Industrial Key Accounts

Compensation for fiscal year 2018

FIXED COMPENSATION

The fixed annual gross compensation of the Chief Executive Officer is maintained to EUR 750,000 for 2018 (being understood that the amount of the pensions received as part of the general retirement plan and under the mandatory supplementary pension plans ARRCO and AGIRC is deducted from this amount of EUR 750,000 before payment).

VARIABLE COMPENSATION

The variable compensation for 2018 will be determined in accordance with conditions close to the ones applied in 2017. It will range, as in previous years, from 0% to 145% of the fixed compensation (unchanged) and will be determined on the basis of the following criteria:

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	Weighting
EBIT	20%
Free Cash Flow	20%
ROCE	10%
Total Shareholder Return	25%
Total quantifiable criteria	75%
Total qualitative criteria	25%
TOTAL VARIABLE PART	100%

LONG-TERM COMPENSATION FOR 2018

At the request of Mr. Jean-Louis Chaussade, the Board of Directors decided not to grant to the Chief Executive Officer a long-term variable compensation for fiscal year 2018.

EXTRAORDINARY COMPENSATION

The Board of Directors decided to grant to the Chief Executive Officer an extraordinary compensation due to the acquisition of GE Water & Process Technologies' activities, which is of material and strategic importance for the Group and considered as the most important transaction since SUEZ has been listed in 2008. As a consequence, the Board of Directors gave the Chief Executive Officer along with other members of the Management Committee the responsibility for ensuring GE Water's activities successful integration within the Group, for achieving the cost and growth-oriented synergies announced to the market, and to carry out the strategy of this new structure.

The targeted amount of this extraordinary compensation is set at EUR 1,500,000 (*i.e.* twice the annual fixed compensation of the Chief Executive Officer) which may be increased to a maximum of EUR 1,650,000 in case of outperformance. This compensation will be paid in cash, subject to the achievement of performance conditions assessed by the Board of Directors on an 18-months period between October 1st, 2017 (GE Water's acquisition closing date) and March 31st, 2019.

The amount which could be paid to the Chief Executive Officer depends on the level of achievement of:

- quantifiable criteria for 80% of the overall weight of the extraordinary compensation, based on the new business unit *Water Technologies & Solutions*' organic growth (20%), its EBITDA (32%), and its operating cash flow (28%); and
- qualitative criteria for 20% of the overall weight of the extraordinary compensation, related to the integration conduct (change management, coherence of the working teams, growth and development dynamics of Group's turnover with industrial clients, acceleration of overall

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Group's transformation thanks to GE Water's integration).

Pursuant to Article L. 225-100 of the French Commercial Code, the payment of the Chief Executive Officer's extraordinary compensation is subject to the approval of the Shareholders' Meeting.

Pursuant to Articles L.225-37-2 and L. 225-100 of the French Commercial Code, the Board of Directors will submit to the vote of the General Meeting of May 17th, 2018 the compensation policy of company officers and will ask the General Meeting to vote on the compensations' components of company officers for fiscal year 2017.

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