Consolidated financial statements of SUEZ for the fiscal years ended December 31, 2020 and 2019

Financial information relating to the Company's assets, financial situation and results

1.1 Consolidated Financial Statements

1.1.1 Consolidated statements of financial position

(in millions of euros)	Note	December 31, 2020	December 31, 2019
Non-current assets			
Intangible assets, net	10	4,464.8	4,835.7
Goodwill	9	4,663.7	5,322.1
Property, plant and equipment net	11	7,756.0	8,891.0
Rights of use	15	1,168.0	1,405.8
Equity instruments	13	107.9	132.2
Loans and receivables carried at amortized cost	13	712.2	653.7
Derivative financial instruments	13	146.5	115.7
Investments in joint ventures	12.1	925.5	953.9
Investments in associates	12.2	1,063.4	1,070.2
Contracts assets	4.1.3	80.6	46.2
Other assets		159.7	184.8
Deferred tax assets	7	432.4	541.9
Total non-current assets		**21,680.7**	**24,153.2**
Current assets			
Loans and receivables carried at amortized cost	13	77.0	91.4
Derivative financial instruments	13	96.4	75.5
Trade and other receivables	13	4,324.3	4,670.9
Inventories		483.1	528.0
Contracts assets	4.1.3	498.4	733.8
Other assets		1,606.8	1,648.5
Financial assets measured at fair value through income	13	54.9	29.8
Cash and cash equivalents	13	5,319.6	3,703.0
Total current assets		**12,460.5**	**11,480.9**
Assets classified as held for sale	1.2.4	1,443.0	-
Total assets		**35,584.2**	**35,634.1**
Shareholders' equity, Group share		5,406.6	6,408.7
Non-controlling interests	17	2,642.8	2,824.8
Total shareholders' equity		**8,049.4**	**9,233.5**
Non-current liabilities			
Provisions	18	1,413.9	1,500.0
Long-term borrowings	13	10,990.0	9,914.0
Lease liabilities	15	975.5	1,159.4
Derivative financial instruments	13	4.9	6.7
Other financial liabilities	13	37.6	42.8
Contracts liabilities	4.1.3	196.3	267.3
Other liabilities		524.1	566.6
Deferred tax liabilities	7	596.2	791.1
Total non-current liabilities		**14,738.5**	**14,247.9**
Current liabilities			
Provisions	18	541.8	475.2
Short-term borrowings	13	2,956.6	2,609.1
Lease liabilities	15	255.6	314.9
Derivative financial instruments	13	36.2	57.3
Trade and other payables	13	3,263.2	3,534.3
Contracts liabilities	4.1.3	1,176.1	911.3
Other liabilities		3,980.4	4,250.6
Total current liabilities		**12,209.9**	**12,152.7**
Liabilities related to assets classified as held for sale	1.2.4	586.4	-
Total shareholders' equity and liabilities		**35,584.2**	**35,634.1**

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.
As of December 31, 2019, the data has been restated to reflect the error correction described in Note 1.3.

1.1.2 Consolidated income statements

(in millions of euros)	Note	December 31, 2020	December 31, 2019
Revenues	4.1	17,209.0	18,015.3
Purchases		(3,436.7)	(3,720.7)
Personnel costs		(4,697.2)	(4,701.4)
Depreciation, amortization and provisions		(1,762.6)	(1,531.7)
Other operating expenses		(6,912.0)	(7,089.8)
Other operating income		236.4	236.7
Current operating income	4	**636.9**	**1,208.4**
Mark-to-Market on operating financial instruments		4.6	3.7
Impairment on property, plant and equipment, intangible and financial assets		(209.2)	(64.8)
Restructuring costs		(157.0)	(132.3)
Scope effects		198.8	8.4
Other gains and losses on disposals and non-recurring items		(50.6)	26.6
Other significant non-recurring transactions		(47.6)	214.9
Income from operating activities	5	**375.9**	**1,264.9**
Share in net income of equity-accounted companies considered as core business		144.8	198.3
of which: share in net income (loss) of joint ventures	12.1	*39.7*	*71.4*
of which: share in net income (loss) of associates	12.2	*105.1*	*126.9*
Income from operating activities after share in net income of equity-accounted companies considered as core business		**520.7**	**1,463.2**
Financial expenses		(523.2)	(603.8)
Financial income		82.5	89.8
Net financial income (loss)	6	**(440.7)**	**(514.0)**
Income tax expense	7	(154.4)	(340.0)
Net income		**(74.4)**	**609.2**
of which: Group share		(228.2)	351.7
Non-controlling interests		153.8	257.5
Net income (Group share) per share *(in euros)*	8	**(0.43)**	**0.49**
Net diluted income (Group share) per share *(in euros)*	8	**(0.43)**	**0.48**

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.

1.1.3 Consolidated statements of comprehensive income

(in millions of euros)	December 31, 2020	December 31, 2020 of which Group share	December 31, 2020 of which non controlling interests	December 31, 2019	December 31, 2019 of which Group share	December 31, 2019 of which non controlling interests
Net income	**(74.4)**	**(228.2)**	**153.8**	**609.2**	**351.7**	**257.5**
Net investment hedges	1.2	1.2	-	-	-	-
Cash flow hedges (excluding commodities)	(11.0)	(11.0)	-	(20.1)	(19.7)	(0.4)
Commodity cash-flow hedges	(8.6)	(6.9)	(1.7)	10.3	9.2	1.1
Deferred taxes on items above	5.1	4.6	0.5	(2.3)	(2.1)	(0.2)
Translation adjustments [a]	(501.7)	(364.6)	(137.1)	(15.6)	36.0	(51.6)
Total reclassifiable items	**(515.0)**	**(376.7)**	**(138.3)**	**(27.7)**	**23.4**	**(51.1)**
of which share of joint ventures in reclassifiable items, net of taxes	*(3.7)*	*(3.7)*	-	*9.0*	*9.0*	-
of which share of associates in reclassifiable items, net of taxes	*(13.2)*	*(13.2)*	-	*(7.7)*	*(7.7)*	-
Actuarial gains and losses	(33.2)	(16.7)	(16.5)	(90.6)	(65.4)	(25.2)
Deferred taxes on actuarial gains and losses	13.1	9.6	3.5	(16.0)	(22.0)	6.0
Equity instrument	(3.5)	(3.5)	-	6.3	6.3	-
Deferred taxes on equity instrument	(0.1)	(0.1)	-	(0.1)	(0.1)	-
Total non-reclassifiable items	**(23.7)**	**(10.7)**	**(13.0)**	**(100.4)**	**(81.2)**	**(19.2)**
of which share of joint ventures in non-reclassifiable items, net of taxes	*5.8*	*5.8*	-	-	-	-
of which share of associates in non-reclassifiable items, net of taxes	*0.5*	*0.5*	-	-	-	-
Other comprehensive income	**(538.7)**	**(387.4)**	**(151.3)**	**(128.1)**	**(57.8)**	**(70.3)**
Comprehensive income	**(613.1)**	**(615.6)**	**2.5**	**481.1**	**293.9**	**187.2**

(a) Out of a total of – EUR 501.7 million, – EUR 324.3 million are related to the variation of the US dollar and -EUR 66.2 million to the variation of the Hong Kong dollar.

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.

1.1.4 Statements of changes in consolidated shareholders' equity

(in millions of euros)	Number of shares	Share Capital	Premiums	Consolidated reserves	Change in fair value and other	Translation adjustments	Treasury shares	Undated deeply subordinated notes [a]	Shareholders' equity, Group share	Non-controlling interests	Total
Shareholders' equity at December 31, 2018	**621,362,579**	**2,485.4**	**5,215.2**	**(2,480.9)**	**(328.4)**	**(28.3)**	**(51.8)**	**1,580.6**	**6,391.8**	**2,600.8**	**8,992.6**
IFRIC 23 restatement [b]				(88.5)					(88.5)	(19.9)	(108.4)
Application of IAS 8 for error correction on SUEZ Water Advanced Solutions [g]				(54.7)					(54.7)		(54.7)
Shareholders' equity at January 1, 2019	**621,362,579**	**2,485.4**	**5,215.2**	**(2,624.1)**	**(328.4)**	**(28.3)**	**(51.8)**	**1,580.6**	**6,248.6**	**2,580.9**	**8,829.5**
Net income				351.7					351.7	257.5	609.2
Other comprehensive income [f]				(12.6)	(81.2)	36.0			(57.8)	(70.3)	(128.1)
Comprehensive income				**339.1**	**(81.2)**	**36.0**			**293.9**	**187.2**	**481.1**
Share-based payment				17.5					17.5		17.5
Dividends distributed in cash				(401.8)					(401.8)	(259.7)	(661.5)
Issue of new undated deeply subordinated notes net of issuance fees [c]								497.8	497.8	-	497.8
Partial redemption of undated deeply subordinated notes (including redemption premium) [c]				(9.1)				(354.6)	(363.7)	-	(363.7)
Interests of undated deeply subordinated notes issue				(47.1)					(47.1)	-	(47.1)
Purchase/sale of treasury shares				(1.4)			4.3		2.9	-	2.9
Transactions between shareholders [d]				209.1					209.1	292.0	501.1
Business combinations [e]				(9.7)					(9.7)	18.0	8.3
Deferred taxes recognized through equity write off [f]				(32.2)					(32.2)	-	(32.2)
Other changes				(6.6)					(6.6)	6.4	(0.2)
Shareholders' equity at December 31, 2019	**621,362,579**	**2,485.4**	**5,215.2**	**(2,566.3)**	**(409.6)**	**7.7**	**(47.5)**	**1,723.8**	**6,408.7**	**2,824.8**	**9,233.5**

(a) Undated deeply subordinated notes net of issuance fees.
(b) Impact of the first application of IFRIC 23 according to the partially retrospective method.
(c) At September 12, 2019, SUEZ carried out a new issue of undated deeply subordinated notes (hybrid bond) for an amount of EUR 500 million. The funds raised were used for the partial purchase of the undated deeply subordinated note issued in June 2014.
(d) Mainly related to the sale without loss of control of 20% of the regulated water business in the United States.
(e) Related to the takeover of Mina Publica in Spain in the column "Non-controlling interests".
(f) Derecognition of opening deferred tax assets in income statement for - EUR 48.4 million and by the equity within reserves and Other comprehensive income for - EUR 56.7 million.
(g) See Note 1.3.

(in millions of euros)	Number of shares	Share Capital	Premiums	Consolidated reserves	Change in fair value and other	Translation adjustments	Treasury shares	Undated deeply subordinated notes [a]	Shareholders' equity, Group share	Non-controlling interests	Total
Shareholders' equity at December 31, 2019	**621,362,579**	**2,485.4**	**5,215.2**	**(2,566.3)**	**(409.6)**	**7.7**	**(47.5)**	**1,723.8**	**6,408.7**	**2,824.8**	**9,233.5**
Net income				(228.2)					(228.2)	153.8	(74.4)
Other comprehensive income				(12.1)	(10.7)	(364.6)			(387.4)	(151.3)	(538.7)
Comprehensive income				**(240.3)**	**(10.7)**	**(364.6)**			**(615.6)**	**2.5**	**(613.1)**
Share-based payment				1.9					1.9	-	1.9
Dividends distributed in cash				(282.7)					(282.7)	(150.3)	(433.0)
Interests of undated deeply subordinated notes issue				(42.3)					(42.3)	-	(42.3)
Purchase/sale of treasury shares				0.2			0.5		0.7	-	0.7
Conversion of OCEANE bonds by cancellation of treasury shares following delivery							0.2		0.2	-	0.2
Redemption of undated deeply subordinated notes 2014								(147.9)	(147.9)	-	(147.9)
Employee share issue [b]	9,970,050	39.9	68.3	4.0					112.2	-	112.2
Capital reduction [c]	(2,970,050)	(11.9)	(31.4)	(1.2)			44.5		-	-	-
Capital increase/(decrease) in non controlling interests									-	12.5	12.5
Transactions between shareholders				(2.1)					(2.1)	1.4	(0.7)
Business combinations									-	1.3	1.3
Other changes [d]				(26.5)					(26.5)	(49.4)	(75.9)
Shareholders' equity at December 31, 2020	**628,362,579**	**2,513.4**	**5,252.1**	**(3,155.3)**	**(420.3)**	**(356.9)**	**(2.3)**	**1,575.9**	**5,406.6**	**2,642.8**	**8,049.4**

(a) Undated deeply subordinated notes net of issuance fees.
(b) Capital increase due to the subscription of 9,970,050 new shares as part of the of the SUEZ Group "Sharing 2019" employee share issue.
(c) Capital reduction due to the cancellation of 2,970,050 treasury shares.
(d) Other changes are explained by following operations: - Impact of disposals: in shareholders' equity Group share for -EUR 19.1 million for the reclassification of actuarial gains and losses of the entity sold Recycling and Recovery Sweden (see Note 2.5.3) and for -EUR 50.1 million for non-controlling interests following the disposal of Essal by SUEZ, through its subsidiary Aguas Andinas S.A (see Note 2.5.2).

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.

1.1.5 Consolidated statements of cash flows

(in millions of euros)	Note	December 31, 2020	December 31, 2019
Net income		**(74.4)**	**609.2**
Share in net income (loss) of joint ventures	12.1	(39.7)	(71.4)
Share in net income (loss) of associates	12.2	(105.1)	(126.9)
Dividends received from joint ventures and associates		121.4	131.8
Depreciation, amortization and provisions		1,742.7	1,474.8
Scope effects, other gains and losses on disposal		(156.3)	(36.6)
Other items with no cash impact		0.7	17.8
Lease contracts impact		5.2	4.1
Income tax expense	7	154.4	340.0
Financial income	6	440.7	514.0
Cash flows from operations before financial income/(expense) and income tax		**2,089.6**	**2,856.8**
Tax paid including withholding tax on royalties		(174.9)	(253.3)
Change in working capital requirements		**202.0**	**(153.1)**
Cash flows from operating activities		**2,116.7**	**2,450.4**
Investments in property, plant and equipment and intangible assets	3.4.3	(1,323.5)	(1,417.3)
Takeover of subsidiaries net of cash and cash equivalents acquired	3.4.3	13.7	(49.6)
Acquisitions of interests in associates and joint-ventures	3.4.3	(61.9)	(23.1)
Acquisitions of equity instruments	3.4.3	(7.8)	(15.9)
Disposals of property, plant and equipment and intangible assets		40.6	85.6
Disposals of interests in associates and joint-ventures [a]		63.1	15.8
Disposals of equity instruments		0.4	8.7
Loss of controlling interests in subsidiaries net of cash and cash equivalents sold [b]		295.4	27.6
Other net interests on financial assets		9.5	(23.4)
Dividends received on non-current financial assets		3.0	3.6
Change in loans and financial receivables		92.0	(66.7)
Cash flows from investing activities		**(875.5)**	**(1,454.6)**
Capital increase/reduction of the parent company [c]		112.2	-
Purchase/sale of treasury shares		0.9	2.9
Capital increase/reduction of non controlling interests		10.4	5.2
Change in share of interests in controlled entities [d]	3.4.3	-	501.7
Dividends paid to shareholders of the parent company [e]		(325.0)	(448.8)
Dividends paid to non-controlling interests [e]		(195.1)	(266.8)
Issue of undated deeply subordinated notes net of costs	13.3.2	-	497.8
Repayment of undated deeply subordinated notes net of costs	13.3.2	(147.9)	(363.7)
Increase in loans and financial debt [f]	13.2.1	2,437.1	1,401.2
Repayment of lease liabilities	15	(331.5)	(325.1)
Repayment of borrowings and financial debts	13.2.1	(867.9)	(1,448.0)
Change in financial assets at fair value through income		(23.8)	(0.6)
Financial interest on lease liabilities	15	(28.8)	(29.3)
Other financial interest paid		(317.8)	(363.5)
Financial interest received		22.2	11.2
Flows on financial derivatives qualifying net investment hedges and compensation payments on financial derivatives		79.0	(34.9)
Cash flows from financing activities		**424.0**	**(860.7)**
Impact of changes in exchange rates and other		(113.7)	20.6
Total cash flows for the period		**1,551.5**	**155.7**
Opening cash and cash equivalents		**2,865.9**	**2,710.2**
Closing cash and cash equivalents		**4,417.4**	**2,865.9**

(a) This flow is mainly related to the disposal of 4.8% of Aquasure for EUR 47 million.
(b) This flow is mainly related to the disposal of 100% of the Group's Recycling and Recovery activities in Sweden and the disposal of 53.51% of Essal in Chile, held by Aguas Andinas (see Note 2.5).
(c) This flow is the capital increase net of issuance costs as part of the employee shareholding plan (Sharing 2019), realized in January 2020.
(d) Including the sale without loss of control of 20% of the regulated water activities in the United States for EUR 510.2 million in 2019.
(e) Including withholding taxes and coupons of undated deeply subordinated notes paid by the parent company.
(f) In accordance with IAS 7.8, bank overdrafts due on demand included in financial liabilities in the consolidated statement of financial position are reclassified as cash and cash equivalents in the consolidated statement of cash flows; EUR 902.1 million of this reclassification relates to the financial year 2020. For 2019 closing, the amount was EUR 837.1 million.

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.

1.1.6 Notes to the Consolidated Financial Statements

Note 1 Basis of presentation, principles and accounting policies

1.1 Basis of presentation

The SUEZ Group is a global player in water and waste cycle management.

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 – 92 040 Paris-La Défense – France.

SUEZ has been listed on the Euronext Paris (Compartment A) and Euronext Brussels markets since July 22, 2008.

On February 24, 2021, its Board of Directors approved and authorized the publication of the Group's Consolidated Financial Statements for the fiscal year ended December 31, 2020.

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 have been provided for the last two fiscal years ended December 31, 2019 and 2020, 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, 2020 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, 2020 are consistent with those applied in preparing the financial statements of December 31, 2019, with the exception of the items mentioned below in Note 1.2.1.

1.2.1 Standards, amendments and interpretations applied for annual periods beginning on January 1, 2020

The standards applied by the Group for the first-time starting January 1, 2020 are the following:

- Amendments to IFRS 3 – Definition of a Business;
- Amendments to IAS 1 et IAS 8 – Definition of materiality;
- Amendments to IFRS 16 – Covid-19 – Related Rent Concessions;
- Amendments to References to the Conceptual Framework in IFRS Standards.

These amendments do not have a material impact on the December 31, 2020 Consolidated Financial Statements.

- Amendments to IAS 39, IFRS 7 et IFRS 9 – Interest rate benchmark reform – phase 1.

As of December 31, 2020, SUEZ Group has set up IBOR-linked interest rate hedges. As of December 31, 2020, EUR 1.96 billion in fixed-rate debt was converted to floating-rate debt using interest rate swaps. The nominal value of these swaps on this date broke down respectively as follows, by type of benchmark rate:

Reference rate	Amount *(in millions of euros)*
Euribor 1 month	114.7
Euribor 3 months	1,650.0
Euribor 6 months	198.2
Total	**1,962.9**

Benchmark IBOR transactions remained sufficiently numerous in 2020 to reliably quantify the amount of the revaluation of the fixed-rate debt hedged.

As of December 31, 2020, SUEZ has not set up any major hedging instrument to convert floating-rate debt to fixed-rate debt.

SUEZ will only make contractual changes in 2021 to ensure the transition to the new rates that will replace the IBOR reference rates.

In 2020, there were no items likely to impact the hedging relationships for instruments indexed to IBOR rates. In this context, the amendments to IAS 39, IFRS 7 and IFRS 9 phase 1 did not have a material impact on the Consolidated Financial Statements.

1.2.2 IFRS Standards and amendements applicable after 2020 that the group has decided not to anticipate

Standards, Amendments and interpretations published by the IASB and adopted by the European Union

- Amendments to IFRS 7 and IFRS 9 – Interest Rate Benchmark Reform, phase 2.

These amendments will be mandatory as of January 1, 2021. They will allow interest rate hedging relationships to be maintained once the contractual amendments have been made to replace IBOR rates with new reference rates under the same economic conditions as before.

Standards, amendments and interpretations published by the IASB and not yet adopted by the European Union

- Amendment to IAS 37 – Onerous contracts – Cost of Fulfilling a Contract;
- Amendment to IAS 1 – Classification of Liabilities as Current or Non-current.

The analysis of the potential impact of these amendments is in progress.

(1) Repository available on the European Commission's website http://ec.europa.eu/finance/company-reporting/standards-interpretations/index_en.htm.

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 impact 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.

1.2.4 Impacts of the first application of IFRS 5 – Non-current assets held for sale and discontinued operations

In accordance with IFRS 5 – Non-current assets held for sale and discontinued operations, assets or groups of assets held for sale are presented on a separate line in the statement of financial position and are measured and recognized at the lower of their carrying amount and market value less sell costs. As a result, any impairment would be recognized in the income statement.

An asset is classified as held for sale only if the sale is highly probable within 12 months, if the asset is available for immediate sale in its present condition and if a sales plan has been initiated by management with a sufficient degree of completion. To assess whether the sale is highly probable, the Group considers the expressions of interest and offers received from potential buyers, as well as the execution risks specific to certain transactions.

In addition, assets or groups of assets held for sale are presented as discontinued operations:

- when they represent a separate major line of business of operations within the meaning of IFRS 5; or
- when they are part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations at the Group level.

Following the signature of the assignment agreement for the disposal of a peripheral business line of SUEZ Recycling and Recovery activities in France and four other Northern European countries (see Note 2.6), which has not yet been finalized as of December 31, 2020, SUEZ presents these items held for sale in 2021 in accordance with IFRS 5.

These assets held for sale do not meet the definition of discontinued operations under IFRS 5 as they are not part of a single coordinated plan to dispose off a main line of business or main geographical area distinct from SUEZ, taking into account the retention of a significant portion of the business at the level of the main business lines and main geographical areas concerned.

The impacts of the application of this standard result in a reclassification of assets and liabilities held for sale on two separate lines of the statement of financial position and are as follows:

(in millions of euros)	December 31, 2020 before reclassification of items held for sale	Impact of reclassification of items held for sale	December 31, 2020 published
Non-current assets			
Intangible assets, net	4,472.8	(8.0)	4,464.8
Goodwill	5,004.8	(341.1)	4,663.7
Property, plant and equipment net	8,310.0	(554.0)	7,756.0
Rights of use	1,348.5	(180.5)	1,168.0
Equity instruments	109.2	(1.3)	107.9
Loans and receivables carried at amortized cost	727.4	(15.2)	712.2
Derivative financial instruments	146.5	-	146.5
Investments in joint ventures	938.6	(13.1)	925.5
Investments in associates	1,079.5	(16.1)	1,063.4
Contracts assets	80.6	-	80.6
Other assets	159.7	-	159.7
Deferred tax assets	445.6	(13.2)	432.4
Total non-current assets	**22,823.2**	**(1,142.5)**	**21,680.7**
Current assets			
Loans and receivables carried at amorized cost	82.0	(5.0)	77.0
Derivative financial instruments	103.4	(7.0)	96.4
Trade and other receivables	4,510.7	(186.4)	4,324.3
Inventories	502.2	(19.1)	483.1
Contracts assets	498.4	-	498.4
Other assets	1,644.7	(37.9)	1,606.8
Financial assets measured at fair value through income	54.9	-	54.9
Cash and cash equivalents	5,364.7	(45.1)	5,319.6
Total current assets	**12,761.0**	**(300.5)**	**12,460.5**
Assets classified as held for sale [(a)]		1,443.0	1,443.0
Total Assets	**35,584.2**	**-**	**35,584.2**
Shareholders' equity, Group share	5,406.6	-	5,406.6
Non-controlling interests	2,642.8	-	2,642.8
Total shareholders' equity	**8,049.4**	**-**	**8,049.4**
Non-current liabilities			
Provisions	1,478.9	(65.0)	1,413.9
Long-term borrowings	10,991.4	(1.4)	10,990.0
Lease liabilities	1,113.4	(137.9)	975.5
Derivative financial instruments	4.9	-	4.9
Other financial liabilities	37.6	-	37.6
Contracts liabilities	196.3	-	196.3
Other liabilities	524.5	(0.4)	524.1
Deffered tax liabilities	608.4	(12.2)	596.2
Total non-current liabilities	**14,955.4**	**(216.9)**	**14,738.5**
Current liabilities			
Provisions	562.5	(20.7)	541.8
Short-term borrowings	2,963.1	(6.5)	2,956.6
Lease liabilities	292.7	(37.1)	255.6
Derivative financial instruments	43.2	(7.0)	36.2
Trade and other payables	3,429.6	(166.4)	3,263.2
Contracts liabilities	1,176.1	-	1,176.1
Other liabilities	4,112.2	(131.8)	3,980.4
Total current liabilities	**12,579.4**	**(369.5)**	**12,209.9**
Liabilities related to assets classified as held for sale [(b)]	-	586.4	586.4
Total liabilities	**35,584.2**	**-**	**35,584.2**

(a) Of which Recycling and Recovery Northern Europe for EUR 1.3 billion and Osis for EUR 0.2 billion.
(b) Of which Recycling and Recovery Northern Europe for EUR 0.5 billion and Osis for EUR 0.1 billion.

1.3 Application of IAS 8 for error correction

The Group carried out during 2020 a detailed review of the model used in recognizing the margins within the fully consolidated SUEZ Water Advanced Solutions group, service provider through multi-year maintenance contracts for the maintenance of more than 5,000 water towers in the United States.

The Group concluded that the model was incomplete and that the used calculation parameters led to the recognition of erroneous margins. The Group has therefore quantified the cumulative impact of these errors and, in particular, has revised accordingly the percentage of completion for long-term maintenance contracts, resulting in an adjustment to equity in 2019 for an amount of - EUR 54.7 million against the assets and liabilities concerned. This restatement had no impact on the income statement as of December 31, 2019.

The amounts invoiced by SUEZ Water Advanced Solutions were in no way affected by this error.

Corrective measures have been put in place to strengthen the reliability of the SUEZ Water Advanced Solutions Group's margin determination and monitoring model in 2020.

1.4 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 according to the financial instrument categories defined by IFRS 9.

1.5 Use of judgment and estimates

The scale of the Covid-19 pandemic led the Group to strenghten its risk management procedures of its financial instruments and operating assets. 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 (see Note 2.1).

1.5.1 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 Notes 1.6.4.1 and 1.6.5);
- the measurement of financial instruments (see Note 1.6.9);
- the measurement of provisions, particularly for legal and arbitration proceeding and for pensions and other employee benefits (see Note 1.6.12);
- the measurement of unmetered revenue (see Note 1.6.13.1);
- the measurement of margin at termination relating to construction contracts (see Note 1.6.13.3);
- the measurement of replacement liabilities (see Note 1.6.13.4);
- the measurement of capitalized tax loss carry-forward (see Note 1.6.18).

1.5.1.1 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.

1.5.1.2 Recoverable amount of goodwill, property, plant and equipment and intangible assets (see Notes 9, 10 and 11)

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.

1.5.1.3 Estimates of provisions (see Note 18)

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.

1.5.1.4 Pensions and other employee benefit obligations (see Note 19)

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.

1.5.1.5 Capital renewal and replacement liabilities (see Note 4.1.3)

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.

1.5.1.6 Financial instruments (see Note 14)

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.

1.5.1.7 Revenues Water (see Notes 3.2 and 4.1.1)

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.

1.5.1.8 Margin at termination relating to construction contracts (see Note 4.1.3)

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 (See Note 1.6.13.3).

1.5.1.9 Measurement of capitalized tax loss carry-forwards (see Note 7)

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.

1.5.2 Judgment

In addition to relying on estimates, Group management also makes judgments to define the appropriate accounting policies to apply to certain activities and transactions, particularly when the effective IFRS standards and interpretations do not specifically deal with related accounting issues.

In particular, the Group exercised its judgment in determining:

- the accounting treatment applicable to concession contracts;
- the classification of non-current assets held for sale and discontinued operations in particular to determine whether their disposal is highly probable at the closing date;
- the classification of arrangements which contain a lease (lessor side);
- the groupings of operating segments to be made for the presentation of reportable segments with respect to their economic characteristics.

In compliance with IAS 1, the Group's current and non-current assets and 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 statement of financial position date are classified as current, while all other items are classified as non-current.

1.6 Accounting policies

1.6.1 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 as well as the main investments accounted for by the equity method, is presented in Note 25 "List of the main consolidated companies at December 31, 2020 and 2019".

1.6.2 Foreign currency translation methods

1.6.2.1 Presentation currency of the Consolidated Financial Statements

The Group's Consolidated Financial Statements are presented in euros (EUR).

1.6.2.2 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.

1.6.2.3 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.

1.6.2.4 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.

1.6.3 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.

1.6.4 Intangible assets

Intangible assets are recognized at cost less any accumulated amortization and any accumulated impairment losses.

1.6.4.1 Goodwills

a) Recognition of goodwill

In accordance with IFRS 3 revised, 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 assumed liabilities.

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 1.6.6 "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".

1.6.4.2 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.

1.6.5 Property, plant and equipment

1.6.5.1 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.

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.

1.6.5.2 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 18.4.

1.6.6 Impairment of property, plant and equipment, intangible assets and goodwill

In accordance with IAS 36, impairment tests are carried out on property plant and equipment, intangible assets and on goodwill 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) if no impairment loss had been recognized in prior periods.

Measurement of recoverable amount

In order to review the recoverable amount of property, plant and equipment, intangible assets and goodwill, 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 as defined by IFRS 5, 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. (See Note 1.6.16).

In the event of a decline in value, the impairment loss is recorded in the consolidated income statement under "Impairment"

1.6.7 Leases

1.6.7.1 SUEZ 's accounting methods of the lessee

Leases that the Group signed as the lessee mainly pertain to real estate assets, vehicles and construction machinery. The duration of the contracts is highly variable depending on the nature of the leased assets.

The lessee applies a single accounting model which consists of recording the following items on the date a given lease takes effect:

- a lease liability under liabilities in the statement of financial position;
- a right to use the leased assets under assets;
- depreciation of the right of use in the income statement;
- interest in the income statement and principal payments under lease liability, with the sum of these payments corresponding to lease payments made to the lessor.

Lease liability equals the present value of future rent to be paid.

Lease payments included in this liability calculation include fixed lease payments, in-substance fixed lease payments or unavoidable payments, variable lease payments that fluctuate solely due to an index or rate, the exercise price of a purchase option if the Group is reasonably certain to exercise it, or early termination penalties if the remaining duration of the lease takes into account this event.

Variable lease payments, which fluctuate depending on how much the leased assets are used, are recognized in operating expenses during the period that the event or condition that triggered the obligation occurred. Their total amount for the year 2020 is shown in Note 15.

IFRS 16 recommends that future lease payments to be paid be discounted using the interest rate implicit in the lease (IRIL) if it is possible to easily determine this rate, or if not, using the incremental borrowing rate (IBR) of the entity that has the concerned leases.

The Group cannot easily determine the interest rate implicit in the leases. As a result, SUEZ used incremental borrowing rates from the different entities with leases to calculate the Group's lease liability. The interest rates used are those for amortizables debts.

After the leases take effect, the lease liabilities will increase due to interest but decrease by the amount of lease payments made.

The book values of the liabilities are re-estimated each time a lease contract is amended or events or circumstances significantly change, leading to a change in:

- the remaining duration of the lease;
- the number or type of assets leased;
- the amount of lease payments;
- the estimate of exercising a purchase option on a leased asset.

The Group recognizes rights of use at their initial cost on the date the leases take effect.

The initial cost of rights of use primarily include the lease liability amount, initial direct incremental costs that have been paid to obtain the leases and pre-paid lease payments, less incentives received from lessors at the beginning of the leases.

After the rights of use take effect, they are amortized on a straight-line basis over the remaining duration of the leases. As an exception to this rule, a right of use is amortized over the useful life of the leased asset when the SUEZ Group is reasonably certain it will exercise a purchase option on the asset.

The book value of the rights of use is adjusted when the lease liability is remeasured.

The rights of use are impaired when there is indication that their Cash Generating Unit has undergone a loss of value in accordance with the same criteria as those applied to other depreciable fixed assets.

Exemptions

The Group has opted to take the exemptions set forth in IFRS 16, meaning it will not apply the single accounting model for the following types of leases:

- lease payments for leases of less than or equal to 12 months if these leases do not include purchase options on the leased assets;
- lease payments on leases that pertain to assets with a unit replacement value of less than EUR 5,000;
- SUEZ has recorded a right of use and a lease liability for all transportation equipment leases signed by the Group as lessee, including maintenance expenses and vehicles maintenance. However, as the Group has not applied this simplification to leases on other types of leased assets, only the rental components of these agreements have been restated.

Lease payments that fall under these exemptions remain accounted for under operating expenses as of December 31, 2020. They are presented in Note 15.

Judgment used to determine the remaining duration of leases

The remaining duration of leases according to IFRS 16 corresponds to their lease term plus:

- the lease's renewal period if the agreement includes a renewal option for the lessee and the lessee is reasonably certain to use it;
- the period that the lessee can opt to terminate the agreement if the lessee is reasonably certain it will not use this option.

The SUEZ Group has the right to opt for renewal or termination on certain leases it has signed as lessee and uses its judgment to determine if there are strong economic incentives to exercise them.

After a lease takes effect, the Group reassesses its remaining lease term if a significant change in circumstances takes place and it is;

- under SUEZ's control;
- and which leads the Group to now be reasonably certain it will exercise an option that had not been considered when the remaining lease term was initially determined; or which leads the Group to no longer be reasonably certain it will exercise an option that it had initially considered.

In 2020, SUEZ complied with the IFRIC decision of November 2019.

The enforceable period of a contract ends when the lessee and the lessor each have the right to terminate the lease without the permission of the other party and without incurring more than a negligible penalty.

As specified by the IFRIC, the penalties to be taken into account in determining the term of a contract include economic penalties, notably the net book value of fixtures and fittings inseparable from the leased assets, which SUEZ has paid, and which would be lost if SUEZ were to terminate the lease in question. SUEZ therefore includes the existence of fixtures and fittings that are not fully depreciated and that would have to be abandoned if the lease were to be terminated in the assessment of the lease term.

The retroactive application of the IFRIC decision did not have a material impact on the Consolidated Financial Statements of the SUEZ Group.

1.6.7.2 SUEZ's accounting methods as a lessor

Leases signed by SUEZ as the lessor mainly pertain to seawater desalination facilities and water filtration equipments.

The lessor analyzes its leases to determine if they are operating leases or finance leases. For finance leases, the lessor transfers almost all risks and benefits related to owning the leased assets to the lessee. All leases that do not fall under this definition of a finance lease are operating leases.

Examples of situations that individually or jointly lead the lessor to classify a lease as a finance lease are as follows:

- the lease results in transferring ownership of the leased asset at the end of the term;
- the lessee has the option to buy the leased asset at a price that should be sufficiently less than its fair value on the date the option becomes exercisable so that when the lease ends, the Group will be reasonably certain the purchase option will be carried out;
- the term of the lease covers most of the useful life of the leased asset;
- as of the signing date of the lease, the present value of future lease payments to be received amounts to at least almost all of the fair value of the leased asset.

Based on these criteria, all contracts signed by the SUEZ Group as lessor are operating leases.

The Group recognizes rental income on a straight-line basis under operating income.

Leased assets are segregated within the Group's property, plant and equipment and depreciated over their useful life. They are subject to impairment tests in the event of an indicator of impairment within the Cash Generating Unit concerned.

Contracts are signed with industrial or public-sector clients for assets financed by the Group. Contracts that do not take the legal form of a lease, but which give the Group's customers control over the use of a given asset throughout their term, in return for payment of a consideration, are treated as leases in accordance with IFRS 16.

The leases concerned generally include clauses that oblige the customer to pay SUEZ for maintenance services on the assets leased by the customer. These services reduce the risk of a rapid decline in the residual value of the assets. In the less frequent cases where SUEZ does not perform these services, the customer is contractually obliged to perform maintenance or to have a third party perform maintenance throughout the duration of the contracts.

1.6.8 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.

1.6.9 Financial instruments

Financial instruments are recognized and measured in accordance with IFRS 9.

1.6.9.1 Classification, valuation and impairment of financial assets

Financial assets mainly comprise cash and cash equivalent instruments, or rights to receive cash, or equity instruments of other entities.

They are listed as follows:

- assets whose cash flows are not interests and principal repayments (equity interests in non-consolidated entities, derivative instruments);
- assets whose cash flows are interests and principal repayments (primarily loans and receivables);
- cash and cash equivalent instruments.

Financial assets are broken down into current and non-current assets in the statement of financial position

a) Equity interests in non-consolidated entities

SUEZ Group's investments in non-consolidated companies are classified as either:

- equity instruments measured at fair value through income. This category mainly includes listed securities held in companies in which the SUEZ Group does not hold a significant influence; or
- equity instruments measured at fair value through Other comprehensive income following an irrevocable option taken by the SUEZ Group, security by security, and from the first recognition. This category mainly includes unlisted securities held in companies in which the Group does not have significant influence.

In accordance with IFRS 9, equity instruments are recognized:

- at their initial cost plus transaction costs when they are measured at fair value through other items of comprehensive income;
- at their initial cost when they are measured at fair value through income. Transaction costs are then recorded on the income statement at the acquisition date.

At each closing, the Group's equity investments in non-consolidated companies are measured and recognized at their fair value. For listed companies, fair value is determined based on the quoted market price at the relevant closing date. For unlisted securities, fair value is measured using valuation models based primarily on the latest market transactions, discounted dividends, cash flows, or failing that, using net book value.

In accordance with IFRS 9:

- all impacts related to instruments measured at fair value through income generated after their vesting date are recognized in the income statement: dividends, positive or negative differences between the fair value and acquisition price throughout the entire time the securities are held, gains or losses on disposals;
- by contrast, impacts related to instruments measured at fair value through other items of comprehensive income are never recycled in the income statement. The positive or negative differences between fair value and acquisition price are recorded in other items of comprehensive income as long as the instruments are held. Gains and losses on disposals are classified in other items of comprehensive income, then the cumulative total of other items of comprehensive income related to the line of sold securities is reclassified to consolidated reserves. Only dividends received impact the Group's revenue;
- there is no impairment recognition for of the Group's investments in non-consolidated companies.

b) Derivative instruments

Derivative instruments are measured and recognized at their fair value; compensation for changes in fair value is recognized in the income statement, unless the derivative instruments are used as cash flow hedges or net investment hedges (see section 1.6.9.3).

c) Loans and receivables carried at amortized cost

The category mainly includes loans and receivables attached to investments, advances granted to associates or non-consolidated companies, guarantee deposits, long-term receivables from customers for concession contracts (see section 1.6.13.4) as well as trade and other receivables less than one year.

On initial recognition, these loans and receivables are recorded at fair value plus transaction costs, which generally corresponds to their nominal value. Then, at each reporting date, these assets are measured at amortized cost using the effective interest rate method.

In accordance with the terms and conditions of IFRS 9, SUEZ Group entities have started using an impairment approach per type of asset for counterparty risk.

Regarding trade receivables and lease receivables, they have constituted non-recovery risk matrices for each homogeneous category of customer, adapted to their local realities, in light of the default rates observed in the recent past on receivables with a similar credit risk profile. They update their matrices at least once a year or more in response to unpredictable events with significant consequences (in 2020, effect of the Covid-19 pandemic). They use these matrices to calculate impairments now based on the expected default rates on each of the homogeneous categories of customers.

For loans related to investments, current account advances to associates and deposits and guarantees, impairment losses are calculated on the basis of expected losses on assets taken individually.

These assets are classified into three categories:

- situation 1: Assets whose credit risk has not significantly deteriorated and debtors pay on time or with delays of less than 60 days;
- situation 2: Assets that have suffered material credit risk deterioration with overdue payments of between 60 and 180 days;
- situation 3: Assets that have deteriorated to the point where the loss has occurred, with overdue payments exceeding 180 days.

Assets classified under situation 1 are subject to impairment for expected losses up to 12 months. Assets classified under situation 2 or 3 are subject to impairment for expected losses for their entire useful life. The amount of impairment is calculated based on:

- the likelihood of default of the debtor;
- the estimated loss rate if the counterparty defaults applied to the total value of the asset.

Impairment on loans related to investments, current account advances to associates and deposits and guarantees are calculated on the basis of expected losses on assets taken individually.

Receivables arising from concession contracts, when SUEZ Group has obtained an unconditional right to receive cash, contain a financing component within the meaning of IFRS 15 since customers pay over several years for a service already provided by the Group. As authorized by IFRS 9, the impairment method used to calculate impairment losses on loans and advances on current accounts and described above has been applied to these loans and receivables.

Gross values of receivables are transferred to unrecoverable losses on receivables on the income statement when all avenues offered to the SUEZ Group to recover the assets have been exhausted. Accumulated impairment less receivables concerned are then also transferred to the income statement.

Contracts assets concluded with customers include amounts due from customers under construction contracts. The calculation method used is described in Note 1.6.13.3. These assets are subject to an impairment test using the same rules as trade receivables.

d) Cash and cash equivalents

The cash and cash equivalents line item includes cash 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 and held in order to meet short-term cash commitments.

Bank overdrafts are not included in the calculation of cash and cash equivalents and are recorded under short-term borrowings on the statement of financial position.

1.6.9.2 Classification, valuation of financial liabilities

Financial liabilities include borrowings (of which bank overdrafts), 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 closing date;
- derivative financial instruments qualifying as fair value hedges;
- all derivative financial instruments not qualifying as hedges.

Borrowings and other financial liabilities are measured at amortized cost using the effective interest rate method.

On initial recognition, any issuing 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.

SUEZ Group treats restructurings of financial debts that do not take place between identical lenders and borrowers as an extinction of the initial debt and an acknowledgement of the new debt.

Similarly, a renegotiated debt whose value of cash flows under the new conditions (including fees paid to the counterparty bank, discounted using the initial effective interest rate) differs by more than 10% from the present value of the remaining cash flows of the initial financial liability is also considered to be an extinguishment of debt and the recognition of new debt, since the contractual amendment is substantive under IFRS 9. At this time, the initial debt is considered as extinguished and therefore derecognized and all fees related to the former and not yet amortized debt are transferred to the income statement.

When the change is not substantive under IFRS 9, the initial debt remains recognized in the statements of financial position, including any related fees not yet amortized. However, the Group reassess the carrying amount of the debt with the new future cash flows expected over its remaining period in order to comply with the standard. The effect of the reassessment is recognized in the income statement.

1.6.9.3 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.

a) 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.

b) 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.

Hedging of a net investment in a foreign entity

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.

c) Identification and documentation of hedging relationships

The Group identifies the hedging instrument and the hedged item at the inception of the hedge and formally documents the hedging relationship by identifying the hedging strategy, the hedged risk and the method used to assess the effectiveness of the hedge. Only derivatives traded with counterparties outside of the Group are considered eligible for hedge accounting.

This methodology complies with IFRS 9.

From the outset and on an ongoing basis during all periods for which hedging has been designated, the Group demonstrates and documents the effectiveness of the hedging relationship.

In accordance with IFRS 9, hedges are considered effective when:

- there is an economic relationship between the hedged item and the hedging item. This relationship exists when the characteristics of the hedging instrument (notional amount, maturity date) are highly correlated with the hedged item, and/or when the change in the value of the hedging instrument itself strongly correlates to the change in value of the item hedged;
- the hedging ratio is consistent with the risk management strategy of the company that is hedging the hedged item;
- the value of the hedging instrument is largely unrelated to the debtor's credit risk.

The hedge effectiveness has been demonstrated both prospectively and retrospectively using various methods, based mainly on a comparison between changes in fair value or in 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.

d) 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.

e) 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);
- 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.

1.6.10 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.

1.6.11 Share-based payments

IFRS 2 requires the recognition of an expense corresponding to services compensated by benefits granted to employees in the form of share-based payments. These services are measured at the fair value of the instruments granted.

This compensation may take the form of either share-settled or cash-settled instruments.

1.6.11.1 Equity-settled instruments

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.

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.

1.6.11.2 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.

1.6.12 Provisions

1.6.12.1 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). A discount rate curve was used for each currency zone and was applied to the debt as well as to the components of the current expense (Service Cost and Net Interest).

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".

1.6.12.2 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.

1.6.13 Revenues

Revenues correspond to proceeds from contracts signed with customers. They are calculated and recognized using IFRS 15 principles.

SUEZ determines performance obligations included in the contracts signed with customers. Most contracts only include one performance obligation.

When contracts include both a construction activity and facility operation activity, two performance obligations are distinguished. Total revenues related to the contract are then divided up between the construction and operations activities in accordance with IFRS 15.

The SUEZ Group only recognizes the variable portion of revenue, depending on the degree of achievement of contractual objectives (bonuses or penalties), if it is highly unlikely that there will be a material downward adjustment in future accounting periods.

The SUEZ Group recognizes its revenues when transferring control of goods or services promised to the customer, which happens either at delivery (i.e. when control is transferred to the buyer) or on an ongoing basis (services and construction activities recognized as the project progresses) often under long-term contracts.

SUEZ only recognizes revenues generated by its co-contracting parties as main operator if:

- the Group bears the main responsibility in managing and completing the overall service;
- the Group made a significant effort to integrate various work carried out by co-contracting parties; and
- the Group made significant efforts in technical supervision so the Group could take total control of the goods or services carried out before transferring control over to the customer.

The Group's revenue includes products related to the following business lines:

- Water;
- Recycling and Recovery;
- Engineering and construction contracts and other services.

1.6.13.1 Water

As of December 31, 2020, as during previous fiscal years, revenues are based on volumes delivered to the customer in the water distribution business, whether these volumes resulted in specific invoicing ("statement") or are estimated based on the output of the supply networks. As authorized by IFRS 15 and by simplification, revenues correspond to volumes delivered multiplied by a price per m^3 (see Note 1.5.1.7).

With regard to the wastewater services and wastewater treatment, the price of the service is either included in the water distribution bill or is invoiced specifically to the local authority or industrial customer.

The revenue recognition rules for concession contracts are detailed in Note 1.6.13.4.

1.6.13.2 Recycling and Recovery

As of December 31, 2020, as during previous fiscal years, revenues are recorded:

- depending on the tonnages collected and the service provided by the SUEZ Group, in the waste collection activity;
- depending on the volumes of waste treated and the additional income from waste recovery, in incineration (sale of heat and power in particular) and sorting (sale of raw materials – paper, cardboard, glass, metals, plastics).

As authorised by IFRS 15 and by simplification, revenues correspond to the tonnages of waste treated multiplied by a price per metric tonne.

The revenue recognition rules for concession contracts are detailed in Note 1.6.13.4.

1.6.13.3 Engineering, construction contracts and other services

As of December 31, 2020, as during previous fiscal years, revenues are recognized using the percentage of completion method for engineering, construction and equipment sales activities.

When it is probable that total direct unavoidable contract costs will exceed the total economic benefits expected to be received from the contract, the Group recognizes expected loss at termination as an expense immediately. Potential losses at completion are calculated at the contract level in accordance with IAS 37 and not for each performance obligation.

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 under contracts liabilities (see also section 1.6.15).

The difference between the cumulative amount of revenues recognized and intermediary billing is measured. If this difference is positive, it is recognized under "Amount due from customers under construction contracts" within contracts assets (see section 1.6.15). If this difference is negative, it is recognized under "Amount due to customers under construction contracts" within contracts liabilities.

1.6.13.4 Concession contracts

A significant part of the business activities in the Water and Waste businesses is conducted under concession contracts, especially for operating drinking water production and distribution facilities, wastewater treatment facilities or waste incineration facilities.

SIC 29 – Service Concession Arrangements: Disclosures deals with information about concession agreements to be disclosed in the Notes to the financial statements.

IFRIC 12 is the interpretation that specifies the common characteristics of concession agreements:

- the grantor, usually a public authority, is required to provide a public service that it delegates to the SUEZ concessionaire (determining criterion);
- the concession operator, SUEZ, is responsible for managing the related infrastructure and performing the actual public service and is not just a simple agent acting on orders;
- the concession operator, SUEZ, is entrusted with specific infrastructure expansion or upgrading obligations while maintaining the infrastructure in proper condition;
- the price and the conditions (regulation) for price revision are set at the origin of the contract.

For a concession contract to be included in the scope of IFRIC 12, the infrastructure must be controlled by the grantor. Control of the infrastructure by the grantor is ensured when the following two conditions are met:

- the grantor controls or regulates the public service, i.e. it controls or regulates the services to be provided through the infrastructure subject to the concession and determines to whom and at what price they should be provided; and
- the grantor controls all residual interest in the infrastructure at the end of the contract. This control is usually reflected through the grantor's right to take over the infrastructure at the end of the contract.

The IFRIC 12 interpretation applies under IFRS 15. Most of the time, concession contracts include two performance obligations – construction and operations:

- the construction performance obligation includes the creation of new infrastructure, the extension or improvement of existing infrastructure, financed by the concession operator SUEZ, which makes it possible to create future economic benefits. Revenues from construction performance are in all cases recognized using the percentage of completion method, since the infrastructure is built on the customer's site. The customer takes control of the infrastructure as it is completed. The accounting counterpart of revenue is a contract asset (see Note 1.6.15), while construction is in progress. On the date of entry into service, the contract asset is reclassified, depending on how the SUEZ Group is remunerated for the service.

Thus:

- the asset becomes a receivable, therefore a financial asset, when the operator has an unconditional right to receive a predetermined amount of cash, either directly from the grantor or indirectly through the guarantees given by the grantor on the amount of cash receipts from public service users (e.g. *via* a contractually guaranteed internal rate of return). The receivable contains a financing component within the meaning of IFRS 15 since the customer pays for a service the Group already performed over a period of several years. This accounting scheme applies in particular to BOT (Build, Operate and Transfer) contracts signed with local authorities and relating to public services such as wastewater treatment and household waste incineration,
- when the concession operator does not receive an unconditional right to receive a predetermined amount of cash, the asset becomes an intangible asset: the concession operator is entitled to bill the users of the public service, the concession operator is paid in substance by the user. Most of the SUEZ Group's concession contracts fall under this model,
- lastly, when the concession operator only obtains this unconditional right to receive cash only for part of its construction obligation performance, the revenue counterpart is a financial asset for that part, and an intangible asset for the residual amount;

- the operation performance obligation includes current operations of infrastructure, carrying out operations service for the customer (distribution of drinking water; waste treatment, etc.) and incurring identical renewal expenses to maintain the facilities in proper condition.

The amounts received from the customer on the concession contract are divided up between compensation for construction services on the one hand and compensation for operations services on the other, in accordance with the terms and conditions of IFRS 15 and IFRIC 12:

- when the asset created is a receivable, the amounts received from the customer as compensation for the construction performance obligation are partly recognized as interest income in revenues and partially as repayment of principal of the receivable. The amount received in compensation for the operations performance obligation is recorded as revenues;
- when the asset created is an intangible asset, it is amortized over the term of the concession contract. All amounts received from the customer are fully recognized in revenue.

Property, plant and equipment received at no cost from the grantor as infrastructure, to which the concession operator is granted access for the purposes of the service agreement, that may not be transferred as these will be returned to the grantor at no cost at the end of the contract, are not recorded in the statement of financial position.

The SUEZ Group may have to transfer cash to the grantor in certain cases. If these payments are not for the right to use an asset that is separate from the concession contract, according to IFRIC 12, then, these payments constitute:

- a reduction in the infrastructure's sales price, recognized as operating expenses when the consideration for the construction performance obligation is a financial asset;
- an increase in the intangible asset when the consideration for the construction performance obligation is an intangible asset and the payments to the grantor are fixed; the amount of this increase in intangible assets corresponds to the present value of future fixed payments;
- an operating expense when the consideration for the construction performance obligation is an intangible asset and the payments to the grantor are variable.

Renewal expenses correspond to obligations provided for in contracts whose terms and conditions may differ (contractual rehabilitation obligation, contractual renewal plan, contractual monitoring account, etc.).

They are recognized either as assets in the statements of financial position as intangible assets or financial assets in accordance with the model applicable to the contract if they generate future economic benefits (improving renewal), or as expenses in the opposite case (identical renewal).

Expenditure on identical renewals is recognized as an asset or a liability as concession renewal work when, at a given date, there is a time shift between the contractual commitment and its fulfilment.

The concession renewal work liability recorded in respect of the general obligation to restore the site amounted to EUR 211.4 million at the end of the financial year, compared with EUR 166.9 million at December 31, 2019. This item is classified as "current contracts liabilities".

Amounts are calculated contract by contract based on the obligations of each contract.

1.6.14 Costs to obtain and execute contracts

IFRS 15 also establishes the principles for recognizing the costs of obtaining and executing contracts signed with customers.

SUEZ recognizes under assets on the statement of financial position all significant marginal costs to obtain contracts signed with customers where costs were incurred after the date on which the Group was almost certain to be granted contracts. These marginal costs are the costs that SUEZ incurs to obtain a contract with a customer and that the Group would not have incurred if it had not obtained the contract (e.g. commissions paid to sales professionals when new contracts are being entered into).

SUEZ also recognizes contract costs under assets on the statement of financial position when these costs:

- are directly related to a specific contract (direct labor costs, costs that can be rebilled to the customer as per the contract, raw material costs);
- provide the Group new or increased resources which will be used to meet or to continue to meet a performance obligation in the future;
- the Group expects to recover these costs.

Assets thus recognized on the costs of obtaining and executing contracts are then transferred to the income statement as and when the services are provided to the client.

1.6.15 Contracts assets and liabilities

As of December 31, 2020, as during previous fiscal years, the SUEZ Group presents separately, as assets in the statement of financial position, trade receivables corresponding to the unconditional right to receive cash, in exchange for the contractual obligations that SUEZ has already fulfilled.

There are also situations in which SUEZ has fulfilled some of its obligations under contracts signed with customers but has not yet obtained an unconditional right to receive cash because, for example, a technical milestone has not been achieved as of the reporting date. These situations require the Group to present the assets concerned on two separate lines on the statement of financial position: "Non-current Contracts Assets" and "Current Contracts Assets". Contracts assets are impaired as soon as impairments on these assets are expected, by applying the same principles as those described in section 1.6.9 for impairments on trade receivables.

In addition, there are contracts liabilities with customers which are incurred because customers have already paid for services that SUEZ has not yet performed (advances received on services not yet performed, deferred income). They are separated into two line items: "Non-current Contracts Liabilities" and "Current Contracts Liabilities".

1.6.16 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). COI 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 on operating financial instruments, asset impairments, restructuring costs, scope effects, other gains and losses on disposals, and non-recurring items. They are defined as follows:

- MtM on operating financial instruments: This corresponds to changes in the fair value (Mark-to-Market) of financial instruments relating to currency hedging, commodities and gas which do not qualify as either trading or hedging instruments. These contracts are used in economic hedges of operating transactions;
- impairment on property, plant and equipment, intangible and financial assets: this includes impairment losses on goodwill, intangible and tangible assets, investments in associates and equity instruments;
- 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 interests 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 equity instruments;
- other significant non-recurring transactions. This line item includes costs incurred in the changes in SUEZ SA's shareholding structure during the second half of 2020, following the sale by ENGIE of almost all of its stake in SUEZ SA to Veolia.

1.6.17 Statements 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. This breakdown is presented in Note 13.2.1 for the 2020 financial year.

In accordance with the terms and conditions of IAS 7 – Statement of Cash Flows, the Cash and cash equivalents line in the statements of cash flows includes bank overdrafts when the bank counterparty may require repayment of the negative balance and when the balance of the accounts concerned changes drastically from a negative to positive position on a regular basis. In this case, the "Consolidated statements of cash flows" includes explanations on reconciling items with the cash and cash equivalents line item on the statements of financial position.

1.6.18 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.

In particular, the SUEZ Group applies the exemption provided by IAS 12, which allows deferred tax not to be recognized at the date of first recognition of lease contracts, since at that date the accounting entries have no impact on the income statement. Deferred taxes are recognized, on the other hand, after the effective date of the contracts to the extent of the differences between carrying amounts and tax values.

In addition, a deferred tax asset is recognized only if it is probable that taxable profit will be available against which deductible temporary differences can be utilized.

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.

1.6.19 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 (free allocation of performance shares mainly).

Note 2 Major transactions

2.1 Impacts of the Covid-19 pandemic

The Covid-19 pandemic, which the World Health Organization declared a public health emergency on January 30, 2020, had a significant impact on the economies of the countries where SUEZ operates during the year, and especially during the second quarter. However, it is sometimes impossible to isolate the direct impacts of the pandemic from its indirect consequences on business volumes in certain markets. Consequently, estimates are limited to the costs that can be directly tied to the pandemic.

Essential and vital public service missions have been fulfilled in all regions. The Group has set up the necessary measures to enable all of its teams and subcontractors to work without jeopardizing their safety or their clients' safety. These measures and associated costs are presented in Notes 2.1.1 and 2.1.2.

For the entire Group, lockdown measures reduced tourist activity and related water consumption, caused decreasing of industrial and commercial waste for treatment, temporarily halted infrastructure construction activities and made it impossible for SUEZ teams to access client sites to perform the planned services.

Waste pre-treatment and treatment sites were closed down, certain sites targeted in the Group's 2030 transformation plan before the pandemic will not reopen (see Note 2.2).

Against a particularly difficult backdrop, SUEZ has strengthened its financial structure by keeping a very large liquidity position with the issuance of EUR 2 billion in long-term debt, equaling all long-term debt maturing by June 2022 (see Note 2.4).

The main items of the consolidated income statement impacted by the health and economic crisis are presented below:

- impacts of the crisis and means put in place to measure these impacts;
- support measures the Group has benefited from.

2.1.1 Operational impacts

2.1.1.1 Revenues

During the year, the Group experienced a significant decline in business, and especially during the second quarter. A major part of this decline, directly related to impacts from the pandemic, is difficult to assess.

Changes by operating segment are as follows:

- Water: -2.9%;
- Recycling & Recovery: -2.7%;
- Environmental Tech & Solutions: -2.8%.

2.1.1.2 Operating expenses

Beyond the impact on the different business activities (decreased volumes and tonnage, etc.) during the year, the Group recorded numerous additional costs and expenses related to the pandemic; therefore, the closure of certain treatment sites generated transportation costs to redirect tonnages to other treatment sites.

Purchases of Personal Protective Equipment (PPE) for employees to allow the Group to continue fulfilling public services (masks, hand sanitizer, etc.) accounted for nearly EUR 42 million.

In order to mitigate the impact of the slowdown in business activities and of these additional expenses, the Group implemented measures that reduced indirect costs by around EUR 130 million during the year. Some of these efforts will disappear when business picks back up, but a large portion, corresponding to initiatives taken under the SUEZ 2030 Performance plan, which were implemented faster than planned due to the pandemic, will be kept.

2.1.1.3 Depreciation of trade receivables

The heightened credit risk of certain customers has led the Group to recognize additional provisions for depreciation of trade receivables in accordance with IFRS 9 as of December 31, 2020. This increase raises the ratio of provision for depreciation of trade receivables compared to total trade receivables from 6.9% at the end of December 2019 to 10.4% at the end of December 2020 (including the contribution from activities held for sale).

The provisions recognized correspond to the Group's best estimate of losses on trade receivables. The Group estimated the amounts of receivables that will not be recovered:

- by updating the breakdown of the customer portfolio by homogeneous categories of customers (typology, business sector, geographical area…) as of December 31, 2020; each category with a similar risk of non-recovery;
- by estimating the probability that the customers will default for each of these categories considering how large the exceedances are and the amount of losses if these clients default.

2.1.1.4 Government grants and aid received

The Group received grants taken to support the economy and employment in various countries (partial unemployment programs in particular) and recognized them in accordance with IAS 20 – Accounting for Government Grants and Disclosure of Government Assistance. As of December 31, 2020, the Group recognized nearly EUR 23 million to this end.

2.1.2 Asset impairments

The Group also analyzed the impacts of the pandemic on the recoverable value of its intangible assets and property, plant and equipment. Based on these tests, as of December 31, 2020, no impairment has been recorded (see Note 9).

Regarding goodwill, the Group performed impairment tests on the most significant and sensitive Cash Generating Units (CGUs). The future cash flows that serve as a basis for calculating the recoverable value of these different CGUs have undergone sensitivity tests given the uncertainty of predicting the potential operational impacts of the pandemic in the short term, as well as the prospects for a return to previously known levels of activity and profitability. Based on these tests, as of December 31, 2020, no impairment has been recorded (see Note 9).

Regarding other intangible assets and property, plant and equipment, the impairments recognized as of June 30, 2020 are not the direct result of impacts from the pandemic on their recoverable value. In fact, they are primarily related to transformation decisions the Group made as part of the SUEZ 2030 Performance plan (see Note 2.2.2). The sanitary crisis sped up the Group's decision-making process when it came to the Group's transformation.

2.2 SUEZ 2030

2.2.1 Reorganization of operating segments

On October 2, 2019, SUEZ announced its new strategic plan for 2030 called: "SUEZ 2030". The plan is based on three operating segments:

- Water, which includes all SUEZ municipal water operations around the world;
- Recycling and Recovery, which includes all SUEZ non-hazardous Waste Services and treatment for municipalities, industrial and commercial clients;
- Environmental Tech & Solutions (ETS), which includes WTS, hazardous Waste Services and treatment, Smart Environmental Solutions for industrial and municipal customers, and Consulting services.

The application of this new structure on January 1, 2020 impacts Note 3 – Operating segments information, now based on these new operating segments, and Note 9 – Goodwill, since goodwill has been reallocated based on new CGUs in line with the newly defined operating segments.

2.2.2 Acceleration of the SUEZ 2030 strategic plan

The SUEZ 2030 strategic plan includes savings measures totalling EUR 1 billion by 2023, of which 45 to 50% should be achieved by 2021.

The Group has confirmed the trajectory and announced its decision to accelerate the implementation of the plan. As a consequence, at December 31, 2020, Income from Operating Activities recorded an amount of nearly -EUR 209 million in asset impairment (excluding goodwill), -EUR 157 million in restructuring costs and -EUR 51 million in other effects including asset disposals.

2.3 Sharing 2019 capital increase

In 2019, SUEZ launched its fourth worldwide employee shareholding plan, called Sharing 2019, to increase the Group's shareholder base.

The Sharing 2019 plan was organized in 2019 but was finalized early 2020 through a capital increase that took place on January 16, 2020. It resulted in the creation of 9.97 million shares with a nominal value of EUR 4 each.

At the end of this transaction, SUEZ's share capital totaled EUR 2,525,330,516 divided into 631,332,629 shares.

2.4 Financing transactions

2.4.1 Redemption of OCEANE bonds

On February 24, 2014, SUEZ had issued a EUR 350 million bond that could be converted into new shares and/or exchanged for existing shares (OCEANE). It matured on February 27, 2020. It had a zero coupon and was for 19,052,803 securities. They were issued at par on February 27, 2014, the securities' settlement date. The financial instrument was redeemed on the maturity date (February 27, 2020) through a settlement of EUR 349.6 million and a conversion of 18,724 shares for EUR 0.4 million.

2.4.2 New bond issues

On March 26, 2020, SUEZ launched a 7-year EUR 850 million bond issue maturing on April 2, 2027 with an annual fixed coupon of 1.250%.

On May 5, 2020, SUEZ launched a 15-year EUR 750 million bond issue maturing on May 14, 2035 with an annual fixed coupon of 1.250%.

These transactions will help reduce SUEZ's financing costs, spread out the Group's debt maturity dates, while improving its liquidity position.

2.4.3 Tap offerings on outstanding bond issues

In April 2020, SUEZ issued EUR 340 million in additional tranches from existing bond issues: EUR 300 million has been subscribed for with a maturity date of May 19, 2028 and an annual fixed coupon of 1.250%, and EUR 40 million has been subscribed for with a maturity date of September 21, 2032 and an annual fixed coupon of 1.625%.

2.4.4 Redemption of undated deeply subordinated notes

On June 23, 2020, SUEZ paid EUR 152.3 million for the redemption of the remaining part of the 2014 undated deeply subordinated notes, including the payment of the last EUR 4.4 million coupon.

After this redemption, the Group's outstanding undated deeply subordinated notes amount to EUR 1,600 million as of December 31, 2020.

2.5 Disposals during the year

2.5.1 Aquasure

On September 2, 2020, SUEZ entered into an agreement with Australian investment companies AMP Capital, UniSuper and Macquarie Prism to sell 4.8% of Aquasure for AUD 76 million, or around EUR 47 million. At the end of the transaction on September 10, 2020, SUEZ held a 6.9% equity interest.

2.5.2 Essal

On September 11, 2020, SUEZ entered into an agreement to sell its 53.51% equity interest in Empresa de Servicios Sanitarios de Los Lagos S.A (ESSAL) through its subsidiary Aguas Andinas S.A. with Algonquin Power & Utilities Corp ("APUC") as part of a public purchase offer involving a total enterprise value of around USD 295 million. ESSAL produces and distributes drinking water and provides wastewater collection and treatment services. With 33 concession agreements, ESSAL currently serves 224,000 households and 10,000 companies in Chile. In 2019, the Group recorded USD 77 million in revenues, or approximately EUR 69 million, and USD 17 million in EBITDA, or approximately EUR 15 million. The transaction was finalized on October 13, 2020, after approval by the regulatory authorities.

This disposal is in line with the SUEZ 2030 plan, aiming to redirect the Group's capital to business activities more in line with its selective growth strategy.

2.5.3 Recycling and Recovery Sweden

On November 30, 2020, SUEZ finalized the sale of its Recycling and Recovery business activities in Sweden to PreZero, the environmental division of the Schwarz Group, following the announcement on September 21, 2020.

The disposal was finalized for an estimated enterprise value of SEK 3,700 million, or approximately EUR 357 million. The transaction was finalized after receiving approval from the European Commission authority responsible for overseeing mergers. The business sold to PreZero operates some 50 plants around the country and employs nearly 1,100 people. In 2019, revenues represented around SEK 2,661 million (approximately EUR 250 million) and around SEK 358 million in EBITDA before IFRS 16 restatement (approximately EUR 34 million).

This disposal falls under the Group's plan to rotate assets set out as part of the SUEZ 2030 plan, which aims to focus the Group's business activities on innovative, differentiating and high added value businesses.

2.6 Business activities held for sale in 2021

As part of the effort to align the business portfolio to the SUEZ 2030 strategy under the Group's asset rotation plan, the transactions initiated in 2020 that will be finalized in 2021 are as follows:

2.6.1 Disposal of Osis

On August 18, 2020, SUEZ announced that it had finalized an exclusivity agreement with Veolia for the sale of its French business OSIS, a business specializing in several areas of wastewater services. The parties signed a memorandum of understanding on November 27, 2020. The transaction should be finalized during the first half of 2021 after the normal conditions precedent have been met.

OSIS has 2,500 employees in more than 130 local service centers in France, all operating in complementary business segments-wastewater services, liquid waste collection, industrial cleaning and building sanitation. In 2019, OSIS achieved EUR 311 million in revenues and around EUR 23 million in EBITDA before IFRS 16 restatement.

2.6.2 Disposal of Recycling and Recovery business activities in Northern Europe

On September 16, 2020, SUEZ Group and the Schwarz Group announced the signing of a memorandum of understanding and entered into exclusive negotiations for SUEZ to sell some of its Recycling and Recovery business activities in 4 countries within Northern Europe: the Netherlands, Germany, Luxembourg and Poland.

On October 12, 2020, the 2 parties signed the sale agreement. This transaction should be finalized during the first half of 2021 after the normal conditions precedent have been met, including consultation of the various employee representation bodies, and after the appropriate competition authorities approve the sale.

This agreement dated October 12, 2020 states that SUEZ and its subsidiaries will sell all of their Recycling and Recovery business activities except for business activities related to hazardous waste in Germany and the Netherlands, recycling and plastic waste recovery in the Netherlands, used packaging recycling in Germany (BellandVision), and water and environmental solutions business activities in Poland.

In 2019, these business activities generated around EUR 1.11 billion in revenues and around EUR 100 million in EBITDA (before IFRS 16 restatement). The planned transaction values the businesses to be sold at EUR 1.1 billion.

These disposals are recognized in the Group's consolidated statements of financial position as of December 31, 2020, in accordance with IFRS 5 – Non-current assets held for sale and discontinued operations (see Note 1.2.4).

Note 3 Operating segments information

In accordance with the provisions of IFRS 8 – Operating Segments, four operating segments were used to present SUEZ's segment information and have been identified based on internal reporting, in particular segments monitored by the Management Committee, comprising the Group's key operational decision-makers:

- Water;
- Recycling and Recovery;
- ETS (Environmental Technology & Solutions);
- Other.

3.1 Operating segments

SUEZ's subsidiaries are divided into the following operating segments:

- **Water**: 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**: waste and waste treatment services for local authorities and industrial clients. These services include collection, sorting, recycling, composting, energy recovery and landfilling for non-hazardous waste;
- **ETS**: this segment includes all water services for the industrial customer segment (WTS), hazardous Waste Services as well as customized (SMART) services, technologies and solutions for industrial or municipal customers (Advanced Solutions), as well as Consulting services;
- the **Other** segment mainly includes holdings, including SUEZ SA.

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

Revenues

	December 31, 2020			December 31, 2019		
(in millions of euros)	Non-Group	Group	Total	Non-Group	Group	Total
Water	6,754.9	61.9	6,816.8	7,055.5	95.5	7,151.0
Recycling and Recovery	7,164.5	92.0	7,256.5	7,462.6	102.9	7,565.5
ETS	3,287.9	197.5	3,485.4	3,495.4	197.9	3,693.3
Other	1.7	117.5	119.2	1.8	154.0	155.8
Intercompany eliminations	-	(468.9)	(468.9)	-	(550.4)	(550.4)
Total revenues	**17,209.0**	**-**	**17,209.0**	**18,015.3**	**-**	**18,015.3**

EBITDA

(in millions of euros)	December 31, 2020	December 31, 2019
Water	1,596.3	1,788.2
Recycling and Recovery	937.4	1,067.3
ETS	385.8	434.5
Other	(104.8)	(69.6)
Total EBITDA	**2,814.7**	**3,220.4**

EBIT

(in millions of euros)	December 31, 2020	December 31, 2019
Water	564.2	922.8
Recycling and Recovery	275.4	410.8
ETS	100.5	217.0
Other	(159.9)	(142.9)
Total EBIT	**780.2**	**1,407.7**

Depreciation and amortization

(in millions of euros)	December 31, 2020	December 31, 2019
Water	(646.1)	(658.6)
Recycling and Recovery	(553.1)	(593.6)
ETS	(241.5)	(230.5)
Other	(52.5)	(49.9)
Total depreciation and amortization	**(1,493.2)**	**(1,532.6)**

Capital employed

(in millions of euros)	December 31, 2020	December 31, 2019
Water	10,239.4	11,074.1
Recycling and Recovery	4,661.6	5,264.1
ETS	3,728.2	3,868.9
Other	28.7	158.8
Total Capital employed [a]	**18,657.9**	**20,365.9**

(a) Including, as of December 31, 2020, capital employed for activities held for sale.

Investments in property, plant and equipment, intangible assets and financial assets

(in millions of euros)	December 31, 2020	December 31, 2019
Water	(763.0)	(296.0)
Recycling and Recovery	(401.1)	(454.4)
ETS	(197.3)	(223.0)
Other	(18.1)	(30.8)
Total investments	**(1,379.5)**	**(1,004.2)**

Financial investments included in this indicator include the acquisitions and sales of a portion of 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

(in millions of euros)	Revenues December 31, 2020	Revenues December 31, 2019	Capital Employed December 31, 2020	Capital Employed December 31, 2019
France	4,838.3	5,075.2	2,611.5	3,145.6
Europe	5,732.3	5,825.8	5,582.2	6,025.4
Rest of the world	6,638.4	7,114.3	10,464.2	11,194.9
Total	**17,209.0**	**18,015.3**	**18,657.9**[a]	**20,365.9**

(a) Including, as of December 31, 2020, capital employed for activities held for sale.

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, 2020	December 31, 2019
Current operating income	**636.9**	**1,208.4**
(+) Share in net income of equity-accounted companies considered as core business	144.8	198.3
(-) Others	(1.5)	1.0
EBIT	**780.2**	**1,407.7**
(-) Net depreciation, amortization and provisions	1,762.6	1,531.7
(-) Share-based payments[a]	0.8	17.7
(-) Disbursements under concession contracts	271.1	263.3
EBITDA	**2,814.7**	**3,220.4**

(a) Excluding cash compensation plans (granting performance units plan and long-term incentive plan – see Note 20).

3.4.2 Reconciliation of capital employed with the items of the statement of financial position

(in millions of euros)	December 31, 2020	December 31, 2019
(+) Tangible and intangible assets, net	12,220.8	13,726.7
(+) Goodwill, net	4,663.7	5,322.1
(+) Rights of use	1,168.0	1,405.8
(+) Equity instrument (excluding marketable securities and impact of revaluation to fair value)	238.7	254.4
(+) Loans and receivables carried at amortized cost (excluding assets related to financing)	789.2	745.1
(+) Investments in joint ventures (excluding Other comprehensive income net of taxes)	925.5	953.9
(+) Investments in associates (excluding Other comprehensive income net of taxes)	1,129.6	1,142.4
(+) Trade and other receivables	4,324.3	4,670.9
(+) Inventories	483.1	528.0
(+) Contracts assets	579.0	780.0
(+) Other current and non-current assets	1,766.5	1,833.3
(-) Provisions and actuarial losses/gains on pensions plans	(1,425.6)	(1,478.2)
(-) Trade and other payables	(3,263.2)	(3,534.3)
(-) Contracts liabilities	(1,372.4)	(1,178.5)
(-) Other current and non-current liabilities	(4,504.4)	(4,762.9)
(-) Other financial liabilities	(37.6)	(42.8)
(+) Capital employed from activities held for sale	972.7	-
Capital employed	**18,657.9**	**20,365.9**

3.4.3 Reconciliation of investments in tangible, intangible assets and financial investments with items in the statement of cash flows

(in millions of euros)	December 31, 2020	December 31, 2019
Investments in property, plant and equipment and intangible assets	(1,323.5)	(1,417.3)
Takeover of subsidiaries net of cash and cash equivalents acquired	13.7	(49.6)
Acquisitions of interests in associates and joint-ventures	(61.9)	(23.1)
Acquisitions of equity instruments	(7.8)	(15.9)
Change in share of interests in controlled entities	-	501.7
Total investments	**(1,379.5)**	**(1,004.2)**

Note 4 Current operating income

The components of current operating income are as follows:

(in millions of euros)	December 31, 2020	December 31, 2019
Revenues	17,209.0	18,015.3
Purchases	(3,436.7)	(3,720.7)
Personnel costs	(4,697.2)	(4,701.4)
Depreciation, amortization and provisions	(1,762.6)	(1,531.7)
Other operating income and expenses	(6,675.6)	(6,853.1)
Current operating income	**636.9**	**1 208.4**

4.1 Revenues

4.1.1 Revenues by nature

The following table shows Group's revenues per category:

(in millions of euros)	December 31, 2020	December 31, 2019
Sale, transport and distribution of electricity	406.7	438.3
Water, Recycling and Recovery	13,566.0	14,116.6
Construction contracts, equipment sales, engineering and other services [a]	2,286.4	2,481.5
Sale of chemical treatments for industrial water	949.8	978.9
Total	**17,209.0**	**18,015.3**

(a) Revenues include rental income of EUR 98.4 million in December 2020 and of EUR 105.2 million in December 2019.

4.1.2 Backlog

Backlog represents future revenue on contracts signed with customers for the following activities: construction contracts (excluding new works and concessions), equipment sales and engineering.

The breakdown of the backlog book is as follows:

(in millions of euros)	Total	Less than a year	From 1 to 5 years	Beyond 5 years
December 31, 2020	2,345.7	1,090.1	1,068.2	187.4
December 31, 2019	2,399.9	1,481.1	883.2	35.6

4.1.3 Contracts assets and contracts liabilities

(in millions of euros)	December 31, 2020		December 31, 2019	
	Non current	Current	Non current	Current
Contracts assets	80.6	498.4	46.2	733.8
Contracts liabilities	196.3	1,176.1	267.3	911.3

Contracts assets and contracts liabilities include the amounts due to and due from customers under construction contracts:

(in millions of euros)	December 31, 2020	December 31, 2019
Amounts due from customers under construction contracts	358.7	437.1
Amounts due to customers under construction contracts	296.4	268.9
Net position	**62.3**	**168.2**

In addition, at the closing date, the costs and margins incurred on construction contracts in progress are as follows:

(in millions of euros)	December 31, 2020	December 31, 2019
Cumulated costs incurred and margins recognized	6,994.0	6,333.6
Advances received	107.8	108.1
Retentions	59.8	54.8

4.2 Personnel costs

(in millions of euros)	December 31, 2020	December 31, 2019
Short-term benefits	(4,589.4)	(4,673.6)
Share-based payments or by cash payment	3.0	(14.9)
Post-employment benefit obligations and other long-term benefits	(110.8)	(12.9)
Total	**(4,697.2)**	**(4,701.4)**

Short-term benefits correspond to salaries and expenses recognized for the period. Share-based payments and cash-based payments are broken down in Note 20. These amounts include the impacts related to long-term incentive plans.

Post-employment benefit obligations and other long-term benefits are disclosed in Note 19. This amount corresponds to defined-benefit plan expenses (see Note 19.2.3) and to defined-contribution plan expenses (see Note 19.3).

4.3 Depreciation, amortization and provisions

The amounts shown below are net of reversals.

(in millions of euros)	December 31, 2020	December 31, 2019
Amortization	(1,493.2)	(1,532.6)
Depreciation of inventories, trade receivables and other assets	(203.4)	7.2
Net change in provisions [a]	(66.0)	(6.3)
Total	**(1,762.6)**	**(1,531.7)**

(a) Excluding post employment benefit obligations presented in Note 4.2 above.

The amortization breakdown is: – EUR 694.9 million for property plant and equipment, – EUR 474.1 million for intangible assets and – EUR 324.2 million for rights of use. The breakdown by type of asset is shown in Notes 10,11 and 15.

4.4 Other operating income and expenses

Other operating income and expenses include the following amounts:

(in millions of euros)	December 31, 2020	December 31, 2019
Other operating income	**236.4**	**236.7**
Other operating expenses	**(6,912.0)**	**(7,089.8)**
Sub-contracting	(2,985.8)	(2,891.1)
Taxes excluding corporate income tax	(696.9)	(709.4)
Other expenses	(3,229.3)	(3,489.3)
Total	**(6,675.6)**	**(6,853.1)**

"Other expenses" mainly include the following types of costs: external personnel, professional fees and compensation of intermediaries.

Note 5 Income from operating activities

(in millions of euros)	Note	December 31, 2020	December 31, 2019
Current operating income		**636.9**	**1,208.4**
Market to Market on operating financial instruments	5.1	4.6	3.7
Impairment on property, plant and equipment, intangible and financial assets	5.2	(209.2)	(64.8)
Restructuring costs	5.3	(157.0)	(132.3)
Scope effects	5.4	198.8	8.4
Other gains and losses on disposals and non-recurring items	5.5	(50.6)	26.6
Other significant non-recurring transactions	5.6	(47.6)	214.9
Income from operating activities		**375.9**	**1,264.9**

5.1 MtM on operating financial instruments

The Mark-to-Market on operating financial instruments amounts to a gain of EUR 4.6 million at December 31, 2020, *versus* a gain of EUR 3.7 million in 2019 resulting primarily from the following factors:

- implementation of economic hedging strategies through forward contracts traded on wholesale markets by certain Group entities. The objective of this strategy is to optimize margins by reducing their sensitivity to changes in raw material prices;
- recognition of gains and losses in the income statement with respect to the ineffective portion of hedging strategies for future cash flows 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, 2020	December 31, 2019
Impairments		
Property, plant and equipment and other intangible assets	(177.7)	(32.5)
Rights of use	(4.6)	(0.5)
Financial assets	(42.9)	(39.1)
Total	**(225.2)**	**(72.1)**
Write-back of impairments		
Property, plant and equipment and other intangible assets	13.1	4.1
Financial assets	2.9	3.2
Total	**16.0**	**7.3**
Total	**(209.2)**	**(64.8)**

5.2.1 Impairment of *goodwills*

As of December 31, 2020, one-off tests carried out on goodwill in accordance with the procedure described in Note 9.3 did not reveal any impairment on goodwill.

5.2.2 Impairments of property, plant and equipment and intangible assets

In 2020, this line item mainly included depreciation of sites in the Recycling and Recovery segment-especially in France, Germany, the United Kingdom and Australia. These impairment losses have been analyzed in relation to transformation decisions the Group has made under the SUEZ 2030 strategic plan (see Note 2.2).

In 2019, impairment losses on property, plant and equipment and intangible assets mainly concerned the Recycling and Recovery operating segment, especially in France and Water in France and in Spain.

5.2.3 Impairment of financial assets

In both 2020 and 2019, these losses mainly correspond to impairment losses on financial receivables relating to concession contracts in the Recycling and Recovery business segment.

5.3 Restructuring costs

As of December 31, 2020, this restructuring primarily corresponds to costs related to implementing the SUEZ 2030 strategic plan in France, in particular, but in Benelux and in Germany as well. These costs totaled around EUR 100 million. This line item also includes additional costs for restructuring plans launched in Spain in 2017, amounting to nearly EUR 10 million, and additional costs related to reorganizations that started in 2019 in WTS totaling close to EUR 17 million.

At December 31, 2019, this item included in particular the additional impacts of the restructuring plans initiated in 2017 in Spain, for EUR 17.1 million; as well as the costs related to reorganizations initiated in several entities and Business Units of the Group in France and abroad, excluding WTS, for a total amount of approximately EUR 72 million and in WTS for EUR 39.1 million.

5.4 Scope effects

As of December 31, 2020, this item recorded gains and losses on disposals during the second half of the year and most notably a EUR 207.3 million gain generated by selling the entire Recycling and Recovery business in Sweden.

At December 31, 2019, this item included the sale of the British company Triogen and proceeds from adjusting the contingent consideration of an Indian WTS entity.

5.5 Other gains and losses on disposals and non-recurring items

(in millions of euros)	December 31, 2020	December 31, 2019
Disposals of property, plant and equipment and intangible assets	(46.8)	25.4
Disposals of shares	(0.9)	0.3
Others	(2.9)	0.9
Total	**(50.6)**	**26.6**

As of December 31, 2020, disposals and write-offs of fixed assets mostly fell under the SUEZ 2030 strategic plan. The biggest impacts concerned the Recycling and Recovery business in France for around EUR 37 million.

In 2019, this item recorded gains from disposals of property, plant and equipment in Chile and in Spain as well as losses from disposals and write-offs of fixed assets in France.

5.6 Other significant non-recurring transactions

In 2020, the other significant non-recurring transactions include costs related to actions taken by the Group after the disposal of a 29.9% stake in the capital of SUEZ that ENGIE had previously held. As of December 31, 2020, these fees totaled EUR 47.6 million.

In 2019, the other significant non-recurring transactions included Aguas Argentinas dispute settlement for EUR 214.9 million after taking into account various expenses and fees. A description of this operation was provided in Note 2.2 of the chapter 18.1 of the Universal Registration Document 2019.

Note 6 Net financial income/loss

(in millions of euros)	December 31, 2020 Expenses	Income	Total	December 31, 2019 Expenses	Income	Total
Cost of net debt	(394.6)	33.3	(361.3)	(441.5)	22.0	(419.5)
Other financial income and expenses	(128.6)	49.2	(79.4)	(162.3)	67.8	(94.5)
Financial income/(loss)	**(523.2)**	**82.5**	**(440.7)**	**(603.8)**	**89.8**	**(514.0)**

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, 2020 Expenses	Income	Total	December 31, 2019 Expenses	Income	Total
Interest expense on gross borrowings	(317.8)	-	(317.8)	(368.6)	-	(368.6)
Interest expense on lease liabilities	(28.2)	-	(28.2)	(28.9)	-	(28.9)
Exchange gain/(loss) on borrowings and hedges	(27.3)	-	(27.3)	(23.6)	-	(23.6)
Unrealized income/(expense) from economic hedges on borrowings	-	0.3	0.3	(0.2)	-	(0.2)
Income/(expense) on cash and cash equivalents, and financial assets at fair value through income	-	22.6	22.6	-	10.2	10.2
Capitalized borrowing costs	-	1.0	1.0	-	0.6	0.6
Financial income (expense) relating to a financial debt or receivable restructuring	(21.3)	9.4	(11.9)	(20.2)	11.2	(9.0)
Cost of net debt	**(394.6)**	**33.3**	**(361.3)**	**(441.5)**	**22.0**	**(419.5)**

The decrease in the cost of net debt between December 31, 2019 and December 31, 2020 is mainly due to:

- the full year effect of transactions that took place in 2019 (bond redemption in April 2019);
- the issuance of new bonds with lower coupons than previous tranches, which accounts for EUR 13.9 million;
- the decrease in interest expense on foreign currency derivatives.

6.2 Other financial income and expenses

(in millions of euros)	December 31, 2020 Expenses	Income	Total	December 31, 2019 Expenses	Income	Total
Net interest expenses related to post employment and other long term benefits	(14.0)	-	(14.0)	(19.3)	-	(19.3)
Unwinding of discounting adjustment to long term liabilities and provisions (except post employment)	(54.7)	-	(54.7)	(51.7)	-	(51.7)
Change in fair value of derivatives not included in net debt	-	0.4	0.4	(0.3)	-	(0.3)
Income from equity instruments	-	2.7	2.7	-	3.3	3.3
Other	(59.9)	46.1	(13.8)	(91.0)	64.5	(26.5)
Other Financial Income and Expenses	**(128.6)**	**49.2**	**(79.4)**	**(162.3)**	**67.8**	**(94.5)**

The “Other” item from other financial income and expenses is primarily due to the operational rate of exchange for -EUR 22.6 million.

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 amounts to EUR 154.4 million in 2020 compared to EUR 340.0 million in 2019 and breaks down as follows:

(in millions of euros)	December 31, 2020	December 31, 2019
Current income tax	(145.7)	(246.1)
Deferred taxes	(8.7)	(93.9)
Total income tax expense recognized in income	**(154.4)**	**(340.0)**

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)	Note	December 31, 2020	December 31, 2019
Net income		**(74.4)**	**609.2**
► Share in net income of associates and joint ventures		144.8	198.3
► Income tax expense		(154.4)	(340.0)
Income before income tax and share in net income of associates and joint ventures (A)		**(64.8)**	**750.9**
of which French fully consolidated companies		*(470.7)*	*106.8*
of which foreign fully consolidated companies		*405.8*	*644.1*
Statutory income tax rate of SUEZ (B)		32.0%	34.4%
Theoretical income tax expense (C) = (A) x (B)		**20.7**	**(258.5)**
In fact:			
Difference between the normal tax rate applicable to SUEZ and the normal tax rate applicable in jurisdictions in France and outside France	(a)	16.0	56.4
Permanent differences	(b)	(40.3)	(37.6)
Income taxed at a reduced rate or tax-exempt	(c)	61.9	3.2
Additional tax expense	(d)	(43.3)	(64.9)
Effect of unrecognized deferred tax assets on tax loss carryforwards and on other tax-deductible temporary differences	(e)	(201.7)	(126.8)
Recognition or utilization of tax assets on previously unrecognized tax loss carryforwards and other tax-deductible temporary differences	(f)	11.5	32.4
Impact of changes in tax rates	(g)	(12.9)	(10.5)
Tax savings and credits	(h)	10.8	18.0
Other	(i)	22.9	48.3
Actual income tax expense		**(154.4)**	**(340.0)**
Effective tax rate (actual income tax expense divided by income before income tax and share in net income of associates and joint ventures)		**-238.1%**	**45.3%**

The overall corporate tax rate in France is 32.02%. Under current law, this rate will be 28.41% in 2021.

The main elements explaining the identified differences between the theoretical income tax expense and the effective tax rate are:
(a) In 2020 and 2019, the mains rates differences with the French tax rates are: the federal tax rate in the United States (21%), the rate in Chile (27%) and the rate in Spain (25%).
(b) In 2020, permanent differences are especially related to the non-deductibility of some provisions, impairment of assets and some financial expenses.
In 2019, SUEZ Sharing 2019 plan impacts as well as share-based payments and performance-unit plans came in addition to the limit on the deductibility of some financial expenses.
(c) In 2020: items taxed at a reduced rate or tax-exempt correspond mainly to the exemption of taxation on capital gains in relation with the disposal of the Group's Recycling and Recovery activities in Sweden.
(d) In 2020 and 2019, mainly the impact of tax due on dividends received under the French affiliation privilege regime and withholding taxes on dividends as well as "State Tax" on American subsidiaries.
(e) In 2020: -EUR 108.3 million of net deferred tax impairment within the French SUEZ tax consolidation group including -EUR 37.0 million impairment of net deferred tax assets opening stocks and -EUR 22.3 million within the Spanish SUEZ tax consolidation group.
In 2019: -EUR 48.4 million corresponding to the impairment of net deferred tax within the French SUEZ tax consolidation group and -EUR 24.4 million within the Spanish SUEZ tax consolidation group including unrecognized deferred tax assets on tax loss carryforward on a tax credit.
(f) In 2020: recognition of deferred tax assets individually not material.
In 2019: EUR 10.4 million of deferred tax recognition in the United States in relation with the limit on the deductibility of financial interests in United States, EUR 5.1 million on SUEZ R&R Nederland B.V. and EUR 3.0 million on SUEZ R&R Belgium N.V.
(g) In 2020 and 2019: mainly the impact of the rate difference in France between statutory income tax rate (32.02%) and deferred tax rate by reversing horizon. In 2020, is also added the impact of -EUR 2.4 million due to the reassessment of net deferred tax assets stocks in the United Kingdom following the change in income tax rate from 17% to 19%.
(h) In 2020: mainly the impact of Research & Development tax credit in France and in Spain.
In 2019: impact of a tax credit of EUR 15.8 million in Spain.
(i) In 2020 and 2019: the impact of the tax savings generated by the SUEZ tax consolidation group in France and Spain as well as the impact of tax adjustments on prior years, mainly in the United States.

The change in the effective tax rate between 2020 and 2019 is unrepresentative for the year 2020 marked by an exceptional pandemic context:

- increase in the effect of non-recognition of deferred taxes mainly explained by the full net deferred tax assets impairment of the SUEZ tax consolidation group in France for -EUR 37.0 million;
- increase in amount of permanent differences mainly due to provisions and impairment of non-deductible assets and partially offset by the positive effect of the base tax differential on the sale of Essal in Chile;
- increase in non-taxable items particularly due to the non-taxation of the capital gain from the disposal of the Group's Recycling and Recovery activities in Sweden, which generates a tax saving of EUR 51.7 million.

7.1.3 Analysis by type of temporary difference in deferred tax income/expenses on the income statement

(in millions of euros)	December 31, 2020	December 31, 2019
Deferred tax assets		
Loss carryforwards	(38.5)	(36.7)
Pension obligations	(26.5)	(25.3)
Concessions arrangements	4.3	3.6
Non-deductible provisions	16.9	3.3
Differences between the carrying amount of PPE and their tax bases	16.8	13.0
Measurement of financial instruments at fair value	(1.0)	(6.6)
Other	(27.2)	(7.1)
Total	**(55.2)**	**(55.8)**
Deferred tax liabilities		
Differences between the carrying amount of PPE and their tax bases	14.2	1.8
Concessions arrangements	(13.8)	(9.5)
Tax-driven provisions	(0.3)	0.2
Measurement of assets and liabilities at fair value	(3.3)	9.1
Other	49.7	(39.7)
Total	**46.5**	**(38.1)**
Net Deferred Taxes	**(8.7)**	**(93.9)**

The change in the deferred tax position is mainly explained by the following items:

In 2020 and 2019, deferred tax expense on tax loss carryforward is mainly explained by the full impairment of net deferred tax assets stocks within the French SUEZ tax consolidation group.

In 2020, the increase in deferred tax income over provisions temporarily non-deductible is mainly related to a provision for liabilities guarantee pertaining to the disposal of Essal in Chile (see Note 18).

In 2020, deferred tax expense on pensions is not linked to special events. In 2019, deferred tax charge on pension obligations and related benefits was mainly explained by the change in medical coverage of French retiree causing a decrease of obligation and by the closing in 2019 of defined-benefit Pension Plan Article 39 referred to as "1991" and "1998".

In 2020, net deferred tax position variation recognized as "Other" is not material. In 2019, the deferred tax liabilities expense of -EUR 39.7 million presented as "Other "is mainly linked to the recurring tax effect of Undated Deeply Subordinated Notes interests reclassified in SUEZ S.A. equity when coupons are paid.

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, by type of underlying assets:

(in millions of euros)	December 31, 2020	December 31, 2019
Equity instruments	-	(0.1)
Actuarial gains and losses	12.1	(16.0)
Net investment hedges	-	(5.0)
Cash flow hedges	2.2	3.7
Total excluding share of associates and joint ventures [a]	**14.3**	**(17.4)**
Share of associates	3.8	(1.0)
Total	**18.1**	**(18.4)**

(a) Including items classified as held for sale.

In 2020, tax effect recognized as a variation in "Other comprehensive income" is mainly due to actuarial gains and losses on pension obligations and other long-term benefits at SUEZ Water, Inc. amounting to EUR 8.3 million.

In 2019, tax effect recognized "Other comprehensive income "was mainly explained by the net deferred tax impairment within SUEZ French tax consolidation group on actuarial gains and losses for -EUR 19.5 million and on net investment hedges for -EUR 4.8 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 January 1, 2020	**541.9**	**(791.1)**	**(249.2)**
From income statement	(55.2)	46.5	(8.7)
From Other comprehensive income [a]	5.4	7.0	12.4
Scope effects	1.5	59.2	60.7
Translation adjustments	(35.2)	60.8	25.6
Effect of classification of assets held for sale and related liabilities [b]	(13.2)	12.3	(0.9)
Other impacts	(8.5)	4.8	(3.7)
Deferred tax netting off by tax entity	(4.3)	4.3	-
At December 31, 2020	**432.4**	**(596.2)**	**(163.8)**

(a) Excluding share of associates and joint-ventures.
(b) See Note 1.2.4.

Indeed:

- the EUR 60.7 million scope effect is mainly related to the impact of the disposal of Essal in Chile (EUR 37.7 million) and the Group's Recycling and Recovery activities in Sweden (EUR 17.0 million). (See Note 2.5);
- the effect of the classification of assets held for sale and associated liabilities is related to the reclassification of deferred tax assets and liabilities related to Recycling and Recovery activities in Northern Europe held for sale. (See Note 1.2.4).

7.3.2 Analysis of the net deferred tax position recognized on the statement of financial position by type of temporary difference (before netting of deferred tax assets and liabilities by tax entity)

(in millions of euros)	December 31, 2020	December 31, 2019
Deferred tax assets		
Loss carry-forwards and tax credit	255.3	339.6
Pension obligations	76.1	90.7
Concessions arrangements	119.8	37.0
Non-deductible provisions	126.9	93.5
Differences between the carrying amount of PPE and their tax bases	121.4	208.1
Measurement of financial instruments at fair value	10.1	16.0
Other	253.9	284.0
Total	**963.6**	**1,068.9**
Deferred tax liabilities		
Differences between the carrying amount of PPE and their tax bases	(915.2)	(862.0)
Concessions arrangements	(99.6)	(85.3)
Tax-driven provisions	(14.3)	(19.7)
Measurement of assets and liabilities at fair value	(33.9)	(31.5)
Other	(64.4)	(319.6)
Total	**(1,127.4)**	**(1,318.1)**
Net Deferred Taxes	**(163.8)**	**(249.2)**

The deferred tax assets recognized on tax loss carry-forwards amount to EUR 255.3 million as of December 31, 2020 *versus* EUR 339.6 million as of December 31, 2019. These tax losses carried forward mainly correspond to the losses recognized by the SUEZ French consolidation tax group, on WTS mainly in the United States and on the Group's water activities in the United States.

In 2020, within the SUEZ French consolidation tax group:

- net deferred tax assets of the year have been written off;
- opening stocks of the deferred tax assets has been fully impaired by profit and loss for -EUR 37.0 million up to the deferred tax liabilities level.

Consequently, the full amount of net deferred tax assets within the SUEZ French tax consolidation group, including all temporary differences, is fully impaired as of December 31, 2020 *versus* a net position of EUR 37.0 million as of December 31, 2019.

7.4 Unrecognized deferred taxes

7.4.1 Deductible temporary differences unrecognized

- **Temporary differences on losses carried forward**

At December 31, 2020, unused and unrecognized tax losses carried forward (unrecognized because they did not meet the criteria for recognition as a deferred tax asset) amount to EUR 472.0 million *versus* EUR 325.9 million as of December 31, 2019.

- **Other temporary differences unrecognized**

The amount of deferred tax assets on unrecognized other temporary differences amount to EUR 315.0 million at December 31, 2020, compared to EUR 375.4 million at December 31, 2019.

7.4.2 Unrecognized deferred tax liabilities on taxable temporary differences relating to investments in subsidiaries

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 reverse in the foreseeable future.

Note 8 Earning per share

	December 31, 2020	December 31, 2019
Numerator *(in millions of euros)*		
Net income, Group share	**(228.2)**	**351.7**
Coupon attributable to holders of undated deeply subordinated notes issued by SUEZ:		
► June 2014 issue – reimbursed in June 2020	(4.4)	(11.8)
► March 2015 issue	(12.5)	(12.5)
► May 2017 issue	(17.3)	(17.3)
► September 2019 issue	(8.1)	-
Fees related to undated deeply subordinated notes issued in 2014	(0.5)	(10.3)
Adjusted Net Income, Group Share	**(271.0)**	**299.8**
Denominator *(in millions)*		
Weighted average number of outstanding shares	627.8	618.0
Earnings per share *(in euros)*		
Net income Group share per share	**(0.43)**	**0.49**
Net diluted income Group share per share	**(0.43)**	**0.48**

The Group's dilutive instruments included in the calculation of diluted earnings per share are as follows:

- performance share plans settled in SUEZ shares;
- the Sharing employee shareholding plans.

In 2020, as the result is negative, it is not necessary to calculate net diluted income Group share per share.

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, 2018	**5,314.2**	**(90.4)**	**5,223.8**
Scope effects	31.9	-	31.9
Impairment losses	-	-	-
Translation adjustments	67.1	(1.1)	66.0
Other	0.4	-	0.4
At December 31, 2019	**5,413.6**	**(91.5)**	**5,322.1**
Scope effects	(63.3)	(0.5)	(63.8)
Impairment losses	-	-	-
Translation adjustments	(254.0)	0.5	(253.5)
Items classified as held for sale	(341.2)	0.1	(341.1)
Other	-	-	-
At December 31, 2020	**4,755.1**	**(91.4)**	**4,663.7**

In 2020, the net change in goodwill is mainly the result of:

- the sale of the Group's Recycling and Recovery activities in Sweden for -EUR 55.6 million and the sale of Essal in Chile for -EUR 7.6 million, presented as "Scope effects";
- the reclassification of -EUR 341.1 million of goodwill related to Recycling and Recovery activities of the Group in Northern Europe and related to its French business OSIS classified as assets held for sale (See Note 2.6);

- translation adjustments mainly related to fluctuations on the US dollar for -EUR 199.9 million, the Hong Kong dollar for -EUR 20.3 million and the pound sterling for -EUR 19.7 million;

and amounted to -EUR 658.4 million.

In 2019, the net change in goodwill amounted to +EUR 98.3 million. This was mainly the result of:

- the acquisition of ALS group for +EUR 39.5 million;
- the sale of a French company Sita Espérance for -EUR 12.4 million;
- translation adjustments mainly relate to fluctuations on the US dollar for +EUR 46.5 million and the pound sterling for +EUR 18.0 million.

9.2 Main goodwill cash generating units (CGUs)

As of January 1, 2020, following the implementation of the new operational organization of SUEZ (see Note 2.2), the list of Cash Generating Units (CGUs) has been updated and resulted in reallocations of goodwill between old and new CGUs.

These reallocations were made on the basis of the fair value of the part of the business transferred to the new CGU compared to the fair value of the entire old CGU. Fair value was determined mainly on the basis of Discounted Cash Flows (DCF) or the average amount of EBITDA accruing to the Group.

The break down is now as follows:

(in millions of euros)	Operating segment	December 31, 2020	January 1, 2020
Material CGUs			
Water France	Water	366.1	366.4
Water Southern Europe	Water	334.9	334.9
Water Latam	Water	161.2	177.8
Water North America	Water	480.3	523.3
R&R France	Recycling and Recovery	495.6	514.9
R&R UK	Recycling and Recovery	345.9	365.5
R&R Northern Europe	Recycling and Recovery	214.1	510.1
R&R Asia	Recycling and Recovery	179.3	195.0
R&R Australia	Recycling and Recovery	161.2	160.2
WTS	Environmental Tech & Solutions	1,694.1	1,849.9
Other CGUs (individual goodwill of less than EUR 100 million)		231.0	324.1
Total		**4,663.7**	**5,322.1**

Amounts are presented after reclassification of goodwill from assets classified as held for sale (See Note 9.1 and Note 2.6).

9.3 Impairment test

All goodwill cash-generating units (CGUs) are tested for impairment. Impairment tests were carried out based on either actual results at the end of June 2020, on the last forecast of the year taking into account the upcoming events in the second half of the year or date as of the end of December 2020 for WTS; on the following year budget and on the medium-term plan (MTP) over four years for the rest of the business plan. For 2020, the impacts of the pandemic have been taken into account in the assumptions made (see Note 2.1.2).

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 Executive 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 1.7% 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 2020 range from 4.1% to 7.3%.

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.

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.

(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).

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
Water France	DCF	4.1%
Water Southern Europe	DCF	4.2%
Water Latam	DCF	6.4%
Water North America	multiples [a]	4.4%
R&R France	DCF	4.6%
R&R UK	DCF	4.9%
R&R Northern Europe	DCF	4.7%
R&R Asia	DCF	7.0%
R&R Australia	DCF	6.1%
WTS	DCF	7.3%

(a) Valuation multiples of comparable entities: market value or transactions.

9.4 Sensitivity to interest rate and operational assumptions

A change of more or less 50 basis points in the discount rates or growth rates of the "normative" Free Cash Flow does not impact the recoverable amounts of the various goodwill CGUs, which remain higher than their carrying amounts.

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 ofnormalized Free Cash Flow	
Impact in % on excess of recoverable value over book value	- 50 pb	+ 50 pb	- 50 pb	+ 50 pb
Water France	28%	-18%	-17%	27%
Water Southern Europe	86%	-57%	-54%	82%
Water Latam	58%	-43%	-41%	55%
R&R France	42%	-29%	-26%	38%
R&R UK	30%	-21%	-20%	28%
R&R Northern Europe	30%	-21%	-18%	27%
R&R Asia	53%	-42%	0%	49%
R&R Australia	19%	-15%	-13%	16%
WTS	59%	-48%	-48%	59%

Moreover, the Group ensured that, in 2020, 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 goodwills can be analyzed by operating segment as follows:

(in millions of euros)	December 31, 2020	January 1, 2020
Water	1,405.0	1,473.0
Recycling and Recovery	1,416.3	1,848.4
ETS	1,842.4	2,000.7
Total	**4,663.7**	**5,322.1**

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, 2018	**852.4**	**6 140.1**	**2 161.2**	**9,153.7**
Acquisitions	50.2	193.7	53.4	297.3
Disposals	(31.1)	(163.9) [a]	(4.7)	(199.7)
Translation adjustments	(3.8)	29.7	21.2	47.1
Changes in scope of consolidation [b]	1.9	6.7	9.2	17.8
Other	36.8	21.3	(47.3)	10.8
At December 31, 2019	**906.4**	**6,227.6**	**2,193.0**	**9,327.0**
Acquisitions	32.5	180.6	63.0	276.1
Disposals	(116.6)	(295.2) [a]	(7.2)	(419.0)
Translation adjustments	(5.7)	(53.9)	(102.6)	(162.2)
Changes in scope of consolidation [b]	(3.9)	(20.7)	(12.1)	(36.7)
Assets classified as held for sale	(76.1)	-	(21.5)	(97.6)
Other	68.3	8.0	(54.2)	22.1
At December 31, 2020	**804.9**	**6,046.4**	**2,058.4**	**8,909.7**
B. Accumulated depreciation and impairment				
At December 31, 2018	**(601.9)**	**(2 861.4)**	**(708.3)**	**(4,171.6)**
Depreciation	(72.8)	(313.4)	(88.7)	(474.9)
Impairment losses	(1.9)	(2.8)	(3.9)	(8.6)
Disposals	24.1	163.2 [a]	4.1	191.4
Translation adjustments	3.7	(11.8)	(5.0)	(13.1)
Changes in scope of consolidation [b]	(1.8)	(5.2)	(0.7)	(7.7)
Other	3.1	(11.3)	1.4	(6.8)
At December 31, 2019	**(647.5)**	**(3,042.7)**	**(801.1)**	**(4,491.3)**
Depreciation	(78.1)	(312.1)	(83.9)	(474.1)
Impairment losses	(22.1)	(9.9)	(15.6)	(47.6)
Disposals	106.7	293.3 [a]	6.6	406.6
Translation adjustments	4.4	20.3	22.6	47.3
Changes in scope of consolidation [b]	3.5	20.7	5.3	29.5
Assets classified as held for sale	71.9	-	17.7	89.6
Other	(5.2)	(6.8)	7.1	(4.9)
At December 31, 2020	**(566.4)**	**(3,037.2)**	**(841.3)**	**(4,444.9)**
C. Carrying Amount				
At December 31, 2018	**250.5**	**3,278.7**	**1,452.9**	**4,982.1**
At December 31, 2019	**258.9**	**3,184.9**	**1,391.9**	**4,835.7**
At December 31, 2020	**238.5**	**3,009.2**	**1,217.1**	**4,464.8**

(a) At the end of the concession agreements, intangible assets falling within the scope of IFRIC 12 are balanced, at gross value, amortisation and impairment by a disposal flow.
(b) In 2020, the changes in scope of consolidation result from the disposal of the Recycling and Recovery activities in Sweden and the company Essal in Chile, subsidiary of Aguas Andinas.

10.2 Information on intangible assets

Intangible rights arising on concession contracts

The Group manages a large number of concession contracts as defined by SIC 29 (see Notes 1.6.4.2, 1.5.6 and 1.6.13.4) 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 end users under IFRIC 12 the intangible asset model.

Most of the acquisitions of the year are done in Water sector in France and in Spain.

Non-depreciable intangible assets

Non-depreciable intangible assets, mainly composed of water rights, amount to EUR 78.3 million at December 31, 2020, *versus* EUR 95.6 million at December 31, 2019, and were included in the column "Other".

No significant impairment was posted in this asset category in 2020.

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 as at December 31, 2020, for the amount of EUR 103.3 million, which is decreasing compared with EUR 118.5 million registered at December 31, 2019. This decrease results from the impact of Covid-19 pandemic and from the postponement of projects for innovation and for research and development.

Expenses related to in-house projects in the development phase that meet the criteria for recognition as an intangible asset are not material for year-end 2020.

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 dismantling and restoration costs	Construction in progress	Other	Total property, plant and equipment
A. Gross amount								
At December 31, 2018	**2,011.1**	**3,326.6**	**8,868.1**	**1,259.2**	**533.9**	**972.5**	**533.6**	**17,505.0**
Acquisitions	10.7	74.1	240.3	28.8	-	692.2	38.9	1,085.0
Disposals	(27.1)	(31.2)	(152.0)	(126.2)	-	-	(50.8)	(387.3)
Translation adjustments	11.0	(58.1)	(83.1)	5.3	4.5	(24.8)	4.2	(141.0)
Changes in scope of consolidation	(8.4)	(4.7)	9.3	6.0	(3.0)	(1.5)	2.4	0.1
Other	149.1	(20.0)	421.5	17.8	(8.9)	(617.4)	16.2	(41.7)
At 31 décember, 2019	**2,146.4**	**3,286.7**	**9,304.1**	**1,190.9**	**526.5**	**1,021.0**	**544.5**	**18,020.1**
Acquisitions	7.0	64.6	218.1	22.8	-	658.8	29.8	1,001.1
Disposals	(20.5)	(55.9)	(237.2)	(96.2)	-	-	(34.5)	(444.3)
Translation adjustments	(44.1)	(88.9)	(429.0)	(10.4)	(2.9)	(37.1)	(18.7)	(631.1)
Changes in scope of consolidation	(36.8)	(97.1)	(439.8)	(94.1)	(20.7)	(42.3)	(2.8)	(733.6)
Assets classified as held for sale	(71.1)	(470.1)	(755.9)	(388.8)	(9.7)	(22.8)	(16.7)	(1,735.1)
Other	61.0	114.5	610.5	2.4	26.3	(792.9)	(12.0)	9.8
At December 31, 2020	**2,041.9**	**2,753.8**	**8,270.8**	**626.6**	**519.5**	**784.7**	**489.6**	**15,486.9**
B. Accumulated depreciation and impairment								
At December 31, 2018	**(1,119.6)**	**(1,603.4)**	**(4,047.8)**	**(1,035.5)**	**(532.0)**	**(15.1)**	**(377.2)**	**(8,730.6)**
Depreciation	(83.6)	(149.7)	(373.7)	(63.1)	(0.4)	-	(71.8)	(742.3)
Impairment losses	(0.2)	(10.3)	(12.6)	(0.3)	-	(0.4)	(0.1)	(23.9)
Disposals	11.7	28.9	135.2	122.2	-	1.0	41.3	340.3
Translation adjustments	(21.2)	15.8	29.9	(3.6)	(4.5)	(0.3)	(2.9)	13.2
Changes in scope of consolidation	6.1	3.6	(5.9)	(5.0)	3.0	-	(3.6)	(1.8)
Other	(12.6)	25.3	(41.0)	4.0	8.9	11.8	19.6	16.0
At December 31, 2019	**(1,219.4)**	**(1,689.8)**	**(4,315.9)**	**(981.3)**	**(525.0)**	**(3.0)**	**(394.7)**	**(9,129.1)**
Depreciation	(66.3)	(120.9)	(388.0)	(59.1)	(0.4)	-	(60.2)	(694.9)
Impairment losses	(25.4)	(42.9)	(54.3)	(0.2)	-	(7.4)	-	(130.2)
Disposals	7.0	33.9	222.9	86.0	-	0.4	32.9	383.1
Translation adjustments	20.0	28.9	124.3	7.2	2.9	0.2	12.5	196.0
Changes in scope of consolidation	15.0	57.6	261.7	69.9	20.7	-	2.2	427.1
Assets classified as held for sale	19.1	303.5	495.2	336.9	9.3	2.6	14.5	1,181.1
Other	(0.6)	2.4	32.1	1.9	(26.4)	(0.1)	26.7	36.0
At December 31, 2020	**(1,250.6)**	**(1,427.3)**	**(3,622.0)**	**(538.7)**	**(518.9)**	**(7.3)**	**(366.1)**	**(7,730.9)**
C. Carrying Amount								
At December 31, 2018	**891.5**	**1,723.2**	**4,820.3**	**223.7**	**1.9**	**957.4**	**156.4**	**8,774.4**
At December 31, 2019	**927.0**	**1,596.9**	**4,988.2**	**209.6**	**1.5**	**1,018.0**	**149.8**	**8,891.0**
At December 31, 2020	**791.3**	**1,326.5**	**4,648.8**	**87.9**	**0.6**	**777.4**	**123.5**	**7,756.0**

In 2020, the main changes concern acquisition of tangible assets in progress for +EUR 659 million, mainly made in the United States for +EUR 287 million, in France for +EUR 170 million and in Chile for +EUR 109 million.

In 2020, impairment losses reflect the effects of the accelerated implementation of the SUEZ 2030 transformation plan.

In 2019, these acquisitions for +EUR 692 million were mainly in the United States for +EUR 301 million, in France for +EUR 170 million and in Chile for +EUR 133 million.

In 2020, the changes in scope of consolidation result from the disposal of the Recycling and Recovery activities in Sweden and the company Essal in Chile, subsidiary of Aguas Andinas.

The main translation adjustments on the carrying amount of property, plant and equipment have been noted:

- in 2020, on the US dollar for -EUR 279 million, the Chilean peso for -EUR 109 million and the Pound sterling for – EUR 18 million;
- in 2019, on the Chilean peso for -EUR 209 million, the US dollar for +EUR 54 million and the Pound sterling for +EUR 17 million.

11.2 Pledged and mortgaged assets

Assets pledged and mortgaged as collateral for borrowings remained stable and amounted to EUR 9.6 million at December 31, 2020 against EUR 9.7 million at December 31, 2019.

11.3 Contractual commitments for the acquisition of property, plant and equipment

In the course of ordinary operations, some Group companies have committed to investing in technical facilities which the third parties concerned undertake to deliver to them in return.

The Group's contractual commitments for property, plant and equipment amounted to EUR 478.2 million at December 31, 2020, against EUR 633 million at December 31, 2019.

Note 12 Investments in joint ventures and associates

12.1 Investments in joint ventures

The most significant equity interests are the Chinese joint ventures jointly owned by SUEZ NWS Limited, a Hong Kong-based company at 50% and by local concessionary authorities at 50%. Following the full consolidation of SUEZ NWS Limited in SUEZ, the shares from all the joint ventures (including all the Chinese joint ventures mentioned above) are accounted for by using the equity method according to SUEZ NWS Limited's percentage ownership (50% for the Chinese joint ventures) and represent EUR 579.5 million at December 31, 2020.

Another major joint venture is the Suyu Group, which is based in China and is 50%-owned by SUEZ.

	Carrying amount of investments in joint ventures		Share in net income/(loss) of joint ventures	
(in millions of euros)	December 31, 2020	December 31, 2019	December 31, 2020	December 31, 2019
SUEZ NWS Limited Group	579.5	593.5	31.6	47.9
Suyu Group	313.2	316.4	1.4	15.9
Other	32.8	44.0	6.7	7.6
Total	**925.5**	**953.9**	**39.7**	**71.4**

(in millions of euros)	December 31, 2020	December 31, 2019
Net income	39.7	71.4
Other comprehensive income (OCI)	2.1	9.0
Comprehensive income	**41.8**	**80.4**

Below are the summarized statements of financial position (at 100%) of the Chinese joint ventures accounted for by using the equity method at SUEZ NWS Limited and the Suyu Group.

Summarized Statement of financial position

(in millions of euros)	December 31, 2020 Chinese joint ventures	December 31, 2020 Suyu Group	December 31, 2019 Chinese joint ventures	December 31, 2019 Suyu Group
Non-current assets	1,347.0	844.4	1,369.9	776.3
Current assets	535.3	7.7	469.3	20.8
of which Cash and cash equivalents	*266.5*	*7.7*	*238.8*	*20.8*
Total assets	**1,882.3**	**852.1**	**1,839.2**	**797.1**
Shareholders' equity, Group share	975.2	626.4	997.6	632.9
Non-controlling interests	8.0	-	7.5	-
Total shareholders' equity	**983.2**	**626.4**	**1,005.1**	**632.9**
Non-current liabilities	311.0	192.4	306.4	164.2
Current liabilities	588.1	33.3	527.7	-
Total shareholders' equity and liabilities	**1,882.3**	**852.1**	**1,839.2**	**797.1**
100% dividends paid in the previous financial year	**63.2**	**-**	**66.9**	**-**

Suyu's "Non-current assets" item includes Derun Environment shares equity accounted for EUR 809.4 million at the end of 2020, compared with EUR 740.7 million at the end of 2019.

Summarized Income Statement

(in millions of euros)	December 31, 2020 Chinese joint ventures	December 31, 2020 Suyu Group	December 31, 2019 Chinese joint ventures	December 31, 2019 Suyu Group
Revenues	541.1	-	747.8	-
Current operating income	111.7	(0.1)	123.4	-
Net income – group share	70.5	2.9	94.8	31.9
Net income – non-controlling interests	1.1	-	1.4	-
Net income	**71.6**	**2.9** [a]	**96.2**	**31,9** [a]
Other comprehensive income (OCI) [b]	(24.7)	(12.5)	9.8	6.1
Comprehensive income	**46.9**	**(9.6)**	**106.0**	**38.0**

(a) Derun Environnement's share in net income accounted for using the equity method in the Suyu Group.
(b) This amount corresponds to translation adjustments.

12.2 Investments in associates

Investments and income from associates break down as follows:

(in millions of euros)	Carrying amount of investments in associates December 31, 2020	Carrying amount of investments in associates December 31, 2019	Share in net income/(loss) of associates December 31, 2020	Share in net income/(loss) of associates December 31, 2019
Acea Group	624.3	591.2	65.0	63.0
Agbar Group	163.0	167.9	9.7	14.7
Other (individual contributions less than 10% of the total)	276.1	311.1	30.4	49.2
Total	**1,063.4**	**1,070.2**	**105.1**	**126.9**

(in millions of euros)	December 31, 2020	December 31, 2019
Net income	105.1	126.9
Other comprehensive income (OCI)	(12.7)	(7.7)
Comprehensive income	**92.4**	**119.2**

The main component of the item "Investments in associates" is the Acea Group, listed on the Milan Stock Exchange and in which the SUEZ Group holds 23.33% of the capital.

At December 31, 2020 the book value of Acea in the statement of financial position is EUR 624.3 million. Its market value is EUR 852.2 million.

The summarized financial information at 100% of the Acea Group are presented below.

The Consolidated Financial Statements of Acea Group at December 31, 2020 are not available at the date of publication of the Group's 2020 Consolidated Financial Statements. In compliance with IAS 28 "Investments in Associates and joint ventures", the summarized statement of financial position at September 30, 2020 corresponds to the latest available information.

Summarized Statement of Acea Group financial position

(in millions of euros)	September 30, 2020	December 31, 2019
Non-current assets	6,866.5	6,501.4
Current assets	2,580.3	2,453.0
of which Cash and cash equivalents	*523.4*	*835.7*
Total assets	**9,446.8**	**8,954.4**
Shareholders' equity, Group share	1,906.8	1,854.8
Non-controlling interests	313.7	251.9
Total shareholders' equity	**2,220.5**	**2,106.7**
Non-current liabilities	4,885.1	4,199.0
Current liabilities	2,341.2	2,648.7
Total shareholders' equity and liabilities	**9,446.8**	**8,954.4**
100% dividends paid in the previous financial year	**166.1**	**151.2**

Summarized Income Statement of Acea Group – of the first nine months

(in millions of euros)	September 30, 2020	September 30, 2019
Revenues	2,471.6	2,346.2
Gross operating profit	858.7	740.8
Operating profit/(loss)	426.0	402.5
Net income – group share	218.7	218.9
Net income – non-controlling interests	32.4	19.4
Net income	**251.1**	**238.3**
Other comprehensive income (OCI)	(3.2)	(6.6)
Comprehensive income	**247.9**	**231.7**

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, 2020 Non-current	December 31, 2020 Current	December 31, 2020 Total	December 31, 2019 Non-current	December 31, 2019 Current	December 31, 2019 Total
Equity instruments at fair value	107.9	-	107.9	132.2	-	132.2
Loans and receivables carried at amortized cost	712.2	4,401.3	5,113.5	653.7	4,762.3	5,416.0
Loans and receivables carried at amortized cost (excluding trade and other receivables)	712.2	77.0	789.2	653.7	91.4	745.1
Trade and other receivables	-	4,324.3	4,324.3	-	4,670.9	4,670.9
Financial assets measured at fair value	146.5	151.3	297.8	115.7	105.3	221.0
Derivative financial instruments	146.5	96.4	242.9	115.7	75.5	191.2
Financial assets measured at fair value through income	-	54.9	54.9	-	29.8	29.8
Cash and cash equivalents	-	5,319.6	5,319.6	-	3,703.0	3,703.0
Liquid financial investments	-	213.7	213.7	-	130.0	130.0
Other cash and cash equivalents	-	5,105.9	5,105.9	-	3,573.0	3,573.0
Total	**966.6**	**9,872.2**	**10,838.8**	**901.6**	**8,570.6**	**9,472.2**

13.1.1 Equity instruments at fair value

Movements on equity instruments during the period are broken down as follows:

(in millions of euros)	Equity instruments at FV through OCI	Equity instruments at FV through income
At December 31, 2019	**105.2**	**27.0**
Acquisitions	7.7	0.1
Net book value of disposals	(0.3)	(0.2)
Changes in fair value posted to equity as Other comprehensive income	(18.3)	-
Changes in fair value posted to income statement	-	(0.8)
Changes in scope, exchange rates and other	(9.8)	(1.4)
Assets classified as held for sale	(0.8)	(0.5)
At December 31, 2020	**83.7**	**24.2**

Equity instruments at fair value through OCI held by the Group at December 31, 2020 are unlisted.

The value of equity instruments at fair value through income held by the Group amounts to EUR 24.2 million as at December 31, 2020 and is divided between EUR 21.0 million of listed securities and EUR 3.2 million of unlisted securities.

13.1.2 Loans and receivables carried at amortized cost

(in millions of euros)	December 31, 2020 Non-current	Current	Total	December 31, 2019 Non-current	Current	Total
Loans and receivables carried at amortized cost (excluding trade and other receivables)	**712.2**	**77.0**	**789.2**	**653.7**	**91.4**	**745.1**
Loans granted to affiliated companies [a]	362.3	29.6	391.9	430.5	50.0	480.5
Other receivables at amortized cost	0.3	2.5	2.8	0.3	-	0.3
Concession receivables	349.6	44.3	393.9	222.4	41.3	263.7
Finance lease receivables	-	0.6	0.6	0.5	0.1	0.6
Trade and other receivables	**-**	**4,324.3**	**4,324.3**	**-**	**4,670.9**	**4,670.9**
Total	**712.2**	**4,401.3**	**5,113.5**	**653.7**	**4,762.3**	**5,416.0**

(a) This item primarily includes loans granted to associates accounted for under the equity method and/or to non-consolidated companies, and amount to EUR 232.0 million as of December 31, 2020, *versus* EUR 288.6 million as of December 31, 2019.

Depreciation and impairment on loans and receivables carried at amortized cost are shown below:

(in millions of euros)	December 31, 2020 Gross	Depreciation and impairment	Net	December 31, 2019 Gross	Depreciation and impairment	Net
Loans and receivables carried at amortized cost (excluding trade and other receivables)	973.9	(184.7)	789.2	909.3	(164.2)	745.1
Trade and other receivables	4,840.9	(516.6)	4,324.3	5,018.8	(347.9)	4,670.9
Total	**5,814.8**	**(701.3)**	**5,113.5**	**5,928.1**	**(512.1)**	**5,416.0**

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):

(in millions of euros)	Interests	Remeasurement post-acquisition Translation adjustment	Impairment
At December 31, 2019	58.1	1.0	(24.8)
At December 31, 2020	**55.8**	**(2.3)**	**(243.2)**

Trade and other receivables

On initial recognition, trade receivables are recorded at fair value, which generally corresponds to their nominal value. An impairment loss is recognized based on the risk of non-recovery by homogeneous category of customers and on the expected loss rate for each category of customers (see Note 1.6.9.1).

The net carrying amount of trade and other receivables posted to the statement of financial position represents its 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 excluding derivatives, and can be analyzed as follows:

(in millions of euros)	December 31, 2020 Non-current	December 31, 2020 Current	December 31, 2020 Total	December 31, 2019 Non-current	December 31, 2019 Current	December 31, 2019 Total
Derivative financial instruments	**146.5**	**96.4**	**242.9**	**115.7**	**75.5**	**191.2**
Debt-related derivatives (see Note 13.3.1)	143.5	73.2	216.7	111.3	44.0	155.3
Derivative hedging commodities (see Note 14.1.1.2)	-	-	-	-	7.8	7.8
Derivative hedging other items [a]	3.0	23.2	26.2	4.4	23.7	28.1
Financial assets at fair value through income exluding derivatives	**-**	**54.9**	**54.9**	**-**	**29.8**	**29.8**
Financial assets measured at fair value through income (See Note 13.3.1)	-	54.9	54.9	-	29.8	29.8
Total	**146.5**	**151.3**	**297.8**	**115.7**	**105.3**	**221.0**

(a) Includes derivative financial instruments for the interest rate futures portion of debt-related derivatives not designated as hedges for -EUR 0.1 million at December 31, 2020, compared with EUR 1.9 million at December 31, 2019.

Commodities derivatives (analyzed in Note 14.1.1), debt-related derivatives, and derivatives hedging other items are set up as part of the Group's risk management policy.

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, 2020 is not material.

13.1.4 Cash and cash equivalents

The Group's financial risk management policy is described in Note 14.

"Cash and cash equivalents" amount to EUR 5,319.6 million as of December 31, 2020 *versus* EUR 3,703.0 million as of December 31, 2019.

This item mainly includes term deposits for EUR 1,323.5 million compared with EUR 749.3 million at December 31, 2019 and cash and cash equivalents for EUR 3,919.9 million compared with EUR 2,889.6 million at 31 December 2019, including EUR 213.7 million in liquid financial investments as at December 31, 2020 (excluding accrued interest).

In addition, restricted cash amounts to EUR 18.9 million as of December 31, 2020, *versus* EUR 17.3 million in 2019.

Income recognized in respect of "Cash and cash equivalents" as of December 31, 2020 amounts to EUR 21.0 million *versus* EUR 10.1 million as of December 31, 2019.

13.1.5 Pledged and mortgaged assets

(in millions of euros)	December 31, 2020	December 31, 2019
Pledge and mortgaged assets	7.5	7.1

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;
- or in "liabilities measured at fair value" for derivative financial instruments.

The following table shows the various financial liability categories, as well as their breakdown as "non-current" and "current":

	December 31, 2020			December 31, 2019		
(in millions of euros)	Non-current	Current	Total	Non-current	Current	Total
Borrowings	10,990.0	2,956.6	13,946.6	9,914.0	2,609.1	12,523.1
Lease liabilities	975.5	255.6	1,231.1	1,159.4	314.9	1,474.3
Derivative financial instruments	4.9	36.2	41.1	6.7	57.3	64.0
Trade and other payables	-	3,263.2	3,263.2	-	3,534.3	3,534.3
Other financial liabilities	37.6	-	37.6	42.8	-	42.8
Total	**12,008.0**	**6,511.6**	**18,519.6**	**11,122.9**	**6,515.6**	**17,638.5**

13.2.1 Borrowings and debt

	December 31, 2020			December 31, 2019		
(in millions of euros)	Non-current	Current	Total	Non-current	Current	Total
Bonds issues	9,937.2	879.5	10,816.7	9,009.1	465.4	9,474.5
Commercial paper	-	747.0	747.0	-	678.4	678.4
Draw downs on credit facilities	405.7	11.3	417.0	302.2	43.7	345.9
Other bank borrowings	524.2	85.0	609.2	426.3	130.9	557.2
Other borrowings	67.6	72.6	140.2	157.5	64.3	221.8
Borrowings (gross amounts)	**10,934.7**	**1,795.4**	**12,730.1**	**9,895.1**	**1,382.7**	**11,277.8**
Overdrafts and current cash accounts	-	1,084.7	1,084.7	-	1,133.6	1,133.6
Outstanding financial debt	**10,934.7**	**2,880.1**	**13,814.8**	**9,895.1**	**2,516.3**	**12,411.4**
Impact of measurement at amortized cost	(47.2)	57.3	10.1	(59.2)	81.3	22.1
Impact of fair value hedge	102.5	19.2	121.7	78.1	11.5	89.6
Borrowings and debt	**10,990.0**	**2,956.6**	**13,946.6**	**9,914.0**	**2,609.1**	**12,523.1**

The fair value of borrowings and debt as of December 31, 2020 amounts EUR 15,520.0 million for a net book value of EUR 13,946.6 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:

(in millions of euros)	December 31, 2019	Cash flows	Non cash flows: Forex effect	Scope effect	Items classified as held for sale	Change in fair value and amortized cost	Others	December 31, 2020
Bond issues	9,474.5	1,507.8	(128.2)	(76.4)	-	-	39.0	10,816.7
Commercial paper	678.4	68.9	(0.3)	-	-	-	-	747.0
Draw downs on credit facilities	345.9	82.2	(10.6)	-	-	-	(0.5)	417.0
Borrowings under finance leases								
Other bank borrowings	557.2	125.0	(21.7)	(48.4)	(0.3)	-	(2.6)	609.2
Other borrowings	221.8	(98.4)	3.8	0.5	(2.6)	-	15.1	140.2
Borrowings (gross amounts)	**11,277.8**	**1,685.5**	**(157.0)**	**(124.3)**	**(2.9)**	**-**	**51.0**	**12,730.1**
Overdrafts and current cash accounts [a]	1,133.6	(40.8)	(5.7)	0.8	(4.9)	-	1.7	1,084.7
Outstanding financial debt	**12,411.4**	**1,644.7**	**(162.7)**	**(123.5)**	**(7.8)**	**-**	**52.7**	**13,814.8**
Impact of measurement at amortized cost	22.1	(10.5)	1.2	(0.3)	(0.1)	23.9	(26.2)	10.1
Impact of fair value hedge	89.6	-	(0.2)	-	-	32.3		121.7
Borrowings and debt	**12,523.1**	**1,634.2**	**(161.7)**	**(123.8)**	**(7.9)**	**56.2**	**26.5**	**13,946.6**
Lease liabilities	**1,474.3**	**(331.5)**	**(19.3)**	**(34.3)**	**(175.0)**	**(18.5)**	**335.4**	**1,231.1**

(a) The change in bank overdrafts due on demand, as defined by IAS 7.8, does not impact the item "new borrowings and financial liabilities" in the consolidated statement of cash flows for an amount of EUR 65 million, but is nevertheless taken into account in the 2020 cash flows of financial liabilities.

13.2.2 Derivative financial instruments (including commodities)

(in millions of euros)	December 31, 2020: Non-current	Current	Total	December 31, 2019: Non-current	Current	Total
Debt-related derivatives	0.3	24.1	24.4	0.4	41.5	41.9
Derivatives hedging commodities	-	2.4	2.4	-	4.3	4.3
Derivatives hedging other items [a]	4.6	9.7	14.3	6.3	11.5	17.8
Total	**4.9**	**36.2**	**41.1**	**6.7**	**57.3**	**64.0**

(a) Mainly includes derivative financial instruments for the interest rate futures portion of debt-related derivatives qualifying as cash flow hedge for EUR 3.1 million at December 31, 2020, compared with EUR 3.5 million at December 31, 2019.

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, 2020	December 31, 2019
Trade payables	3,008.9	3,260.7
Payables on fixed assets	254.3	273.6
Total	**3,263.2**	**3,534.3**

The fair value of trade payables and other creditors correspond to their carrying amount recorded in the statement of financial position.

13.2.4 Other financial liabilities

(in millions of euros)	December 31, 2020	December 31, 2019
Payables on acquisition of shares	4.1	4.9
Other financial liabilities [a]	33.5	37.9
Total	**37.6**	**42.8**

(a) Including EUR 25.3 million in 2020 and EUR 27.8 million in 2019 related to the financing of the expansion of an Australian landfill.

13.3 Net debt

13.3.1 Analysis by type of debt

(in millions of euros)	December 31, 2020 Non-current	December 31, 2020 Current	December 31, 2020 Total	December 31, 2019 Non-current	December 31, 2019 Current	December 31, 2019 Total
Outstanding borrowings	10,934.7	2,880.1	13,814.8	9,895.1	2,516.3	12,411.4
Impact of measurement at amortized cost [a]	(47.2)	57.3	10.1	(59.2)	81.3	22.1
Impact of fair value hedge [b]	102.5	19.2	121.7	78.1	11.5	89.6
Borrowings and debts	**10,990.0**	**2,956.6**	**13,946.6**	**9,914.0**	**2,609.1**	**12,523.1**
Lease liabilities	**975.5**	**255.6**	**1,231.1**	**1,159.4**	**314.9**	**1,474.3**
Debt-related derivatives under liabilities [c]	0.3	24.1	24.4	0.4	41.5	41.9
Gross debt	**11,965.8**	**3,236.3**	**15,202.1**	**11,073.8**	**2,965.5**	**14,039.3**
Financial assets measured at fair value through income excluding financial derivative instruments	-	(54.9)	(54.9)	-	(29.8)	(29.8)
Cash management assets	-	(213.7)	(213.7)	-	(130.0)	(130.0)
Other cash and cash equivalents	-	(5,105.9)	(5,105.9)	-	(3,573.0)	(3,573.0)
Debt-related derivatives under assets [c]	(143.5)	(73.2)	(216.7)	(111.3)	(44.0)	(155.3)
Net cash	**(143.5)**	**(5,447.7)**	**(5,591.2)**	**(111.3)**	**(3,776.8)**	**(3,888.1)**
Net debt	**11,822.3**	**(2,211.4)**	**9,610.9**	**10,962.5**	**(811.3)**	**10,151.2**
Outstanding borrowings	10,934.7	2,880.1	13,814.8	9,895.1	2,516.3	12,411.4
Lease liabilities	975.5	255.6	1,231.1	1,159.4	314.9	1,474.3
Financial assets measured at fair value through income excluding financial derivative instruments	-	(54.9)	(54.9)	-	(29.8)	(29.8)
Cash management assets	-	(213.7)	(213.7)	-	(130.0)	(130.0)
Other cash and cash equivalents	-	(5,105.9)	(5,105.9)	-	(3,573.0)	(3,573.0)
Net debt excluding amortized cost and impact of derivative financial instruments	**11,910.2**	**(2,238.8)**	**9,671.4**	**11,054.5**	**(901.6)**	**10,152.9**

(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 increase in the share of non-current net debt, EUR 1,039.6 million, was mainly due to:

- bond issues during the first half of 2020 totaling EUR 1,940.0 million.

Partially offset by:

- the reclassification of the current portion of the balance of the bond issued by SUEZ for an initial amount of EUR 750 million. It matures in May 2021, has a 4.078% coupon and now totals EUR 598.2 million.

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

The outstanding amount of undated deeply subordinated notes ("TSSDI") was EUR 1,600 million, down EUR 147.9 million compared to December 31, 2019 due to the full redemption of the 2014 tranche on June 23, 2020 (see Note 2.4.4). This outstanding amount is not recognized under borrowings as it meets the conditions set out in IAS 32 for recognition as equity.

13.3.3 Bond and Commercial paper issues

In 2020, SUEZ issued several bonds under its EMTN program:

- EUR 850 million with a 1.250% coupon maturing on April 2, 2027;
- EUR 40 million (in addition to the existing EUR 500 million tranche) with a 1.625% coupon, maturing on September 21, 2032;
- EUR 300 million (in addition to the existing EUR 300 million tranche) with a 1.250% coupon, maturing on May 19, 2028;
- EUR 750 million with a 1.250% coupon maturing on May 14, 2035.

SUEZ has a commercial paper program. At December 31, 2020, the outstanding notes totaled EUR 747.0 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, 2020, outstanding commercial paper was entirely covered by credit lines confirmed available for more than one year.

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 initially concerned assignors from R&R France, IWS France, R&R Netherlands, R&R UK and R&R Germany.

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.

Since the end of December 2019, the assignors from the OSIS division of SUEZ RV France are no longer part of the scope of the transferred receivables, their receivables had therefore been recorded in the statement of financial position as a counterpart to a financial debt materializing the commitment to pay the fixed amount for the repurchase of these receivables.

After disposal agreement protocols were signed for SUEZ's Recycling and Recovery business in four countries in Northern Europe in addition to a Recycling and Recovery France business line (see Note 2.6) that has not yet been finalized as of December 31, 2020, SUEZ presents these items as held for sale in 2021 in accordance with IFRS 5. (See Notes 1.2.4 and 2.6.2) (see specific column in the table with figures as of December 31, 2020).

The aim of the receivable assignment or receivable securitization program is to carry out so-called "deconsolidation" assignments within the meaning of IFRS 9.

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's 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 funds 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, 2020, this security deposit has not been formed.

g) an option, for all Group's 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's 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 IFRS 9 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).

Figures as of December 31, 2020

(in millions of euros)			Of which assets classified as held for sale[b]
Total of receivables sold over the period	**2,134.6**		**482.3**
Gain/(loss) arising from sale over the period	(18.7)	(B)	-
Remuneration for CC1	2.1	(C)	-
Remuneration of services for follow-up and recovery of receivables transferred over the period	**9.9**	**(D)**	**-**
Outstanding receivables transferred as of December 31, 2020	395.1	(A)	70.0
Book value of CC1 as of December 31, 2020	78.1	(E)	14.2
Fair value of CC1	78.1		14.2
Book value of CC2		(a)	
Residual maturity of CC1	14	months	-
Impact of sales of derecognized receivables in the sense of IFRS 9 on net debt	**310.3**	**(A) + (B) + (C) + (D) – (E)**	**55.8**

(a) No security deposit known as "CC2" had been made as of December 31, 2020, payment of this deposit is subject to the conditions described above.
(b) In accordance with IFRS 5, amounts corresponding to the contribution of entities held for sale in 2021 (assignors of Recycling and Recovery activities in Germany and the Netherlands) are presented here. See Notes 1.2.4 and 2.6.2.

13.3.5 Change in net debt

Net debt decreased by EUR 540.3 million during the year 2020. This is mainly due to:

- the payment of cash dividends to shareholders of SUEZ amounting to EUR 282.7 million;
- the payment of cash dividends to minority shareholders of subsidiaries amounting to EUR 195.1 million;
- the payment of coupons on the various tranches of undated deeply subordinated notes for a total amount of EUR 42.3 million;
- the full redemption of the 2014 tranche of subordinated notes amounting to EUR 147.9 million on June 23, 2020;
- the implementation of the Sharing 2019 plan in January 2020 for an amount of EUR 112.2 million net of fees;
- the exchange rate effects which helped reduce net debt to EUR 219.3 million;
- the disposal of the Recycling and Recovery business in Sweden for EUR 316.2 million (see Note 2.5.2);
- the disposal of Essal, a subsidiary of Aguas Andinas, for EUR 198.0 million (see Note 2.5.3);
- the disposal of 4.77% of Aquasure for approximately EUR 47 million (see Note 2.5.1);
- the reclassification of debt from assets held for sale (IFRS 5) for EUR 137.7 million;
- the excess cash generated by the Group's activities totaling EUR 205.8 million.

13.3.6 Debt/Equity ratio

(in millions of euros)	December 31, 2020	December 31, 2019
Net debt[a]	9,748.6	10,151.2
Total equity	8,049.4	9,288.2
Debt/equity ratio	**121.1%**	**109.3%**

(a) For purposes of comparison and consistency, the amount of net financial debt is presented before reclassification of liabilities associated with assets held for sale (see Notes 1.2.4 and 2.6.2).

13.4 Fair value of financial instruments by level

13.4.1 Financial assets

Equity instruments at fair value

Listed securities are recognized in the consolidated statement of financial position at fair value for EUR 21.0 million at December 31, 2020. They have a Level 1 fair value based on stock market prices at that date.

Unlisted securities valued at EUR 86.9 million at December 31, 2020 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, 2020, the change in Level 3 equity instruments at fair value breaks down as follows:

(in millions of euros)	Equity instruments at FV through OCI	Equity instruments at FV through income
At December 31, 2019	**105.2**	**4.8**
Acquisitions	7.7	-
Net book value of disposals	(0.3)	(0.2)
Changes in fair value posted to equity as Other comprehensive income	(18.3)	-
Changes in fair value posted to income statement	-	-
Changes in scope, exchange rates and other	(9.8)	(0.9)
Assets classified as held for sale	(0.8)	(0.5)
At December 31, 2020	**83.7**	**3.2**

The net value of unlisted securities is not of a material 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 789.2 million at December 31, 2020, may contain elements that contribute to a fair value hedging relationship. At December 31, 2020, as at December 31, 2019, 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, 2020 for EUR 242.9 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 54.9 million at December 31, 2020, are considered Level 2. In fact, their fair value is determined based on observable data.

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 1.6.9.2 and 1.6.9.3):

	December 31, 2020				December 31, 2019			
(in millions of euros)	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3
Borrowings	15,520.0	9,265.7	6,254.3		13,908.4	7,498.3	6,410.1	
Derivative financial instruments	41.1		41.1		64.0		64.0	
Debt-related derivatives	24.4		24.4		41.9		41.9	
Derivatives hedging commodities	2.4		2.4		4.3		4.3	
Derivatives hedging other items	14.3		14.3		17.8		17.8	
Total	**15,561.1**	**9,265.7**	**6,295.4**	**-**	**13,972.4**	**7,498.3**	**6,474.1**	**-**

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, 2020, as at December 31, 2019, 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:

(in millions of euros)	December 31, 2020 Financial derivatives instruments on net debt and others - Assets	Liabilities	Financial derivatives instruments on commodities - Assets	Liabilities	December 31, 2019 Financial derivatives instruments on net debt and others - Assets	Liabilities	Financial derivatives instruments on commodities - Assets	Liabilities
Gross amount [a]	242.9	(38.7)	-	(2.4)	183.4	(59.7)	7.8	(4.3)
Amount after offsetting	**239.2**	**(35.0)**	**-**	**(2.4)**	**170.9**	**(47.2)**	**7.8**	**(4.3)**

(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 8 "Cash and shareholders' equity" of the Universal Registration 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 IFRS 9 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 Juste valeur des instruments financiers dérivés sur matières premières

The fair value of derivative instruments linked to commodities at December 31, 2020 and 2019 is presented in the table below:

(in millions of euros)	December 31, 2020 Assets - Current	Assets - Non-current	Liabilities - Current	Liabilities - Non-current	December 31, 2019 Assets - Current	Assets - Non-current	Liabilities - Current	Liabilities - Non-current
Cash flow hedges	-	-	2.4	-	7.8	-	4.3	-
Total	**-**	**-**	**2.4**	**-**	**7.8**	**-**	**4.3**	**-**

The fair value of cash flow hedging instruments by type of commodity breaks down as follows:

(in millions of euros)	December 31, 2020 Assets - Current	Assets - Non-current	Liabilities - Current	Liabilities - Non-current	December 31, 2019 Assets - Current	Assets - Non-current	Liabilities - Current	Liabilities - Non-current
Oil	**-**	**-**	**-**	**-**	**7.8**	**-**		**-**
Swaps	-	-	-	-	7.8	-		-
Electricity	**-**	**-**	**2.4**	**-**	**-**	**-**	**4.3**	**-**
Swaps	-	-	2.4	-	-	-	4.3	-
Total	**-**	**-**	**2.4**	**-**	**7.8**	**-**	**4.3**	**-**

14.1.2 Currency risk

Subsidiaries work mostly in local currency, exposure to currency risk linked to transactions are 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 these assets based on various internal and external indicators.

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, 2020		December 31, 2019	
(in %)	Before impact of derivatives	After impact of derivatives	Before impact of derivatives	After impact of derivatives
Euro zone	78%	67%	75%	57%
USD zone	8%	15%	10%	21%
GBP zone	2%	4%	2%	4%
CLP (Chilean peso)	9%	8%	10%	10%
HKD (Hong-Kong dollar)	0%	2%	1%	2%
Other currencies	3%	4%	2%	6%
Total	**100%**	**100%**	**100%**	**100%**

Net debt

	December 31, 2020		December 31, 2019	
(in %)	Before impact of derivatives	After impact of derivatives	Before impact of derivatives	After impact of derivatives
Euro zone	79%	61%	77%	52%
USD zone	11%	23%	11%	27%
GBP zone	3%	5%	3%	6%
CLP (Chilean peso)	11%	9%	12%	12%
HKD (Hong-Kong dollar)	-1%	2%	0%	2%
Other currencies	-3%	0%	-3%	1%
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. Since December 31, 2018 there are no more instrument as a net investment hedge.

As regards **currency risk**, the sensitivity calculation consists in evaluating the impact in the Consolidated Financial Statements of a plus or minus 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 plus or minus 10% change of foreign currencies against euro would generate a gain or a loss of EUR 7.7 million.

Impact on equity after taking into account foreign exchange derivatives

At December 31, 2020 as at December 31, 2019, there were no financial liabilities (debts and derivatives) qualified as net investment hedges. A uniform variation of plus or minus 10% in exchange rates against the euro would therefore not generate a negative or positive impact on equity in respect of net investment hedges.

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 IFRS 9.

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 represent 100% of net debt as of December 31, 2020.

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, 2020		December 31, 2019	
(in %)	Before impact of derivatives	After impact of derivatives	Before impact of derivatives	After impact of derivatives
Floating rate	19%	32%	20%	33%
Fixed rate	74%	61%	71%	58%
Fixed rate indexed to inflation	7%	7%	9%	9%
Total	**100%**	**100%**	**100%**	**100%**

Net debt

	December 31, 2020		December 31, 2019	
(in %)	Before impact of derivatives	After impact of derivatives	Before impact of derivatives	After impact of derivatives
Floating rate	-36%	-14%	-16%	3%
Fixed rate	124%	102%	103%	84%
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 plus or minus 1% compared with year-end interest rates.

Impact on income after taking into account interest rate derivatives

A plus or minus 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 9.3 million on net interest expense.

A 1% increase in all interest rates (uniform for all currencies) would generate a loss of EUR 0.6 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 0.6 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 2.5 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 1.4 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

(in millions of euros)	December 31, 2020 Total market value	December 31, 2020 Total nominal value	December 31, 2019 Total market value	December 31, 2019 Total nominal value
Fair-value hedges	(0.2)	95.0	0.6	66.3
Cash-flow hedges	(0.1)	8.6	0.1	3.4
Derivative instruments not qualifying for hedge accounting	54.7	2,219.3	7.0	3,968.1
Total	**54.4**	**2,322.9**	**7.7**	**4,037.8**

Interest rate derivatives

(in millions of euros)	December 31, 2020 Total market value	December 31, 2020 Total nominal value	December 31, 2019 Total market value	December 31, 2019 Total nominal value
Fair-value hedges	140.0	1,962.9	106.0	1,762.9
Cash-flow hedges	(3.2)	86.8	(3.5)	92.0
Derivative instruments not qualifying for hedge accounting	-	-	-	-
Total	**136.8**	**2,049.7**	**102.5**	**1,854.9**

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 IFRS 9, 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, 2020, the net impact of fair value hedges recognized in the income statement, including compensation payments and redemption premium is EUR 6.2 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, 2020 *(in millions of euros)*	Total	2021	2022	2023	2024	2025	Beyond 5 years
Fair value of derivatives by maturity date	(3.3)	(0.1)	-	(1.0)	(1.7)	-	(0.5)

At December 31, 2019 *(in millions of euros)*	Total	2020	2021	2022	2023	2024	Beyond 5 years
Fair value of derivatives by maturity date	(3.4)	0.1	-	-	(1.0)	(2.1)	(0.4)

The unrealized gains and losses directly recognized in shareholders' equity, Group share in 2020 amount to -EUR 17.7 million (including impacts on associates).

The ineffective portion of cash-flow 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	Past-due non impaired assets at closing date				Impaired assets [a]	Non-impaired and not past-due assets	
(in millions of euros)	0-6 months	6-12 months	Over one year	Total	Total	Total	Total
At December 31, 2020	235.3	37.8	81.6	354.7	742.5	3,743.7	4,840.9
At December 31, 2019	283.1	35.5	49.6	368.2	461.0	4,189.6	5,018.8

(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 which the Group companies do business with (private companies, individuals or public authorities). In accordance with the terms of IFRS 9, the entities of the SUEZ Group have set up non-recovery risk matrices for their trade receivables by homogeneous category of customers, adapted to their local realities, with regard to the default rates observed in the recent past on receivables with a similar credit risk profile. They update the matrices at least once a year and use them to calculate depreciation based on the expected default rates on each of the homogeneous categories of customers (see Note 1.6.9.1).

Changes in the impairment on trade and other receivables line:

(in millions of euros)	Impairment on trade and other receivables
At December 31, 2019	**(347.9)**
Additional credit risk allowances	(270.2)
Reversals for risk surplus/extinction	48.2
Reversal by the counterpart of loss on bad trade receivables	23.9
Change in scope, exchange rates and other	21.1
Assets classified as held for sale	8.3
At December 31, 2020	**(516.6)**

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 equity instruments and the fair value of derivatives on the assets side of the statement of financial position (i.e. EUR 10,730.9 million at December 31, 2020, and EUR 9.340,1 million at December 31, 2019).

14.2.2.1 Counterparty risk arising from loans and receivables carried at amortized cost (excluding trade and other receivables)

Following the application of IFRS 9 and in accordance with the method detailed in Note 1.6.9.1, the counterparty risk of gross maturity and impairment of past-due loans and receivables carried at amortized cost (excluding trade and other receivables) is analyzed below:

(in millions of euros)	Not unpaid/no overdue more than 60 days	Unpaid/overdue 60 days to 180 days	Overdues of more than 180 days	December 31, 2020 Total
Loans, deposits and guarantees – gross	903.6	48.7	22.5	974.8
Loans, deposits and guarantees – impairment	(180.6)	(2.3)	(1.8)	(184.7)

Loans and receivables carried at amortized cost (excluding trade and other receivables) do not include items relating to amortized cost (-EUR 0.9 million).

Changes in impairment losses and amortized costs are 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 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, 2020, "Cash and cash equivalents" and derivatives assets were the most material 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, 2020				December 31, 2019			
	Total	Investment Grade [a]	Unrated [b]	Non Investment Grade [b]	Total	Investment Grade [a]	Unrated [b]	Non Investment Grade [b]
% of exposure	5,524.0	95%	4%	1%	3,838.9	93%	5%	2%

(a) Counterparties with a minimum Standards & Poor's rating of BBB- or Moody's rating of Baa3.
(b) Most of these two exposures are carried by consolidated companies in which non-controlling interests exist or by 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, 2020, the Group's total net cash stood at EUR 5,591.2 million, consisting of cash and cash equivalents of EUR 5,319.6 million, financial assets at fair value through income for EUR 54.9 million, and debt-related derivatives recorded as assets for EUR 216.7 million euros. Almost all surplus cash is invested in short-term bank deposits and interest-bearing accounts.

In addition, at December 31, 2020, the Group specifically had EUR 3,782.0 million in confirmed credit facilities, including EUR 417.0 million already drawn; unused credit facilities therefore amount EUR 3,365.0 million, of which EUR 234.4 million will be maturing in 2021. 85% of total credit lines and 89% 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, 2020, bank funding accounted for 8.0% 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 85.0% and commercial paper for 6.0%) represented 91.0% of the outstanding borrowings (excluding bank overdrafts and liability current accounts).

Available cash, composed of cash and cash equivalents (EUR 5,319.6 million) and financial assets measured at fair value through income (EUR 54.9 million), net of bank overdrafts and liability current accounts (EUR 1,084.7 million), amount to EUR 4,289.8 million at December 31, 2020 *versus* EUR 2,599.2 million at December 31, 2019.

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.

Undiscounted contractual payments on outstanding borrowings by maturity and type of lenders are as follows:

At December 31, 2020 *(in millions of euros)*	Total	2021	2022	2023	2024	2025	Beyond 5 years
Bonds issues	10,816.7	879.5	705.2	453.1	520.4	1,085.9	7,172.6
Commercial paper	747.0	747.0	-	-	-	-	-
Draw downs on credit facilities	417.0	11.3	-	13.3	366.4	-	26.0
Other bank borrowings	609.2	86.3	58.6	202.0	120.5	68.2	73.6
Other borrowings	140.2	72.1	15.4	4.8	4.4	3.7	39.8
Borrowings	**12,730.1**	**1,796.2**	**779.2**	**673.2**	**1,011.7**	**1,157.8**	**7,312.0**
Overdrafts and current accounts	1,084.7	1,084.7					
Outstanding borrowings	**13,814.8**	**2,880.9**	**779.2**	**673.2**	**1,011.7**	**1,157.8**	**7,312.0**
Financial assets measured at fair value through income	(54.9)	(54.9)	-	-	-	-	-
Liquid financial investments	(213.7)	(213.7)	-	-	-	-	-
Other cash and cash equivalents	(5,105.9)	(5,105.9)	-	-	-	-	-
Net debt excluding lease liabilities and excluding amortized cost and impact of derivative financial instruments	**8,440.3**	**(2,493.6)**	**779.2**	**673.2**	**1,011.7**	**1,157.8**	**7,312.0**

At December 31, 2019 *(in millions of euros)*	Total	2020	2021	2022	2023	2024	Beyond 5 years
Outstanding borrowings	**12,411.4**	**2,516.3**	**1,009.2**	**783.7**	**864.0**	**584.9**	**6,653.3**
Financial assets measured at fair value through income	(29.8)	(29.8)	-		-	-	-
Liquid financial investments	(130.0)	(130.0)	-	-	-	-	-
Other cash and cash equivalents	(3,573.0)	(3,573.0)	-	-	-	-	-
Net debt excluding amortized cost and impact of derivative financial instruments	**8,678.6**	**(1,216.5)**	**1,009.2**	**783.7**	**864.0**	**584.9**	**6,653.3**

Undiscounted contractual payments on outstanding borrowings break down as follows by maturity:

At December 31, 2020 *(in millions of euros)*	Total	2021	2022	2023	2024	2025	Beyond 5 years
Undiscounted contractual interest payments on outstanding borrowings	2,310.9	312.1	283.5	240.2	222.4	172.2	1,080.5

At December 31, 2019 *(in millions of euros)*	Total	2020	2021	2022	2023	2024	Beyond 5 years
Undiscounted contractual interest payments on outstanding borrowings	2,234.3	256.4	257.1	221.8	191.3	175.2	1,132.5

Undiscounted contractual payments on outstanding derivatives (excluding commodity instruments) recognized in liabilities and assets break down as follows by maturity (net amounts):

At December 31, 2020 *(in millions of euros)*	Total	2021	2022	2023	2024	2025	Beyond 5 years
Derivatives (excluding commodities)	(183.1)	(62.9)	(26.9)	(24.4)	(20.3)	(16.4)	(32.2)

At December 31, 2019 *(in millions of euros)*	Total	2020	2021	2022	2023	2024	Beyond 5 years
Derivatives (excluding commodities)	(77.8)	8.5	(25.7)	(19.8)	(16.5)	(11.4)	(12.9)

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 above are positive for a liability and negative for an asset.

The maturity of the confirmed undrawn credit facilities is as follows:

(in millions of euros)	Total	2021	2022	2023	2024	2025	Beyond 5 years
At December 31, 2020	3,365.0	234.4	190.1	48.3	237.3	2,654.9	-

(in millions of euros)	Total	2020	2021	2022	2023	2024	Beyond 5 years
At December 31, 2019	3,336.4	287.8	75.1	89.5	156.0	2,722.5	5.5

Confirmed but unused lines of credit include a EUR 2.5 billion multi-currency club deal (maturing in 2025).

As of December 31, 2020, no counterparty represented more than 7% of confirmed unused credit facilities.

14.4 Equity risk

As of December 31, 2020, equity instruments at fair value held by the Group amount to EUR 107.9 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 2.1 million on Group's income.

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.

Note 15 Information related to leases

The following analyses present the main items under leases.

15.1 Rights of use

The following table presents the rights of use by category:

(in millions of euros)	Lands	Buildings	Plant machinery and technical equipment	Vehicles	Others	Total
At January 1, 2019 [a]	**114.3**	**701.4**	**82.9**	**480.3**	**4.6**	**1 383.5**
Asset inflows	34.7	75.4	32.3	211.4	4.1	357.9
Impairment loss	-	-	(0.5)	-	-	(0.5)
Amortization	(11.5)	(120.4)	(27.3)	(153.6)	(2.6)	(315.4)
Termination	(7.4)	(10.1)	(0.5)	(4.9)	(0.3)	(23.2)
Scope effects	(0.2)	1.3	-	-	0.1	1.2
Translation effects and other	0.2	1.0	0.3	0.8	-	2.3
At December 31, 2019	**130.1**	**648.6**	**87.2**	**534.0**	**5.9**	**1 405.8**
Asset inflows	24.0	87.8	36.6	194.7	3.3	346.4
Impairment loss	(3.1)	(1.4)	-	-	-	(4.5)
Amortization	(11.4)	(113.4)	(28.2)	(168.7)	(2.5)	(324.2)
Termination	(5.3)	(8.4)	(1.2)	(8.8)	-	(23.7)
Scope effects	(4.0)	(12.0)	(1.1)	(17.6)	-	(34.7)
Assets classified as held for sale	(18.0)	(69.7)	(17.9)	(72.1)	(2.8)	(180.5)
Translation effects and other	(0.4)	(8.8)	(2.5)	(4.9)	-	(16.6)
At December 31, 2020	**111.9**	**522.7**	**72.9**	**456.6**	**3.9**	**1,168.0**

(a) First application of IFRS 16.

In 2020, scope effects are related to the disposal of the Recycling and Recovery activities in Sweden and to the company Essal in Chile.

15.2 Rental expenses benefiting from exemptions under IFRS 16

At December 31, 2020 and December 31, 2019, the following items continue to be presented as rental expenses:

(in millions of euros)	December 31, 2020	December 31, 2019
Short term leases	82.3	102.5
Leases of low value assets	38.3	36.7
Expenses on variable leases	6.3	6.2
Others	22.1	19.2
Total	**149.0**	**164.6**

15.3 Lease liabilities

At December 31, 2020, and December 31, 2019 discounted cashflows on outstanding lease debt by maturity are as follows:

At December 31, 2020 *(in millions of euros)*	Total	2021	2022	2023	2024	2025	Beyond 2025
Lease obligation	1,231.1	255.6	206.8	173.3	136.9	86.2	372.3

At December 31, 2019 *(in millions of euros)*	Total	2020	2021	2022	2023	2024	Beyond 2024
Lease obligation	1,474.3	314.9	244.0	204.3	168.1	128.2	414.8

Lease debt related to leases previously classified as finance leases is now included in the lease debt (see Note 1.2.3) and amounts to EUR 17.3 million as at December 31, 2020 *versus* EUR 31.6 million at December 31, 2019. Leased assets remain recorded as property, plant and equipment.

(in millions of euros)	December 31, 2020	December 31, 2019
Repayment of the lease debt	331.5	325.1
Interest expense related to lease liabilities	28.8	29.3
Rental expenses benefiting from exemptions under IFRS 16	149.0	164.6
Cash outflows related to leases	**509.3**	**519.0**

15.4 Information on operating leases – SUEZ lessor

These contracts mainly concern desalination plants or mobile units of SUEZ WTS made available to customers.

Net book value of leased assets by category.

(in millions of euros)	December 31, 2020	December 31, 2019
Buildings	138.8	157.1
Equipments	54.3	56.9
Total	**193.1**	**214.0**

Lease income for the year 2020 corresponds to the minimum lease payments and represents EUR 98.4 million.

Future minimum lease payments due can be analyzed as follows:

At December 31, 2020 *(in millions of euros)*	Total	2021	2022	2023	2024	2025	Beyond 2025
Minimum lease payments receivable	294.9	46.6	39.8	29.5	25.1	22.9	131.0

At December 31, 2019 *(in millions of euros)*	Total	2020	2021	2022	2023	2024	Beyond 2024
Minimum lease payments receivable	348.9	52.0	48.7	41.7	29.6	25.7	151.2

Note 16 Shareholder's equity

16.1 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, 2018	**621,362,579**	**3,534,950**	**617,827,629**	**2,485.4**	**5,215.2**	**51.8**
Purchase and disposal of treasury shares		(321,515)	321,515			(4.3)
At December 31, 2019	**621,362,579**	**3,213,435**	**618,149,144**	**2,485.4**	**5,215.2**	**47.5**
Capital increase following the completion of the implementation of the employee shareholding plan net of expenses (Sharing 2019)	9,970,050		9,970,050	39.9	68.3	
Capital decrease following the completion of the implementation of the employee shareholding plan net of expenses (Sharing 2019)	(2,970,050)	(2,970,050)		(11.9)	(31.4)	(44.5)
Reimbursement OCEANE		(18,724)	18,724			(0.2)
Purchase and disposal of treasury shares		(37,500)	37,500			(0.5)
At December 31, 2020	**628,362,579**	**187,161**	**628,175,418**	**2,513.4**	**5,252.1**	**2.3**

16.2 Treasury shares

The tacitly renewable liquidity contract managed by Rothschild & Cie Banque amounts EUR 30.2 million. 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.

At December 31, 2020, the remaining balance consists exclusively of treasury shares held in connection with employee share allotment plans.

16.3 Other information on premiums and consolidated reserves

Consolidated premiums and reserves, including income for the year, incorporate the SUEZ legal reserve. In accordance with French law, SUEZ's legal reserve represents 10% of the share capital, i.e. EUR 251.3 million. This reserve may be distributed to shareholders only in the event of the liquidation of the Company.

16.4 Dividend distribution

Subject to approval by the SUEZ General shareholders' meeting called to approve the financial statements for the year ended December 31, 2020, the dividend that will be set will be paid out during the first half of 2021. This dividend is not recognized as liabilities in the financial statements at December 31, 2020 as these financial statements are presented before net income allocation.

16.5 Total gains and losses recognized in equity (Group share)

(in millions of euros)	December 31, 2020	Change	December 31, 2019
Net investment hedges	(157.6)	1.2	(158.8)
Cash-flow hedges (excluding commodities)	(96.3)	(11.0)	(85.3)
Commodity cash-flow hedges	(4.3)	(6.9)	2.6
Deferred taxes on items above	28.3	4.6	23.7
Translation adjustments	(358.9)	(364.6)	5.7
Total reclassifiable items	**(588.8)**	**(376.7)**	**(212.1)**
of which share of joint ventures in reclassifiable items, net of taxes	*(23.2)*	*(3.7)*	*(19.5)*
of which share of associates in reclassifiable items, net of taxes	*(81.2)*	*(13.2)*	*(68.0)*
Actuarial gains and losses	(479.9)	(16.7)	(463.2)
Deferred taxes on actuarial gains and losses	53.4	9.6	43.8
Equity instruments	(120.8)	(3.5)	(117.3)
Deferred taxes on equity instruments	-	(0.1)	0.1
Total non-reclassifiable items	**(547.3)**	**(10.7)**	**(536.6)**
of which share of joint ventures in non-reclassifiable items, net of taxes	*5.8*	*5.8*	*-*
of which share of associates in non-reclassifiable items, net of taxes	*(1.5)*	*0.5*	*(2.0)*
Total	**(1,136.1)**	**(387.4)**	**(748.7)**

The items in the above table are reclassifiable to profit or loss in future periods, with the exception of actuarial gains and losses and related deferred taxes and the changes in equity instruments recognized in Other comprehensive income.

16.6 Undated Deeply Subordinated Notes

In June 2014, SUEZ had issued Undated Deeply Subordinated Notes, also denominated hybrids, of EUR 500 million with an initial fixed coupon of 3%. On March 30, 2015, SUEZ had issued another Undated Deeply Subordinated Notes for a total amount of EUR 500 million. The new notes bore 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 had issued 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 a 5-year swap rate. This will be revised again every five year. This issuance was prepared in order to secure funding for the acquisition of GE Water.

On September 12, 2019, SUEZ issued Undated Deeply Subordinated notes for an amount of EUR 500 million with an initial fixed coupon of 1.625%, revised for the first time seven years after the issue and then every five years. The funds raised were mainly used to the redemption of Undated Deeply Subordinated notes issued on June 23, 2014 in the amount of EUR 352.1 million.

On June 23, 2020, SUEZ paid EUR 152.3 million for the redemption of the remaining part of the 2014 Undated Deeply Subordinated notes, including the payment of the last EUR 4.4 million coupon.

After this redemption, the Group's outstanding Undated Deeply Subordinated notes amount to EUR 1,600 million as of December 31, 2020.

In accordance with the provisions of IAS 32, these notes or hybrid bonds are considered as equity instrument rather than a debt in the Group's Consolidated Financial Statements as there is no direct or indirect obligation to pay interests (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.

16.7 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 goals, policies and procedures have remained identical for several fiscal years.

Note 17 Non-controlling interests

The "non-controlling interests" account amounts to EUR 2,642.8 million at December 31, 2020 compared with EUR 2,824.8 million at December 31, 2019.

They mainly concern:

(in millions of euros)	December 31, 2020	December 31, 2019
Agbar Group	868.9	939.9
WTS	610.7	681.2
SUEZ NWS	593.2	601.1

Details of changes in non-controlling interests are shown in the statement of changes in consolidated shareholder's equity.

At December 31, 2020 the Agbar group contribution includes EUR 623.2 million coming from the operational company Aguas Andinas listed on Santiago de Chile (Chile) stock exchange. This company is fully consolidated within SUEZ Group on the basis of a 25.1% interest rate through the following companies:

- IAM company, also listed on Santiago de Chile stock exchange, fully consolidates Aguas Andinas on the basis of a 50.1%;
- the Agbar group fully consolidates the IAM holding company with a 50.1% interest rate;
- finally, SUEZ fully consolidates Agbar group with a 100% interest rate.

The following are the summarized Consolidated Financial Statements of the Aguas Andinas Group, extracted from the most recently published (unaudited) data as of September 30, 2020.

Summarized statement of financial position (at 100%)

(in millions of euros)	September 30, 2020	December 31, 2019
Non-current assets	1,952.5	2,142.0
Current assets	581.2	234.7
of which cash and cash equivalents	*197.6*	*85.6*
of which assets classified as held for sale [(a)]	*278.6*	-
Total assets	**2,533.7**	**2,376.7**
Shareholders' equity, Group share	952.6	765.3
Non-controlling interests	48.6	51.1
Total shareholders' equity	**1,001.2**	**816.4**
Non-current liabilities	1,156.2	1,272.8
Current liabilities	376.3	287.5
of which liabilities directly related to assets classified as held for sale [(a)]	*170.9*	-
Total shareholders' equity and liabilities	**2,533.7**	**2,376.7**
Dividends 100% paid for the previous year	**56.5**	**175.5**
Closing exchange rate CLP/EUR	919.6	842.1

(a) ESSAL, of which Aguas Andinas held 53.51%, had been classified in the Consolidated Financial Statements of Aguas Andinas as assets held for sale until its disposal on October 13, 2020.

Summarized income statement for the nine first months (at 100%)

(in millions of euros)	September 30, 2020	September 30, 2019 [a]
Revenues	387.4	468.9
Operating profit/(loss)	146.2	216.7
Net income – Group share	84.2	129.8
Net income – non-controlling interests	1.9	(1.7)
Net income	**86.1**	**128.1**
of which profit/(loss) from continuing operations	*81.3*	*130.4*
of which profit/(loss) from discontinued operations	*4.8*	*(2.3)*
Other comprehensive income (OCI)	-	-
Comprehensive income	**86.1**	**128.1**
Average exchange rate CLP/EUR	901.1	769.9

(a) Pursuant to IFRS 5 "Non-current assets held for sale and discontinued operations", Essal had been classified as an asset held for sale. Accordingly, the consolidated income statement for the period ended September 30, 2019, has been restated to facilitate comparison.

Note 18 Provisions

(in millions of euros)	December 31, 2019	Allowances	Reversals (utilizations)	Reversals (surplus provisions)	Scope effects	Impact of unwinding discount adjust-ments [a]	Trans-lation adjust-ments	Provisions related to assets held for sale	Other	December 31, 2020
Post-employment benefit obligations and other long-term benefits	823.9	46.7	(113.7)	-	(45.6)	14.0	(22.2)	(54.7)	59.7	708.1
Sector-related risks	20.6	32.9	(1.8)	(3.5)	-	-	(0.2)	-	5.0	53.0
Warranties	25.9	9.3	(4.8)	-	-	-	(1.9)	-	(0.2)	28.3
Tax risks, other disputes and claims	51.7	27.1	(13.2)	(0.1)	(0.4)	-	(1.0)	(2.7)	0.2	61.6
Site restoration	544.1	68.2	(68.2)	-	(20.7)	29.6	(5.9)	(6.6)	0.1	540.6
Restructuring costs	52.7	101.2	(43.4)	(0.1)	-	-	(1.1)	(6.2)	(1.6)	101.5
Other contingencies	456.3	145.5	(106.8)	(2.5)	-	3.1	(11.6)	(15.3)	(6.1)	462.6
Total provisions	**1,975.2**	**430.9**	**(351.9)**	**(6.2)**	**(66.7)**	**46.7**	**(43.9)**	**(85.5)**	**57.1**	**1,955.7**
Total current provisions	475.2	246.2	(148.9)	(3.9)	(3.0)	2.9	(15.0)	(20.5)	8.8	541.8
Total non-current provisions	1,500.0	184.7	(203.0)	(2.3)	(63.7)	43.8	(28.9)	(65.0)	48.3	1,413.9

(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.

Total provisions decreased by -EUR 19.5 million over the period. This change is mainly due to:

- reclassification of -EUR 85.5 million of provisions as Liabilities directly related to assets held for sale in accordance with IFRS 5 (see Note 1.2.4 and Note 2.6);
- scope effect of -EUR 66.7 million generated by the disposal of R&R Sweden (see Note 2.5.3);
- negative change in translation adjustments totaling -EUR 43.9 million, mainly in the USA for -EUR 26.3 million, in the United Kingdom for -EUR 4.8 million and in Chile for -EUR 3.4 million.

Most of the other variations correspond to:

- the decrease in pensions and other employee benefit obligations for -EUR 27.8 million pertaining to the revision of the revaluation indices of various plans in France;
- changes in provisions for post-employment benefit obligations and other long-term benefits for EUR 59.4 million, mostly related to the change in actuarial gains and losses in the "Other" column (see Note 19).

The allowances, reversals and the impact of unwinding discount adjustments presented above and linked to discounting impacts are presented as follows in the consolidated income statement at December 31, 2020 and at December 21,2019:

(in millions of euros)	**(Reversals)/ net 2020**	**(Reversals)/ net 2019**
Income from operating activities	106.2	(104.0)
Other financial income and expenses	46.7	47.2
Income tax expense	(29.3)	(12.8)
Total	**123.6**	**(69.6)**

The analysis by type of provisions and the principles used to calculate them are explained below.

18.1 Post-employment benefits and other long-term benefits

Changes for this item is presented in Note 19.

18.2 Sector-related risks

This item primarily includes provisions for risks relating to investment on share and to warranties given in connection with divestments that are likely to be called upon.

18.3 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.

18.4 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 laid 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).

18.5 Other contingencies

"Other contingencies" mainly include provisions for miscellaneous employee-related and environment-related litigations and for various business risks. Those provisions include a provision corresponding to the fair value measurement of onerous contracts for an amount of EUR 70.0 million at December 31, 2020 *versus* EUR 75.3 million at December 31, 2019, following the acquisition of WSN by SUEZ R&R Australia in 2010.

Note 19 Post-employment benefit obligations and other long-term benefits

19.1 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.

19.1.1 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.

At December 31, 2020, the Projected Benefit Obligation (PBO) for this senior executives' plan, the so-called "1991" and "1998" plans, closed in 2019 pursuant the Loi Pacte, was EUR 28 million, *versus* EUR 76.4 million at December 31, 2019. The rights of the beneficiaries born in 1962 or before have been cristallised on July 4, 2019.The duration of the actuarial liability for the senior executives' plans is 3 years. It should be noted that these plans are partially funded (1% of gross debt at December 31, 2020).

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 Canada, in the United States and the United Kingdom.

► In the United States and in Canada

SUEZ Water Technologies & Solutions entities have two defined benefit plans in Canada and the United States: the Pension Plan for Employees of GE Water & Process Technologies Canada and the Ionics Incorporated Retirement Plan in the United States. In addition, key executives have a specific retirement plan (Ionics Incorporated Supplemental Executive Retirement Plan). At December 31, 2020, the PBO for the SUEZ Water Inc. defined-benefit pension plans was EUR 516.9 million, *versus* EUR 484.9 million at December 31, 2019. The duration of the actuarial liability for the SUEZ Water Inc. plans is 14 years. It should be noted that these plans are funded up to 75% at December 31, 2020.

In addition, SUEZ Water Inc. commits to support a portion of healthcare costs of retirees. At December 31, 2020, the corresponding actuarial liability amounted to EUR 105.3 million against EUR 99.2 million at 31 December 2019.

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, 2020, the PBO for the SUEZ Water Technologies & Solutions defined-benefit pension plans was EUR 148.4 million. The duration of the actuarial liability for the SUEZ Water Technologies & Solutions Water plans is 14 years. These plans are funded up to 86% at December 31, 2020.

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. They 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 SUEZ R&R UK must maintain. At December 31, 2020, the PBO for the SUEZ R&R UK retirement plans was EUR 148.0 million, *versus* EUR 146.5 million at December 31, 2019. The duration of the actuarial liability for the SUEZ R&R UK plans is 19 years. It should be noted that these plans are funded up to 85% at December 31, 2020.

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 United States and the United Kingdom) 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.

19.1.2 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.

19.1.3 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".

19.2 Defined benefit plans

19.2.1 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)	Assets	Liabilities	Total
Balance at December 31, 2018	**7.5**	**(805.1)**	**(797.7)**
Translation gains and losses	(0.1)	(5.9)	(6.0)
Actuarial gains and losses [a]	0.3	(90.9)	(90.6)
Changes in scope of consolidation and other	-	(0.2)	(0.2)
Expense of the period [b]	(1.0)	27.9	26.9
Contributions	0.9	50.3	51.2
Balance at December 31, 2019	**7.6**	**(823.9)**	**(816.3)**
Translation gains and losses	(0.2)	22.2	22.0
Actuarial gains and losses [a]	2.1	(59.4)	(57.3)
Changes in scope of consolidation and other	(15.9)	60.2	44.3
Items classified as held for sale	-	54.7	54.7
Expense of the period [b]	12.4	(27.6)	(15.2)
Contributions	0.1	65.7	65.8
Balance at December 31, 2020	**6.1**	**(708.1)**	**(702.0)**

(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 impact on financial year 2020 brings out an expense of -EUR 15.2 million *versus* an income of EUR 26.9 million in 2019. The main components of this income in 2020 are explained in Note 19.2.3.

Accumulated actuarial gains and losses recognized in equity amount -EUR 530.1 million at December 31, 2020 against – EUR 496.9 million at December 31, 2019. 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, 2020	December 31, 2019
Opening balance	**(496.9)**	**(406.3)**
Actuarial gains and (losses) generated during the year [a]	(57.3)	(90.6)
Changes in scope of consolidation and other [b]	24.1	-
Closing balance	**(530.1)**	**(496.9)**

(a) On employee benefits.
(b) Mainly related to the disposal of the Recycling and Recovery activities in Sweden (see Note 2.5.3).

The closing balance of actuarial gains and losses presented above includes actuarial gains and losses recognized in equity-accounted affiliates.

19.2.2 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 millions of euros)		December 31, 2020				December 31, 2019			
		Pension benefit obligations [a]	Other post-employment benefits [b]	Other long term benefits [c]	Total	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		**(1,514.3)**	**(227.2)**	**(17.2)**	**(1,758.7)**	**(1,359.1)**	**(242.7)**	**(16.4)**	**(1,618.2)**
Service Cost		(35.9)	(3.7)	(1.5)	(41.1)	(39.2)	(4.5)	(1.4)	(45.1)
Interest cost		(30.0)	(5.9)	(0.2)	(36.1)	(37.3)	(7.1)	(0.3)	(44.7)
Contributions paid		(1.4)	-	-	(1.4)	(1.5)	-	-	(1.5)
Amendments		16.2	-	0.4	16.6	48.9	36.9	0.5	86.3
Acquisitions/Disposals of subsidiaries		45.0	-	(0.8)	44.2	(0.2)	-	-	(0.2)
Curtailments/settlements		67.3	0.4	0.2	67.9	8.4	(0.4)	0.3	8.3
Special terminations		-	-	-	-	-	-	-	-
Financial actuarial gains and losses		(97.3)	(26.4)	(0.1)	(123.8)	(159.5)	(23.6)	(1.3)	(184.4)
Demographic actuarial gains and losses		6.3	8.0	(0.2)	14.1	(3.5)	7.9	0.1	4.5
Benefits paid		55.5	9.7	1.2	66.4	52.4	9.4	1.3	63.1
Assets classified as held for sale		176.7	-	0.5	177.2	-	-	-	-
Other		71.0	10.5	0.3	81.8	(23.7)	(3.1)	-	(26.8)
Projected Benefit Obligation at the end of period	**(A)**	**(1,240.9)**	**(234.6)**	**(17.4)**	**(1,492.9)**	**(1,514.3)**	**(227.2)**	**(17.2)**	**(1,758.7)**
Change in fair value of plan assets									
Fair value of plan assets at the beginning of the period		**857.8**	**84.6**	**-**	**942.4**	**747.5**	**73.0**	**-**	**820.5**
Expected return on plan assets		19.1	3.0	-	22.1	22.1	3.3	-	25.4
Contributions received		57.7	6.3	1.2	65.2	44.4	5.9	-	50.3
Curtailments/settlements		(44.3)	-	-	(44.3)	(2.1)	-	-	(2.1)
Actuarial gains and losses		43.1	9.0	-	52.1	78.1	10.0	-	88.1
Benefits paid		(53.6)	(9.6)	(1.2)	(64.4)	(51.6)	(9.1)	-	(60.7)
Assets classified as held for sale		(122.5)	-	-	(122.5)				
Other		(52.2)	(7.5)	-	(59.7)	19.4	1.5	-	20.9
Fair value of plan assets at the end of period	**(B)**	**705.1**	**85.8**	**-**	**790.9**	**857.8**	**84.6**	**-**	**942.4**
Funded status	**(A+B)**	**(535.8)**	**(148.8)**	**(17.4)**	**(702.0)**	**(656.5)**	**(142.6)**	**(17.2)**	**(816.3)**
Net benefit obligation		**(535.8)**	**(148.8)**	**(17.4)**	**(702.0)**	**(656.5)**	**(142.6)**	**(17.2)**	**(816.3)**
Total Liabilities		**(541.9)**	**(148.8)**	**(17.4)**	**(708.1)**	**(664.1)**	**(142.6)**	**(17.2)**	**(823.9)**
Total Assets		**6.1**	**-**	**-**	**6.1**	**7.6**	**-**	**-**	**7.6**

(a) Pensions and retirement bonuses.
(b) Medical coverage, gratuities and other post-employment benefits.
(c) Long-service awards and other long-term benefits.

In 2020, the net liability decreased by -EUR 114.3 million. The change is mainly related to:

- the reclassification as "Assets classified as held for sale "of the net liabilities borne by the entities held for sale in 2021 for EUR 54.7 million (see Note 1.2.4 and Note 2.6);
- the disposal of the Recycling and Recovery activities in Sweden (see Note 2.5.3), decreasing the Group's net liability by EUR 42.9 million;
- the revision of revaluation indexes for various plans in France, leading to a decrease in commitments of -EUR 27.8 million.

In 2019, the increase in the amount of the net liability was mainly explained by actuarial gains and losses for EUR 90.6 million. These items were partly offset by the amendment of the medical coverage of French retirees which had led to a -EUR 37.1 million decrease of the net liability and by the closing of the so-called "1991" and "1998" Article 39 defined-benefit plans pursuant the Loi Pacte. As a consequence, the rights of the beneficiaries born in 1962 or before have been cristallised which resulted in a -EUR 50.3 million decrease of the net liability.

19.2.3 Components of cost for the period

The net cost recognized in respect of pensions and other defined benefit obligations in 2020 and 2019 breaks down as follows:

(in millions of euros)	Exercice 2020	Exercice 2019
Current service cost	(41.1)	(45.1)
Net interest expense on the net defined benefit liability	(14.0)	(19.3)
Actuarial gains or losses	(0.3)	(1.2)
Past service cost/amendments	16.6	86.3
Gains or losses on Pension Plan curtailments, terminations and settlements	23.6	6.2
Total	**(15.2)**	**26.9**
of which recognized in current operating income	*(1.2)*	*46.2*
of which recognized in financial income/(loss)	*(14.0)*	*(19.3)*

19.2.4 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 enough 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	Cost of unrecognized past service	Limit on defined benefit assets and supplementary provision	Total net obligation
Underfunded plans	(1,277.1)	896.3	-	-	(380.8)
Overfunded plans	(38.5)	46.1	-	-	7.6
Unfunded plans	(443.1)	-	-	-	(443.1)
Total December 31, 2019	**(1,758.7)**	**942.4**	**-**	**-**	**(816.3)**
Underfunded plans	(1,038.3)	766.7	-	-	(271.6)
Overfunded plans	(18.1)	24.2	-	-	6.1
Unfunded plans	(436.5)	-	-	-	(436.5)
Total December 31, 2020	**(1,492.9)**	**790.9**	**-**	**-**	**(702.0)**

The allocation of plan assets by main asset category breaks down as follows:

	2020	2019
Securities	27%	14%
Bonds	53%	54%
Real Estate	3%	6%
Other (including money market securities)	17%	26%
Total	**100%**	**100%**

The allocation of plan assets by geographical area of investment is as follows:

	Europe	North America	Asia Oceania	Other
Securities	20%	30%	0%	0%
Bonds	60%	53%	0%	0%
Real Estate	0%	3%	0%	0%
Other (including money market securities)	20%	14%	100%	100%
Total	**100%**	**100%**	**100%**	**100%**

19.2.5 Actuarial assumptions

Actuarial assumptions are determined individually per country and company, in association with the independent actuaries.

The weighted rates are presented below:

	Pensions		Other post-employment benefits		Long-term benefits		Total benefit obligation	
	2020	2019	2020	2019	2020	2019	2020	2019
Discount rate	1.8%	1.8%	2.5%	2.5%	1.1%	0.8%	1.9%	1.9%
Estimated future increase in salaries	2.7%	2.5%	3.6%	3.1%	1.6%	1.5%	2.8%	2.6%
Inflation Rate	1.8%	2.1%	2.3%	2.3%	1.5%	1.7%	1.9%	2.1%
Average remaining working lives of participating employees	15 years	16 years	14 years	14 years	6 years	8 years	15 years	15 years

Discount and salary increase rates are shown including inflation.

19.2.5.1 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, 2019, the 2020 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 14%.

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 6%.

19.2.6 Geographical breakdown of obligations

In 2020, the geographical breakdown of the main obligations and the related actuarial assumptions (including inflation) are as follows:

	Euro Zone		United Kingdom		United States		Rest of the World	
(in millions of euros)	Pensions	Other benefit obligations	Pensions	Other benefit obligations	Pensions	Other benefit obligations	Pensions	Other benefit obligations
Funded status [a]	(311.6)	(63.2)	(22.1)	0.0	(143.2)	(23.3)	(58.9)	(79.7)
Discount rate	0.0%	1.0%	2.0%	0.0%	2.0%	2.5%	2.0%	3.0%
Estimated future increase in salaries	2.0%	0.5%	3.0%	0.0%	3.0%	3.5%	2.0%	5.0%
Inflation Rate	1.0%	1.5%	2.0%	0.0%	2.0%	3.0%	1.0%	2.5%
Average remaining working lives of participating employees	15	12	19	N/A	14	13	14	16

(a) Funded status corresponds to the difference between the present benefit obligation and the fair value of the plan assets.

Concerning the "Rest of the world" category, the funded status relating to pensions mainly concern Chile and Macao, while the funded status relating to the other benefit obligations stems largely from Morocco.

19.2.7 Payments due in 2021

The Group expects to pay contributions to the funds as well as benefits directly to beneficiaries in the amount of EUR 83.4 million to its defined benefit plans in 2021.

19.3 Defined contribution plans

In 2020, the Group SUEZ recorded a EUR 109.6 million expense in respect of contributions to the Group defined contribution plans. These contributions are recorded under "Personnel costs" in the income statement.

Note 20 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 2020	2019
Performance share and units plans	20.1	(9.1)	(3.7)
Employees share issues [a]	20.2	0.5	(16.5)
Long-term incentive plan	20.3	11.6	5.3
Total		**3.0**	**(14.9)**

(a) Impact of Share Appreciation Rights is presented after hedging by warrants (subject to IFRS 9). Before hedging by warrants, the 2020 impact related to capital increases reserved for employees amounts to -EUR 0.7 million. In 2019 the impact was an expense of -EUR 16.2 million of which -EUR 15.8 million related to the recognition of the Sharing 2019 plan.

20.1 Performance shares and unit plans

20.1.1 Arrangements and grants

At its meeting of November 24, 2020, the Board of Directors, granted a share-based performance unit plan "Plan 2020" to certain of its employees in France and abroad.

At the end of the vesting period and subject to the conditions of the plan and the level of achievement of the performance conditions, the beneficiaries of the "Plan 2020" plan will receive cash which is a gross amount equal to the average closing price of the SUEZ share over the 10 trading days preceding the vesting date.

The payment of this remuneration is subject to the presence of the beneficiary in the company between the grant date and the vesting date.

The table below summarizes the main features of this plan:

Specifications		Performance Units
Number of beneficiaries	Corporate officer	1
	Others	1,660
Number of instruments granted	Corporate officer	32,325
	Others	1,767,500
Date of allocation		11/24/2020
Date of acquisition		11/30/2023

20.1.2 Internal performance conditions

This plan is 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.

This Plan 2020 concerns two lists of beneficiaries: Corporate officer and Others. The performance conditions and are as follows:

- a performance condition linked to the recurring net result per share of SUEZ Group cumulated over the 2020, 2021 and 2022 periods applies to a third of the target number of performance units granted;
- a performance condition linked to the recurring free cash flow of SUEZ Group cumulated over the 2020, 2021 and 2022 periods applies to a third of the target number of performance units granted;
- a performance condition linked to the evolution of SUEZ's Total Shareholder Return over the 3-year period of the plan compared to the evolution of the Total Shareholder Return of the Euro Stoxx Utilities Index over the same period applies to a third of the target number of performance units granted.

Finally, for all beneficiaries, the amount of the payment as resulting from the application of the performance conditions may be increased or decreased by 10% depending on the gender parity index in the management (GPI) at December 31, 2022.

According to the social indicator framework deployed within the SUEZ Group as part of the social reporting process, the SUEZ GPI corresponds to the following ratio: number of female executives/ total number of executives.

20.1.3 Retained assumptions

The fair value of the plan is estimated on the basis of the share price at the grant date, taking into account the following assumptions:

Assumptions	Performance units
Date of allocation	11/24/2020
Underlying share price on the allocation date	EUR 16.24
SUEZ volatility	23.7%
Euro volatility STOXX Utilities	15.2%
Anticipated dividends from SUEZ	EUR 0.65
Risk-free rate	
	1 year: -0.68%
	2 years: -0.70%
	3 years: -0.69%
Employee turnover rate	5%
Probability of meeting internal performance conditions	100%

The Black & Scholes model was used to model the market condition that conditions the fair value of the plan.

The fair value of the performance units granted in this way results in a total expense of EUR 20.4 million over the term of the plans.

20.1.4 Accounting expenses

(in millions of euros)	Number of shares granted	Outstanding number of shares at December 31, 2020	Weighted average fair value	(Expense) for the period 2020	2019
July 2018 – Performance shares plan	719,785	639,016	EUR 6.2	(1.3)	(1.2)
July 2018 – Performance units plan	517,855	478,143	EUR 7.2	(0.8)	(1.3)
October 2019 -Performance units plan	1,885,750	1,704,669	EUR 8.9	(6.0)	(1.2)
November 2020 – Performance units plan	1,767,500	1,740,848	EUR 13.2	(1.0)	-
Total	**4,890,890**	**4,562,676**		**(9.1)**	**(3.7)**

The cost of the plans, including social security contributions, is spread over the vesting period with a corresponding charge to shareholders' equity for Performance Shares plan and to social debt for Performance units plans.

20.2 Employee share issues

The expense recorded in 2020 and 2019 on current plans is as follows:

(in millions of euros)			(Expense) for the period 2020	2019
SUEZ Sharing 2019 Plan	Discount and employer contribution in France	December 2019	-	(15.8)
SUEZ Sharing 2019 Plan	Matching shares – International	December 2019	(0.3)	-
SUEZ Sharing 2019 Plan	*Share Appreciation Rights*	December 2019	1.2	-
SUEZ Sharing 2017 Plan	Matching shares – International	December 2017	(0.3)	(0.3)
SUEZ Sharing 2017 Plan	*Share Appreciation Rights*	December 2017	(0.1)	(0.2)
SUEZ Sharing 2014 Plan	Matching shares – International	July 2014	-	(0.1)
SUEZ Sharing 2014 Plan	*Share Appreciation Rights*	July 2014	-	(0.1)
Total [(a)]			**0.5**	**(16.5)**

(a) Impact of Share Appreciation Rights is presented after hedging by warrants (subject to IFRS 9). Before hedging by warrants, the expense of the year 2020 related to employee share issue amounts to -EUR 0.7 million. In 2019 the impact was -EUR 16,2 million including -EUR 15.8 million related to the recognition of the Sharing 2019 plan.

The measures relating to the Sharing 2019, 2017 and 2014 Plans are described in detail in SUEZ's previous Universal Registration Document and Reference Documents.

20.3 Long-term incentive plan

At the end of 2020, no new long-term compensation plan had been set up.

During the financial year 2020, all outstanding long-term compensation plans generated income of EUR 11.6 million (also taking into account the provisioning of social security charges). This amount includes the reversal of the provision for the 2017 plan.

The characteristics of these plans are described in the previous SUEZ Universal Registration Document and in previous SUEZ Reference Documents.

Note 21 Related-party transactions

Material transactions between the Group and its related parties are presented in accordance with IAS 24. They concern transactions with:

- associated companies and joint ventures of the SUEZ Group;
- ENGIE, and companies related to ENGIE, which consolidated SUEZ using the equity method until October 5, 2020.

Compensation for key executives (Executive Committee) is presented in Note 22.

21.1 Transactions with the ENGIE group

(in millions of euros)	December 31, 2020	December 31, 2019
Transactions with ENGIE		
Purchases/sales of goods and services	(0.3)	8.9
Non financial payables	0.4	0.3
Non financial receivables	0.1	0.1
Transactions with companies linked to ENGIE		
Purchases/sales of goods and services	11.9	12.6
Non financial receivables	3.2	8.8
Non financial payables	0.5	0.8
Financial payables	0.8	0.8
Borrowings excluding financial instruments	0.8	0.8
Commodity derivatives (Liabilities)	(1.1)	1.3

21.2 Transactions with joint operations, joint ventures and associates

As at December 31, 2020, these transactions correspond mainly to loans granted to joint ventures and associates, for which the balance in the statement of financial position amounts to EUR 95.0 million, the main lines of which:

- EUR 37.1 million to joint ventures in water business in Europe;
- EUR 28.9 million to associates in charge of the commissioning and operation of energy recovery plants in the United Kingdom;
- furthermore, EUR 12.6 million to a joint venture in Kuwait for the maintenance contract of a water treatment plant.

Note 22 Executive compensation

The Group's Executive Committee is composed of eleven members at December 31, 2020.

Their compensation (excluding employer's charges) breaks down as follows:

(in millions of euros)	December 31, 2020	December 31, 2019
Short-term benefits	9.2	9.3
Post-employment benefits [(a)]	0.2	0.7
Long Term Incentive Plans [(b)]	0.5	0.2
Total	**9.9**	**10.2**

(a) Post-employment benefits relate to the SUEZ Group plans only.
(b) Long-term incentive plans: included performance share plans.

Following the closure of the so-called "1991" and "1998" senior executives' plans in 2019 pursuant the Loi Pacte, compensation for post-employment benefits has decreased in 2020.

Note 23 Legal and arbitration proceedings

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 proceedings when a legal, contractual or constructive obligation exists at the closing date with respect to a third party; it is probable that an outflow of resources without economic benefits will be necessary to settle the obligation; and 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 61.6 million as of December 31, 2020.

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 Fé 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 Fé 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 Fé 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 Fé 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 Fé 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 in May 2017 making ICSID's decision final. In April 2019, the Argentine government and the shareholders of Aguas Argentinas entered into and implemented a settlement agreement pursuant to the ICSID decision, for which SUEZ and its subsidiaries received a cash amount of EUR 224.1 million.

Concerning the Santa Fé 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 Fé 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. This recourse was rejected in December 2018 making this decision irrevocable.

This situation has not changed since this last date.

Litigation related to the proposed Veolia hostile takeover

On August 30, 2020, Veolia announced it wanted to take control of SUEZ and had (i) submitted an offer to ENGIE to purchase 29.9% of SUEZ's share capital and (ii) intended to file a voluntary takeover bid for the remaining SUEZ shares, if ENGIE accepted its offer, by no later than when the regulatory authorities provided the required authorizations. In addition, this plan would include disposing of the SUEZ Eau France business in Meridiam due to competition-related issues. On September 10, 2020, the SUEZ Board of Directors stated that they considered Veolia's hostile approach incompatible with the Company's and stakeholders' best interests. Nevertheless, on October 5, 2020, ENGIE accepted the purchase offer Veolia proposed for EUR 18 per share, with Veolia immediately confirming its intention to file a friendly voluntary takeover bid for the rest of SUEZ's share capital. Several legal proceedings are in progress in relation to Veolia's proposed hostile takeover of SUEZ.

On January 7, 2021, Veolia sent a formal proposal for a takeover bid to the Board of Directors of SUEZ.

On February 7, 2021, Veolia amended its declaration of intent made following the acquisition of the block of SUEZ shares held by ENGIE and declared that it was filing a hostile takeover bid for the remaining SUEZ shares not held by Veolia (70.1%) at a price of EUR 18 coupon attached.

Appeal against a ruling by the French Financial Markets Authority (Autorité des marchés financiers – AMF)

Duly noting Veolia's announcements, SUEZ invited the AMF to record the opening of a pre-offer period starting from the date Veolia published its announcement on August 30, 2020, since the announcement contained the attributes of the planned bid. The AMF refused to accede to this request as per a decision dated September 24, 2020.

In October 2020, SUEZ decided to challenge the AMF ruling handed down on September 24, 2020 before the Paris Court of Appeals. As a result, SUEZ invited the Court of Appeals to (i) decide that the press release published on August 30, 2020, in which Veolia announced its intention to file a takeover bid for SUEZ's shares, should have resulted in the immediate opening of a pre-offer period, and (ii) rule contrary to the provisions of the AMF General Regulation any acquisition of SUEZ shares by Veolia since that date and until the takeover bid is filed, and especially the acquisition by Veolia of 29.9% of SUEZ's share capital from ENGIE, announced on October 5, 2020. In a decision dated February 11, 2021, the Paris Court of Appeals rejected these claims. SUEZ has a period expiring on April 12, 2021 to file an appeal with the French Supreme Court.

Proceedings related to the Foundation (measures to ensure the sustainability of SUEZ Eau France within SUEZ Group)

The SUEZ Board of Directors considered, as part of Veolia's hostile proposal, that a potential disposal of SUEZ Eau France would run counter to SUEZ's purpose and corporate interest as well as the interests of SUEZ's stakeholders and especially its employees. In fact, through its SUEZ Eau France subsidiary, the Group's Water France Activity is a vital component of the Group's strategy and is one of the pillars of value creation through the SUEZ 2030 plan. The Board of Directors therefore decided that it needed to legally ensure the sustainability of SUEZ Eau France within SUEZ Group by creating a foundation whose purpose is to preserve the integrity of the France Water Activity within the SUEZ Group ("the Foundation"). SUEZ Eau France's control, management and tax consolidation remains the same, under SUEZ Group's management. For the next four years, unless its shareholders approve otherwise during this period under certain conditions, SUEZ Eau France will be inalienable, like its assets, including those of the Foundation. During this period, the SUEZ Board of Directors may deactivate the measures of the Foundation or make them irrevocable until September 2024.

On November 19, 2020, ruling on a motion submitted by Veolia, the President of the Nanterre Commercial Court temporarily prevented SUEZ from making the Foundation measures irrevocable. SUEZ contested this provisional measure handed down on an *ex-parte* basis. The Association for the Defense of Minority Shareholders (ADAM) and SUEZ employee representative bodies voluntarily intervened in the proceedings. The ruling could be handed down before the end of the first quarter of 2021.

In accordance with the above-mentioned court order dated November 19, 2020, Veolia summoned SUEZ, SUEZ Groupe, SUEZ Eau France and the Foundation before the Nanterre Commercial Court to request that the ruling that allowed for the creation of the Foundation, as well as all the official documents related to it, be set aside. SUEZ considers that this ruling was adopted lawfully and in keeping with the corporate interests of the Company and all its stakeholders.

Proceedings related to information/consultation of SUEZ's staff representative bodies

On September 22, 2020, SUEZ's Staff Representative Bodies (the Works Council of SUEZ's Economic and Social Unit and SUEZ Eau France's Works Committee joined by SUEZ's European Works Council) summoned Veolia, ENGIE and SUEZ to attend urgent proceedings in order to be consulted on the proposed sale of 29.9% of the Company's share capital by ENGIE to Veolia, then on the proposed merger between SUEZ and Veolia announced by Veolia, and, pending the implementation of this consultation, to suspend any transaction leading to the merger of the SUEZ and Veolia Groups, including the firm offer by Veolia to purchase the SUEZ shares held by ENGIE and Veolia's proposed takeover bid of SUEZ, until SUEZ's staff representative bodies had been informed and consulted.

In a court order dated October 9, 2020, and fully confirmed by the Paris Court of Appeals on November 19, 2020, the Judge hearing applications for interim measures at the Judicial Court of Paris considered that the lack of consultation of SUEZ's staff representative bodies amounted to a patently unlawful disturbance and notably decided to suspend the Veolia proposal in its entirety until SUEZ's staff representative bodies had been consulted about the Veolia transaction, considering that Veolia's press release on August 30, 2020 was the first step in a comprehensive fully developed plan. Veolia and ENGIE had filed an appeal against this decision before the French Supreme Court (Cour de Cassation) but finally withdrew their appeal on February 18, 2021.

On December 15, 2020, Veolia also filed an emergency motion at short notice asking the President of the Paris Judicial Court to amend the Court of Appeal's above-mentioned judgment dated November 19, 2020 and order that the court-ordered suspension pronounced on October 9, 2020 end on February 5, 2021. On January 15, 2021, the urgent applications judge declined jurisdiction and invited Veolia to take proceedings in the proper court regarding all of its claims.

Veolia also summoned SUEZ and its staff representative bodies before the Nanterre Judicial Court under a special "fixed-date" urgent procedure seeking a ruling that SUEZ's staff representative bodies did not have to be consulted at this stage of Veolia's proposal. In a ruling dated February 3, 2021, the Judicial Court granted Veolia's request, contradicting the court rulings handed down previously by the President of the Judicial Court and the Paris Court of Appeals. SUEZ's staff representative bodies have appealed this ruling. A decision is expected in March 2021.

Proceedings related to measures ordered to facilitate possible future proceedings at ENGIE, Veolia and Meridiam

In November 2020, SUEZ obtained three court orders authorizing bailiffs to visit Veolia, ENGIE and Meridiam, due to suspected administrative, civil and criminal misconduct by these companies. The bailiffs went and seized documents at these locations. In December 2020, Veolia, ENGIE and Meridiam requested that these court orders be withdrawn. A ruling should be expected during the second half of 2021.

Proceedings following Veolia's announcement on February 7, 2021 that it had filed its proposed takeover bid

On the evening of Sunday, February 7, 2021, Veolia published a press release in which it announced its decision to launch a takeover bid of SUEZ.

Considering that these announcements constituted a breach of the unconditional amicable commitment Veolia made prohibiting it from filing a proposed takeover bid not approved in advance by SUEZ's Board of Directors, SUEZ immediately petitioned the President of the Nanterre Commercial Court, who decided, under the terms of the court order handed down on February 8, 2021, to order Veolia to refrain from disclosing a takeover bid to the AMF or launching a takeover bid for SUEZ's shares without prior approval by SUEZ's Board of Directors, and more generally, to immediately take any measure to ensure this injunction is effective until the end of the proceedings on the merits to be brought by SUEZ swiftly and no later than by February 16, 2021, which it did.

On February 10, 2021, Veolia summoned SUEZ before the Nanterre Commercial Court in order to have the above-mentioned court order dated February 8, 2021 withdrawn. On February 23, 2021, the President of the Commercial Court of Nanterre declared himself incompetent in favor of the Commercial Court of Paris and therefore retracted the order of February 8, 2021.

On February 12, 2021, SUEZ brought Veolia and ENGIE before the summary proceedings judge of the Nanterre Commercial Court in order, inter alia, to obtain the withdrawal by Veolia of its proposed takeover bid for SUEZ shares filed on February 8, 2021, pending the outcome of the proceedings initiated by SUEZ before the Nanterre Commercial Court at short notice, also with a view to ordering the said withdrawal. On February 23, 2021, the President of the Commercial Court of Nanterre declared himself incompetent in favor of the Commercial Court of Paris.

On February 17, 2021, SUEZ filed an appeal before the Paris Court of Appeals to challenge the decision of February 8, 2021 by which the Autorité des Marchés Financiers accepted the filing by Veolia of a draft tender offer for the shares of SUEZ and published the corresponding notice of filing and draft offer document.

The Paris Court of Appeal will render its decision no later than July 17, 2021.

Note 24 Subsequent events

► Launch of the SHARING 2021 plan

In January 2021, SUEZ launched its fifth global employee shareholding plan, called Sharing 21. This plan is for employees of the Group's French entities only.

The reservation period was open from January 15-25, 2021.

More than 15,000 employees expressed an interest in investing - a reservation rate of 52% - the highest rate ever recorded in France. The subscription/withdrawal period will take place from March 5-9, based on a reference price which will be set on March 4, 2021.

► Acquisition of non-controlling interests in SUEZ NWS and Suyu in China

On January 11, 2021, the Group announced it had signed an agreement with its longstanding partner NWS Holdings Limited (NWS) to acquire non-controlling equity interests of NWS in all the shared business activities of the two Groups in Greater China. These acquisitions expand SUEZ's presence in Greater China and simplify its business structure in the region. At the end of this transaction, SUEZ will wholly own SUEZ NWS and Suyu.

The transaction is valued at around EUR 693 million. The transaction should be finalized by the end of the first half of 2021 and will be subject to regulatory approval and normal conditions precedent.

► End of the securitization program

In light of the disposal of the Group's Recycling and Recovery business activities in Germany, the Netherlands, Luxembourg and Poland, on January 25, 2021, the Group terminated its securitization program (see Note 13.3.4), which, in addition to the entities in the Netherlands and Germany which will be sold to the Schwarz Group during the first half of 2021, also included transferor entities from the Recycling and Recovery France and IWS scopes.

As of this date, the various entities involved therefore bought back stocks of trade receivables that they had previously sold to a special purpose vehicle (SPV) called *Fond Commun de Titrisation* for an amount totaling EUR 290.5 million.

Note 25 List of the main consolidated companies at December 31, 2020 and 2019

Entities presented in the list below cover 80% of the following indicators: Revenues, EBITDA, Net Debt and capital employed.

Names	Headquarters address	% interest		% control		Consolidation methods[a]	
		Dec. 2020	Dec. 2019	Dec. 2020	Dec. 2019	Dec. 2020	Dec. 2019
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							
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
SUEZ Spain	Edificio D38 – Passeig Zona Franca 08038 Barcelona – Espagne	100.0	100.0	100.0	100.0	FC	FC
AGUAS ANDINAS	Avenida Presidente Balmaceda 1398, Piso 4, Santiago – Chili	25.1	25.1	50.1	50.1	FC	FC
SUEZ Water Inc. Utility	461 From Road Suite 400, Paramus 07652 New Jersey – États-Unis	80.0	80.0	80.0	80.0	FC	FC
SUEZ Water Inc. ES	461 From Road Suite 400, Paramus 07652 New Jersey – États-Unis	100.0	100.0	100.0	100.0	FC	FC
AQUASURE HOLDING Ltd	492 St Kilda Road – level 7 Melbourne, VIC 3004 – Australie	6.9	11.7	6.9	11.7	EM	EM
SUEZ Australia Holding Pty Ltd	Level 3, 3 Rider Boulevard 2138 Rhodes, NSW – Australie	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 – États-Unis	100.0	100.0	100.0	100.0	FC	FC
Sociedade de Abastecimento de Aguas de macau	718 avenida do Conselheiro, Macao – Chine	49.3	49.3	85.0	85.0	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
LYDEC	48, Boulevard Mohamed Diouri, Casablanca – Maroc	51.0	51.0	51.0	51.0	FC	FC
SUEZ North America Inc	461 From Road Suite 400, Paramus 07652 New Jersey – États-Unis	100.0	100.0	100.0	100.0	FC	FC
ACEA Spa	P.le Ostiense, 2 – 00154 Roma – Italie	23.3	23.3	23.3	23.3	EM	EM
RECYCLING AND RECOVERY							
SUEZ Recycling and Recovery Holdings UK Ltd	Grenfell road, Maidenhead, Berkshire SL6 1ES – Royaume-Uni	100.0	100.0	100.0	100.0	FC	FC
SUEZ Recycling & Recovery Deutschland GmbH	Industriestrasse 161 D-50999 Köln – Allemagne	100.0	100.0	100.0	100.0	FC	FC
SUEZ Nederland Holding B.V.	Meester E.N. van Kleffensstraat 10, 6842 CV Arnhem – Pays-Bas	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 – Belgique	100.0	100.0	100.0	100.0	FC	FC

Names	Headquarters address	% interest		% control		Consolidation methods[a]	
		Dec. 2020	Dec. 2019	Dec. 2020	Dec. 2019	Dec. 2020	Dec. 2019
SOCALUX	Lamesch SA ZI Wolser Nord BP 75 – L3201 Bettembourg, Luxembourg	100.0	100.0	100.0	100.0	FC	FC
SUEZ Recycling AB[b]	Kungsgardsleden, 26271 Angelholm – Suède	-	100.0	-	100.0	NC	FC
SUEZ Recycling & Recovery Pty Ltd	Level 3, 3 Rider Boulevard 2138 Rhodes, NSW – Australie	100.0	100.0	100.0	100.0	FC	FC
SUEZ NWS R&R (Hong Kong) Limited	Room 702, 7/F, Lee Garden Two, 28 Yun Ping Road, Causeway Bay, Hong Kong	58.0	58.0	100.0	100.0	FC	FC
SUEZ Polska sp. z o.o.	Zawodzie 5, 02-981 Warszawa – Pologne	100.0	100.0	100.0	100.0	FC	FC

(a) FC: Full consolidation.
EM: Equity method of consolidation.
NC: Non consolidated.
(b) SUEZ Recycling AB was fully consolidated until 11/30/2020 and then sold (see Note 2.5.3).

Names	Headquarters address	% interest		% control		Consolidation methods[a]	
		Dec. 2020	Dec. 2019	Dec. 2020	Dec. 2019	Dec. 2020	Dec. 2019
Environmental Technology & Solutions – ETS							
SUEZ Treatment Solutions Inc	461 From Rd Ste 400 Paramus, NJ, 07652-3526 États-Unis	70.0	70.0	70.0	70.0	FC	FC
SUEZ WTS Usa, Inc	4636 Somerton Road, Bldg 8 PA 19053 Trevose – Etats Unis	70.0	70.0	70.0	70.0	FC	FC
SUEZ WTS Services Usa, Inc	4545 Patent Road VA 23502 Norfolk – Etats Unis	70.0	70.0	70.0	70.0	FC	FC
SUEZ Water Technologies & Solutions	Tour CB21, 16 Place de l'Iris, 92040 Paris-La Défense Cedex – France	70.0	70.0	70.0	70.0	FC	FC
SUEZ WTS Canada	3239 Dundas Street West, L6M4B2 Oakville Cananda	70.0	70.0	70.0	70.0	FC	FC
SUEZ Water Technologies (Shanghaï) Co., Ltd.	Room 2602, 2/F, Area 4, Building 1 N° 2001 North Yanggao Road, Shangaï Chine	70.0	70.0	70.0	70.0	FC	FC
Safège	15, rue du Port, 92022 Nanterre – France	100.0	100.0	100.0	100.0	FC	FC
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

(a) FC: Full consolidation.
EM: Equity method of consolidation.
NC: Non consolidated.

Note 26 Fees of the Statutory Auditors and members of their networks

The accounting firms Ernst & Young and Mazars act as Statutory Auditors for the SUEZ Group.

	Ernst & Young								Mazars							
	2020				2019				2020				2019			
	Ernst & Young and Others		Network		Ernst & Young and Others		Network		Mazars SA		Network		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	756	9%	-	-	983	21%	-	-	562	13%	-	-	659	14%	-	-
Fully consolidated subsidiaries and joint operations	3,029	36%	4,587	89%	3,017	63%	4,798	89%	3,342	81%	2,527	94%	3,498	77%	2,581	88%
Other services																
SUEZ SA	119	1%	-	-	637	14%	-	-	62	1%	84	3%	385	8%	84	3%
Fully consolidated subsidiaries and joint operations	4,531	54%	569	11%	116	2%	593	11%	218	5%	68	3%	48	1%	249	9%
Total	**8,435**	**100%**	**5,156**	**100%**	**4,753**	**100%**	**5,391**	**100%**	**4,184**	**100%**	**2,679**	**100%**	**4,590**	**100%**	**2,914**	**100%**

Other services than account certification of the financial statements provided during the year to the company and the entities it controls mainly include assignments involving agreed procedures in the context of disposals and verification work on CSR information.

1.2 Statutory Auditors' report on the Consolidated Financial Statements

This is a translation into English of the Statutory Auditors' report on the Consolidated Financial Statements of the Company issued in French and it is provided solely for the convenience of English speaking users. This Statutory Auditors' report includes information required by European Regulation and French law, such as information about the appointment of the Statutory Auditors or verification of the information concerning the Group presented in the Management Report and other documents provided to shareholders. This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Year ended December 31, 2020

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, 2020.

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, 2020 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 requirements of the French Commercial Code *(Code de commerce)* and the French Code of Ethics *(Code de déontologie)* for Statutory Auditors for the period from January 1st, 2020 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5 (1) of Regulation (EU) No 537/2014.

Emphasis of Matter

We draw attention to the following matter described in Note 2.1 – Impacts of the Covid-19 pandemic to the Consolidated Financial Statements relating to the various impacts of Covid-19 pandemic on the business of SUEZ and its Consolidated Financial Statements. Our opinion is not modified in respect of this matter.

Justification of Assessments – Key Audit Matters

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

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

These matters were addressed in the context of our audit of the Consolidated Financial Statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the Consolidated Financial Statements.

Valuation of tangible and intangible assets impacted by the Shaping SUEZ 2030 strategic plan and goodwill

RISK IDENTIFIED

As at December 31, 2020, the net value of the Group's tangible and intangible assets and goodwill amounts to M€ 16,885, which represents 49% of the balance sheet excluding assets held for sale. These assets are composed of goodwill for M€ 4 664, net tangible assets for M€ 7 756, and net intangible assets for M€ 4 465.

As indicated in Note 1.6.6, when events or changes in the market environment or internal sources of information indicate a risk of impairment on tangible and intangible assets or goodwill, they are tested for impairment.

Non-amortizable intangible assets and goodwill are tested for impairment every year.

The methods used to carry out impairment tests on goodwill and tangible and intangible assets are described, respectively, in Notes 9 and 1.6.6 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 based on the medium-term plan (MTP);
- 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 and tangible and intangible assets is sensible to the fluctuation of these assumptions and estimates.

Moreover, as part the Shaping SUEZ 2030 strategic plan described in Note 2.2 to the Consolidated Financial Statements, the Group implemented a new organization as of January 1, 2020. As indicated in Note 9.2, the list of Cash Generating Units (CGU) has been updated, resulting in the reallocation of goodwill between old and new CGUs.

Finally, as part of the "Acceleration of the Shaping SUEZ 2030 strategic plan" described in Note 2.2.2 to the Consolidated Financial Statements, the Group has confirmed the trajectory of the savings measures and announced its decision to accelerate the implementation of its plan. As indicated in Note 5.2 to the Consolidated Financial Statements, impairment losses on tangible and intangible assets amount to M€ 177.7 and are analyzed in light of the Group's transformation decisions taken in the context of the Shaping SUEZ 2030 strategic plan (hereafter "tangible and intangible assets impacted by the Shaping SUEZ 2030 strategic plan").

Consequently, we considered the valuation of tangible and intangible assets impacted by the Shaping SUEZ 2030 strategic plan and goodwill as a key audit matter.

OUR RESPONSE

We have examined the methodology and assumptions underlying the reallocation of the significant goodwill CGUs listed in Note 9.2 to the Consolidated Financial Statements.

We got acquainted with the methods used to identify impairment indications and the implementation of impairment tests, and focused our work on the material CGUs listed in Note 9.2 to the Consolidated Financial Statements, as well as on the tangible and intangible assets impacted by the Shaping SUEZ 2030 strategic plan, whose impairment losses are listed in Note 5.2.2 to the Consolidated Financial Statements.

We reconciled the data used for impairment tests with the documents used by the appropriate governance bodies, in particular the MTP approved by the Board of Directors for the goodwill CGUs.

We examined the assumptions, and in particular those related to the ongoing decisions concerning the tangible and intangible assets impacted by the Shaping SUEZ 2030 strategic plan, which underlie:

- the projections of operating cash flows prepared over the duration of the MTP and related to operating conditions provided by the Management Committee, specifically contract durations carried by isolated assets or entities of the CGU in question, changes in pricing regulations and future market outlooks, as well as the implications relating to the current situation of the Covid-19 pandemic;
- the terminal value for the period beyond the MTP, calculated particularly for the goodwill CGUs by applying a long-term growth rate, comprised between 1,7% and 3,0%, depending on the activities to the normalized "Free Cash Flow" (as defined in Note 9.3 to the Consolidated Financial Statements) in the final year of the projections.

We examined, by including experts in valuation in our audit team for the goodwill CGUs, the discount rates, long-term growth rates and the discount cash flow method to calculate the projections of operating cash flows. Furthermore, for the goodwill CGUs, we obtained and considered the sensitivity of the analyses conducted by your Group's management, whose results are indicated in Note 9.4 to the Consolidated Financial Statements.

Valuation of revenues from water distribution, generated but not metered (called "*en compteur*")

RISK IDENTIFIED

As disclosed in Note 1.5.1.7 to the Consolidated Financial Statements, 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. Your 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 inherent uncertainty relating to the process of evaluating volumes of water distributed but not metered at the reporting date and the evaluation of the corresponding sale price.

OUR RESPONSE

In the context of our audit:

- we got acquainted with the control environment along with the invoicing chain and processes allowing the reliability of estimates on water metered;
- we tested with team members having particular competence in information systems the key automated controls used to estimate water metered, and we audited the functioning of the computing algorithm;
- we analyzed the reconciliation between estimated volumes made by your Group of water consumed and volumes of water distributed over the period;
- we verified the calculation of the price charged for these volumes in relation to contract terms;
- we analyzed the reconciliation made by your Group between estimated volumes and invoiced volumes retrospectively.

Construction contracts accounting

RISK IDENTIFIED

As disclosed in Notes 1.5.1.8 and 1.6.13.3 to the Consolidated Financial Statements, your 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, 2020 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 the accounting of revenues relating to construction contracts as a key audit matter given the estimative nature of this process.

OUR RESPONSE

In the context of our work, the procedures set up in the significant subsidiaries in terms of contribution to revenues of construction contracts consisted of:

- 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;
- performing the work program detailed below on a sample of contracts.

We thus 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) including impacts of Covid-19 pandemic on contract completion;
- 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 the amounts outlined in the contracts and/or contract amendments to revenues at termination used to determine the revenues to be recorded for the year ended December 31, 2020.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by laws and regulations of the information given in the Group's Management Report of the Board of Directors.

We have no matters to report as to their fair presentation and their consistency with the Consolidated Financial Statements.

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

Report on Other Legal and Regulatory Requirements

Format of presentation of the Consolidated Financial Statements intended to be included in the Annual Financial Report

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

Based on the work we have performed, we conclude that the presentation of the Consolidated Financial Statements intended to be included in the Annual Financial Report complies, in all material respects, with the European single electronic format.

We have no responsibility to verify that the Consolidated Financial Statements that will ultimately be included by your company in the Annual Financial Report filed with the AMF are in agreement with those on which we have performed our work.

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of 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, 2020 Mazars and ERNST & YOUNG et Autres were in the 13th year and 14th year of total uninterrupted engagement, which is the 13th 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, its internal audit, regarding the accounting and financial reporting procedures.

The Consolidated Financial Statements were approved by the Board of Directors.

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

Objectives and audit approach

Our role is to issue a report on the Consolidated Financial Statements. Our objective is to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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. 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 to the Audit Committee a report 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) No 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, February 25, 2021

The Statutory Auditors *French original signed by*

MAZARS

Achour Messas

ERNST & YOUNG ET AUTRES

Stéphane Pédron