

Evaluation of SUEZ Group 2020 revenue integrated to the European Taxonomy

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PRESENTATION OF WORK
AND NOTE ON METHODOLOGY
FOR THE 2020 FISCAL YEAR

“The European Commission's commitment to identifying companies that contribute toward environment and climate protection is of the utmost importance, which is why we expedited the revenue analysis target set by the European reference framework by a year. **As such, we can report "green" revenues of almost 75%.**

This figure strengthens our resolve to achieve the goals set out in the SUEZ 2030 strategic plan, which require expertise in sustainable development to ensure that 100% of our solutions are sustainable by 2030. Our proactive approach to adopting the European taxonomy is clear evidence of the pioneering role that we play in this area and we plan to continue this work in order to increase this part of our revenue in the years to come.

Our success serves as a signal to all of our stakeholders, especially at a time when our shareholders and investors are looking for a company at the forefront of responsible investment”.



Bertrand Camus
SUEZ Chief Executive Officer

Executive summary



SUEZ, convinced that non-financial performance of companies is a powerful lever for the allocation of capital in favor of environmental transition, strives to provide reliable financial and non-financial information reflecting its environmental and societal contribution

Since 2008, the Group associates its sustainable development policy with an ESG approach, based on its participation in the most demanding non-financial evaluations and on an open and transparent dialog with its stakeholders. Eager to include its contribution in the most pertinent international reference frameworks, SUEZ has integrated the United Nations Sustainable Development Goals (SDGs) into its latest Sustainable Development Roadmap, while environmental and social indicators are disclosed each year in its integrated report alongside the corresponding reference tags of the Global Reporting Initiative (GRI). This integrated approach has been reinforced in 2020 through the Group's adoption of its Purpose at the Shareholders' Meeting of May 12, 2020.

The adoption by the European Union (EU) of a reference framework aimed at distinguishing the economic activities contributing to meeting the European objectives in the fight against climate change and the implementation of the Paris Agreement stresses the ample scope of these challenges and the ambition of European authorities regarding transparency and sustainable finance. **This is why SUEZ supports the European Commission's work to define a set of technical criteria to help private and public operators orient their investments towards projects that support the transition to a sustainable and low-carbon economy¹.**

In accordance with European Regulation 2020/852 of June 18, 2020 on the establishment of a framework to facilitate sustainable investment within the European Union (EU), in fiscal year 2021 the Group will be subject to the obligation to disclose the part of its revenue, its investment and operating expenses resulting from products or services associated with economic activities considered to be environmentally sustainable according to the classification and criteria defined in the European Taxonomy.

Illustrating its commitment to helping the financial community assess its non-financial performance as well as the objective of climate change mitigation, **SUEZ has decided to disclose, in 2021, the share of its 2020 revenue qualifying to this framework** in general. Publication of this note on methodology illustrates SUEZ's commitment to transparency and its commitment to engage in dialog with its stakeholders, in line with its Purpose.

Considering the evolving character of the European regulatory framework and the various levels of information available regarding the alignment of the Group's business activities with the Taxonomy criteria, **the Group has defined several levels of qualification of its business activities**, reflecting its visibility on this regulatory system as of the revenue consolidation date of FY 2020. A business activity may therefore be:

- **Qualified** for the reference framework of the European green Taxonomy as specified in the European Regulation of June 2020, or
- **Eligible** for the climate change mitigation objective pursuant to the draft Delegated Regulation (Annex I) published in November 2020, or
- **Not identified** in the reference framework of the European Green Taxonomy as available on the publication date of this report, or
- **Excluded** from the reference framework of the European Green Taxonomy as available on the publication date of this report.

This first evaluation of the qualification and eligibility of SUEZ's business activities has been conducted on the basis of the draft Taxonomy and draft Delegated Regulation (Annex I), available on the revenue consolidation date of FY 2020, through a methodological approach including a detailed analysis of the Group's activities, starting from processes, existing reporting systems and hypotheses formulated with the management. Together they constitute a method whose significant elements – hypotheses and interpretations, clarifications and methodological limitations - are outlined in the note on methodology below. The Group will review this methodology and the figures based on the evolution of the regulations and namely with the publication of delegated regulations in 2021.

¹ https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en

SUEZ 2020 revenue integrated to the European Taxonomy reference framework



The revenue considered for this analysis covers all business activities of SUEZ at December 31, 2020 with the exception of assets held for sale². The elements presented in this note have been reviewed by KPMG; the limited assurance report is available in section 5.

• **The business activities eligible and qualifying for the six objectives of the European Taxonomy on sustainable activities represent 74% of the SUEZ Group's 2020 revenues selected for this analysis:**

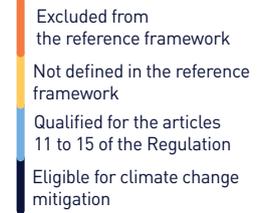
- **65%** has been identified as eligible for the objective of climate change mitigation, and
- **9%** are considered qualified to the other five objectives (adaptation to climate change, sustainable use and protection of aquatic and marine resources, transition to the circular economy, pollution prevention and control, protection and restoration of biodiversity and of ecosystems).
- **18%** of the analyzed revenue covers business activities whose correspondence or contribution to the Taxonomy reference framework could not be identified by the Group on the basis of information available on the date of consolidation of financial statements.
- The business activities excluded from the Taxonomy reference framework by the European Commission represent **8%** of the revenue considered; however, the Group considers that these business activities have an environmental benefit that justifies their re-examination and integration in the reference framework (see section 2.2.3).

² See section 3.2 of this note

Details by business segment

SUEZ's business activities are divided into the following operating segments:

2020 revenue



Recycling and Recovery



These business activities include services and waste management for local authorities and industrial customers. These services include collection, sorting, recycling, composting, methanization, energy recovery and landfilling of regular waste.



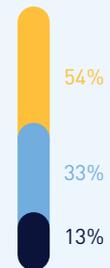
Water



These business activities include drinking water production and distribution services, but also wastewater collection and treatment services within the framework of concession contracts (water management) in Europe and internationally. These services are provided to individuals, local authorities and industrial customers, in form of infrastructure and services. The business activities of the Water segment also include the desalination, wastewater reuse, treatment and sewage sludge recovery.



Environmental Tech & Solutions (ETS)



This segment includes all water services for the industrial customer base (Water Technology & Solutions), including hazardous waste treatment services, as well as technologies and solutions (SMART) adapted to the specific needs of industrial or municipal customers (Advanced Solutions) and Consulting services. The segment's objective is to accelerate the deployment of digital and innovative solutions to enable better water and waste management in order to preserve the natural capital and accelerate the transition to the circular economy.

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SUEZ
Group



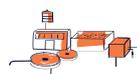
1.1. Presentation of business activities

SUEZ is one of the main players in the global environmental market, and the only one where all business activities are dedicated to water and waste management.

The Group is supporting the environmental transition of towns and cities and industrial operators which have fully taken on board the scarcity of resources and the need to combat climate change, while simultaneously adapting to the consequences this change has already brought about. SUEZ, which focuses on a circular-economy model, is present throughout the water management and waste-recovery value chain: from the construction and operation of water networks and infrastructure to collection, sorting and recycling, and even the production of renewable energy, new materials and the provision of digital services.

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

In 2020, SUEZ operated



1,401

drinking water
production sites



106

composting
platforms



7bn m³

of drinking water



65

thermal treatment
sites



2,605

wastewater
treatment sites



802

sorting, material recovery
and transfer stations



47 M

metric tons of waste



96

landfills

Finally, innovation and digital services constitute powerful levers of transformation and are at the heart of the latest solutions offered by SUEZ. These topics, which are at the heart of the SUEZ 2030 plan, are directly involved in creating added value for the Group's customers and distributing value to the benefit of all its stakeholders.

Purpose of SUEZ



Shaping a sustainable environment, now



In 2020 SUEZ reinforced its social and environmental responsibility commitment by formalizing its purpose and by mobilizing all of its stakeholders for its preparation. Adopted at the Shareholders' Meeting of May 12, 2020, SUEZ's purpose recalls its essential missions and commitments and its investment in favor of combating climate change and preserving the elements essential to our environment: water, soil and air.

SUEZ draws on the expertise it has been developing since the late 19th century to help people constantly improve their quality of life by protecting their health and supporting economic growth.

We work to provide access to essential environmental services for everyone. We supply high-quality water, suited to every type of use, and ensure the protection of this common good. We recover wastewater and waste to convert them into new resources.

Faced with demographic growth, climate change, and social and geographical inequalities, people are increasingly exposed to the consequences of the environmental emergency that is affecting our planet. Every single day, SUEZ commits to preserving the fundamental elements of our environment - water, soil, and air - that ensure our future. At SUEZ, we invest in preserving and restoring natural capital, and in the future of biodiversity, both on land and at sea.

As a committed partner to local communities, industry players and citizens, SUEZ mobilises stakeholders to succeed in the environmental transition, developing circular business models and innovating to plan for tomorrow's challenges.

Proud of their work and strengthened by their values, SUEZ's teams based in regions throughout the world are shaping a sustainable environment, now.

1.2. The SUEZ 2030 strategic plan

Launched in October 2019, the “Shaping SUEZ 2030” strategic plan aims to position the Group in relation to the opportunities and the challenges of the coming decade, and to ramp up its contribution.

In a constantly changing world, there is a need to take concrete actions to jointly shape a sustainable environment, right now. In particular, the Group needs to anticipate the development of the circular economy, the emergence of new models, increased regulations and a rising awareness amongst citizens of the climate crisis and damage to the environment.

This strategic plan builds on the confidence already expressed by SUEZ’s financial partners in terms of its leadership position in sustainable growth, reflected in the Group’s presence in the most prestigious non-financial rating indices.

It also enhances the scope of its commitments as part of the Sustainable Development Roadmap: in October 2019, the Group decided to strengthen its climate commitments to comply with the +1.5°C trajectory:

reduction of greenhouse gas emissions from its business activities by 45% (compared to 30% previously), in line with the +1.5°C trajectory and carbon-neutral by 2050 target

-45%

approximately 20 million metric tons of CO₂ emissions avoided each year for its customers.

-20Mt

100% sustainable solutions portfolio

100%

The SUEZ 2030 plan also includes SUEZ’s unique and differentiating value proposition, focused on health and quality of life, and on a circular and sustainable economy that reduces the carbon footprint of customers, while simultaneously conserving and restoring the natural assets of the planet. This proposition includes:

- **helping industrial customers to comply with their commitments in terms of sustainable development**, namely climate, and to control their environmental risks, with performance-focused integrated offers, while sustainably securing their industrial processes;
- **helping cities and local authorities achieve their environmental transition**, thanks to smart and digital solutions;
- **providing easier access to sustainable consumption** for citizens, by offering affordable solutions.

Finally, SUEZ has committed to increasing by 50% its investments in R&D, innovation and digital technology by 2023. It also plans to increasingly shift its investments towards low-carbon solutions for the benefit of its customers, including by creating in emerging countries engineered landfills equipped with solutions to capture and recycle methane, transform purification stations into carbon-neutral and energy-positive resource-plants, and to ultimately capture and reuse CO₂ from waste incinerators.

1.3.

A sustainable development policy at the heart of the value chain

Being present in the entire resource value chain, from designing, building and operating facilities for water or collection, sorting and recovery of waste to supplying integrated solutions for the circular economy and environmental services, SUEZ wants to become the preferred partner of companies, municipal customers, citizens and all stakeholders to face major challenges of the planet: the increasing scarcity of water and of resources, the acceleration of climate change and biodiversity loss, pollution, health and quality of life. SUEZ's position as leader in environmental activities, its ambition for growth and for transforming its business activities against a backdrop of both growing needs for new environmental services and a macroeconomic environment made even more uncertain by the COVID crisis, make it a key player in the just transition.

Since 2008, SUEZ has been steering its sustainable development by means of a roadmap establishing specific date and number objectives, addressing major sustainable development challenges faced by the Group. The 2017-2021 roadmap was drawn up in line with the United Nations Sustainable Development Goals (SDGs) and following a materiality study in which more than 5,000 people took part.

The Sustainable Development roadmap of the Group, as well as the associated environmental, social and governance indicators are available in the Integrated Report of SUEZ on its website³.



The value created by the Group for its stakeholders provides significant benefits that, due to its business activities, predominately favor local economic players: more than 90% of economic flows generated by the Group's activity are redistributed to its employees, subcontractors and suppliers, as well as to the states and regional municipal customers, NGOs and local communities.



³ <https://www.suez.com/fr/notre-groupe/un-groupe-engage/rapport-integre-2020>

1.4. A trailblazing and committed extra-financial performance strategy

Since 2008, the Group associates its sustainable development policy with an ESG approach based on its participation in the most demanding extra-financial assessments and on an open and transparent dialog with its stakeholders

Eager to include its contribution in the most pertinent international reference frameworks, SUEZ has integrated the United Nations Sustainable Development Goals (SDGs) into its latest Sustainable Development Roadmap, while environmental and social indicators are disclosed each year in its integrated report alongside the corresponding reference tags of the Global Reporting Initiative (GRI). This integrated approach has been reinforced in 2020 through the Group's adoption of its Purpose at the Shareholders' Meeting of May 12, 2020.

This is why the Group supports the European Commission's work to define a set of technical criteria to help private and public operators orient their investments towards projects that support the transition to a sustainable and low-carbon economy⁴. The publication of this report illustrates SUEZ's commitment to transparency and allows it to engage in dialog with its stakeholders, in line with its Purpose.

The increasing importance of sustainable development in its strategy leads SUEZ to reaffirm each year its excellent performance in relation to non-financial rating agencies and its presence in the main international ESG rankings.

	2017	2018	2019	2020 ⁵
RobecoSAM	82	79	76	78
CDP Climate	A	A	A	A-
CDP Water	-	-	B	A-
CDP Supplier engagement rating	-	-	A	A
Sustainalytics - ESG Performance	83/100	83/100	84/100	81/100
Sustainalytics - ESG risks	-	-	20.7	21.1
Ecovadis	Gold	Gold	Gold	Platinum
Vigeo EIRIS	67	-	71	-
FTSE Russell	4.0	4.1	4.4	4.4
MSCI	-	A	A	A

⁴ https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en

⁵ Results known to the Group as of the date of this report



**Application of the European
Green Taxonomy
on sustainable activities
to SUEZ Group**



SUEZ supports the European Commission's work to define a set of technical criteria to help public and private operators identify the business activities and economic sectors that contribute directly to achieving European environmental and climate objectives.

The Group responded to the consultation initiated on November 20, 2020 on draft delegated regulation, specifying the technical criteria of a significant contribution to the mitigation and adaptation to climate change. This document is available on the website of European Commission⁶.

SUEZ renews its availability for the Commission and Platform on Sustainable Finance⁷ to bring a constructive contribution to the development of the Taxonomy so that this tool can take into account the industrial and operational reality of the water and waste management and treatment businesses.

In fact, as these activities have numerous recognized environmental and social benefits, it appears essential to ensure the coherence of the different criteria that apply to sectors of business activities so they can contribute to each of the six objectives of the Taxonomy: climate change mitigation, adaptation to climate change, transition to a circular economy, sustainable use and protection of aquatic and marine resources, pollution prevention and control and protection and restoration of biodiversity and of ecosystems.

⁶ <https://eur-lex.europa.eu/legal-content/FR/TXT/HTML/?uri=CELEX:32020R0852&from=EN>

⁷ https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/overview-sustainable-finance/platform-sustainable-finance_en

2.1. Breakdown of revenues for the fiscal year 2020

In accordance with European Regulation 2020/852 of June 18, 2020 on the establishment of a framework to facilitate sustainable capital expenditures within the European Union (EU), in fiscal year 2021 SUEZ will be subject to the obligation to disclose the part of its revenue, its capital expenditures and operating expenses resulting from products or services associated with economic activities considered to be environmentally sustainable. This classification system, known as the "European Green Taxonomy" on sustainable activities, establishes a list of economic activities considered to be environmentally sustainable on the grounds of ambitious, transparent and science-based criteria, in line with the EU's environmental objectives, including the objective of carbon neutrality and the Paris Agreement.

SUEZ has decided to **disclose, one year ahead of the regulatory schedule, in 2021, the share of its 2020 revenue integrated to this benchmark.** Considering the evolving character of the European regulatory framework and various levels of information available regarding the alignment of business activities of the Group with the Taxonomy criteria, the Group has defined **several levels of qualification** of its business activities, reflecting its visibility in this regulatory system as of the revenue consolidation date of FY 2020.

CATEGORY	REFERENCE FRAMEWORK	DEFINITION
Qualified for the European Taxonomy reference framework	Regulation (EU) 2020/852 of June 18, 2020 articles 10-15	Qualifying business activities are ones for which SUEZ has identified that there is a direct contribution to one or more objectives of the European Taxonomy as described in articles 10 to 15 of the European Regulation of June 18, 2020 (see 2.2.2).
Eligible to climate change mitigation	Draft Delegated Regulation (Annex I), November 2020	Business activities eligible to climate change mitigation are those corresponding to the definition available in the Delegated Regulation associated with the objective of the relevant taxonomy. These business activities constitute a sub-category of eligible business activities (see 2.2.1).
Aligned	Delegated acts	The activity confirms its alignment with: <ul style="list-style-type: none"> • One or more technical criteria of significant contribution • The DNSH criterion or criteria • The criteria of compliance with social safeguards as defined in the corresponding Delegated Regulation ⁸
Not defined in the reference framework	Regulation (EU) 2020/852 of June 18, 2020 articles 10-15 ⁹	The business activities that are not defined comprise the SUEZ business activities whose correspondence or contribution to the objectives of the Taxonomy could not be identified by the Group on the basis of information available on the date of consolidation of the 2020 financial statements (see 2.2.3).
Excluded from the reference framework	Regulation (EU) 2020/852 of June 18, 2020 articles 10-15 ¹⁰	These business activities comprise SUEZ business activities explicitly excluded from the reference framework as at December 31, 2020 (see 2.2.3).

⁸ Publication of the delegated acts confirming the business activities and technical criteria of alignment with objectives of the European Taxonomy is expected in 2021 and 2022 in accordance with article 25 of Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088.

⁹ <https://eur-lex.europa.eu/legal-content/FR/TXT/HTML/?uri=CELEX:32020R0852&from=EN>

¹⁰ <https://eur-lex.europa.eu/legal-content/FR/TXT/HTML/?uri=CELEX:32020R0852&from=EN>

SUEZ 2020 revenue integrated to the European Taxonomy reference framework



The revenue considered for this analysis covers all business activities of SUEZ at December 31, 2020 with the exception of assets held for sale¹¹. The elements presented in this note have been reviewed by KPMG; the limited assurance report is available in section 5.

• **The business activities eligible and qualifying for the six objectives of the European Taxonomy on sustainable activities represent 74% of the SUEZ Group's 2020 revenues selected for this analysis:**

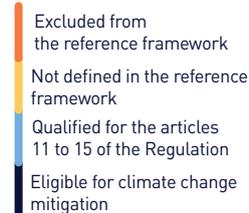
- **65 %** has been identified as eligible for the objective of climate change mitigation, and
- **9%** are considered qualified to the other five objectives (adaptation to climate change, sustainable use and protection of aquatic and marine resources, transition to the circular economy, pollution prevention and control, protection and restoration of biodiversity and of ecosystems).
- **18%** of the analyzed revenue covers business activities whose correspondence or contribution to the Taxonomy reference framework could not be identified by the Group on the basis of information available on the date of consolidation of financial statements.
- The business activities excluded from the Taxonomy reference framework by the European Commission represent **8%** of the revenue considered; however, the Group considers that these business activities have an environmental benefit that justifies their re-examination and integration in the reference framework (see section 2.2.3).

¹¹ See section 3.2 of this note

Details by business segment

SUEZ's business activities are divided into the following operating segments:

2020 revenue



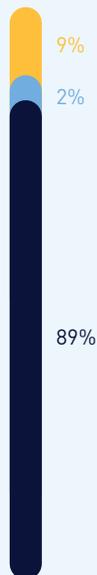
Recycling and Recovery



These business activities include services and waste management for local authorities and industrial customers. These services include collection, sorting, recycling, composting, methanization, energy recovery and landfilling of regular waste.



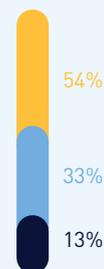
Water



These business activities include drinking water production and distribution services, but also wastewater collection and treatment services within the framework of concession contracts (water management) in Europe and internationally. These services are provided to individuals, local authorities and industrial customers, in form of infrastructure and services. The business activities of the Water segment also include the desalination, wastewater reuse, treatment and sewage sludge recovery.



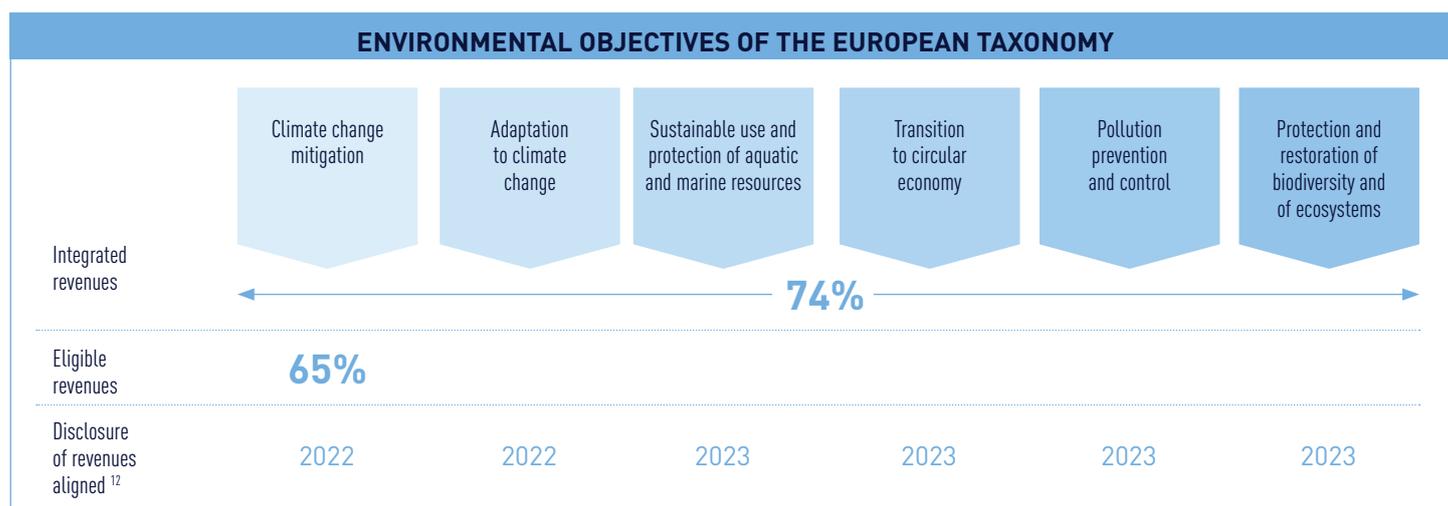
Environmental Tech & Solutions (ETS)



This segment includes all water services for the industrial customer base (Water Technology & Solutions), including hazardous waste treatment services, as well as technologies and solutions (SMART) adapted to the specific needs of industrial or municipal customers (Advanced Solutions) and Consulting services. The segment's objective is to accelerate the deployment of digital and innovative solutions to enable better water and waste management in order to preserve the natural capital and accelerate the transition to the circular economy.

2.2. Details by objective of the European Taxonomy

Details by objective of the European Taxonomy



The business activities eligible and qualifying for the six objectives of the European Taxonomy on sustainable activities represent 74% of the SUEZ Group's 2020 revenues selected for this analysis; 65% has been identified as eligible for the objective of climate change mitigation. Details for the 9% qualifying revenues to the other five objectives can be found in section 2.2.2.

2.2.1. Business activities eligible to climate change mitigation



Business activities eligible to climate change mitigation are identified in Annex I of the draft Delegated Regulation published in November 2020¹³. Said activities are recognized as making a substantial contribution to climate change mitigation when they help stabilize the concentration of greenhouse gases in the atmosphere, prevent or reduce greenhouse gas emissions or improve the absorption of greenhouse gases.

These activities represent 65% of the SUEZ Group's 2020 revenues selected for this analysis.

This first evaluation of the eligibility of SUEZ's business activities for climate change mitigation has been conducted on the basis of the draft Taxonomy and draft Delegated Regulation (Annex I), available on the revenue consolidation date of FY 2020, through a methodological approach including a detailed analysis of activities of the Group, starting from processes, existing reporting systems and hypotheses formulated with the management, constituting together a method whose significant elements – hypotheses and interpretations, clarifications and methodological limitations – are outlined in the note on methodology below. The Group will review this methodology and the figures based on the evolution of the regulations and namely with the publication of delegated regulations in 2021.

¹² The year of disclosure of the aligned revenues is specified for each of the objectives in article 25 of Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088

¹³ https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12302-Climate-change-mitigation-and-adaptation-taxonomy#ISC_WORKFLOW



Water business activities

NACE Code ¹⁴	Activity as described in the Draft Delegated Regulation	Definition of business activity	Corresponding business activities of SUEZ
E 36.00	Construction, extension and operation of water collection, treatment and supply systems	Construction, extension and operation of water collection, treatment and supply systems	- Production of drinking water - Distribution of drinking water - Operation of drinking water networks
E 36.00	Renewal of water collection, treatment and supply systems	Renewal of water collection, treatment and supply systems including renewals to water collection, treatment and distribution infrastructures for domestic and industrial needs	- Operation and maintenance of drinking water networks
E 37.00	Construction, extension and operation of waste water collection and treatment	Construction, extension and operation of centralised waste water systems including collection (sewer network) and treatment	- Wastewater treatment - Operation and maintenance of wastewater networks
E 37.00	Renewal of waste water collection and treatment	Renewal of centralised waste water systems including collection (sewer network) and treatment	- Operation and maintenance of wastewater networks

SUEZ's assessment of the technical criteria for significant contribution to water management and treatment activities is available in its response to the consultation of the European Commission¹⁵.



Recycling and Recovery Activities

NACE Code	Activity as described in the Draft Delegated Regulation	Definition of business activity	Corresponding business activities of SUEZ	Remarks
E 38.11	Collection and transport of non-hazardous waste in source segregated fractions	Separate collection and transport of non-hazardous waste in single or comingled fractions aimed at preparing for reuse or recycling	- Mixed collection of municipal and industrial waste - Separate collection ¹⁶ of municipal and industrial waste	As the choice of a strictly separated collection and the method of waste treatment is generally the responsibility of the Group's customers (particularly for municipal customers), the Group is not responsible for defining the methods of waste collection and transportation.
E 38.32	Material recovery from non-hazardous waste	Construction and operation of facilities for the sorting and processing of separately collected non-hazardous waste streams into secondary raw materials involving a mechanical transformation process	- Sorting and preparation of non-hazardous waste for materials recovery - Recycling of plastics - Recycling of paper, cardboards, metals	As the choice of a strictly separated collection is generally the responsibility of the Group's customers (particularly for municipal customers), the Group is not responsible for defining the methods of waste collection and transportation to its sorting centers.

¹⁴ Statistical Nomenclature of Business Activities in the European Community

¹⁵ <https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12302-Sustainable-finance-EU-classification-system-for-green-investments/F1346289>

¹⁶ The "co-mingled" collection is considered here as separated. In fact, the "co-mingled" flows are recyclable waste flows sent for material recovery but collected and transported before being sorted a second time prior to their treatment.

NACE Code	Activity as described in the Draft Delegated Regulation	Definition of business activity	Corresponding business activities of SUEZ	Remarks
E 37.00	Anaerobic digestion of biowaste	Construction and operation of dedicated facilities for the treatment of separately collected bio-waste through anaerobic digestion with the resulting production and utilisation of biogas and digestate and/or chemicals	Methanization of biowaste with production and recovery of biogas and digestate	
E 38.21	Landfill gas capture and utilisation	Installation and operation of infrastructure for landfill gas capture and utilisation in permanently closed landfills using new or supplementary dedicated technical facilities and equipment installed during or post landfill closure	Collection and recovery of biogas on landfill sites	The scope under consideration here includes landfill sites in commercial activity in order to encourage investment in biogas collection and recovery facilities.
E 38.21	Composting of bio-waste	Construction and operation of dedicated facilities for the treatment of separately collected bio-waste through composting (aerobic digestion) with the resulting production and utilisation of compost	Aerobic digestion of biowaste with production and recovery of compost	
E 37.00	Anaerobic digestion of sewage sludge	Construction and operation of facilities for the treatment of sewage sludge by anaerobic digestion with the resulting production and utilisation of biogas or chemicals	Methanization of sewage sludge with production and recovery of biogas	



Other business activities

NACE Code	Activity as described in the Draft Delegated Regulation ⁶	Definition of business activity	Corresponding business activities of SUEZ
D35.13	Transmission and distribution of electricity	Construction and operation of distribution systems that transport electricity out	Distribution of electricity and public lighting by the Moroccan subsidiary LYDEC

2.2.2. Business activities qualifying for the European Taxonomy reference framework - excluding climate change mitigation



Qualifying business activities are the ones for which SUEZ has identified a direct contribution to one or more objectives of the European Taxonomy such as described in articles 10 to 15 of the Regulation (EU) 2020/852 dated June 18, 2020. **As of December 31, 2020, they represent 9% of the revenue considered by the Group.** These business activities complement the list of eligible business activities for climate change mitigation detailed in section 2.2.1.

The Group will review this Reference framework and the figures based on the evolution of the regulations, particularly with the publication of the delegated regulations in 2021.



Adaptation to climate change

Upon reading article 11 of Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, the SUEZ Group considers that the following business activities contribute to the adaptation to climate change.

Activity	Status	Remarks
SUEZ Consulting	Qualified	This business activity qualifies in accordance with Annex II of the draft Delegated Regulation published in November 2020, section 9.1 "Engineering activities and related technical consultancy dedicated to adaptation to climate change". SUEZ Consulting provides its expertise to municipalities and public authorities aiming to develop their territories sustainably, as well as to industrial operators who wish to adapt their production tools to the ecological and energy transition.



Sustainable use and protection of water and marine resources

Upon reading article 12 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, the SUEZ Group considers that the following business activities contribute to the sustainable use and the protection of aquatic and marine resources.

Activity	Status	Remarks
Wastewater recovery and reuse	Qualified	<p>The Group's wastewater reuse activities contribute to improving the management and efficiency of water use and promote its long-term sustainable use.</p> <p>The reuse of wastewater is a political and socio-economic challenge for the future development of drinking water and sanitation services on the global scale. In fact, it presents the major advantage of providing an alternative resource that limits water deficits, better preserves natural resources and compensates for water shortages caused by climate changes. The internal reuse and recycling of industrial wastewater have become a standard practice for many industries, with new trends such as the ambitious objective of zero liquid discharge and inter-sectoral water reuse, for example the use of urban wastewater for industrial purposes</p>
Desalination	Qualified	<p>The activities of desalination of sea water or brackish water make it possible to meet the water needs of populations in a context of lower availability of the resource.</p> <p>The reverse osmosis technology favored by the Group provides people with access to water intended for human consumption and ensures that companies have a supply adapted to their needs without damaging underground or surface water bodies.</p>
Manufacturing and sale of membranes for desalination	Qualified	<p>The manufacturing and sale of membranes for desalination by the subsidiary WTS (Water Technology and Solutions) allows for the production of drinking water from sea water or brackish water. Their production enables the deployment of desalination solutions that ensure the availability of drinking water in areas that do not have resources in sufficient quantities or that are prone to repeated droughts due to climate change.</p>
Manufacturing and sale of membranes for the production of drinking water and wastewater treatment	Qualified	<p>The membranes manufactured and sold by the subsidiary WTS allow for the treatment of water to improve its quality. Their use prevents any form of pollution associated with the consumption or discharge of water that is of insufficient quality.</p>
Smart water management	Qualified	<p>The digital solutions proposed by the Group (Aquadvanced, OnConnect) contribute directly to improving water use management and efficiency.</p> <p>The intelligent water management guarantees for example:</p> <ul style="list-style-type: none"> - better control to monitor and optimize the operation; - better control and conservation of resources; - better performance, including the energy efficiency of facilities and networks; - ability to react to and anticipate unforeseen circumstances, including weather changes; - enhanced data sharing with municipal customers, who can thus provide seamless flow of information to their residents and have even greater control over the management of their assets.



Transition to circular economy

Upon reading article 13 of the Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, the SUEZ Group considers that the following business activities contribute to the transition to the circular economy.

Activity	Status	Remarks
Treatment and recovery of sewage sludge	Qualified	The thermal recovery of sewage sludge enables steam or electricity to be generated by the destruction of sludge from wastewater treatment. The sludge can also be used for spreading or compost, contributing to reducing the use of chemical products for agricultural purposes. These processes reduce pollutant emissions, gas emissions and odor pollution.
Production of Solid Recovered Fuel (SRF)	Qualified	The production of Solid Recovered Fuel (SRF and RDF ¹⁷) from sorting, shredding and refining of hard-to-treat waste for energy recovery contributes directly to reducing the use of fossil fuels for energy production. Thus, the SRFs produced by the Group promote the efficient use of resources and energy efficiency. In this sector, SUEZ operates specialized plants in particular for the cement industry.



Prevention and control of pollution

Upon reading article 14 of Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, the SUEZ Group considers that the following business activities contribute to pollution prevention and control.

Activity	Status	Remarks
Collection and treatment of hazardous waste	Qualified	The collection and treatment of hazardous waste contributes to the prevention and reduction of pollution. These activities are necessary to ensure the public health of territories; they prevent uncontrolled dumping of waste, whose degradation without treatment or supervision poses risks to human health and the environment due to air, water and soil pollution. The thermal treatment of hazardous waste is also a solution that enables the treatment of waste, whose recovery is prohibited and which at the same time produces energy for the local needs of territories.
Production of SRF from hazardous waste	Qualified	The SRFs are produced from hazardous waste sorting refuse. They produce local energy which is partly renewable energy and replace fossil fuels.
Soil decontamination and remediation	Qualified	Through its specialized subsidiaries, the Group has been developing innovative solutions for the clean-up and conversion of industrial sites. This activity includes the remediation of polluted soils, with solutions for regenerating soils on site or in a cleanup center. This limits the use of space by requalifying former derelict land for urban or industrial development operations, and makes recycled land available to land developers in place of surrounding contributed conservation land – and particularly topsoil.
Air & Climate	Qualified	SUEZ develops solutions for control and improvement of air quality in urban and industrial areas in order to prevent any negative impact on human health and on the environment by limiting the emissions of harmful particles to purify the air. For this purpose, SUEZ offers for example “clear air bubbles” with a large treatment spectrum (PM 10, PM 2.5, NO2, COV as a priority) by combining multiple high-end technologies, including the technology using micro-algae co-developed with Fermentalg, or solutions such as AirAdvanced-HypR tested in partnership with RATP in Paris.

¹⁷ Solid Recovered Fuels et Refuse Derived Fuels



Protection and restoration of biodiversity and ecosystems

Upon reading article 15 of Regulation (EU) 2020/852 of the European Parliament and of the Council dated June 18, 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, the SUEZ Group considers that the following business activities contribute to the protection and restoration of biodiversity and of ecosystems.

Activity	Status	Remarks
Smart Agriculture	Qualified	<p>The Group's business activities contribute to the implementation of sustainable agricultural practices by reducing the number of chemical products used. In 2018, the Agriculture business line was launched in Spain through the constitution of SUEZ Agriculture and the creation of the SUEZ-Agriculture Sur joint venture, which aims to provide support services for planting, irrigation, crop protection, along with pruning and harvesting in the southern area of Spain and Portugal.</p> <p>Finally, the Group relies on proprietary technologies and innovation to develop and roll out new business activities with a high potential, such as intelligent agriculture.</p>

2.2.3. Activities outside of the scope of the Taxonomy

Activities not defined in the reference framework as of the date of this report



The activities not defined in the reference framework as of the date of this report are those for which the Group has not identified a direct contribution to one or more objectives of the European Taxonomy as described in articles 10 to 15 of the European Regulation of June 18, 2020.

As of December 31, 2020, they represent 18% of the revenue considered by the Group.

These activities complement the list of eligible and qualifying business activities for climate change mitigation detailed in sections 2.2.1 and 2.2.2.

Based on the method applied by the Group, the following business activities cannot be matched in the reference framework of the European Taxonomy:

- **Manufacturing and sale of chemical products for water treatment**
- **Treatment of industrial water**
- **Revenue from billing for services (advisory services, AMO)**
- **Sale of equipment**

These sources of revenue originate from business activities and models not taken into account in the Taxonomy reference framework, and are specific to the sector of activity of the Group. Moreover, these business activities fully contribute to the environmental transition necessary to meet the international objectives for combating climate change and protecting natural capital.

The treatment of industrial water enables the Group's customers to benefit from water which composition and quality is adapted to their manufacturing processes and consumption. These treatments are adapted to the uses of each particular industrial sector: agri-food, microelectronics, pulp and paper, etc.

The manufacturing and sale of chemical products is an essential activity for the water sector. Thus, their use in water purification or wastewater treatment processes makes it possible to meet the quality requirements necessary for the protection of the environment and of human health, in particular by making the water fit for consumption. Similarly, the sales of Group's equipment include components essential for the construction and operation of drinking water and wastewater treatment systems, such as valves, pipes and other parts, as well as analytical and control devices. They allow for the proper treatment of water, both at the input and output of the cycle, and thus contribute directly to the proper management of the resource.

Activities excluded from the reference framework



The excluded activities are those explicitly excluded from the reference framework as of December 31, 2020 by the European Commission based on recommendations of the Technical Expert Group (TEG) report of March 2020. However, the Group considers that these activities have an environmental benefit that justifies their re-examination and integration in the reference framework.

As of December 31, 2020, they represent 8% of the revenue considered by the Group. These activities complement the list of eligible and qualifying business activities for climate change mitigation detailed in sections 2.2.1, 2.2.2 as well as the unidentified activities described here above.



Thermal waste recovery

In addition to its ambitious carbon trajectory, SUEZ intends to accelerate the implementation of solutions contributing to deployment of circular economy and to the prevention and reduction of pollution. In this respect, the Group offers to its municipal and industrial customers technologies for waste-to-energy conversion, including the thermal treatment of municipal or industrial waste with energy production.

This method of treatment enables residual waste¹⁸ to be integrated into a circular economy loop: these waste, isolated during the first selection at the sorting center, are redirected to energy recovery units in order to produce electricity or heat. In particular, they can supply energy directly to sorting and recycling sites and become a part of an energy production and self-consumption loop. Thus, energy recovery makes it possible to (1) recover ineligible waste in the recycling processes and (2) support the effort to reduce GHG emissions by producing low-carbon energy in a short circuit, reducing the use of fossil fuels.

Therefore, the energy recovery from waste contributes directly to the prevention of any negative impact on human health and the environment by avoiding uncontrolled waste disposal and by offering an alternative treatment method that allows for the supply of low-carbon energy for municipalities and industry.

The Group considers that this activity should be integrated into the European Taxonomy reference framework as part of its contribution to the transition to a circular economy.



Landfilling of waste excluding biogas collection and recovery

Landfilling of final waste replaces uncontrolled dumping of waste, whose degradation without treatment or supervision poses risks to human health and the environment due to air, water and soil pollution. This activity contributes directly to public health in the territories.

The non-hazardous and hazardous waste storage sites developed by SUEZ are classified for environmental protection (ICPE). Regarding the protection of biodiversity, residual waste storage facilities are subject to an impact study that includes an assessment of the environmental sensitivity and the implementation of concrete measures for avoidance reduction or compensation of impacts generated by the site. This study is performed prior to any opening or extension of a site. Each filled storage unit is covered with a tight, vegetated layer to allow a landscape integration respectful of the site of implantation. SUEZ is also developing specific partnerships with the Natural History Museum, the Regional Parks and the LPO to guarantee the conservation of species present in the natural environment of storage facilities. These actions are supplemented by the biodiversity protection objectives described in the Group's Sustainable Development

¹⁸ Residual waste includes waste that is not compatible with recycling processes such as degraded material and waste containing substances that are incompatible with recycling and recovery processes.

Roadmap: in 2020, when renewing its commitments through the Act4nature international initiative, SUEZ made 11 distinct commitments aimed at reinforcing its biodiversity strategy, including the commitment to developing action plans on 100% of the sites identified as priority areas by the IUCN (International Union for Conservation of Nature).

The waste storage solutions offered by SUEZ to its customers in emerging countries initiate environmental management and protection initiatives in areas where waste treatment processes are under development. These solutions replace uncontrolled dumping, which constitutes a significant source of methane emission and industrial accidents. Moreover, the rehabilitation of uncontrolled dumping implies integration of the site into the local environment through land redevelopment, the installation of a drainage network and the collection of leachate and rainwater to reduce pollution for the environment and human health.

The management indicators for the waste storage sites operated by the Group are available in the annex to its integrated report, published annually and made available on the Company's website.

The Group considers that these business activities, when they contribute to the prevention of pollutions affecting the environment and human health in emerging countries, should be integrated into the European Taxonomy reference framework under the objective of pollution prevention and control.





Principles on methodology of the eligible revenue



3.1.

Identification and classification of business activities covered by the European Taxonomy



In order to identify its business activities covered by the nomenclature of the European Taxonomy, the Group relied on the following documents:

- Report of the Taxonomy Expert Group (TEG): “**Taxonomy: Final report of the Technical Expert Group on Sustainable Finance**”, March 2020¹⁹
- Annexes to the TEG report “**Updated methodology & Updated Technical Screening Criteria**”, March 2020²⁰
- **Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020** on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088²¹
- **Draft Delegated Regulations and annexes published in November 2020**²²
 - ANNEX to the Commission Delegated Regulation (EU) .../... supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives
 - ANNEX I: Technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives

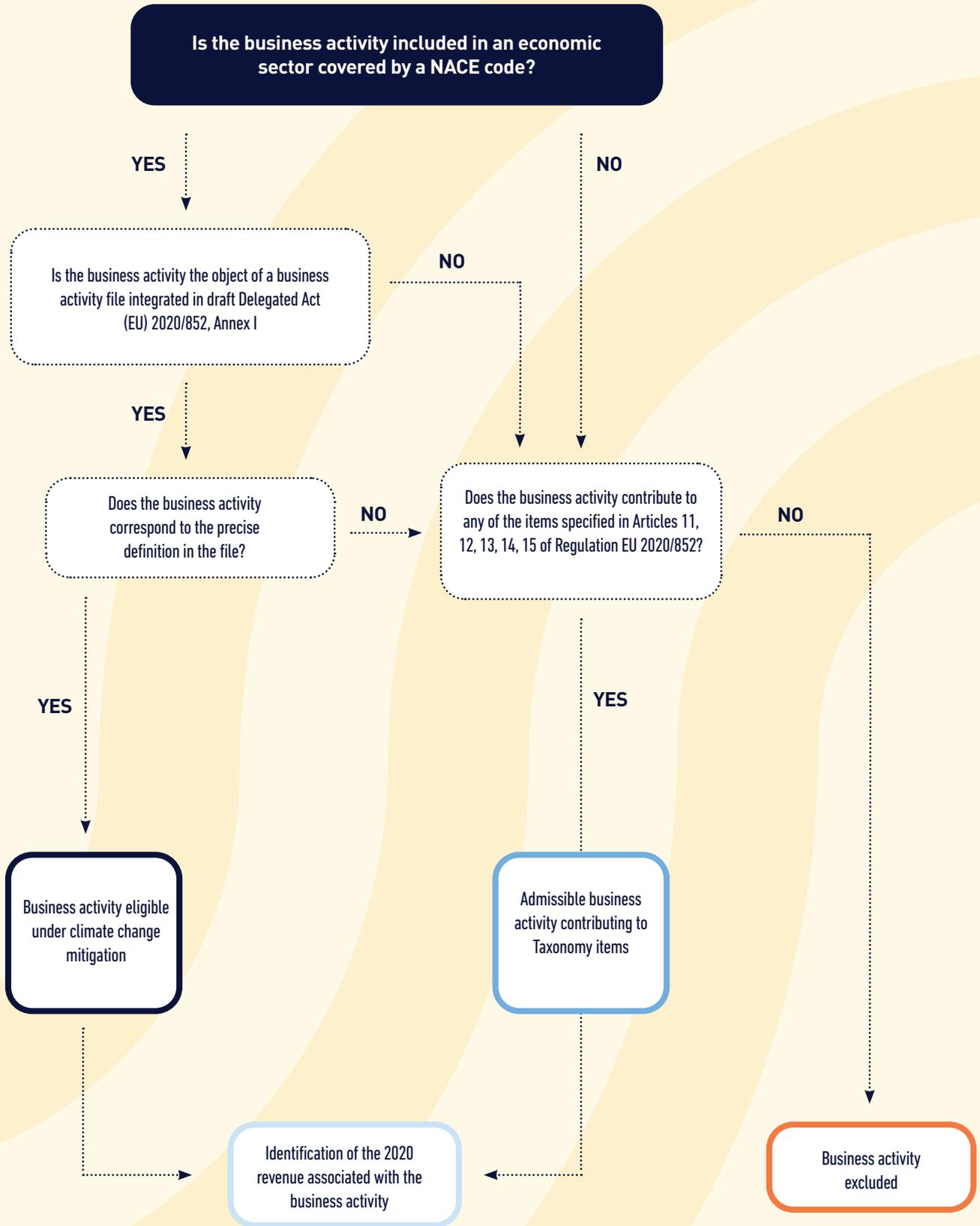
The Group has drawn up a correspondence table cross-referencing (1) the matrix of business activities identified in the SUEZ 2030 strategic plan, (2) its internal accounting nomenclature and (3) the business activities described in the TEG report of March 2020, then specified in the draft Delegated Regulation of November 2020. The business activities that do not correspond to these have been examined later in order to verify their potential contribution to one of the other five objectives of the Taxonomy, based on the regulation dated June 2020. The method used is specified below:

¹⁹ https://ec.europa.eu/info/files/200309-sustainable-finance-teg-final-report-taxonomy_en

²⁰ https://ec.europa.eu/info/files/200309-sustainable-finance-teg-final-report-taxonomy-annexes_en

²¹ <https://eur-lex.europa.eu/legal-content/FR/TXT/HTML/?uri=CELEX:32020R0852&from=EN>

²² https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/12302-Climate-change-mitigation-and-adaptation-taxonomy#ISC_WORKFLOW



3.2.

Financial Information

The financial information used for this initial analysis was the subject of additional reporting when the annual financial statements were closed. It was the subject of joint analysis and control by the local and central teams so as to ensure consistency with the consolidated revenues for FY 2020. The controls focused on both the treatment of intragroup transactions and the breakdown of revenues by business activity segment and sub-segment.

The revenue presented here is accounted for as follows by business activity:

- Revenues generated by water supply are based on volumes delivered to customers that are either individually metered and invoiced or estimated based on the output of the supply networks.
- The price for wastewater services and wastewater treatment is either included in the water distribution bill, or is billed separately to the local authority or industrial customer.
- Revenues arising from waste collection are generally based on the tonnage collected and the service provided by the operator.
- Revenues from other forms of waste treatment (primarily sorting and incineration) are based on volumes processed and services rendered by the operator, plus the additional revenues from recovery operations, such as the sale of raw materials for sorting centers (paper, cardboard, glass, metals, plastics, etc.) and the sale of energy (electricity or heat) for incinerators.
- Revenues from engineering, construction and service contracts are determined using the percentage of completion method. Depending on the contract concerned, the stage of completion may be determined either based on the proportion that costs incurred to date bear to the estimated total costs of the contract, or on the physical progress of the contract based on factors such as contractually defined stages.

The scope and methods of consolidation will be detailed in the Company's Annual Financial Report (AFR). The information relative to the operational scope considered is available in section 2.1 of the same document.



Management of risks and human rights





The risk management and due diligence policies and tools implemented by the SUEZ Group on December 31, 2020 reflect the alignment criteria corresponding to conditions of no prejudice to other objectives of the Taxonomy (“Do No Significant Harm”) as well as conditions of respect of human rights (“social safeguards”) such as presented in the Regulation (EU) 2020/852 and in the TEG report of March 2020.

4.1.

Integrated risk management and prevention of prejudices to other objectives of the European Taxonomy

The SUEZ Group has adopted an integrated corporate risk management policy²³, which aims to provide a complete overview of the risk portfolio through the use of methods and tools common to all subsidiaries and functional departments. The Chief Risk Officer (CRO) is responsible for coordinating this integrated approach. He is supported by a network of Risk Officers who are responsible for seamlessly and consistently executing the risk assessment and management techniques at the various subsidiaries. The network is headed by the Chief Risk Officer. Risks are identified, classified by category (strategic, financial or operational), assessed (by significance, frequency, and exposure), and quantified wherever possible. The method for handling them is then reviewed, which provides information for action plans at different levels of the Company.

This process, which is overseen centrally by the Chief Risk Officer and at the subsidiaries by the network of Risk Officers, makes it possible, in particular, to draw up an annual summary of the major risks for the Group. The subsidiaries maintain responsibility for implementing the most appropriate risk management policy for their particular activities. However, certain transversal risks are directly managed by the corporate departments.

Regarding the nature of the Do No Significant Harm – DNSH” criteria, the Group evaluates the materiality of risks depending on the business concerned and the specific local conditions; the integration of environmental and industrial risks into the Group’s strategic risks also guarantees the robustness of the measures applied.

Controlling environmental and industrial risks is a priority for the Group. For this reason, a specific management policy for these risks was enacted in 2014. It addresses risks which may be of accidental or natural origin. They may be due to human or organizational factors, equipment accidents or malicious acts.

The scope of this policy covers all types of pollution (air, soil, aquatic environments) and environmental nuisance (noise, vibration, odor, visual discomfort, etc.). It also covers environmental damage as well as property damage and personal injury caused by fire, explosion, machine breakage, natural disasters, collapse of structures, etc. In 2016, this policy was clarified to integrate the management of the cybersecurity risk for Industrial Control Systems, consistent with the Information Systems Security policy.

This policy is consistent with the Global Risk Management, Health and Safety, and Security policies. A structured management system ensures that the management principles it contains are applied across all business units internationally.

²³ See the Universal Registration Document (URD) of the Company available on its website

4.2.

Social safeguards

Human rights policy

Having been committed for many years to human rights and respect of human dignity, SUEZ explicitly incorporates this challenge in its 2017-2021 Sustainable Development Roadmap. Under control of a dedicated internal committee, the Group implements its Human Rights policy²⁴, based on international reference framework documents, in particular:

- Universal Declaration of Human Rights and additional pacts;
- International Labor Organization (ILO) conventions;
- Charter of Fundamental Rights of the European Union;
- Organization for Economic Co-operation and Development (OECD) Guidelines for Multinational companies;
- United Nations Convention against Corruption.

Based on the United Nations Guiding Principles on Business and Human Rights, SUEZ's human rights approach is fully incorporated into its compliance management and ethical procedures. In application of the Law no. 2017-399 relating to the obligation of vigilance of parent companies and companies subcontracting work, the SUEZ's vigilance plan includes:

- a mapping of the risks identified, analyzed and prioritized and the methodology used;
- procedures for regularly evaluating these risks;
- actions taken by the Group to prevent and mitigate these risks;
- alert and report collection mechanism for the existence or development of risks;
- arrangements for steering and monitoring the plan and the measures implemented.

To define its responsibility and the conditions for implementing an effective due diligence process, SUEZ duly refers to the recognized international reference frameworks and, in particular, to the "United Nations Guiding Principles on Business and Human Rights"; SUEZ adheres to the Global Compact Initiative based on the 10 United Nations Global Compact principles and is among the most advanced companies (COP Global Compact Advanced). SUEZ is also a member of the French section of Transparency International and of Entreprises pour les Droits de l'Homme: these exchanges between peers support the continuous improvement of SUEZ, applying best practices and sharing them with the help of the educational tools developed.

Vigilance Plan

SUEZ's vigilance approach is based on the foundation of its ethics principles and its provisions of integrated risk and compliance management. Under the responsibility of the General Secretary, a "human rights and vigilance duty" committee was created in 2017 to control a reinforced action plan, supported by a regular review of the risks of serious violations of human rights and fundamental freedoms, human health and safety and the environment. This review includes ethics alerts issued by various stakeholders and a monitoring of controversies affecting business activities of the Group and of its subsidiaries. The SUEZ vigilance plan is available in the Group's Universal Registration Document.

²⁴ <https://www.suez.com/en/who-we-are/a-committed-group/ethics-and-vigilance>



**Limited assurance report of KPMG France
on the classification of the business
activities of the Suez Group with regard to
the European Taxonomy on sustainable
activities** and on the calculation of revenues
admissible for the first objective according to
this classification

LIMITED ASSURANCE REPORT ON THE QUALIFICATION OF THE SUEZ GROUP'S ACTIVITIES WITH REGARD TO THE EUROPEAN TAXONOMY, AND ON SPECIFIC PROCEDURES RELATED TO THE BREAKDOWN OF THE GROUP'S CONSOLIDATED TURNOVER ACCORDING TO THIS QUALIFICATION

For the year ended December 31st, 2020

To the attention of the Managing Director,

Further to the request made to us and in our capacity as an independent third party, we hereby present our report on the qualification of the Suez Group's activities with respect to the Taxonomy as defined below, and on specific procedures related to the breakdown of the Group's consolidated turnover according to this qualification.

Within the framework of Regulation (EU) 2020/852¹ of 18 June 2020 on taxonomy and Annex I of the proposal for a delegated Regulation complementing this Regulation, published by the European Commission on 20 November 2020² (together the "Taxonomy"), Suez S.A. (the "Group") has prepared, as part of a voluntary process:

→ Guidelines (the "Guidelines"), comprising the following elements:

- a methodology and working assumptions for the qualification of the Group's activities (the "Qualification of Activities"), in particular in accordance with the economic activities defined as:
 - Permissible for one or more of the environmental objectives of the Taxonomy, described in articles 10 to 15 of Regulation (EU) 2020/852;
 - Eligible under the first environmental objective of the Taxonomy, "climate change mitigation", as described in Annex I of the proposed Delegated Regulation²;
 - procedures for collecting, compiling, processing and controlling the breakdown of Group consolidated turnover according to the Qualification of Activities;
 - a report entitled "Methodological Note European Taxonomy FY 2020" (the Annual Report), attached as an Annex to this report, containing the following elements:
 - a methodological note presenting the significant elements of the Guidelines;
 - the Qualification of Activities, established in accordance with the Guidelines;
 - the permissible group's consolidated turnover and the eligible group's consolidated turnover for the financial year ended December 31st, 2020, determined in accordance with the Guidelines.

Management's responsibility

Group management is responsible for:

- the preparation of the Guidelines, including the Qualification of Activities in accordance with the Taxonomy, based on the description of the Group's activities available from the Finance Department, the Sustainable Development Department and the Strategy Department, and additional information collected from the managers of the various business segments and subsidiaries;

- the determination of revenue for each activity listed in the Qualification of Activities, in accordance with the procedures described in the Guidelines, based on the accounting data used to prepare the Group's consolidated financial statements for the financial year 2020, and the internal control procedures necessary for the collection and preparation of this information so that it is free from material misstatement, whether due to fraud or error;

- the preparation of the Annual Reporting in accordance with the methods and processes described in the Guidelines.

Management is also responsible for the prevention and detection of fraud, as well as the identification of and compliance with laws and regulations applicable to its activities.

Management is responsible for ensuring that the staff involved in the preparation and presentation of the Annual Report is properly trained and that the information systems are properly updated for all Group entities and activities.

Independence and quality control

We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our responsibility

Our responsibility is to express, on the basis of our work, a conclusion of limited assurance on the Taxonomy qualification of the Group's activities, and on specific procedures related to the breakdown of the Group's consolidated turnover according to this qualification.

We conducted our work according to the international standard ISAE 3000³. This standard requires us to plan and carry out our work with a view to obtaining limited assurance that:

- the Qualification of Activities, has been established, in all its significant aspects, in accordance with the Taxonomy and the working methods and hypotheses described in the Guidelines;
- the procedures, described below, related to the breakdown of the Group's consolidated turnover according to the Qualification of Activities (the "Verified Procedures"), namely:
 - the preparation by the Group of accounting instructions specific to the determination and control of the Group's consolidated turnover eligible and eligible by the entities concerned by the Qualification of Activities, including in particular the rules for eliminating intra-group transactions;
 - the issuance of accounting instructions to these entities and the Group's monitoring of the collection of information from the entities concerned;
 - the implementation of procedures by the Group to reconcile the information collected from entities with the turnover presented by business segment and the Group's consolidated turnover presented in the consolidated financial statements for the financial year 2020;

¹ Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088

² Commission Draft Delegated Regulation supplementing Regulation (EU) 2020/852 of the European Parliament and of the Council by establishing the technical screening criteria for determining the conditions under which an economic activity qualifies as contributing substantially to climate change mitigation or climate change adaptation and for determining whether that economic activity causes no significant harm to any of the other environmental objectives, November 20, 2020

³ ISAE 3000 – International Standard on Assurance Engagements other than audits or reviews of historical financial information

have been followed, in all significant aspects, in accordance with the Guidelines.

It is not our responsibility to conclude on:

- the determination of the turnover of each activity listed in the Qualification of Activities;
- on the compliance of the turnover presented in the Annual Report with the applicable accounting rules, in particular with regard to the rules for recognising and measuring turnover;
- on the other information presented in the Annual Report.

In addition, as specified in the methodological note in chapter "3.2.1. Eligible activities for climate change mitigation" of the Annual Report, this first quantitative assessment concerning the so-called permissible and eligible activities was carried out on the basis of the European texts and draft texts available at the date of the Annual Report, and moreover, did not aim to assess the alignment of the activities identified as eligible for Taxonomy. Consequently, the qualification of the Group's activities that will be required in accordance with the final texts may differ from that presented in the Annual Report.

Nature and scope of the work

The choice of procedures is a matter for our professional judgment as well as the assessment of the risks that the Qualification of Activities and the monitoring of the Verified Procedures may contain material misstatements, whether due to fraud or error.

In making this risk assessment, we considered the Group's internal control procedures related to the preparation of this information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing a conclusion on the effective operation of the entity's internal control.

We conducted interviews with the persons responsible for preparing the Guidelines, for the Qualification of Activities and for monitoring the Verified Procedures, with the departments in charge of the information collection processes and, where applicable, with the persons responsible for the internal control and risk management procedures.

Our work consisted of:

- gaining an understanding with the Group's sustainable development strategy, the environmental impacts of its activities and the resulting actions or programmes, the organisation set up for the production of the Group's accounting and financial information, and the Group's strategy;
- obtaining an overview of the activity of all the entities included in the Group's scope of consolidation, including an inventory of activities by business segment;
- assessing the appropriateness of the Guidelines, with regard to its relevance, completeness, reliability, neutrality and understandability, for the determination of the Qualification of Activities with regard to the Taxonomy;
- assessing, on the basis of interviews, the correct application of the working methods and hypotheses described in the Guidelines for determining the Qualification of Activities;
- assessing, on the basis of surveys, the correct qualification of the Group's activities with regard to Taxonomy;
- verifying that the Qualification of Activities covers the Group's consolidated scope, with the limitations specified in the methodological note;
- gaining an understanding of the process followed by the Group for collecting, compiling, processing and controlling the breakdown of Group consolidated turnover according to the Qualification of Activities, in particular:
- the preparation by the Group, on the basis of the Qualification of Activities, of accounting instructions for the business segments, subsidiaries and entities, for the determination and control of revenue, the latter in accordance with the procedures described in the Guidelines;

- the inclusion in the accounting instructions of rules for the elimination of intra-group transactions, in order to allow for the compilation and treatment of turnover according to the breakdown of activities established in the Qualification of Activities;
- the issuance by the Group of accounting instructions to the entities concerned, their receipt, the processing and sending of accounting information by the latter, and the monitoring and control by the Group of this process;
- the preparation and implementation by the Group of procedures for reconciling the information collected from entities with the turnover presented by business segment and the Group's consolidated turnover presented in the consolidated financial statements for the financial year 2020;
- verifying, on the basis of interviews and reconciliation with supporting documents - accounting instructions, revenue collected by the entities, documentation of controls carried out by the Group - the correct application of the Procedures Verified at Group level and the entities level concerned by the Qualification of Activities.

We believe that the procedures selected in our professional judgment are sufficient to provide a basis for our limited assurance conclusion; a higher level of assurance would have required us to carry out more extensive procedures. Due to the use of sampling techniques and other limitations inherent in the operation of any information and internal control system, the risk of not detecting a material misstatement in the information verified cannot be completely eliminated.

Conclusion

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

On the basis of this work, nothing has come to our attention that causes us to believe that:

- the Qualification of Activities, has been established, in all material respects, in accordance with the Taxonomy and the working methods and hypotheses described in the Guidelines;
- the Verified Procedures related to the breakdown of Group consolidated turnover according to the Qualification of Activities, have been followed, in all material respects, in accordance with the Guidelines.

Paris La Défense, February 22, 2021

KPMG S.A.

Anne Garans
Partner
Sustainability Service



TOUR CB21 — 16 place de l'Iris, 92040 Paris La Défense, France
+33 (0)1 58 81 20 00 | www.suez.com

