Consolidated Financial Statements

December 31, 2023

(Version under review by statutory auditors)

6.1 Consolidated financial statements

6.1.1 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated Statement of Financial Position - Assets

(€ million)	Notes	As of December 31, 2022	As of December 31, 2023
Goodwill	Note 7.1	11,638	11,556
Concession intangible assets	Note 7.2.1	5,292	5,589
Other intangible assets	Note 7.2.2	3,142	2,911
Property, plant and equipment	Note 7.3	16,569	17,134
Rights of use (net)	Note 7.4	1,997	1,853
Investments in joint ventures	Note 5.2.4	1,198	1,110
Investments in associates	Note 5.2.4	787	603
Non-consolidated investments		113	92
Non-current operating financial assets	Note 5.4	1,194	1,187
Non-current derivative instruments - Assets	Note 8.3	128	50
Other non-current financial assets	Note 8.1.2	483	542
Deferred tax assets	Note 11.2	2,051	2,042
Non-current assets		**44,591**	**44,669**
Inventories and work-in-progress	Note 5.3	1,486	1,550
Operating receivables	Note 5.3	14,534	14,363
Current operating financial assets	Note 5.4	183	206
Other current financial assets	Note 8.1.2	2,214	2,223
Current derivative instruments - Assets	Note 8.3	634	209
Cash and cash equivalents	Note 8.1.3	9,012	8,696
Assets classified as held for sale	Note 3.3	651	650
Current assets		**28,714**	**27,897**
TOTAL ASSETS		73,304	72,566

The accompanying notes are an integral part of these consolidated financial statements.

Amounts are in millions of euros rounded to the nearest whole number, unless stated otherwise in the notes. Accordingly, the sum of rounded amounts may present non-material differences with total figures.

Consolidated Statement of Financial Position – Equity and Liabilities

(€ million)	Notes	As of December 31, 2022	As of December 31, 2023
Share capital	Note 9.2.1	3,573	3,627
Additional paid-in capital		9,470	9,631
Deeply-subordinated perpetual securities	Note 9.4	3,496	3,630
Reserves and retained earnings attributable to owners of the Company	Note 9.2	-4,285	-4,577
Total equity attributable to owners of the Company	Note 9.2	**12,255**	**12,311**
Total equity attributable to non-controlling interests	Note 9.3	2,612	2,391
Equity		**14,867**	**14,702**
Non-current provisions	Note 10	2,844	2,807
Non-current financial liabilities	Note 8.1.1	19,692	18,777
Non-current IFRS 16 lease debt	Note 8.1.1	1,656	1,533
Non-current derivative instruments - Liabilities	Note 8.3	720	493
Concession liabilities – non-current	Note 5.5	1,681	1,665
Deferred tax liabilities	Note 11.2	2,640	2,575
Non-current liabilities		**29,234**	**27,850**
Operating payables	Note 5.3	19,475	19,808
Concession liabilities - current	Note 5.5	243	347
Current provisions	Note 10	1,015	1,005
Current financial liabilities	Note 8.1.1	6,521	7,195
Current IFRS 16 lease debt	Note 8.1.1	497	467
Current derivative instruments - Liabilities	Note 8.3	883	253
Bank overdrafts and other cash position items	Note 8.1.3	214	379
Liabilities directly associated with assets classified as held for sale	Note 3.3	355	560
Current liabilities		**29,204**	**30,014**
TOTAL EQUITY AND LIABILITIES		**73,304**	**72,566**

The accompanying notes are an integral part of these consolidated financial statements.

Amounts are in millions of euros rounded to the nearest whole number, unless stated otherwise in the notes. Accordingly, the sum of rounded amounts may present non-material differences with total figures.

6.1.2 CONSOLIDATED INCOME STATEMENT

(€ million)	Notes	Year ended December 31, 2022	Year ended December 31, 2023
Revenue	Note 5.1	**42,885**	**45,351**
Cost of sales	Note 5.2	-35,740	-37,852
Selling costs	Note 5.2	-954	-998
General and administrative expenses	Note 5.2	-3,216	-3,336
Other operating revenue and expenses	Note 5.2	-769	-441
Operating income before share of net income (loss) of equity-accounted entities	Note 5.2	**2,206**	**2,724**
Share of net income (loss) of equity-accounted entities		**127**	**123**
o/w share of net income (loss) of joint ventures	Note 5.2.4	56	60
o/w share of net income (loss) of associates	Note 5.2.4	71	63
Operating income after share of net income (loss) of equity-accounted entities		**2,333**	**2,847**
Cost of net financial debt	Note 8.4.1	-633	-539
Other financial income and expenses	Note 8.4.2	-204	-439
Pre-tax net income (loss)		**1,496**	**1,869**
Income tax expense	Note 11.1	-420	-511
Net income (loss) from continuing operations		**1,076**	**1,358**
Net income (loss) from discontinued operations	Note 3.3.1	-78	-24
Net income (loss) for the year		**998**	**1,334**
Attributable to owners of the Company		**716**	**937**
Attributable to non-controlling interests	Note 9.3	282	397
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE (in euros)	Note 9.5		
Basic		1.04	1.33
Diluted		1.00	1.28
NET INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE (in euros)	Note 9.5		
Basic		1.15	1.36
Diluted		1.11	1.31
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE (in euros)	Note 9.5		
Basic		-0.11	-0.03
Diluted		-0.11	-0.03

The accompanying notes are an integral part of these consolidated financial statements.

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6.1.3 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ million)	Year ended December 31, 2022	Year ended December 31, 2023
Net income (loss) for the year	**998**	**1,334**
Actuarial gains or losses on pension obligations	125	-37
Income tax expense	-9	11
Amount net of tax	*116*	*-26*
Fair value adjustments on financial instruments at fair value through equity not subsequently released to net income	6	-
Income tax expense	-	-
Amount net of tax	*6*	-
Other items of comprehensive income not subsequently released to net income	**122**	**-26**
o/w attributable to joint ventures	-	-
o/w attributable to associates	-	-
Fair value adjustments on hedging costs	-41	-12
Income tax expense	-	-
Amount net of tax	-41	-12
Fair value adjustments on financial instruments at fair value through equity subsequently released to net income	-	-
Income tax expense	-	-
Amount net of tax	-	-
Fair value adjustments on cash flow hedge derivatives	-163	66
Income tax expense	57	-22
Amount net of tax	-107	44
Foreign exchange gains and losses:		
• on the translation of the financial statements of subsidiaries drawn up in a foreign currency	214	-529
Amount net of tax	214	-529
• on the net financing of foreign operations	24	-59
• income tax expense	-4	1
Amount net of tax	20	-58
Other items of comprehensive income subsequently released to net income	**86**	**-556**
o/w attributable to joint ventures	-70	-67
o/w attributable to associates	15	22
Total Other comprehensive income	**208**	**-582**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**1,206**	**753**
Attributable to owners of the Company	972	399
Attributable to non-controlling interests	234	354

The accompanying notes are an integral part of these consolidated financial statements.

Amounts are in millions of euros rounded to the nearest whole number, unless stated otherwise in the notes. Accordingly, the sum of rounded amounts may present non-material differences with total figures.

6.1.4 CONSOLIDATED CASH FLOW STATEMENT

(€ million)	Notes	As of December 31, 2022	As of December 31, 2023
Net income (loss) for the period		**998**	**1,334**
Net income (loss) from continuing operations		**1,076**	**1,358**
Net income (loss) from discontinued operations		**-78**	**-24**
Operating depreciation, amortization, provisions and impairment losses		3,179	3,044
Financial amortization and impairment losses		15	77
Gains (losses) on disposal of operating assets		-299	-83
Gains (losses) on disposal of financial assets		-370	-72
Share of net income (loss) of joint ventures	Note 5.2.4	-57	-60
Share of net income (loss) of associates	Note 5.2.4	-71	-63
Dividends received	Note 8.4.2	-4	-3
Cost of net financial debt	Note 8.4.1	633	539
Income tax expense	Note 11	420	511
Other items		282	334
Operating cash flow before changes in working capital		**4,804**	**5,582**
Change in operating working capital requirements		48	195
Change in working capital requirements of concessions		-191	-113
Income taxes paid		-557	-637
Net cash from operating activities of continuing operations		**4,104**	**5,027**
Net cash from operating activities of discontinued operations		**44**	**-22**
Net cash from operating activities		**4,148**	**5,005**
Industrial investments, net of grants		-2,784	-3,140
Proceeds on disposal of industrial assets		598	318
Purchases of investments	Note 3.2	-4,009	-223
Proceeds on disposal of financial assets	Note 3.2	9,995	658
Operating financial assets			
New operating financial assets	Note 5.4	-182	-254
Principal payments on operating financial assets	Note 5.4	195	233
Dividends received (including dividends received from joint ventures and associates)		129	161
New non-current loans granted		-105	-103
Principal payments on non-current loans		109	24
Net decrease/increase in current loans		484	206
Net cash used in investing activities of continuing operations		**4,430**	**-2,120**
Net cash used in investing activities of discontinued operations		**94**	**-4**
Net cash used in investing activities		**4,524**	**-2,124**

(€ million)	Notes	As of December 31, 2022	As of December 31, 2023
Net increase (decrease) in current financial liabilities	Note 8.1.1	-4,138	-948
Repayment of current IFRS 16 lease debt	Note 8.1.1	-553	-535
Other changes in non-current IFRS 16 lease debt	Note 8.1.1	-130	-96
New non-current borrowings and other debt	Note 8.1.1	879	970
Principal payments on non-current borrowings and other debt	Note 8.1.1	-1,650	-569
Change in liquid assets and financing financial assets	Note 8.1.2	-705	-235
Proceeds on issue of shares	Note 8.2.1	227	210
Share capital reduction		-	-
Transactions with non-controlling interests: partial purchases *		-1,770	-166
Transactions with non-controlling interests: partial sales		8	7
Issue / repayment of deeply subordinated securities	Note 9.4	-500	198
Coupons on deeply subordinated securities	Note 9.4	-88	-90
Purchases of/proceeds from treasury shares		-5	59
Dividends paid		-990	-1,261
Interest paid		-638	-538
Interest on IFRIC 12 operating assets		-79	-85
Interest on IFRS 16 lease debt **	Note 8.4.2	-53	-58
Net cash from (used in) financing activities of continuing operations		**-10,185**	**-3,137**
Net cash from (used in) financing activities of discontinued operations		**15**	**-2**
Net cash from (used in) financing activities		**-10,170**	**-3,139**
Effect of foreign exchange rate changes and other		46	-228
Increase (decrease) in external net cash of discontinued operations		**-26**	**4**
NET CASH AT THE BEGINNING OF THE YEAR		**10,277**	**8,799**
NET CASH AT THE END OF THE YEAR		**8,799**	**8,317**
Cash and cash equivalents	Note 8.1.3	9,012	8,696
Bank overdrafts and other cash position items	Note 8.1.3	214	379
NET CASH AT THE END OF THE YEAR		**8,799**	**8,317**

** Following the takeover of Suez on January 18, 2022, Veolia acquired the residual shares not contributed during the public tender offer for an amount of €1,752 million.*
*** Interest on IFRS 16 lease debt is not included in the Cost of net financial debt, but in Other financial income and expenses (see Note 8.4.2).*

The accompanying notes are an integral part of these consolidated financial statements.

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6.1.5 STATEMENT OF CHANGES IN EQUITY

(€ million)	Number of shares outstanding	Share capital	Additional paid-in capital	Deeply subordinated securities and OCEANE	Treasury shares	Consolidated reserves and retained earnings	Foreign exchange translation reserves	Fair value reserves	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Amount as of December 31, 2021	**699,725,266**	**3,499**	**9,310**	**2,461**	**-430**	**-3,414**	**-261**	**354**	**11,518**	**1,252**	**12,770**
Issues of share capital of the parent company	14,849,101	74	161	-	-	-8	-	-	227	-	227
Proceeds on issue of deeply subordinated securities	-	-	-	-	-	-	-	-	-	-	-
Contribution of hybrid debt Suez SA	-	-	-	1,624	-	-	-	-	1,624	-	1,624
Repayments of deeply subordinated securities	-	-	-	-500	-	-	-	-	-500	-	-500
Coupons on deeply subordinated securities	-	-	-	-88	-	-	-	-	-88	-	-88
Parent company dividend distribution	-	-	-	-	-	-688	-	-	-688	-	-688
Movements in treasury shares	-	-	-	-	-5	-	-	-	-5	-	-5
Share-based payments	-	-	-	-	-	55	-	-	55	-	55
Third-party share in share capital increases of subsidiaries	-	-	-	-	-	-	-	-	–	20	20
Third-party share in dividend distributions of subsidiaries	-	-	-	-	-	-	-	-	–	-303	-303
Transactions with non-controlling interests	-	-	-	-	-	-796	-	-	-796	-966	-1,762
Total transactions with non-controlling interests	**14,849,101**	**74**	**161**	**1,036**	**-5**	**-1,437**	**-**	**-**	**-172**	**-1,249**	**-1,421**
Other comprehensive income	-	-	-	-	-	116	208	-68	256	-48	208
Net income for the year	-	-	-	-	-	716	-	-	716	282	998
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**832**	**208**	**-68**	**972**	**234**	**1,206**
Other movements	-	-	-	-	-	-63	-	-	-63	2,375	2,311
Amount as of December 31, 2022	**714,574,367**	**3,573**	**9,470**	**3,496**	**-435**	**-4,083**	**-52**	**286**	**12,255**	**2,612**	**14,867**

Amounts are in millions of euros rounded to the nearest whole number, unless stated otherwise in the notes. Accordingly, the sum of rounded amounts may present non-material differences with total figures.

(€ million)	Number of shares outstanding	Share capital	Additional paid-in capital	Deeply subordinated securities and OCEANE	Treasury shares	Consolidated reserves and retained earnings	Foreign exchange translation reserves	Fair value reserves	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Amount as of December 31, 2022	**714,574,367**	**3,573**	**9,470**	**3,496**	**-435**	**-4083**	**-52**	**286**	**12,255**	**2,612**	**14,867**
Issues of share capital of the parent company	10,837,300	54	161	-	-	-12	-	-	203	-	203
Proceeds on issue of deeply subordinated securities	-	-	-	-	-	-	-	-	-	-	-
Contribution of hybrid debt Suez SA	-	-	-	-	-	-	-	-	-	-	-
Repayment of hybrid debt / deeply subordinated securities	-	-	-	182	-	16	-	-	198	-	198
Coupons on deeply subordinated securities	-	-	-	-48	-	-42	-	-	-90	-	-90
Parent company dividend distribution	-	-	-	-	-	-787	-	-	-787	-	-787
Movements in treasury shares	-	-	-	-	60	-1	-	-	59	-	59
Share-based payments	-	-	-	-	-	51	-	-	51	-	51
Third-party share in share capital increases of subsidiaries	-	-	-	-	-	-	-	-	-	6	6
Third-party share in dividend distributions of subsidiaries	-	-	-	-	-	-	-	-	-	-474	-474
Transactions with non-controlling interests	-	-	-	-	-	-37	-	-	-37	-127	-164
Total transactions with non-controlling interests	**10,837,300**	**54**	**161**	**134**	**60**	**-812**	**-**	**-**	**-403**	**-594**	**-997**
Other comprehensive income	-	-	-	-	-	-27	-531	20	-538	-43	-582
Net income for the year	-	-	-	-	-	937	-	-	937	397	1,334
Total comprehensive income for the period	**-**	**-**	**-**	**-**	**-**	**910**	**-531**	**20**	**399**	**354**	**753**
Other movements	-	-	-	-	-	60	-	-	60	19	79
Amount as of December 31, 2023	**725,411,667**	**3,627**	**9,631**	**3,630**	**-375**	**-3,925**	**-583**	**306**	**12,311**	**2,391**	**14,702**

Amounts are in millions of euros rounded to the nearest whole number, unless stated otherwise in the notes. Accordingly, the sum of rounded amounts may present non-material differences with total figures.

A dividend per share of €1.12 was distributed in 2023, compared with €1.00 in 2022.

The total dividend paid recorded in the Consolidated Cash Flow Statement for the periods ended December 31, 2023, and 2022, respectively, breaks down as follows:

(€ million)	December 31, 2022	December 31, 2023
Parent company dividend distribution	-688	-787
Third party share in dividend distributions of subsidiaries	-303	-474
Scrip dividend	-	0
TOTAL DIVIDEND PAID	**-990**	**-1,261**

A dividend distribution of €1.25 per share will be proposed to the General Shareholders' Meeting of April 25, 2024.

6.1.6 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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Note 1 ACCOUNTING POLICIES AND METHODS

1.1 General principles underlying the preparation of the financial statements

The accounting methods presented in these notes to the consolidated financial statements have been applied consistently for all periods presented in the consolidated financial statements.

The consolidated financial statements are presented on a historical cost basis, with the exception of assets and liabilities held for sale measured in accordance with IFRS 5 and assets and liabilities recognized at fair value: derivatives, financial instruments held for trading, financial instruments at fair value (in accordance with IFRS 9).

The Veolia Environnement consolidated financial statements for the year ended December 31, 2023 were adopted by the Board of Directors on February 28, 2024 and will be presented for approval at the General Shareholders' Meeting on April 25, 2024.

1.2 Accounting standards

Pursuant to Regulation no. 1606/2002 of July 19, 2002, as amended by European Regulation no. 297/2008 of March 11, 2008, the consolidated financial statements are presented in accordance with IFRS (International Financial Reporting Standards) as adopted by the European Union.

In the absence of IFRS standards or interpretations and in accordance with IAS 8, Accounting Policies, Changes in Accounting Estimates and Errors, Veolia refers to other IFRS dealing with similar or related issues and the conceptual framework.

The consolidated financial statements are presented in millions of euros, unless stated otherwise. Amounts are in millions of euros rounded to the nearest whole number, unless stated otherwise in the notes. Accordingly, the sum of rounded amounts may present non-material differences with total figures.

The consolidated financial statements comprise the financial statements of Veolia Environnement, the entities it controls (its subsidiaries) and the entities equity accounted. The financial statements of subsidiaries are drawn up for the same reference period as those of the parent company, from January 1, to December 31, 2023, in accordance with uniform accounting policies and methods.

The accounting principles and valuation rules applied by the Group in preparing the consolidated financial statements for the year ended December 31, 2023 comprise those applied by the Group as of December 31, 2022 and the standards, standard amendments and interpretations adopted or in the course of adoption by the European Union as of December 31, 2023:

- applicable from fiscal year 2023; or
- that the Group has elected to apply early as permitted by these

texts.

Texts applicable as of January 1, 2023:

- IFRS 17 and "Insurance contract" amendments
- Other amendments to the following standards:
  - IAS 1: disclosure of accounting policies;
  - IAS 8: definition of accounting estimates;
  - IAS 12: deferred tax related to assets and liabilities arising from a single transaction;
  - IAS 12: temporary exemption to the recognition of deferred tax resulting from the implementation of OECD Pillar Two rules and related disclosures.

The first-time application of these texts did not have a material impact for the Group.

Texts applicable after 2023:

- Other amendments to the following standards:
  - IAS 1: classification of liabilities as current or non-current;
  - IAS 7: information on supplier financing agreements;
  - IAS 21: lack of exchangeability;
  - IFRS 16: lease liability in a sale and leaseback.

The Group is currently assessing the potential impact of the first-time application of these texts.

1.3 Translation of foreign subsidiaries' financial statements

1.3.1 Exchange rates

Statements of financial position, income statements and cash flow statements of subsidiaries whose functional currency is different from the presentation currency of the Group are translated into the presentation currency at the applicable rate of exchange (i.e. the year-end rate for statement of financial position items and the average annual rate for income statement and cash flow items).

Foreign exchange translation gains and losses are recorded in other comprehensive income in equity. The exchange rates of the major currencies of non-euro countries used in the preparation of the consolidated financial statements were as follows:

Period-end exchange rate (one foreign currency unit = €xx)	December 31, 2022	December 31, 2023
US dollar	0.9376	0.9050
Pound sterling	1.1275	1.1506
Chinese renminbi	0.1359	0.1274
Australian dollar	0.6372	0.6149
Polish zloty	0.2136	0.2304
Hungarian forint	0.0025	0.0026
Argentinian peso	0.0053	0.0011
Mexican peso	0.0479	0.0534
Brazilian real	0.1773	0.1865
Czech koruna	0.0415	0.0404

Average exchange rate (one foreign currency unit = €xx)	2022	2023
US dollar	0.9487	0.9248
Pound sterling	1.1729	1.1495
Chinese renminbi	0.1413	0.1306
Australian dollar	0.6593	0.6141
Polish zloty	0.2135	0.2201
Hungarian forint	0.0026	0.0026
Argentinian peso	0.0053	0.0011
Mexican peso	0.0472	0.0521
Brazilian real	0.1838	0.1851
Czech koruna	0.0407	0.0417

1.3.2 Hyperinflation

The market consensus is that Argentina is a hyperinflationary economy for all the periods presented. The Group has therefore applied the provisions of IAS 29 since January 1, 2018 for its businesses in Argentina.

1.4 Foreign currency transactions

Foreign currency transactions are translated into euro at the exchange rate prevailing at the transaction date. At the year end, foreign currency-denominated monetary assets and liabilities are remeasured at year-end exchange rates. The resulting foreign exchange gains and losses are recorded in net income for the period.

Loans to a foreign subsidiary, the settlement of which is neither planned nor probable in the foreseeable future represent, in substance, a portion of the Group's net investment in this foreign operation.

Foreign exchange gains and losses on monetary items forming part of a net investment are recognized directly in other comprehensive income in foreign exchange translation adjustments and are released to net income on the disposal of the net investment.

Exchange gains and losses on foreign currency-denominated borrowings or on currency derivatives that qualify as hedges of a net investment in a foreign operation, are recognized directly in other comprehensive income as foreign exchange translation adjustments. Amounts recognized in other comprehensive income are released to income on the date of disposal of the relevant investment.

Foreign currency-denominated non-monetary assets and liabilities recognized at historical cost are translated using the exchange rate prevailing as of the transaction date. Foreign currency-denominated non-monetary assets and liabilities recognized at fair value are translated using the exchange rate prevailing as of the date the fair value is determined.

Note 2 USE OF MANAGEMENT ESTIMATES IN THE APPLICATION OF GROUP ACCOUNTING STANDARDS

Veolia may be required to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses, and the disclosures of contingent assets and liabilities. Future results may be different from these estimates.

- Underlying estimates and assumptions are determined based on past experience and other factors considered as reasonable given the circumstances. They act as a basis for making judgments necessary to the determination of the carrying amount of assets and liabilities, which cannot be obtained directly from other sources. Future values could differ from these estimates.

- All these estimates are based on organized procedures for the collection of forecast information on future flows, validated by operating management, and on expected market data based on external indicators and used in accordance with consistent and documented methodologies.

- The underlying estimates and assumptions are reviewed on a ongoing basis by the Group. The impact of changes in accounting estimates is recognized in the period the change is made if it affects this period only and in the period the change is made and prior periods if they are also affected by the change.

- This is notably the case for impairment testing of assets with an indefinite useful life (goodwill). Note 7 presents the methodology and main assumptions used in preparing the financial statements for the year ended December 31, 2023 and particularly future flow and discount rate assumptions underlying the recoverable amount of these assets. The Group considered in particular the macroeconomic environment, especially for raw materials. Sensitivity analyses were also performed on the goodwill CGUs and certain of them are presented in the aforementioned note.

The items that generally require Management to make estimates or exercise judgment are as follows:

- classification and measurement of assets and liabilities covered by IFRS 5: assessments leading to the application of the standard are reviewed at each reporting date with regard to changes in facts and circumstances (See Note 3);
- measurement of intangible assets and property, plant and equipment (see Notes 7.2 and 7.3);
- measurement of provisions (including for employee commitments), as well as contingent assets and liabilities (Notes 6, 10 and 12);
- fair value measurement of financial instruments (Note 8.3);
- the amount of deferred tax assets and liabilities and the tax expense recognized (Note 11);
- methods used for determining the value of identifiable assets acquired and liabilities assumed in business combinations.

The Group uses several discount rate calculation methodologies for the purposes of these estimates. They are detailed in Notes 6, 7 and 10.
In addition, given its activities in installations covered by the EU Emissions Trading Scheme (EU ETS), the Group paid close attention to its exposure to greenhouse gas emission allowances.

Management policy, accounting treatment and issues are presented in Note 8.3.1.3.

Finally, Veolia must make assumptions and judgments when assessing the level of control exercised over certain investments and particularly when defining relevant activities and identifying substantive rights. These judgments are reassessed when the facts and circumstances change.

Climate risk

In the context of its Purpose and the Green Up strategic program, Veolia has committed to fighting pollution and accelerating ecological transition (see Chapter 4, Section 4.2.4.2.2 below). This commitment can be broken down into several objectives, including combating climate change.

In addition, the Group's activities and those of its customers, due to their nature and geographic locations, may be exposed to risks related to climate change, which are likely to increase the frequency and magnitude of natural disasters.

The Group has integrated the identification of the main climate risks into its accounts closing process, to assess their potential impacts on the financial statements and, in particular, on:

- the useful life of certain assets;
- the value of certain non-current assets, particularly through cash flow estimates incorporating, where appropriate, decarbonizing plans validated by the governance bodies;
- risk estimates to determine the amount of contingency provisions.

These procedures are performed jointly with the Risk Department and the Sustainable Development Department to ensure the consistency of commitments given by the Group and their inclusion in the financial statements.

The main risks identified concern:

- risks related to the physical impacts of climate change (so-called "physical risks"):
  - increased frequency and severity of extreme events such as floods, droughts, etc. and
  - long-term shifts in mean (or "chronic") climate conditions, that may cause sea levels to rise, higher average temperatures, modified seasonal rain patterns, chronic water stress, etc.

- risks related to the transition to a lower-carbon economy (so-called "transition risks") of various types: regulatory, technological, market, reputation. These risks may also generate significant commercial opportunities for the Group.

Through the Group's climate policy, actions taken and the geographic spread of its operations, Veolia limits the impacts of the risk of natural disaster and the physical impacts of climate change on its results, primarily through (i) the choice of a site's location in order to limit exposure, (ii) the implementation of tailored prevention plans and (iii) the development of business continuity plans.

In addition, the residual risk of extreme weather events is usually transferred to insurance companies via the damage program.
With regard to transition risks, the Group is particularly exposed to the Emissions Trading Scheme (EU ETS) introduced by the European Union in 2005, due to the quantity of free allowances granted and the cost of carbon on this market.

To manage this exposure, Veolia was very quick to adopt an active strategy in order to manage its greenhouse gas (GHG) emissions and allowances, by implementing an appropriate structure and creating a special-purpose legal entity to purchase, sell and price different types of greenhouse gas allowances. In addition, the Group also undertook to (i) reduce its GHG emissions, and (ii) increase GHG emissions avoided thanks to its activities, particularly by allocating a significant share of its investment to reducing greenhouse gas emissions.

Finally, the Group investment validation process includes a review of the consistency of investments with the objectives set out in its Purpose. At the COP 28 in Dubai, Veolia reaffirmed its commitment to invest €1.6 billion by 2030 to phase out coal in Europe, by converting coal-based power generation assets to less carbon-intensive energies and local energies in particular. At the end of 2023, Veolia had already invested €529 million to this end. This commitment is also taken into account when drafting the long-term plans used in the impairment testing of assets with an indefinite useful life (goodwill).

Veolia considers the assessment of climate risks to be consistent with the commitments given by the Group. The inclusion of climate risks did not have a material impact on the financial statements of the Group in 2023.

Note 3 CONSOLIDATION SCOPE

3.1 Accounting principles relating to the consolidation scope

3.1. Consolidation principles

Consolidated entities

Veolia Environnement fully consolidates all entities over which it exercises control.

Definition of control

Control exists when the Group (i) holds power over an entity, (ii) is exposed or has rights to variable returns from its involvement with the entity and (iii) has the ability to use its power over the entity to effect the amount of its returns.

The Group reassesses whether or not it controls an entity if facts and circumstances indicate that there are changes to one or more of the elements of control.

Full consolidation

The Group consolidates a subsidiary in its consolidated financial statements from the date it obtains control of the entity to the date it ceases to control the entity.

Interests that are not directly or indirectly attributable to the Group are recorded in non-controlling interests.

Total comprehensive income of subsidiaries is attributed to owners of the Company and to non-controlling interests, even if this results in non-controlling interests having a deficit balance.

Change in ownership interests in consolidated subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in a change in control over the subsidiaries are accounted for as equity transactions, as they are transactions performed by shareholders acting in this capacity.

The effects of these transactions are recognized in equity at their net-of-tax amount and do not therefore impact the Consolidated Income Statement of the Group.

These transactions are presented in financing activities in the Consolidated Cash Flow Statement.

Investments in joint ventures and associates

Definition

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the entity have rights to its net assets.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Accounting for joint ventures and associates

The results and assets and liabilities of associates or joint ventures are incorporated in the Group consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with the provisions of IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations.

Under the equity method, the investment in the associate or joint venture is initially recognized at acquisition cost and subsequently adjusted, notably to recognize the Group's share of the net income and other comprehensive income of the associate or joint venture.

When a Group entity transacts with an associate or joint venture of the Group, profits and losses resulting from the transaction with the associate or joint venture are recognized in the Group consolidated financial statements only to the extent of interests in the associate or joint venture.

The share of net income (loss) of equity-accounted entities is included in the Group Consolidated Income Statement. Pursuant to recommendation no. 2013-01 issued by the French Accounting Standards Authority (Autorité des Normes Comptables, ANC) on April 4, 2013, the share of net income (loss) of equity-accounted entities must be included in "Operating income after share of net income (loss) of equity-accounted entities" or presented in a separate line "Share of net income (loss) of other equity-accounted entities" depending on whether the activities of such entities represent an extension of the Group's businesses.

Impairment tests

When necessary, the carrying amount of the investment in associates or joint-ventures (including goodwill) is tested for impairment in accordance with IAS 36, Impairment of Assets.

Loss of significant influence or joint control

The equity method is discontinued from the date the investment ceases to be an associate or a joint venture. Where the Group retains a residual interest in the entity and that interest is a financial asset, the financial asset is measured at fair value at the date the investment ceases to be an associate or a joint venture.

Where an investment in an associate becomes an investment in a joint venture, or vice versa, the equity method continues to be applied and the change in ownership interest does not trigger remeasurement to fair value.

Investments in joint operations

Definition

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have direct rights to the assets, and obligations for the liabilities, relating to the arrangement.

Accounting for joint operations

As a joint operator in a joint operation, the Group recognizes in relation to its interest in the joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its expenses, including its share of any expenses incurred jointly.

3.1.2 Transactions impacting the consolidation scope

Business combinations and goodwill

Business combinations are recorded in accordance with the acquisition method as defined in IFRS 3, revised.

Under this method, identifiable assets acquired and liabilities assumed of the acquiree are recorded at fair value at the acquisition date.

The goodwill arising from the business combination is measured as the excess of the aggregate of the consideration transferred, the amount of any non-controlling interest and, where applicable, the fair value of any previously held interest, over the acquisition-date net amounts of the identifiable assets acquired and liabilities and contingent liabilities assumed.

This goodwill is measured in the functional currency of the company acquired and recognized in assets in the Consolidated Statement of Financial Position.

The Group may elect, on an individual transaction basis, at the acquisition date, to measure non-controlling interests either at fair value (full goodwill) or at the share in the fair value of the identifiable net assets of the company acquired (partial goodwill).

Pursuant to IFRS, goodwill is not amortized but is subject to impairment tests performed at least annually or, where appropriate, more frequently where there is evidence calling into question the net carrying amount recorded in assets in the Statement of Financial Position.

Where the terms and conditions of a business combination are advantageous, negative goodwill arises. The corresponding profit is recognized in net income at the acquisition date.

Acquisition-related costs are expensed in the period in which the costs are incurred and the services received.

Pursuant to the provisions of IFRS 3 revised, the Group may finalize the recognition of the business combination during the measurement period. This period ends when all the necessary information has been obtained and no later than one year after the acquisition date.

Assets/liabilities classified as held for sale, discontinued operations

IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations, sets out the accounting treatment applicable to assets held for sale and presentation and disclosure requirements for discontinued operations.

The standard notably requires the separate presentation of assets held for sale in the Consolidated Statement of Financial Position at the lower of net carrying amount and fair value less costs to sell, where the criteria set-out in the standard are satisfied.

When the Group is committed to a sales process leading to the loss of control of a subsidiary, all assets and liabilities of that subsidiary are reclassified as held for sale where the standard classification criteria are met, irrespective of whether the Group retains a residual interest in the entity after sale.

In addition, the standard requires the separate presentation in the Consolidated Income Statement of the results of discontinued operations for all comparative periods on a retrospective basis.

A discontinued operation is a component of an entity that either has been disposed of or is classified as held for sale and :

- represents a separate major line of business or geographic area of operations;
- is part of a single coordinated plan to dispose of a separate major line of business or major geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

3.2 Main changes in Group structure

Entry into consolidation scope

- **Consolidation of Lydec (Morocco)**

On January 1, 2023, the local authorizations needed for the transfer of the Lydec securities to New Suez could not be obtained, rendering the sale provided for in the Share and Asset Purchase Agreement (SAPA) null and void. The Lydec securities are therefore no longer classified under IFRS 5 from January 1, 2023.

At the same time there were a number of changes to Lydec's governance, with the resignation of the Suez (Consortium) representatives, effective January 25, 2023. Pursuant to IFRS, this event and the rights and obligations under the Moroccan hold separate status led to the consolidation of Lydec's contribution from this date.

On June 15, 2023, the Moroccan Competition Authorities notified the Company of its grievances regarding, in particular, the aborted sale of its stake to New Suez initially provided for in the Share and Asset Purchase Agreement (SAPA). The Group addressed its written observations in response to the Moroccan Competition Authorities on July 18, 2023.

On November 13, 2023, the Moroccan Competition Authorities accepted Veolia's request for a settlement procedure. This involves in particular proposing a solution to the Authorities satisfying its competition concerns before January 15, 2024.

In this context, the Group is actively continuing its discussions with the Competition Authorities and the Delegating Authority to examine various possible arrangements. The January 15 deadline was extended to allow the parties to find a satisfactory solution.

The analyses conducted by the Group and its advisors of the various decisions issued do not call into question the analysis of control pursuant to IFRS of Lydec by Veolia as of December 31, 2023.

Accordingly, pursuant to IFRS 3, the purchase price allocation process was finalized during the period resulting primarily in the recognition of an intangible asset in respect of the concession arrangement operated by Lydec in Casablanca.

Acquisitions

- **Acquisition of the subsidiaries Reciclados La Red and Banales III (Spain)**

On January 10, 2023, the Group acquired the subsidiaries Reciclados La Red S.LL and Banales III located in Madrid and Seville, respectively, for a total of €54 million. These subsidiaries are active in plastic recovery and recycling in Spain.

- **Acquisition of U.S. Industrial Technologies (USA)**

On October 31, 2023, the Group finalized, through its subsidiary VES Technical Solutions LLC in the United States, the acquisition of U.S. Industrial Technologies, a hazardous waste processing company, for €58 million. This acquisition allows the Group to expand into hazardous waste activities in the United States and contributes to the Group's ecological transformation objectives.

Divestitures

- **Divestiture of Advanced Solutions (USA)**

Advanced Solutions provides water infrastructure and asset management services to municipal and commercial customers across the United States. On February 23, 2023, operating subsidiaries were sold for a total of €84 million.

This activity was recorded in assets and liabilities classified as held for sale as of December 31, 2022.

- **Completion of the divestiture of Suez hazardous waste activities (France)**

Following the signature of a partnership agreement on January 27, 2023, the sale of the final activities by SARPI to Suez was completed for a consideration of €49 million.

This activity was recorded in assets and liabilities classified as held for sale as of December 31, 2022.
This transaction completes the divestitures required under the antitrust remedies agreed with the European Commission in the context of the Veolia-Suez combination.

- **Divestiture of WTS's O&M activities (United Kingdom)**

The divestiture of Suez's industrial water operations and maintenance business in the United Kingdom to SAUR was completed on February 15, 2023 for €15 million.

- **Divestiture of Italian water concessions (Italy)**

On October 16, 2023, the Group completed the divestiture of Italian water concessions in the Latium and Sicily regions for €74 million.

Completion of the Suez business combination

Acquisition of Suez - Final payments under the Share and Asset Purchase Agreement (SAPA)

The final amounts in respect of the completion accounts and the outstanding earn-outs for the 2022 transaction in accordance with the SAPA, were finalized in the agreement between Suez and Veolia Environnement dated March 3, 2023:

- The net amount in respect of the completion accounts and closing statements was paid to Veolia on March 24, 2023 in the amount of €106 million.
- The final amount of the earn-out was paid by Suez to Veolia on June 30, 2023 for €284 million.

3.3 Assets classified as held for sale, discontinued operations and divestitures

3.3.1 Discontinued operations

In the Consolidated Income Statement presented for comparative purposes, the net income (loss) of operations divested or in the course of divestiture was reclassified to "Net income (loss) from discontinued operations".

In 2023, they mainly concern the EPC (Engineering, Procurement, Construction) business, discontinued in all geographies.

3.3.2 Assets and liabilities classified as held for sale

Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale are presented separately in the Group Consolidated Statement of Financial Position as follows:

(€ million)	As of December 31, 2022	As of December 31, 2023
Assets classified as held for sale	651	650
Liabilities directly associated with assets classified as held for sale	355	560

As of December 31, 2023, assets classified as held for sale and Liabilities directly associated with assets classified as held for sale break down by operating segment as follows:

(€ million)	France & special waste Europe	Europe excluding France	Rest of the World	Water technologies	Other	Total
Assets						
Non-current assets	177	3	-	-	-	180
Current assets	319	-	-	-	-	319
Cash and cash equivalents	151	-	-	-	-	151
ASSETS CLASSIFIED AS HELD FOR SALE	**647**	**3**	**-**	**-**	**-**	**650**
Liabilities						
Non-current liabilities	51	-	-	-	-	51
Current liabilities	509	-	-	-	-	509
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	**560**	**-**	**-**	**-**	**-**	**560**

As of December 31, 2023, these assets and liabilities mainly concern the current divestiture of SADE CGTH group entities, a wholly-owned subsidiary specialized in water network and infrastructure construction and rehabilitation. A unilateral purchase commitment was signed on November 27, 2023 with the NGE group, an independent public works group.

As of December 31, 2022 represented, Assets classified as held for sale and Liabilities directly associated with assets classified as held for sale, break down by operating segment as follows:

(€ million)	France & special waste Europe	Europe excluding France	Rest of the World	Water technologies	Other	Total
Assets						
Non-current assets	58	-	248	-	198	504
Current assets	18	-	125	-	-	143
Cash and cash equivalents	2	-	2	-	-	4
ASSETS CLASSIFIED AS HELD FOR SALE	**78**	**-**	**375**	**-**	**198**	**651**
Liabilities						
Non-current liabilities	2	-	8	-	-	10
Current liabilities	21	-	325	-	-	346
LIABILITIES DIRECTLY ASSOCIATED WITH ASSETS CLASSIFIED AS HELD FOR SALE	**23**	**-**	**332**	**-**	**-**	**355**

As of December 31, 2022, these assets and liabilities mainly comprise:

- In the France and Special Waste Europe segment, part of Suez's hazardous waste landfill activities;
- in the Rest of the world segment, Advanced Solutions LLC, a water infrastructure maintenance and refurbishment service provider in the United States;
- in the Other segment, Lydec non-consolidated securities, a Moroccan subsidiary of Suez Group which manages water and electricity distribution, wastewater and rainwater collection and public lighting in the city of Casablanca, acquired for a total value of €101 million.
- The investment is recorded in non-consolidated securities held for sale due to the acquisition agreement between the Consortium of investors comprising Meridiam, GIP, CDC and CNP Assurances, and Veolia which stipulates that the investment in Lydec must be resold to the Consortium by December 31, 2022.

As of January 1, 2023, the local authorizations necessary for the transfer of the Lydec securities could not be obtained, rendering the sale provided for in the Share and Asset Purchase Agreement (SAPA) null and void.

3.4 Off-balance sheet commitments relating to the consolidation scope

3.4.1 Commitments given

Off-balance sheet commitments given break down as follows:

			Maturing in		
(€ million)	As of December 31, 2022	As of December 31, 2023	Less than 1 year	1 to 5 years	More than 5 years
Vendor warranties	233	285	58	144	83
Securities purchase commitments	5	310	308	-	2
Sale commitments	-	-	-	-	-
Other commitments relating to the consolidated scope	1	1	1	-	-
TOTAL COMMITMENTS GIVEN RELATING TO THE CONSOLIDATED SCOPE	**239**	**596**	**366**	**144**	**85**

Securities purchase commitments concern current acquisition processes, including one acquisition in Europe (€307 million).

3.4.2 Commitments received

Commitments received relating to the consolidated scope total €202 million as of December 31, 2023, compared with €466 million as of December 31, 2022. This decrease is mainly due to the expiry of the €244 million guarantee received by Veolia Ceska Republika on the acquisition of Prague Rive Droite in 2018.

Note 4 REPORTING BY OPERATING SEGMENT

The operating segments are components of the Group that engage in activities and whose operating results are reviewed by the Chief Executive Officer (Chief Operating Decision Maker) to make decisions about resources to be allocated to the segment and assess its performance. Information presented to the Chief Operating Decision Maker is taken from the Group internal reporting system.

Financial information by operating segment is prepared in accordance with the same rules used to prepare the Consolidated Financial Statements.

In 2022, the Group reviewed its governance and management structure due to the integration of the Suez scope and the separation of the duties of Chairman of the Board of Directors and Chief Executive Officer. This led to a managerial system based on eight resized geographic zones.

In accordance with the provisions of IFRS 8 on the identification of operating segments and after taking account of regrouping criteria, the operating segments presented are the following:

- France and Special Waste Europe;
- Europe excluding France;
- Rest of the world;
- Water technologies, which groups together global water treatment activities: Veolia Water Technologies and Water Technologies & Solutions (WTS);
- Other, including Holding companies.

The EBITDA indicator comprises the sum of all operating income and expenses received and paid (excluding restructuring costs, non-current impairment losses, renewal expenses and share acquisition and disposal costs) and principal payments on operating financial assets.

The main financial indicators by operating segment are as follows:

2023

(€ million)	France & special waste Europe	Europe excluding France	Rest of the World	Water technologies	Other	Total consolidated financial statements
Revenue	9,726	19,000	11,907	4,707	12	**45,351**
EBITDA	1,338	2,599	1,925	534	148	**6,543**
Operating income after share of net income (loss) of equity-accounted entities	359	1,389	811	306	-18	**2,847**
Industrial investments net of subsidies	-553	-1,201	-1,171	-162	-53	**-3,140**

2022

(€ million)	France & special waste Europe	Europe excluding France	Rest of the World	Water technologies	Other (*)	Total consolidated financial statements
Revenue	9,666	17,850	11,196	4,561	-388	**42,885**
EBITDA	1,418	2,373	1,831	496	78	**6,196**
Operating income after share of net income (loss) of equity-accounted entities	445	1,075	770	323	-280	**2,333**
Industrial investments net of subsidies	-507	-966	-1,164	-179	33	**-2,784**

(*) includes the restatement of the first 17 days in January of the contribution of Suez activities (pre-acquisition) in the amount of - €400 million in revenue, -€49 million in EBITDA and -€11 million in operating income. The restatement was allocated in full to the Other segment.

Assets and liabilities break down by operating segment as follows:

As of December 31, 2023

Assets by operating segment (€ million)	France & special waste Europe	Europe excluding France	Rest of the World	Water technologies	Other	Total consolidated financial statements
Goodwill, net	2,178	3,580	3,959	1,836	3	11,556
Intangible assets and Property, Plant and equipment, net	3,374	10,225	11,636	2,119	133	27,487
Operating financial assets	157	794	441	1	-	1,393
Working capital assets, including DTA	4,552	5,647	5,095	2,663	-2	17,955
Investments in joint ventures	20	25	1,065	-	-	1,110
Investments in associates	30	385	150	36	2	603
TOTAL SEGMENT ASSETS	**10,311**	**20,656**	**22,346**	**6,655**	**136**	**60,104**
Oher unallocated assets	-	-	-	-	12,462	12,462
TOTAL ASSETS						**72,566**

As of December 31, 2022

Assets by operating segment (€ million)	France & special waste Europe	Europe excluding France	Rest of the World	Water technologies	Other	Total consolidated financial statements
Goodwill, net	2,262	3,527	3,943	1,903	3	11,638
Intangible assets and Property, Plant and equipment, net	3,446	9,690	11,487	2,232	146	27,000
Operating financial assets	102	829	444	1	0	1,377
Working capital assets, including DTA	4,823	5,471	4,885	2,630	261	18,070
Investments in joint ventures	19	70	1,109	-	-	1,198
Investments in associates	27	543	159	37	21	787
TOTAL SEGMENT ASSETS	**10,678**	**20,130**	**22,027**	**6,803**	**430**	**60,069**
Oher unallocated assets	-	-	-	-	13,235	13,235
TOTAL ASSETS						**73,304**

As of December 31, 2023

Liabilities by operating segment (€ million)	France & special waste Europe	Europe excluding France	Rest of the World	Water technologies	Other	Total consolidated financial statements
Concession liabilities	174	1,689	148	-	1	2,012
Provisions for contingencies and losses	921	690	1,084	401	716	3,812
IFRS 16 lease debt	551	626	564	157	102	2,000
Working capital liabilities, including DTL	5,714	6,899	6,202	3,098	470	22,383
TOTAL SEGMENT LIABILITIES	**7,360**	**9,904**	**7,998**	**3,656**	**1,289**	**30,207**
Other unallocated liabilities	-	-	-	-	42,359	42,359
TOTAL LIABILITIES						**72,566**

As of December 31, 2022

Liabilities by operating segment (€ million)	France & special waste Europe	Europe excluding France	Rest of the World	Water technologies	Other	Total consolidated financial statements
Concession liabilities	191	1,602	131	-	-	1,924
Provisions for contingencies and losses	980	736	1,079	436	628	3,860
IFRS 16 lease debt	661	610	624	172	86	2,153
Working capital liabilities, including DTL	6,382	6,474	5,788	2,993	478	22,115
TOTAL SEGMENT LIABILITIES	8,215	9,422	7,622	3,601	1,192	30,051
Other unallocated liabilities	-	-	-	-	43,253	43,253
TOTAL LIABILITIES						73,304

In application of IFRS 8.33, revenue by geography is as follows:

(€ millions)	2022	% of 2022 revenue	2023	% of 2023 revenue
Revenue	**42,885**	**100.0%**	**45,351**	**100.0%**
France	8,880	20.7%	9,232	20.4%
United States	4,567	10.6%	4,749	10.5%
Poland	2,141	5.0%	3,145	6.9%
Germany	2,841	6.6%	2,911	6.4%
United Kingdom	3,762	8.8%	2,823	6.2%
Spain	2,451	5.7%	2,626	5.8%
Czech Republic	1,862	4.3%	2,286	5.0%
Australia	2,034	4.7%	1,974	4.4%
Morocco	792	1.8%	1,397	3.1%
Hungary	1,186	2.8%	1,379	3.0%
Italy	1,320	3.1%	1,169	2.6%
Belgium	1,035	2.4%	1,145	2.5%
China	1,156	2.7%	1,107	2.4%
Chile	762	1.8%	862	1.9%
Slovakia	395	0.9%	702	1.5%
Japan	571	1.3%	562	1.2%
Hong Kong	501	1.2%	557	1.2%
Other amounts < €500 miillion in 2023	6,629	15.5%	6,726	14.8%

The EBITDA indicator reconciles with operating cash flow for fiscal years 2023 and 2022, as follows:

(€ million)		December 31, 2022	December 31, 2023
Operating cash flow before changes in working capital	**(A)**	**4,804**	**5,582**
o/w Operating cash flow from financing activities	(B)	-229	-134
o/w Adjusted operating cash flow	**(C)= (A)-(B)**	**5,034**	**5,715**
Less :	(D)		
Renewal expenses		303	303
Restructuring costs		224	84
Share acquisition and disposal costs		201	30
Other items		239	178
Plus :	(E)		
Principal payments on operating financial assets		195	233
EBITDA	(C)+(D)+(E)	6,196	6,543

Note 5 OPERATING ACTIVITIES

The main environmental services carried out by Veolia in its business lines are:

- water: drinking water treatment and distribution, wastewater treatment and the sale of water treatment equipment, technologies and facilities;
- waste: waste collection, product recovery and waste-to-energy processing (including the sale of recycled products), dismantling and hazardous waste processing;
- energy: heating and cooling networks, thermal and multi-technical services, industrial utilities, installation and maintenance of production equipment, and integrated services for the comprehensive management of buildings.

Environmental services also include the design, construction and, where applicable, funding of necessary facilities to supply such services which are provided to industrial and service sector companies, public authorities and private individuals.

The range of business models used by the Group results in a variety of contractual forms specific to each business and adapted to local jurisdiction constraints and the nature and needs of customers (public or private).

The Group primarily conducts its activities under concession, construction (non-concession), lease and operation and maintenance contracts.

Concession arrangements (IFRIC 12)

In the conduct of its activities, Veolia provides collective general interest services (distribution of drinking water and heating, household waste collection and/or processing, etc.). These services are generally managed by Veolia under contracts entered into at the request of public sector bodies, which retain control over these collective services.

Concession arrangements involve the transfer of operating rights for a limited period, under the control of the local authority, using dedicated facilities built by Veolia, or made available to it for or without consideration:

- these contracts define "public service obligations" in return for remuneration. The remuneration is based on operating conditions, continuity of service, price rules and obligations with respect to the maintenance/replacement of installations. The contract determines the conditions for the transfer of installations to the local authority or a successor at its term;
- Veolia can, in certain cases, be responsible for a given service as it holds the service support network (water/heat distribution network, wastewater treatment network). Such situations are the result of full or partial privatizations. Provisions impose public service obligations and the means by which the local authority may recover control of the concession holder.

These contracts generally include price review clauses. These clauses are mainly based on cost trends, inflation, changes in tax and/or other legislation and occasionally on changes in volumes and/or the occurrence of specific events changing the profitability of the contract.

In addition, the Group generally assumes a contractual obligation to maintain and repair facilities managed under public service contracts.

The nature and extent of the Group's rights and obligations under these different contracts differ according to the public services rendered by the different Group businesses: Water, Waste, Energy.

Water

In France, these services are primarily rendered under public service delegation "affermage" contracts with a term of 8 to 20 years. They can use specific assets, such as distribution or wastewater treatment networks and drinking water or wastewater treatment plants, which are generally provided by the concession grantor and returned to it at the end of the contract.

Abroad, Veolia renders its services under contracts which reflect local legislation, the economic situation of the country and the investment needs of each partner. These contracts generally have a term of between 7 and 40 years. Contracts can also be entered into with public entities in which Veolia purchased an interest on their partial privatization. The profitability of these contracts is not fundamentally different from other contracts, but operations are based on a partnership agreement with the local authority.

Waste

Both in France and abroad, the main concession arrangements entered into by Veolia concern the processing and recovery of waste in sorting units, landfills and incineration plants. These contracts have an average term of 10 to 30 years.

Energy

The main contracts concern the management of heating and air-conditioning networks under urban concessions or on behalf of local authorities.

In Eastern Europe, Veolia provides services under mixed partial privatizations or through public-private partnerships with public authorities responsible for the production and distribution of thermal energy.

The characteristics of these contracts vary significantly depending on the country and activities concerned.

Financial asset model

The Group applies the financial asset model for the accounting recognition of these concession arrangements, independently of service or infrastructure use by customers, when the concession grantor contractually guarantees the payment of amounts specified or determined in the contract or the shortfall, if any, between amounts received from users of the public service and amounts specified or determined in the contract.

Financial assets resulting from the application of IFRIC 12 are recorded in the Consolidated Statement of Financial Position under the heading "Operating financial assets" and recognized at amortized cost.

Unless otherwise indicated in the contract, the effective interest rate (EIR) is equal to the weighted average cost of capital of the entities carrying the assets concerned.

Cash flows relating to these operating financial assets are included in Net cash from (used in) investing activities in the Consolidated Cash Flow Statement.

Pursuant to IFRS 9, an impairment loss is recognized if the carrying amount of these assets exceeds the present value of future cash flows discounted at the initial EIR.

Revenue associated with this financial model includes:

- revenue recorded on a completion basis, in the case of construction operating financial assets (in accordance with IFRS 15);
- the remuneration of the operating financial asset recorded in revenue from operating financial assets (excluding principal payments);
- service remuneration.

Intangible asset model

The intangible asset model applies when the Group is paid by users or when the concession grantor has not provided a contractual guarantee in respect of the recoverable amount, regardless of service or infrastructure use by customers. The intangible asset corresponds to the right granted by the concession grantor to the operator to charge users of the public service in remuneration of concession services provided by the operator under the concession arrangement.

Intangible assets resulting from the application of IFRIC 12 are recorded in the Consolidated Statement of Financial Position under the heading "Concession intangible assets", as described in Note 7.2.1, and generally amortized on a straight-line basis over the term of the agreement.

Cash outflows, that is disbursements, relating to the construction of infrastructures under concession arrangements accounted using the "intangible asset model" are presented in Net cash from (used in) investing activities in the Consolidated Cash Flow Statement, while cash inflows are presented in Net cash from operating activities.

Under the intangible asset model, revenue includes:

- revenue recorded on a completion basis for assets and infrastructure under construction (in accordance with IFRS 15);
- service remuneration.

Mixed or bifurcation model

The choice of the financial asset or intangible asset model depends on the existence, or not, of payment guarantees granted by the concession grantor, independently of service or infrastructure use by customers.

However, certain contracts may include a payment commitment on the part of the concession grantor covering only part of the investment, with the remaining balance covered by the remuneration from services charged to users.

Where this is the case, the investment amount guaranteed by the concession grantor is recognized under the financial asset model and the residual balance is recognized under the intangible asset model.

Recognition of concession arrangements where existing infrastructures are made available to the Group by the concession authority in return for payment of fees

On the signature of certain concession arrangements, the infrastructures necessary to the operation of the concession already exist and are owned by the delegating authority. In such cases, the infrastructures are generally made available to the concession holder for the term of the concession arrangement in return for payments to the delegating authority for the right to use these infrastructures under the concession.

In July 2016, the IFRS Interpretations Committee clarified the appropriate accounting treatment when the concession holder is required to make fixed payments to the delegating authority for the provision of pre-existing infrastructure.

These fixed payments give rise to:

- the recognition of a liability equal to the present value of payments over the term of the concession arrangement;
- offset by the recognition of an intangible asset, where the concession arrangement is recognized using the intangible asset model, representing the right to charge users of the public service.

Payments satisfying this definition within the Group mainly concern concession arrangements recognized using the intangible asset model in Central Europe.

Public sector activities performed using Veolia-owned infrastructure

Veolia provides drinking water and/or wastewater systems and heating network (production and/or distribution) public services in certain jurisdictions where it owns production and/or distribution assets.

The tariffs charged to users by the Group are governed by the competent authorities in accordance with methods specific to each geography.

This is particularly the case:

- in the United States and Chile, in the water and wastewater management sector where activities are highly capital intensive, a factor incorporated into the remuneration mechanism granted to the operator;
- in countries in Central and Eastern Europe, where Veolia is responsible for the production and/or distribution of thermal energy (heating networks) following full or partial privatizations, but remains subject to local authority control when determining heating tariffs.

Revenue from these activities is recognized progressively, as the services are performed.

Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets (complex sections of installations, equipment) that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose.

This type of contract is often used for design and build contracts for infrastructure necessary for water treatment/distribution and wastewater treatment activities. These contracts are entered into with local authorities or private partners for the construction of infrastructures. They are generally fixed-price contracts.

The Group's construction revenues are mainly recognized on a completion basis.

The percentage of completion is determined by comparing costs incurred at the period end with total estimated costs under the contract. Costs incurred comprise costs directly attributable to the contract and borrowing costs incurred up to completion of the work. However, prospection costs, costs incurred prior to contract signature, and administrative and selling costs are expensed in the period incurred and do not therefore contribute to contract completion.

Where total contract costs exceed total contract revenue, the Group recognizes a loss to completion as an expense of the period, irrespective of the stage of completion and based on a best estimate of forecast results including, where appropriate, rights to additional income or compensation, where they are highly probable and can be determined reliably. Provisions for losses to completion are recorded as liabilities in the Consolidated Statement of Financial Position.

The amount of revenue recognized on a completion basis less intermediary billings is determined on an individual contract basis. Where positive, this amount is recognized in assets in “Amounts due from customers for construction contract work” (in “Other operating receivables” as a contract asset). Where negative, it is recognized in liabilities in “Amounts due to customers for construction contract work” (in “Other operating payables” as a contract liability). Any loss to completion is recognized immediately through a provision.

Partial payments received under construction contracts before the corresponding work has been performed, are recognized as liabilities in the Consolidated Statement of Financial Position under “Other operating payables”.

Service contracts including a lease

These contracts generally concern outsourcing services performed for industrial/private customers either under BOT (Build, Operate and Transfer) contracts, or incineration or cogeneration contracts under which, notably, demand or volume risk is, in substance, transferred to the prime contractor.

Services include the design, construction and financing of the construction of a specific asset/installation on behalf of the customer and the operation of the asset concerned.

These contracts are recognized in accordance with the principles set out in IFRS 16 (see Note 5.4).

Accordingly, construction revenue is recognized in accordance with the percentage of completion method and, more generally, the principles set out in IFRS 15.

The service invoiced to the customer includes a component representing the operation of the specific asset/installation concerned and a second component representing the financing of the construction.

- revenue relating to the operation of the asset is recognized on delivery of the goods or performance of the service, in accordance with IFRS 15;
- the financing of construction work involves finance costs that are invoiced to the customer and recognized in revenue. This interest is recognized in revenue from the start of construction work and represents remuneration received by the builder/lender.

Operation and maintenance contracts

The services rendered by Veolia do not systematically require the construction or acquisition of new infrastructure and can be provided through a variety of contractual forms tailored to the objectives and choices of customers. These services may particularly take the form of contracts for the operation and/or maintenance of installations already owned by the customer or service contracts aimed at improving the performance of these installations.

Accordingly, Veolia operates waste-to-energy plants, water production and/or distribution installations and heating networks under this type of contract recognized in accordance with IFRS 15.

5.1 Revenue

Group revenue is recognized for the amount the Group expects to receive in consideration for the transfer of control of goods and services.

The following table presents the revenue recognition method, rate and unit for the main environmental services provided by the Group:

	Contract					Revenue		
Environmental service	Concession	Public sector activities performed using Veolia-owned infrastructure	Construction	Services including an asset lease	Operation & maintenance	Revenue recognition method	Revenue recognition rate	Revenue measurement unit
Waste processing, water distribution, network operation, thermal services	✓	✓		✓	✓	Progressively	When the customer receives the benefit of the service	m3 of water, metric ton of waste processed, Gwh, etc.
Sale of equipment, sale of recycled products	✓	✓		✓	✓	At a point in time	On physical delivery of the goods	Quantity sold
Design and build of infrastructures	✓		✓	✓		Progressively	As the customer obtains control of the asset being built	Completion basis

Infrastructure maintenance and renewal services

Installation maintenance and renewal services rarely represent a separate performance obligation. Nonetheless, a separate performance obligation may be identified in respect of maintenance services in concession arrangements recognized using the financial asset model or operating contract, depending on the obligations contained in the contracts and the related remuneration terms.

Services on behalf of third parties

Few of the Group's activities are concerned by this provision and primarily combined energy purchase and distribution services.

For this type of contract, the Group identifies whether it is acting on its own behalf (principal: recognition of gross revenue) or on behalf of a third party (agent: recognition of the margin), by analyzing in particular whether the Group has primary responsibility for performance of the service and whether it can freely set the price paid by the end customer.

Variable compensation

Variable consideration provided in contracts with customers can take several forms: rebates, discounts, penalties, incentives, performance bonuses. They are assessed on contract inception to determine the revenue amount to be recognized, applying either the expected value method or the most probable amount method.

Revenue by business

As for other Income Statement headings, revenue does not include amounts relating to discontinued operations in accordance with IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations. The results of these activities are presented in a separate line, "Net income (loss) from discontinued operations", for fiscal year 2023 and fiscal year 2022 presented for comparison purposes (see Note 3.3).

Revenue breaks down by business as follows:

(€ million)	2022	2023
Water (1)	17,238	18,409
Waste (1)	15,795	14,683
Energy (1)	10,253	12,260
Others*	-400	-
GROUP	**42,885**	**45,351**

(*) In 2022, the Other line solely includes the restatement of the first 17 days in January of the contribution of Suez activities (pre-acquisition) in the amount of - €400 million and cannot be compared to the "Other" operating segment in Note 4.

(1) In 2022, €1,022 million was reclassified from Water operations to Energy and €7 million was reclassified from Waste to Energy, mainly corresponding to Braunschweiger Versorgungs-AG (BVAG) revenue.

A breakdown of revenue by operating segment and region is presented in Note 4.

Backlog

The backlog, as required by IFRS 15, is equal to firm revenue as contracted with customers, where the services have not yet been performed, or are only partially performed, at the reporting date.

After taking account of the exceptions provided in the standard (contracts with a term of less than one year, concession arrangements and service agreements), the backlog therefore primarily consists of revenue from VWT Engineering & Procurement projects, with an average contractual period of 2 to 3 years and WTS construction contracts, equipment sales and engineering work.

As of December 31, 2023, expected revenue is as follows:

(€ million)	**Total**	2024	2025 and beyond
Backlog	2998	1624	1374

5.2 Operating income

Operating income breaks down as follows:

(€ million)	Year ended December 31, 2022	**Year ended December 31, 2023**
Revenue	**42,885**	**45,351**
Cost of sales	**-35,740**	**-37,852**
o/w :		
• Renewal expenses	-303	-303
Selling costs	**-954**	**-998**
General and administrative expenses	**-3,216**	**-3,336**
Other operating revenue and expenses	**-769**	**-441**
o/w :		
• Restructuring costs (*)	-116	-76
• (Impairment)/Reversal of impairment of goodwill	-69	-2
• Employee costs - share-based payments, excluding social security contributions	-54	-56
• Other non-current charges, impairment losses and net provisions (**)	-444	-297
• Share acquisition costs	-87	-10
Operating income before share of net income (loss) of equity-accounted entities	**2,206**	**2,724**
Share of net income (loss) of equity-accounted entities	**127**	**123**
Operating income after share of net income (loss) of equity-accounted entities	**2,333**	**2,847**

(*) A breakdown of restructuring costs is presented in Note 5.2.2 below.
(**) See Note 5.2.1 below.

As of December 31, 2023, other expenses mainly concern:

- integration costs incurred in connection with the Suez combination of -€100 million;
- provision of asset impairment, particularly in China (-€20 million);
- costs of -€18 million (excluding interest but compensated by a provision release of 19 millions d'euros) following the final arbitration decision issued by the Stockholm Chamber of Commerce (“SCC”) in respect of the Lithuania dispute;
- costs relating to the Flint dispute in the United States, of -€22 million, following a settlement agreement reached between the parties at the beginning of February 2024 (see Note 12).

5.2.1 Breakdown of provisions and impairment losses on non-current assets

The carrying amount of non-financial assets, other than inventory and deferred tax assets is reviewed at each period end in order to assess the existence of any indication of loss in value (non-performance of a significant long-term contract under the terms laid down in the contract, technical operating issues, and counterparty default for operating financial assets, etc.). Where such indication exists, the recoverable amount of the asset or group of assets is estimated.

The need to recognize impairment is assessed by comparing the net carrying amount of these assets with their recoverable amount. Unless there are future prospects for the sale of these assets, the recoverable amount corresponds to their value in use, generally equal to the present value of the future cash flows expected to be derived from the asset or group of assets, taking account of any residual value. The value in use of these assets is determined based on assumptions consistent with those adopted for impairment testing of goodwill and other intangible assets with an indefinite useful life (see Note 7.1.2).

Goodwill and other assets with an indefinite useful life are subject to systematic annual impairment tests following the update of the long-term plan and more frequent tests where there is an indication of loss in value.

Where the resulting recoverable amount is less than the net carrying amount of the asset or group of assets, an impairment is recorded.

Impairment losses on non-current assets can be reversed, with the exception of those relating to goodwill.

Other expenses, impairment losses and charges to non-current provisions in 2023 break down as follows:

- impairment losses on intangible assets, property, plant and equipment and operating financial assets of -€135 million, recognized particularly in the Europe excluding France segment for -€63 million and the Rest of the world segment for -€62 million;
- other expenses and charges to non-current provisions of -€162 million, recognized particularly in the Rest of the World segment for -€57 million and the Other segment for -€77 million.

Other expenses, impairment losses and charges to non-current provisions in 2022 primarily comprise:

- impairment losses on intangible assets, property, plant and equipment and operating financial assets of -€171 million, recognized particularly in the Rest of the world segment for -€138 million;
- other expenses and non-current provisions of -€273 million, recognized particularly in the Other segment for -€127 million.

More generally, operating depreciation, amortization, provisions and impairment losses included in operating income in 2023 break down as follows:

	2022	2023		
(€ million)	Net	Charge	Reversal	Net
OPERATING DEPRECIATION, AMORTIZATION AND PROVISIONS, NET				
Depreciation and amortization	**-3,057**	**-3,046**	**-3**	**-3,049**
Property, Plant and equipment (1)	-1,439	-1,425	-3	-1,428
Intangible assets	-1,049	-1,069	-	-1,069
Rights of use	-570	-552	-	-552
Impairment losses	**-171**	**-187**	**52**	**-135**
Property, Plant and equipment	-149	-129	43	-86
Intangible assets and Operating financial assets	-18	-56	8	-48
Rights of use	-3	-2	1	-1
Impairment losses and impact of disposals on goodwill and negative goodwill recognized in the Consolidated Income Statement	**-69**	**-2**	**-**	**-2**
Non-current and current operating provisions	**118**	**-729**	**871**	**142**
Non-current operating provisions	-171	-428	282	-145
Current operating provisions	289	-301	589	288
OPERATING DEPRECIATION, AMORTIZATION, PROVISIONS AND IMPAIRMENT LOSSES	-3,179	-3,964	920	-3,044

(1) Including investment grants.

5.2.2 Restructuring costs

A restructuring is a program planned and controlled by Group management that significantly changes the scope of activity of the Group or the way in which this activity is managed. Accordingly, the following events can meet the definition of a restructuring: the sale or discontinuation of an activity branch, the closure of activity sites in a country or a region or the relocation of activities from one country to another or from one region to another; changes to the management structure such as the suppression of a management level; and fundamental reorganizations with a significant impact on the nature and focus of an activity.

(€ million)	2022	2023
Restructuring costs	-224	-84
Net charges to restructuring provisions	108	8
NET RESTRUCTURING COSTS	-116	-76

Restructuring costs recognized in operating income in 2023, mainly concern France and Special Waste Europe for -€37 million and Europe excluding France for -€16 million.

Restructuring costs recognized in operating income in 2022 mainly concern Holding companies, Iberia and Water technologies.

5.2.3 Research and development

Research and development costs total €125 million in 2023, compared with €131 million in 2022.

5.2.4 Joint-ventures and associates

All equity-accounted companies, whether joint ventures or associates, represent an extension of the Group's businesses and are therefore allocated to one of the four operating segments.

(€ million)	2022	2023
Share of net income (loss) of joint ventures	56	60
Share of net income (loss) of associates	71	63
Share of net income (loss) of equity-accounted entities	**127**	**123**

5.2.4.1 Joint ventures

Movements in investments in joint ventures in **2023** break down as follows:

(€ million)	December 31, 2022	Net income	Dividend distribution	Changes in consolidation scope	Foreign exchange translation	Other movements	December 31, 2023
Investments in joint ventures	1,198	60	-43	-45	-67	8	1,110

Changes in consolidation scope mainly reflect the divestiture of a plastic recycling subsidiary of Suez Polymers BV in the Netherlands for -€22 million and the exit from the scope of consolidation of the Italian concession Acqualatina for -€23 million.

	Share of equity		Share of net income (loss)	
(€ million)	2022	2023	2022	2023
Chinese concessions	965	930	52	44
Other joint ventures	233	181	5	16
TOTAL	1,198	1,111	57	60
Impact in the Consolidated Income Statement on Net income from continuing operations (a)+(b)			-	60
Share of net income (loss) of joint ventures (a)			**56**	**60**
Reversals/(Impairment losses) recognized in other operating revenue and expenses (b)			1	-

Chinese Concessions

As of December 31, 2023, the Chinese concessions comprise a combination of approximately twelve separate legal entities in which the Group holds interests of between 21% and 50%; the most significant concessions in terms of revenue are Tianjin Jibin (49% interest) and Shanghai Pudong (50% interest).

Summarized financial information (at 100%) in respect of the Chinese concessions is set out below. This information reflects amounts presented in the joint ventures' financial statements prepared in accordance with IFRS, adjusted to reflect fair value adjustments performed on acquisition and adjustments recorded to comply with Group accounting principles when applying the equity method.

Summarized financial information (at 100%) - Chinese Concession joint ventures	Year ended December 31, 2022	Year ended December 31, 2023
Income statement		
Revenue	974	867
Operating income	116	105
Net income (loss) from continuing operations	114	96

Reconciliation of the above summarized financial information on the Chinese concessions to the carrying amount of the interest in these joint ventures recognized in the consolidated financial statements:

(€ million)	As of December 31, 2022	As of December 31, 2023
Net assets of the Chinese concession joint ventures	1,689	1,633
Group's ownership interest in the Chinese concession joint ventures - weighted average rate	46.37%	46.49%
Goodwill	177	166
Other adjustments	4	4
Carrying amount of the Group's interest in the Chinese concession joint ventures	**965**	**930**

As the Chinese concessions represent approximately twelve individual concessions, the percentage interest indicated in the above reconciliation is a weighted-average rate of the contribution of each concession within the combination.

The average rate used for the reconciliation of the different elements takes into account the Group's holdings in these different concessions, weighted by the relative importance of each of the entities to the whole. This rate is therefore adjusted each year and is sensitive to variations in the weight of the contributions to the results of each of the joint ventures within the presented set.

The increase in the weighted average rate between 2022 and 2023 is due to a change in the weightings of the contributions.

Accordingly, the "Other adjustments" line in the reconciliation of the summarized financial information on the Chinese concessions as a whole, to their carrying amount in the Consolidated Statement of Financial Position, represents the adjustment between the share in net assets obtained by applying the weighted average percentage interest for all Chinese concessions and the share in net assets recognized in the financial statements, calculated using the effective interest held in each of the Chinese concessions individually.

(€ million)	2022	2023
Net income (loss) for the year of the Chinese concession joint ventures	114	96
Group's ownership interest in the Chinese concession joint ventures - weighted average rate	46.37%	46.49%
Other	-1	-
Group share of net income (loss) of the Chinese concession joint ventures	**52**	**44**

The recoverable amount of each Chinese concession joint venture is tested for impairment in accordance with the provisions set out in the standard. The long-term plans of the Chinese Water concessions were extended to 2029, in order to identify standard flows for the calculation of the terminal value, as Water activities in China follow a specific business model, with extremely long contract terms (between thirty and fifty years) and high investment flows during the initial contract years.

Given the models used and the time frame adopted, the recoverable amounts are closely monitored. They are based on a certain number of structuring operating assumptions such as price increases, volume trends, construction activity levels and margins and efficiency and productivity measures integrated in future cash flows, as well as on the macro-economic assumptions (discount and inflation rates) underlying the business plans.

Other joint ventures

The Group also holds interests in other joint ventures that are not individually material, with a total net carrying amount of €181 million as of December 31, 2023, including primarily €71 million in the Middle East.

Unrecognized share of losses of joint ventures

As all the Group joint ventures are partnerships in which the Group exercises joint control, the share of any losses is recognized in full at the year end.

Transactions with joint ventures (related parties)

The Group grants loans to joint ventures. These loans are recorded in assets in the Group Consolidated Statement of Financial Position (see Note 8.1.2. "Other non-current and current financial assets").

As of December 31, 2023, non-current and current loans granted to all these entities totaled €36 million, including €22 million recorded in non-current loans (see Note 8.1.2.2) and €14 million recorded in current loans. The change compared with December 31, 2022 is mainly due to the impairment of shareholder loans of €44 million in Northern Europe.

As of December 31, 2022, non-current and current loans granted to all these entities totaled €132 million, including €85 million recorded in non-current loans and €47 million recorded in current loans.

In addition, given the Group's activities, operating flows between companies are generally limited to companies operating in the same country. As such, the level of operating transactions between the Group and equity-accounted companies is not material.

However, certain contractual agreements in the Group's businesses, impose the existence of a holding company (generally equity-accounted) and companies carrying the operating agreement (generally fully consolidated).

5.2.4.2 Investments in associates

Movements in investments in associates in **2023** break down as follows:

(€ million)	December 31, 2022	Net income	Dividend distribution	Changes in consolidation scope	Foreign exchange translation	Other movements	As of December 31, 2023
Investments in associates	787	67	-115	-125	5	-15	603

Changes in consolidation scope mainly reflect the divestiture of Fovarosi Csatornazasil Muvek Reszvenytar in Hungary (-€64 million) and the exit from the consolidation scope of Siciliacque (for a total of -€60 million) following the divestiture of Italian water concessions.

Investments in associates break down as follows:

	Share of equity		Share of net income (loss)	
(€ million)	As of December 31, 2022	As of December 31, 2023	2022	2023
Agbar and its subsidiaries	236	230	12	10
Fovarosi Csatomazasi Muvek	63	-	-	-2
Siciliacque	60	-	-6	-
Wasserversorg , in Mitteldeutschland GmbH	39	46	-	7
Ajman Sewerage Co. Ltd	36	35	10	10
Other non-material associates (1)	353	292	54	42
TOTAL	**787**	**603**	**70**	**67**
Impacts on the Consolidated Income Statement				
Share of net income (loss) of equity-accounted entities in continuing operations			71	63
Impairment losses and badwill recognized in other operating revenue and expenses (2)			-1	4
Share of net income (loss) of other equity-accounted entities			-	-

(1) Associates with a unit value below €30 million as of December 31, 2023
(2) Impairment and negative goodwill recognized in net income in respect of other associates.

5.3 Operating working capital

5.3.1 Operating working capital

Net working capital includes "operating" working capital (inventories, trade receivables, trade payables and other operating receivables and payables, tax receivables and payables other than current tax), "tax" working capital (current tax receivables and payables) and "investment" working capital (receivables and payables related to industrial investments/disposals).

In accordance with IAS 2 "Inventories", inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Commercial receivables and payables are recognized at nominal value, unless discounting at the market rate has a material impact. The Group applies the simplified approach to the impairment of commercial receivables, in accordance with the option available in IFRS 9. The Group uses a provision matrix that takes account of the business, geographic region and customer category in question.

When preparing this matrix, the Group considered late payment and default rates observed in the past, as well as the macroeconomic environment. The matrix is also updated to reflect changes in economic factors.

Trade payables are recognized as liabilities at amortized cost in accordance with IFRS 9 for accounting purposes. Short-term commercial payables without a declared interest rate are recognized at nominal value, unless discounting at the market rate has a material impact.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire or when it transfers the contractual rights to the cash flows from the financial asset in a transaction under which substantially all the risks and rewards inherent to ownership of the financial asset are transferred. Any interest created or retained by the Group in a financial asset is recognized separately as an asset or liability.

Movements in net working capital during 2023 are as follows:

(€ million)	As of December 31, 2022	Changes in business	Impairment losses	Changes in scope of consolidation	Foreign exchange translation	Transfers to Assets/ Liabilities classified as held for sale	Other movements	As of December 31, 2023
Inventories and work-in-progress, net	1,486	129	-18	7	-6	-26	-22	1,550
Operating receivables, net	14,534	47	-51	379	-171	-291	-84	14,363
Operating payables	-19,475	-435	3	-549	195	411	42	-19,808
NET WORKING CAPITAL	-3,456	-259	-66	-163	18	95	-64	-3,895

Movements in each of these working capital categories in **2023** are as follows:

(€ million)	As of December 31, 2022	Changes in business	Impairment losses	Changes in consolidation scope	Foreign exchange translation	Transfers to Assets/ Liabilities classified as held for sale	Other movements	As of December 31, 2023
Inventories and work-in-progress, net	1,486	129	-18	7	-6	-26	-22	1,550
Operating receivables (including tax receivables other than current tax) (1)	13,826	251	-47	364	-167	-289	-81	13,857
Operating liabilities (including operating liabilities other than current tax) (1)	-17,787	-510	-	-525	160	407	67	-18,189
OPERATING WORKING CAPITAL (2)	-2,475	-130	-65	-154	-13	92	-36	-2,781
Tax receivables (current tax)	320	69	-	14	-3	-2	12	410
Tax payables (current tax)	-575	-9	-	-23	11	3	-8	-601
TAX WORKING CAPITAL	-255	60	-	-9	8	1	4	-191
Receivables on non-current assets disposals	387	-273	-4	1	-1	-	-14	96
Industrial investment payables	-1,113	84	3	-1	24	2	-18	-1,019
INVESTMENT WORKING CAPITAL	-726	-189	-1	-	23	2	-32	-923
NET WORKING CAPITAL	-3,456	-259	-66	-163	18	95	-64	-3,895

(1) Including contract assets and liabilities presented in Note 5.6.

(2) The change in working capital presented in the Consolidated Cash Flow Statement is equal to the sum of operating working capital changes in business activity and net impairment losses on operating working capital presented above.

Movements in inventories during **2023** are as follows:

Inventories (€ million)	As of December 31, 2022	Changes in business	Impairment losses	Reversal of impairment losses	Changes in consolidation scope	Foreign exchange translation	Transfers to Assets classified as held for sale	Other movements	As of December 31, 2023
Raw materials and supplies	1,276	73	-	-	8	-3	-26	-16	1,312
Work-in-progress	142	12	-	-	-	-1	-	-1	153
Other inventories (1)	135	43	-	-	2	8	-	-	189
INVENTORIES AND WORK-IN-PROGRESS, GROSS	1,553	129	-	-	10	4	-26	-16	1,655
IMPAIRMENT LOSSES ON INVENTORIES AND WORK-IN-PROGRESS	-67	-	-39	21	-3	-10	-	-6	-105
INVENTORIES AND WORK-IN-PROGRESS, NET	1,486	129	-39	21	7	-6	-26	-22	1,550

(1) Including CO_2 inventories.

Inventories mainly concern the Europe excluding France operating segment in the amount of €672 million, the Water technologies operating segment in the amount of €383 million and the Rest of the world operating segment in the amount of €290 million.

Movements in operating receivables during **2023** are as follows:

Operating receivables (€ million)	As of December 31, 2022	Changes in business	Impairment losses*	Reversal of impairment losses	Changes in consolidation scope	Foreign exchange translation	Transfers to Assets classified as held for sale	Other movements	As of December 31, 2023
Trade receivables	11,414	111	-	-	422	-99	-243	-5	11,600
Impairment losses on trade receivables	-1,086	-	-415	351	-83	-	6	-18	-1,245
TRADE RECEIVABLE, NET	10,328	111	-415	351	339	-99	-237	-23	10,355
Contracts assets	835	-7	-	-	-3	-22	-	-4	799
Impairment losses on contracts assets	-2	-	-1	-	-	-	-	-	-2
NET CONTRACTS ASSETS [(1)]	832	-7	-1	-	-3	-22	-	-4	796
Other current operating receivables	1,176	-149	-	-	62	-19	-16	-	1,055
Impairment losses on other current operating receivables	-57	-	-11	25	-55	-	2	6	-90
OTHER OPERATING RECEIVABLES, NET	1,119	-149	-11	25	7	-19	-13	6	965
Other receivables	694	8	-	-	2	-14	-2	-62	625
Tax receivables	1,560	84	-	-	35	-17	-38	-2	1,623
OPERATING RECEIVABLES, NET	14,534	47	-427	376	379	-171	-291	-84	14,363

(*) Impairment losses are recorded in operating income and included in the line "Changes in working capital" in the Consolidated Cash Flow Statement.
(1) Contract assets and liabilities are described in Note 5.6.

Changes in consolidation scope mainly concern the entry into the consolidation scope of Lydec.

Assets classified as held for sale include SADE operating receivables only.

Movements in operating payables during **2023** are as follows :

Operating payables (€ million)	As of December 31, 2022	Changes in business	Changes in consolidation scope	Foreign exchange translation	Transfers to Liabilities classified as held for sale	Other movements	As of December 31, 2023
Trade payables	8,081	-45	235	-33	-203	-75	7,960
Other current operating liabilities	7,024	141	70	-78	-102	36	7,091
Contracts liabilities (1)	1,545	227	151	-40	-1	-1	1,881
Other liabilities	785	55	2	-18	-32	-1	792
Tax and employee-related liabilities	2,041	53	92	-27	-75	-1	2,084
OPERATING PAYABLES	19,475	432	549	-195	-411	-42	19,808

(1) Contract assets and liabilities are described in Note 5.6.

Changes in consolidation scope mainly concern the entry into the consolidation scope of Lydec.

Liabilities classified as held for sale include SADE liabilities.

5.3.2 Working capital management transactions

Veolia had several programs for the assignment of receivables through factoring, discounting and assignment by way of security still in progress in 2023.

Factoring

Under these programs, certain subsidiaries have agreed to assign, on a renewable basis, trade receivables by contractual subrogation or assignment of receivables (such as Dailly programs in France) without recourse against the risk of default by the debtor. The analysis of the risks and rewards as defined by IFRS 9 led the Group to derecognize almost all the receivables assigned under these factoring programs. In addition, the transferor subsidiaries remain, in certain cases, responsible for invoicing and debt recovery, for which they receive remuneration but do not retain control.

Accordingly, receivables totaling €5,716 million were assigned under these programs in 2023, compared with €5,760 million in 2022. Receivables derecognized as of December 31, 2023 total €1,094 million, compared with €1,142 million as of December 31, 2022.

Reverse factoring

Some group entities implemented reverse factoring programs, allowing Group suppliers, by assigning their trade receivables, to benefit from advance payments. After analysis, as their characteristics had not been substantially modified, these liabilities have been maintained as payables.

The receivables assigned by suppliers under these reverse factoring programs and presented as payables, total €260 million as of December 2023.

Discounting and assignment by way of security

Under Public-Private partnerships, Veolia subsidiaries can assign the fraction of future payments guaranteed by public authorities/private customers (recognized in financial receivables pursuant to IFRIC 12 or IFRS 16) to the bodies funding the project, through discounting or assignment by way of security programs (such as Dailly programs in France). For the majority of partnerships concerned by these financial receivable assignments, the assignment agreements negotiated and the contractual clauses agreed between the stakeholders are sufficient to satisfy the derecognition criteria set out in IFRS 9. The residual risk retained by the companies (considered immaterial) is generally tied solely to late customer payment due to late/deferred invoicing of services by Group subsidiaries. Group subsidiaries are mandated by the financial institutions to manage the invoicing and recovery of the receivables covered by these programs. Veolia analyzed the management and recovery procedures falling to Group subsidiaries and concluded that these services did not constitute continuing involvement.

5.4 Non-current and current operating financial assets

Operating financial assets comprise financial assets resulting from the application of IFRIC 12 on accounting for concession arrangements and from the application of IFRS 16 on accounting for leases.

Concession arrangements

Pursuant to IFRIC 12, when the operator has an unconditional right to receive cash or another financial asset from the grantor in remuneration for concession services, the financial asset model applies. In this context, the infrastructures managed under these contracts cannot be recorded in assets of the operator as property, plant and equipment, but are recorded as financial assets.

Investment grants received in respect of concession arrangements are generally definitively earned and, therefore, are not repayable. In accordance with the option offered by IAS 20, these grants are presented as a deduction from intangible assets or financial assets depending on the applicable model following an analysis of each concession arrangement (IFRIC 12). Under the financial asset model, investment grants are equated to a means of repaying the operating financial asset.

During the construction phase, a financial receivable is recognized in the Consolidated Statement of Financial Position and revenue is recognized in the Consolidated Income Statement, in accordance with the percentage of completion method laid down in IFRS 15 on construction contracts.

Financial receivables are initially measured at the lower of fair value and the sum of discounted future cash flows and subsequently recognized at amortized cost using the effective interest method, as, in accordance with IFRS 9, they represent the right to receive contractual cash flows and have the characteristics of a loan.

After a review of the contract and its financing, the implied interest rate on the financial receivable is notably based on either the Group financing rate and/or the borrowing rate associated with the contract.

Leases

IFRS 16 requires the identification of contractual terms and conditions of agreements which, without taking the legal form of a lease, convey a right to use a group of assets in return for payments included in the overall contract (right of use analyzed as a transfer of control of a group of assets during the contract term). A lease component is thereby identified in these agreements, which is then analyzed and recognized in accordance with the criteria laid out in this standard.

The contract operator (Veolia) therefore becomes the lessor with respect to its customers. On contract signature, Veolia now determines whether the terms of the contract constitute a finance lease or an operating lease.

To this end, Veolia performs a comprehensive analysis to determine whether the lease transfers substantially all the risks and rewards inherent to ownership of the underlying asset to the customer (the lessee).

The following indicators in particular are considered when performing this analysis: (i) the lease transfers ownership of the asset to the customer by the end of the lease term, (ii) the lease term is for the major part of the economic life of the underlying asset, (iii) the present value of the lease payments amounts to at least substantially all of the fair value of the asset, or (iv) the asset is of such a specialized nature that only the customer can use it without major modifications.

If this analysis leads to the conclusion that the lease is a finance lease, Veolia does not recognize a tangible asset but an operating financial asset to reflect the corresponding financing.

Breakdown of operating financial assets by operating segment:

	As of December 31,					
	Non-current		Current		Total	
(€ million)	2022	2023	2022	2023	2022	2023
France & special waste Europe	87	134	15	23	102	157
Europe excluding France	715	665	114	129	829	794
Rest of the World	391	387	53	54	444	441
Water technologies	1	1	1	-	1	1
Other	-	-	-	-	-	-
OPERATING FINANCIAL ASSETS	**1,194**	**1,187**	**183**	**206**	**1,377**	**1,393**
OF WHICH IFRIC 12 OPERATING FINANCIAL ASSETS	**739**	**727**	**154**	**171**	**893**	**898**
OF WHICH IFRS 16 OPERATING FINANCIAL ASSETS	**455**	**460**	**29**	**35**	**484**	**495**

Movements in the net carrying amount of non-current and current operating financial assets during **2023** are as follows:

(€ million)	December 31, 2022	New operating financial assets*	Repayments / Disposals	Impairment losses**	Changes in consolidation scope	Foreign exchange translation	Non-current/ current reclassification	Other movements	December 31, 2023
Non-current and current IFRIC 12 operating financial assets	893	153	-149	-	13	-	-	-12	898
Non-current and current IFRS 16 operating financial assets	484	98	-85	2	-	-12	-	7	495
NON-CURRENT AND CURRENT OPERATING FINANCIAL ASSETS	**1,377**	**251**	**-234**	**2**	**13**	**-12**	**-**	**-5**	**1,393**

(*) New operating financial assets presented in the Consolidated Cash Flow Statement correspond to new operating financial assets in the above table (€254 million) net of the related acquisition debt (€3 million) as of December 31, 2023.
(**) Impairment losses are recorded in operating income.

The **principal new operating financial** assets in 2023 mainly concern the increase in financial receivables for pre-existing contracts, in particular in the following operating segments:

- France and special waste Europe, in the amount of €102 million;
- Europe excluding France, in the amount of €92 million;
- Rest of the world, in the amount of €57 million.

The **principal repayments** and disposals of operating financial assets in 2023 concern the following operating segments:

- France and special waste Europe, in the amount of -€47 million;
- Europe excluding France, in the amount of -€127 million;
- Rest of the world, in the amount of -€59 million.

(€ million)	As of December 31, 2022	New operating financial assets	Repayments / Disposals	Impairment losses	Changes in consolidation scope	Foreign exchange translation	Non-current/ current reclassification	Other movements	As of December 31, 2023
Gross value	755	144	-44	-	13	1	-118	-7	743
Impairment losses	-16	-	-	-	-	-	-	-1	-17
NON-CURRENT IFRIC 12 OPERATING FINANCIAL ASSETS	**739**	**144**	**-44**	**-**	**13**	**1**	**-118**	**-8**	**727**
Gross value	154	9	-104	-	-	-2	118	-4	171
Impairment losses	-	-	-	-	-	-	-	-	-
CURRENT IFRIC 12 OPERATING FINANCIAL ASSETS	**154**	**9**	**-104**	**-**	**-**	**-2**	**118**	**-4**	**171**
NON-CURRENT AND CURRENT IFRIC 12 OPERATING FINANCIAL ASSETS	**893**	**153**	**-149**	**-**	**13**	**-**	**-**	**-12**	**898**

(€ million)	As of December 31, 2022	New operating financial assets	Repayments / Disposals	Impairment losses	Changes in consolidation scope	Foreign exchange translation	Non-current/ current reclassification	Other movements	As of December 31, 2023
Gross value	455	98	-3	-	-	-11	-86	7	460
Impairment losses	-	-	-	-	-	-	-	-	-
NON-CURRENT IFRS 16 OPERATING FINANCIAL ASSETS	455	98	-3	-	-	-11	-86	7	460
Gross value	32	-	-82	-	-	-1	86	-	36
Impairment losses	-3	-	-	2	-	-	-	-	-
CURRENT IFRS 16 OPERATING FINANCIAL ASSETS	29	-	-82	2	-	-1	86	-	35
NON-CURRENT AND CURRENT IFRS 16 OPERATING FINANCIAL ASSETS	484	98	-85	2	-	-12	-	7	495

IFRIC 12 operating financial assets maturity schedule:

(€ million)	1 year	2 years	3 years	4 years	5 years	More than 5 years	Total
France & special waste Europe	22	120	3	-	2	5	**151**
Europe excluding France	108	30	33	47	37	324	**580**
Rest of the World	42	35	13	12	19	45	**167**
Water technologies	-	-	-	-	-	-	**-**
Other	-	-	-	-	-	-	**-**
TOTAL	171	186	49	60	58	374	898

IFRS 16 operating financial assets maturity schedule:

(€ million)	1 year	2 years	3 years	4 years	5 years	More than 5 years	Total
France & special waste Europe	1	3	1	1	-	-	**6**
Europe excluding France	21	9	7	5	34	138	**214**
Rest of the World	13	11	10	11	10	220	**275**
Water technologies	-	-	-	-	-	-	**-**
Other	-	-	-	-	-	-	**-**
TOTAL	35	23	18	17	44	358	495

Operating financial assets held by the Group in countries considered high-risk are not material in amount.

5.5 Non-current and current concession liabilities

Concession liabilities result from the application of IFRIC 12 on the accounting treatment of concessions (see Note 5).

Non-current and current concession liabilities in **2023** break down by operating segment as follows:

	Non-current		Current		Total	
(€ million)	As of December 31, 2022	As of December 31, 2023	As of December 31, 2022	As of December 31, 2023	As of December 31, 2022	As of December 31, 2023
France & special waste Europe	163	149	28	25	191	174
Europe excluding France	1,396	1,379	206	310	1,602	1,689
Rest of the World	122	137	9	12	131	148
Water technologies	-	-	-	-	-	-
Other	-	-	-	-	-	-
CONCESSION LIABILITIES	1,681	1,665	243	347	1,924	2,011

5.6 Contracts assets and liabilities

Non-current and current contract assets represent services rendered by the Group but not yet billed, where the right to remuneration is conditional. These assets are mainly receivables recognized on a percentage completion basis in respect of Water technologies activities.

Non-current and current contract liabilities mainly reflect amounts already settled by customers for which the Group has not yet performed the service (deferred income, down payments received from customers). These liabilities are recognized in revenue when the Group performs the service.

Contract assets and liabilities break down as follows:

	Contract assets		Contract liabilities	
(€ million)	As of December 31, 2022	**As of December 31, 2023**	As of December 31, 2022	**As of December 31, 2023**
France & special waste Europe	87	59	198	180
Europe excluding France	88	128	564	707
Rest of the World	198	142	340	433
Water technologies	457	467	441	561
Other	2	-	2	-
TOTAL	**832**	**796**	**1,545**	**1,881**

Contract assets and liabilities are mainly included in operating receivables, non-current operating financial assets and operating payables in the Consolidated Statement of Financial Position.

5.7 Management of supply risks

As part of supply management and cost optimization measures or to hedge future production, certain Group subsidiaries may be required, depending on their activities, to contract forward purchases or sales of commodities and set-up derivatives to fix the cost of commodities supply or the selling price of commodities produced (electricity).

Commodity risks are described in Note 8.3.1.3.

5.8 Commitments relating to operating activities

5.8.1 Commitments given relating to operating activities

Commitments given relating to operating activities comprise operating guarantees and purchase commitments.

Operational or operating guarantees encompass all commitments not relating to the financing of operations, required in respect of contracts or markets and generally given in respect of the operations and activities of Group companies. Such guarantees include bid bonds accompanying tender offers, advance payment bonds and completion or performance bonds given on the signature of contracts or concession arrangements.

The main categories of commitments include:

- Commitments related to site rehabilitation.

  Pursuant to environmental texts and legislation concerning the operation of landfill sites, the Group is obliged to provide financial guarantees to local authorities/government agencies. These guarantees notably encompass the rehabilitation and supervision of the site during 30 years or more, depending on national legislation (currently 60 years in the United Kingdom), following its operation.

  In this context, performance bonds and letters of credit are issued to local authorities and other public bodies.

  Depending on the contract, these guarantees cover the costs necessary for the supervision and rehabilitation of all or part of the site.

  These guarantees are quantified in accordance with legal or contractually-defined procedures. These guarantees, which are given in their total amount from the start of operations, expire at the end of the commitment (termination of rehabilitation work and site supervision).

  Therefore, the amount of our commitment for the rehabilitation and supervision of landfill sites is in general different from the amount of the provision recorded in the Group accounts (see Note 10). Provisions calculated by the Group are based on different valuations (based on internal policies regarding site security and designed for optimal environmental protection), which take into account the progressive nature of the obligation: operation of the landfill sites results in progressive damage to the site and, as such, a related liability is recognized as the facility is operated (see Note 10).

  If the amount of the commitment is less than the provision at the balance sheet date, an off-balance sheet commitment is not disclosed. Conversely, if the amount of the commitment is greater than the provision, an off-balance sheet commitment is disclosed in the amount not provided.

- Commitments related to engineering and construction activities.

  In the context of its business activities the Group gives (and receives) commitments which can take several forms (deposits on construction work and performance guarantees, etc.). Issued in favor of customers or banking institutions, they are subject to individual follow-up by site and their maturity depends on their contractual characteristics.

- Commitments relating to concession arrangements.

  Pursuant to public service contracts with a public entity, the Group may be called on/obliged to invest in infrastructures that will then be operated and remunerated in accordance with contractual terms and conditions.

  The contractual commitment may concern both the financing of installations and infrastructures to be used in operations and also the maintenance and replacement of infrastructures necessary to operations.

  Expenditure relating to the replacement or rehabilitation of installations is monitored and recognized through any timing differences between the total contractual commitment over the contract term and its realization, in accordance with IAS 37 on Provisions.

  Expenditure relating to the construction, maintenance and restoration of concession assets is reviewed with respect to IFRIC 12 and detailed in Note 5.4.

- Firm commodity purchase and sale commitments.

  As part of supply management and cost optimization, certain Group subsidiaries may be required, depending on their activities, to set-up derivatives to fix the cost of commodity supplies where the contracts do not offer appropriate protection or contract forward purchases or sales of commodities.

  Commodity risks are described in Note 8.3.1.3.

Firm commodity purchase commitments, excluding derivatives, mainly concern:

- gas in Energy activities (mainly in Central Europe) and Water activities. Most commitments mature in less than 5 years;
- electricity in Energy activities (purchase commitments mature in less than 3 years due to poor liquidity in the electricity market for longer maturities);
- biomass and coal in Energy activities.

In parallel, firm electricity sales contracts, excluding derivatives, are entered into to secure selling prices over a period of less than 3 years. These commitments concern production activities exposed to the electricity wholesale market and primarily Waste activities in the UK (electricity produced by waste incineration) and Energy activities in Central Europe.

Off-balance sheet commitments given break down as follows:

			Maturing in		
(€ million)	As of December 31, 2022	As of December 31, 2023	Less than 1 year	1 to 5 years	More than 5 years
Operational guarantees including performance bonds	12,016	11,329	4,320	3,625	3,384
Purchase commitments	700	344	181	135	28
TOTAL COMMITMENTS RELATING TO OPERATING ACTIVITIES	**12,716**	**11,673**	**4,501**	**3,760**	**3,412**

Commitments given break down by operating segment as follows:

(€ million)	As of December 31, 2022	As of December 31, 2023
France & special waste Europe	931	820
Europe excluding France	3,334	2,974
Rest of the World	3,028	2,634
Water technologies	1,988	2,046
Other	3,435	3,199
TOTAL COMMITMENTS RELATING TO OPERATING ACTIVITIES	**12,716**	**11,673**

The decrease in commitments given between December 31, 2022 and December 31, 2023 (-€1,043 million) is mainly due to the lifting of performance guarantees given of €258 million by VE CGE to Delfuent BV on behalf of OTV and of €174 million by VWT as part of the Umm Al Quwain desalination project. Furthermore, a new guarantee has been issued by VE SA to EDF Energy UK on behalf of Veolia UK LTD in the context of the electricity sales contract of €345 million

Total commitments given in respect of Veolia Water Technologies' activities amount to €1,302 million as of December 31, 2023, compared with €1,378 million as of December 31, 2022.

In addition to the commitments given quantified above, Veolia has also granted commitments of an unlimited amount in respect of completion or performance bonds and a waste construction and processing contract in Hong Kong, in the Waste and Water businesses. This commitment, of an unlimited amount, is tied to the contract duration (37 months of construction and 15 years of operation) and has a residual duration of 5 years as of December 31, 2023.

These commitments are limited to the duration of the related contracts and were approved in advance by the Board of Directors of Veolia Environnement.

Commitments given in respect of joint ventures total €274 million (at 100%) as of December 31, 2023 compared with €272 million as of December 31, 2022. They mainly consist of performance bonds given to Kilpilahti Power Plant Ltd for the renovation of the combined heat and power plant in Porvoo, Finland in the amount of €100 million and to Glen Water Holding in the amount of €77 million for a water treatment facility.

5.8.2 Commitments received relating to operating activities

These commitments mainly consist of commitments received from our partners in respect of construction contracts.

They total €860 million as of December 31, 2023, compared with €962 million as of December 31, 2022.

The decrease in commitments received is mainly due to the expiry of electricity payment guarantees received by Bert in Hungary for €78 million.

Total commitments received in respect of Veolia Water Technologies activities amount to €122 million as of December 31, 2023, compared with €72 million as of December 31, 2022.

Note 6 PERSONNEL COSTS AND EMPLOYEE BENEFITS

6.1 Personnel costs and employee numbers

Personnel costs break down as follows:

(€ million)	2022	2023
Employee costs	-10,474	-10,712
Profit-sharing and incentive schemes	-214	-209
Share-based compensation, including social security contributions (1)	-59	-60
PERSONNEL COSTS	**-10,747**	**-10,981**

(1) As disclosed in Note 6.2.2, share-based compensation mainly concerns Share Grant Plans and the Employee Savings Plan.

Average consolidated employees break down as follows:

By operating segment	2022	2023
France & special waste Europe	50,927	50,354
Europe excluding France	77,011	74,887
Rest of the World	70,976	75,347
Water technologies	17,245	17,239
Other	1,707	1,681
CONSOLIDATED EMPLOYEES (1)	217,866	219,508

(1) Consolidated employees excluding employees of equity-accounted subsidiaries.

By company	2022	2023
Fully-consolidated companies	217,793	219,437
Joint operations	73	71
CONSOLIDATED EMPLOYEES (1)	217,866	219,508

(1) Consolidated employees excluding employees of equity-accounted subsidiaries.

6.2 Share-based compensation

6.2.1 Accounting policies

Pursuant to IFRS 2, Share-based Payment, an expense is recorded in respect of share purchase or subscription plans and other share-based compensation granted by the Group to its employees. When the plans are equity-settled, the fair value of instruments is determined at the grant date and the fair value of the plan is expensed in the Consolidated Income Statement and recognized directly in equity over the period in which the benefit vests and the service is rendered.

For share grant plans, the fair value of instruments is calculated based on the share price at the grant date and the expected dividend yield.

For Group Savings Plans (GSP), the compensation expense corresponds to the discount and the Company's contribution to subscribers.

6.2.2 Share-based compensation expense

The share-based compensation expense breaks down as follows:

(€ million)	As of December 31, 2022	As of December 31, 2023
Employee savings plan	40	27
2019 Performance share grant plan	2	-
2020 Performance share grant plan	6	2
2021 Performance share grant plan	7	14
2022 Performance share grant plan	3	10
2023 Performance share grant plan	-	5
2022 Free share grant plan	1	2
TOTAL INCLUDING SOCIAL SECURITY COSTS	59	60

6.2.2.1 2023 Employee Savings Plans

Veolia Environnement regularly sets up, through Group Savings Plans (GSP), in France and internationally, standard and leveraged savings plans which enable a large number of employees of Veolia Environnement and its subsidiaries to subscribe for Veolia Environnement shares. Shares subscribed by employees under these plans are subject to certain restrictions regarding their sale or transfer.

In 2023, Veolia proposed a new Group employee share ownership transaction, rolled-out across 49 countries.

Under this transaction, shares were subscribed with a 15% discount on the average closing price of the share during the 20 trading days preceding the date the subscription price was set by the Chief Executive Officer. The subscription price was set at €22.13.

Under the so-called secure format, employees benefit from:

- a gross contribution from the Group equal to 100% of the employee's investment up to a maximum of €300;
- a leveraged system supplementing their personal investment in the event of an increase in the share price.

This personal investment and the net contribution from the Group are guaranteed in the event of a fall in the share price and receive a guaranteed minimum return. In certain countries, in order to adapt to local legislation, a Share Appreciation Rights plan is offered.

A financial institution is appointed by Veolia to hedge the transaction.

In the United Kingdom, a Share Incentive Plan (SIP) was offered as an alternative to the standard plan, enabling employees to subscribe at the lower of the share price on November 1, 2023 and the share price on March 31, 2024, while benefiting from a contribution from the Group capped at GBP 250. This plan is still ongoing as of December 31, 2023.

On December 13, 2023, Veolia Environnement issued 10,027,792 new shares under the Group Savings Plan, representing a share capital increase of €222 million.

In 2023, an expense of €27 million is recorded in operating income.

6.2.2.2 2023 Performance Share Grant Plans

In 2023, the Group granted 1,006,109 performance shares (PS) to executives and employees of the Group, subject to the beneficiary's presence in the Group on May 3, 2026 and performance conditions based on the following criteria:

- financial criteria (average increase in Current net income attributable to owners of the Company and relative performance of the total shareholder return (TSR) of the Veolia Environnement share compared with the Stoxx 600 Utilities (Price) SX6P index);
- quantitative non-financial criteria relating to the Company's Purpose.

Taking account of these characteristics and market conditions at the plan implementation date, the fair value of the instruments was estimated at €21.52.

The performance and presence conditions are taken into account in estimating the compensation expense.

An expense of €5 million is recorded in operating income in 2023.

6.2.2.3 Plans implemented before 2023

Veolia implemented the following plans in previous years:

- 2022 Employee Savings Plan: in 2022, Veolia proposed a Group employee share ownership transaction, rolled-out across 45 countries. This plan had expired as of December 31, 2022, with the exception of the SIP in the United Kingdom for which an additional expense of €0.2 million was recognized in operating income in 2023;
- 2020, 2021 and 2022 performance share grant plans: the Group set-up performance share grant plans (PSP) in 2020, 2021 and 2022 subject to the beneficiary's presence in the Group at the vesting date on May 5, 2023, May 4, 2024 and August 2, 2025, respectively, and performance conditions. An expense of €26 million is recorded in operating income in 2023 in respect of these three plans;
- 2022 Free Share Grant Plan: the Group granted 145,200 free shares subject to the beneficiary's presence in the Group on June 15, 2025. An expense of €2 million is recorded in operating income in 2023 in respect of this plan.

6.3 Pension plans and other post-employment benefits

The following disclosures relate to the pension plans offered by fully consolidated entities.

6.3.1 Accounting policies

Veolia Environnement and its subsidiaries have several pension plans:

Defined contribution plans: plans under which the Group (or a Group entity) pays an agreed contribution to a separate entity, relieving it of any liability for future payments.

These obligations are expensed in the Consolidated Income Statement when due.

Defined benefit plans: all plans which do not meet the definition of a defined contribution plan. The net obligations of each Group entity are calculated for each plan based on an estimate of the amount employees will receive in exchange for services rendered during the current and past periods. The amount of the obligation is discounted to present value and the fair value of plan assets is deducted.

Where the calculation shows a plan surplus, the asset recognized is capped at the total of the discounted present value of profits, in the form of future repayments or reductions in plan contributions. The plan surplus is recognized in non-current financial assets.

Certain obligations of the Group or Group entities may enjoy a right to reimbursement, corresponding to a commitment by a third party to repay in full or in part the expenses relating to these obligations. This right to reimbursement is recognized in non-current financial assets.

The financing of defined benefit pension plans may lead the Group to make voluntary contributions to pension funds. Where applicable, these voluntary contributions are presented in Net cash from operating activities in the Consolidated Cash Flow Statement, in the same way as other employer contributions.

Employee obligations of the Group are calculated using the projected unit credit method. This method is based on the probability of personnel remaining with companies in the Group until retirement, the foreseeable changes in future compensation, and the appropriate discount rate. Specific discount rates are adopted for each monetary area. They are determined based on the yield offered by bonds issued by leading companies (rated AA) or treasury bonds where the market is not liquid, with maturities equivalent to the average term of the plans valued in the relevant region. This results in the recognition of pension-related assets or provisions in the Consolidated Statement of Financial Position and the recognition of the related net expenses.

Pursuant to IAS 19, Employee Benefits, actuarial gains and losses are recognized in other comprehensive income.

6.3.2 Description of plans

In accordance with the regulatory environment and collective agreements, the Group has established defined benefit and defined contribution pension plans (company or multi-employer) in favour of employees and other post-employment benefits.

Defined contribution plans

Supplemental pension defined contribution plans have been set up in certain subsidiaries. Expenses incurred by the Group under these plans totaled €183 million in **2023** and €186 million in 2022.

Defined benefit plans

The tables in Note 6.3.3 present the obligations in respect of defined benefit pension plans and other post-employment benefits.

The measurement of these obligations is reflected by the DBO (Defined Benefit Obligation). These future outflow commitments may be partially or fully funded ("plan assets").

The most significant obligations are located in the United Kingdom, the United States and France.

United Kingdom

The defined benefit obligation in the United Kingdom is €773 million as of December 31, 2023 (compared with €746 million as of December 31, 2022) and is funded by plan assets of €814 million at this date (compared with €804 million as of December 31, 2021). The increase in the defined benefit obligation is presented in the table below in Note 6.3.3.

The average duration of these plans is approximately 12 years.

In the United Kingdom, defined benefit pension plans are mainly final salary plans. Most of these plans are closed to new employees and the majority are also closed to the accrual of new rights. These plans are financed by employer contributions, or even employee contributions, paid to an independent pension fund (managed by a Trustee). Local regulations ensure the independence of the pension funds, which have nine members (including five employer representatives, three representatives of active and retired employees and one independent member).

Plan rules authorize the employer to recover excess funds paid at the end of the plans.

These plans allow retirees to take part of the benefit as a lump-sum and the balance as a pension. In the case of a pension, the related risk is tied to the longevity of beneficiaries.

France

In France, the defined benefit obligation for all plans totaled €388 million as of December 31, 2023 (€395 million as of December 31, 2022) and is funded by plan assets of €78 million at this date (€77 million as of December 31, 2022). The decrease in the defined benefit obligation is presented in the table below in Note 6.3.3.

Nearly 87% of the obligation relates to retirement indemnities (legally required payments) paid in a lump sum. These indemnities represent a number of months' salary based on seniority and are legally required by the applicable collective-bargaining agreement to be paid on an employee's retirement. A portion of these obligations is covered by insurance contracts, but this funding is at the discretion of the employer. The average duration of these plans is approximately 10 years.

The risk associated with this type of plan is linked to the renegotiation of collective bargaining agreements which could generate adjustments to the indemnities granted.

United States

The defined benefit obligation in the United States is €541 million as of December 31, 2023 (compared with €550 million as of December 31, 2022) and is funded by plan assets of €483 million at this date (compared with €463 million as of December 31, 2022). The decrease in the defined benefit obligation is presented in the table below in Note 6.3.3.

The average duration of these plans is approximately 10 years.

In the United States, defined benefit plans are mainly average salary pension plans. The main defined benefit plans are the Suez Water Resources Retirement Plan, the Suez Water Environmental Services Pension Plan and the Ionics Incorporated Retirement Plan. The Suez Water Resources plan is closed to new entrants and the Suez Water Environmental Services plan and the Ionics Incorporated Retirement Plan are closed to the accrual of new rights. Suez Water Inc. undertakes to cover a portion of employee healthcare costs; this plan is closed to new entrants. Financing is assured by the payment of employer contributions to these funds.

Multi-employer plans

Under collective agreements, some Group companies participate in multi-employer defined benefit pension plans. However, these plans are unable to provide a consistent and reliable basis for the allocation of the obligation, assets and costs between the different participating entities. They are therefore recorded as defined contribution plans in accordance with IAS 19. The multi-employer plans concern approximately 4,000 employees in 2023 and are mainly located in Germany, where such plans are generally funded by redistribution and in the United States.

The corresponding expense recorded in the Consolidated Income Statement is equal to annual contributions and totals €9 million in 2023 compared with €10 million in 2022. The Group plans to pay contributions of €9 million in 2024 under its multi-employer plans.

6.3.3 Obligations in respect of defined benefit pension plans and other post-employment benefits

6.3.3.1 Actuarial assumptions

Actuarial assumptions used for calculation purposes vary depending on the country in which the plan is implemented.

The benefit obligation in respect of pension plans and post-employment benefits is based on the following average assumptions:

	As of December 31, 2022	As of December 31, 2023
Discount rate	**4.51%**	**4.33%**
o/w United Kingdom	*5.00%*	*4.80%*
o/w United States	*5.00%*	*4.90%*
o/w Euro zone	*3.75%*	*3.40%*
Inflation rate	**2.49%**	**2.48%**
o/w United Kingdom (RPI / CPI)	*3,1%/2,45%*	*3,05%/2,45%*
o/w United States	*2.50%*	*2.50%*
o/w Euro zone	*2.00%*	*2.00%*

6.3.3.2 Change in the defined benefit obligation (DBO)

As of December 31

	United Kingdom		France		United States		Other countries		TOTAL	
Change in the DBO (€ million)	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Defined benefit obligation at beginning of year	**1,286**	**746**	**468**	**395**	**31**	**550**	**315**	**377**	**2,100**	**2,067**
Current service cost	3	1	27	19	10	7	26	29	67	56
Plan amendments or new plans (contract wins)	-	-	4	-21	-	-	-1	-	3	-21
Curtailments and settlements	-24	-	-13	-12	-	-	-108	-3	-145	-15
Interest cost	25	38	4	12	21	26	8	13	58	89
Actuarial (gains) losses	-502	12	-95	20	-141	9	-79	2	-817	43
o/w actuarial (gains) losses arising from experience adjustments	*26*	*5*	*1*	*9*	*2*	*1*	*16*	*-*	*45*	*15*
o/w actuarial (gains) losses arising from changes in demographic assumptions	*-1*	*-12*	*1*	*-*	*-*	*-*	*-2*	*-*	*-2*	*-12*
o/w actuarial (gains) losses arising from changes in financial assumptions	*-528*	*19*	*-96*	*11*	*-142*	*8*	*-93*	*2*	*-860*	*40*
Plan participants' contributions	-	-	-	-	-	-	1	1	1	1
Benefits paid	-46	-39	-24	-23	-33	-32	-28	-33	-130	-126
Benefits obligation assumed on acquisition of subsidiaries	150	-	31	-	619	-	237	15	1,038	16
Benefits obligation transferred on divestiture of subsidiaries	-94	-	-8	-1	-	-	-2	-	-103	-1
Foreign exchange translation	-52	16	-	-	42	-19	8	-5	-2	-9
Other	-1	-	-	-1	-	-	-	4	-1	3
(a) Defined Benefit Obligation at end of year	**746**	**773**	**395**	**388**	**550**	**541**	**377**	**400**	**2,067**	**2,103**

6.3.3.3 Sensitivity of the defined benefit obligation and the current service cost

The Group defined benefit obligation is especially sensitive to discount and inflation rates.

A 1% increase in the discount rate would decrease the defined benefit obligation by approximately €205 million and the current service cost of the next year by €4 million. A 1% decrease in the discount rate would increase the defined benefit obligation by €232 million and the current service cost of the next year by €4 million.

Conversely, a 1% increase in the inflation rate would increase the defined benefit obligation by approximately €139 million and the current service cost by €4 million. A 1% decrease in the inflation rate would decrease the defined benefit obligation by €126 million and the current service cost by €4 million.

6.3.4 Change in the funding status of post-employment benefit obligations and the provision

	United Kingdom		France		United States		Other countries		Total	
(€ million)	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
(a) Defined Benefit Obligation at end of year	746	773	395	388	550	541	377	400	2,067	2,103
(b) Fair value of plan assets at end of year	804	814	77	78	464	483	125	130	1,470	1,506
Funding status = (b) – (a)	**59**	**41**	**-318**	**-310**	**-86**	**-58**	**-252**	**-271**	**-597**	**-597**
Provisions	-7	-9	-319	-311	-107	-96	-254	-274	-688	-690
Prepaid benefits (regimes with a funding surplus)	65	50	1	2	21	39	3	3	90	93

Provisions for post-employment benefits total €690 million in **2023**, of which €670 million was recorded in non-current provisions and €20 million in current provisions, corresponding to activities in the course of divestiture reclassified in Liabilities classified as held for sale. Provisions totaled €688 million in 2022.

6.3.5 Change in plan assets

The following table presents plan assets funding obligations in respect of defined benefit pension plans and other post-employment benefits.

	As of December 31									
Change in plan assets (€ million)	United Kingdom		France		United States		Other countries		TOTAL	
	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Fair value of plan assets at beginning of year	1,369	804	77	77	13	464	83	125	1,542	1,470
Actual return on plan assets	-489	20	2	5	-110	56	-16	4	-613	85
o/w interest income	*26*	*40*	*1*	*3*	*17*	*22*	*3*	*4*	*47*	*69*
o/w return on plan assets excluding amounts included in interest income	*-515*	*-21*	*1*	*2*	*-127*	*34*	*-19*	*-*	*-660*	*16*
Employer contributions	11	12	-	-	11	13	12	11	34	36
Plan participants' contributions	-	-	-	-	-	-	1	1	1	1
Plan assets assumed on acquisition of subsidiaries	142	-	2	-	546	-	168	-	858	-
Plan assets transferred on divestiture of subsidiaries	-102	-	-1	-	-	-	-	-	-103	-
Settlements	-24	-	-1	-	-	-	-120	-1	-145	-1
Benefits paid	-46	-39	-3	-3	-32	-31	-10	-12	-91	-85
Administrative expenses paid by the fund	-	-	-	-	-	-1	-	-	-1	-1
Foreign exchange translation	-58	16	-	-	36	-17	7	1	-15	1
Other	-	-	-	-1	-	-	-	-1	-	-1
(b) Fair value of plan assets at end of year	**804**	**814**	**77**	**78**	**464**	**483**	**125**	**130**	**1,470**	**1,506**

Investment policy

In the **United Kingdom,** the investment policy is defined by the pension fund. Funding levels and the contribution payment schedule are negotiated by the employer and the Trustee, based on triennial actuarial valuations. Contributions include both the funding of the shortfall in relation to past rights and service costs for future years.

United Kingdom pension funds aim to attain 100% technical coverage of liabilities within 10 years, while maintaining a risk level considered as acceptable by all parties (Trustees and employers). In order to achieve that goal, plan assets are allocated within two portfolios:

- a liability-driven investment portfolio comprising financial instruments (where flows best match liabilities and the value fluctuates in line with the liability value). This portfolio mainly includes inflation-linked bonds issued or guaranteed by the UK government and derivatives with leading banking counterparties, with which collateralization contracts have been signed in order to minimize counterparty risk;
- a portfolio of growth assets invested in a diverse range of asset classes (equities, bonds, diversified funds, etc.) and seeking to outperform the liabilities. Portfolio management was delegated to an external manager in January 2017.

A hedging policy covering some financial risks (particularly foreign exchange, inflation and interest rate) was implemented, in order to reduce the fund's exposure to these risks and therefore reduce the risk of increased contributions. These hedges were implemented using derivatives (currency forwards, total return swaps on gilts, interest rate swaps, etc.).

In **France**, the Group's assets are placed primarily with insurance companies and invested in the general insurance fund. The French General Insurance Code (**Code général des assurances**) requires insurance companies to provide a minimum rate of return on these funds, calculated primarily based on the rate offered by government bonds.

In the **United States**, the investment policy is defined by the pension fund and funding levels are set by the employer.

For the entire Group, the actual rate of return on plan assets reflects market performance based on the asset investment profiles.

The Group plans to make contributions of €25 million to defined benefit plans in 2024, compared with €36 million in 2023.

Investment and return on assets

On average, Group pension plan assets were invested as follows:

	2022	2023
Unquoted assets	**11.4%**	**11.3%**
Liquid unquoted assets - Investment funds (general insurance fund)	7.7%	9.2%
Non-liquid unquoted assets - Investment funds (1)	0.5%	0.5%
Unquoted assets - Other	3.2%	1.6%
Quoted assets (liquid)	**86.2%**	**85.3%**
Government bonds (2)	13.4%	12.4%
Corporate bonds	7.1%	8.0%
Shares	13.3%	17.7%
Diversified Investment funds	38.4%	36.1%
Liquid quoted assets - Other	14.0%	11.0%
Liquid assets	**2.4%**	**3.4%**
TOTAL	100.0%	100.0%

(1) The line "Non-liquid unquoted assets – Investment funds" consists of funds without guaranteed monthly liquidity (e.g. real estate funds, infrastructure funds).
(2) The portion of government bonds from high-risk countries is not material.

6.3.6 Impact on comprehensive income

The net benefit cost breaks down as follows:

	As of December 31									
	United Kingdom		France		United States		Other countries		TOTAL	
(€ million)	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023
Service cost	3	1	19	-15	10	7	36	27	69	20
o/w Current service cost	3	1	27	19	10	7	26	29	67	56
o/w Past service cost	-	-	-8	-33	-	-	11	-3	2	-36
Net interest expense	-1	-3	3	9	4	4	5	9	11	20
o/w Interest cost	25	38	4	12	21	26	8	13	58	89
o/w Interest income on plan assets	-26	-40	-1	-3	-17	-22	-3	-4	-47	-69
Interest income on right to reimbursement	-	-	-	-	-	-	-	-	-	-
Administrative expenses paid by the fund	-	-	-	-	-	1	-	-	1	1
Other	1	-	-	-	-	-	-	5	1	5
Net benefit cost recognized in the Consolidated Income Statement	**3**	**-1**	**22**	**-6**	**14**	**12**	**42**	**41**	**81**	**46**
Return on plan assets excluding amounts included in interest income	515	21	-1	-2	127	-34	19	-	660	-16
Actuarial (gains) losses arising from experience adjustments	26	5	1	9	2	1	16	-	45	15
Actuarial (gains) losses arising from changes in demographic assumptions	-1	-12	1	-	-	-	-2	-	-2	-12
Actuarial (gains) losses arising from changes in financial assumptions	-528	19	-96	11	-142	8	-93	2	-860	40
Net benefit cost recognized in other comprehensive income	**13**	**32**	**-96**	**18**	**-14**	**-25**	**-61**	**2**	**-157**	**27**
NET BENEFIT COST RECOGNIZED IN TOTAL COMPREHENSIVE INCOME	**16**	**31**	**-74**	**13**	**1**	**-13**	**-19**	**43**	**-77**	**73**

The costs in the Consolidated Income Statement are recorded in operating income, except for the net interest expense, recorded in net finance costs.

6.4 Compensation and related benefits of key management (related parties)

Group Executive Committee members and directors represent the key management personnel of Veolia Environnement.

The following table summarizes amounts paid by the Group in respect of compensation and other benefits granted to members of the Company Executive Committee in exercise at the closing date of each fiscal year presented.

Short-term benefits include fixed and variable compensation, employee benefits and directors' fees. Variable compensation comprises amounts paid in a given fiscal year in respect of previous fiscal years.

(€ million)	Year ended 31, 2022	Year ended December 31, 2023
Short-term benefits, excluding employer contributions	14	15
Employer contributions	5	5
Post-employment benefits (1)	-	-
Other long-term benefits (2)	-	-
Share-based payments	2	4
Other items	-	-
TOTAL	**21**	**24**

(1) Current service cost.
(2) Other compensation vested but payable in the long-term.

As of December 31, **2023**, total pension and post-employment benefit obligations in respect of members of the Executive Committee amount to €3 million, compared with €3 million as of December 31, 2022.

The members of the Board of Directors receive compensation for their duties as directors. It is noted that Mr. Antoine Frérot (Chairman of the Board of Directors) and Mrs. Estelle Brachlianoff (Chief Executive Officer) waived the receipt of compensation for their duties as a director of the Company and as corporate officers of companies controlled by the Group. The total gross amount of compensation (before withholding tax) paid by the Company to directors and the non-voting member was €1,043,471 in 2023.

Note 7 GOODWILL, INTANGIBLE ASSETS AND PROPERTY, PLANT AND EQUIPMENT

7.1 Goodwill

7.1.1 Movements in goodwill

Goodwill breaks down as follows:

(€ million)	As of December 31, 2022	As of December 31, 2023
Gross	12,649	12,571
Accumulated impairment losses	-1,011	-1,015
NET	11,638	11,556

7.1.1.1 Main goodwill balances by Cash-Generating Unit

A Cash-Generating Unit (CGU) is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

For the purpose of impairment tests, goodwill is allocated, from the acquisition date, to each of the cash-generating units or each of the groups of cash-generating units that are expected to benefit from the business combination, referred to hereafter as "goodwill CGUs".

Given the Group's activities, the goodwill CGUs are below operating segments in the organizational structure and generally represent a group of countries.

The Group has 11 goodwill CGUs as of December 31, 2023, unchanged with respect to 2022.

(€ million)	As of December 31, 2022	As of December 31, 2023
North America	2,647	2,587
France & Special Waste Europe	2,259	2,178
Central & Eastern Europe	2,044	2,049
Water technologies	1,903	1,836
Northern Europe	1,210	1,232
Pacific	597	576
Goodwill balances > €500 million as of December 31, 2023	**10,660**	**10,458**
Other goodwill balances < €500 million	978	1,097
TOTAL GOODWILL	11,638	11,556

Goodwill balances of less than €500 million mainly concern Asia (€309 million), Latin America (€304 million) and Iberia (€298 million).

As of December 31, 2023, accumulated impairment losses total -€1,015 million and mainly concern goodwill of the Central & Eastern Europe cash-generating unit (-€822 million).

7.1.1.2 Movements in the net carrying amount of goodwill

Movements in the net carrying amount of goodwill during 2023 are as follows:

(€ million)	As of December31, 2022	Changes in consolidation scope	Foreign exchange translation	Impairmen t losses	Transfers to Assets classified as held for sale	Other movements	As of December 31, 2023
France & special waste Europe	2,262	-	-6	-	-80	3	2,178
Europe excluding France	3,527	33	18	-	-	1	3,580
Rest of the World	3,943	149	-125	-8	-	-	3,959
Water technologies	1,903	-7	-60	-	-	-	1,836
Other	3	-	-	-	-	-	3
TOTAL GOODWILL	11,638	175	-173	-8	-80	4	11,556

The main movements in Group goodwill during 2023 were primarily due to:

- changes in consolidation scope, including the entry into the scope of Lydec (Morocco), US Industrial Technologies (USA) and Reciclados la Red and Banales III (Spain);
- foreign exchange translation gains and losses, mainly due to movements in the US dollar for -€159 million;
- the reclassification of Sade in assets classified as held for sale for -€80 million.

7.1.2 Impairment tests

Veolia performs systematic annual impairment tests in respect of goodwill and other intangible assets with an indefinite useful life. More frequent tests are performed where there is indication that the cash-generating unit may have suffered a loss in value.

Changes in the general economic and financial context, worsening of local economic environments, or changes in the Group's economic performance or stock market capitalization represent, in particular, external indicators of impairment that are analyzed by the Group to determine whether it is appropriate to perform more frequent impairment tests.

Impairment testing was performed on all cash-generating units as of December 31, 2023.

Goodwill impairment is recognized in operating income and is definitive.

Key assumptions underlying the determination of recoverable amounts

The need to recognize an impairment is assessed by comparing the net carrying amount of the assets and liabilities of the CGU or group of CGUs with their recoverable amount.

The recoverable amount of a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

Fair value less costs to sell is determined based on available information enabling the best estimate of the amount obtainable from the sale of the cash-generating unit in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

The value in use determined by the Group is generally equal to the present value of the future cash flows expected to be derived from the CGU or group of CGUs, taking account of their residual value and based on the following:

- cash flow projections are taken from the Long-Term Plan prepared each year and reflect changes in volumes, prices, direct costs and investment in the period, determined based on contracts and activities and in line with past data and expected changes over the period covered by the Long-Term Plan;
- this plan covers the year in progress and the next six years. This period is representative of the average duration of the Group's long-term contract portfolio and its short-term activities;
- terminal values are calculated based on discounted forecast flows for the last year of the long-term plan (2029). These flows are determined for each CGU or group of CGUs based on a perpetual growth rate mainly founded on long-term inflation;
- these terminal values are calculated based on discount rates and perpetual growth rates reflecting the country or the geographic area of the cash-generating unit;
- a discount rate (weighted average cost of capital) is determined for each asset, cash-generating unit or group of cash-generating units: it is equal to the risk-free rate plus a risk premium weighted for country-specific risks (see Note 2). A risk premium is included in the calculation of the weighted average cost of capital of entities located in countries outside the euro zone and the following euro zone countries: Spain, Italy, Slovakia. The discount rates estimated by management for each cash-generating unit therefore reflect current market assessments of the time value of money and the country specific risks to which the CGU or group of CGUs is exposed, with the other risks reflected in the expected future cash flows from the assets. These rates were updated by an independent expert in the second half of 2023, and take into account the increase in inflation rates and in financing conditions;
- investments included in forecast future cash flows are those investments that enable the level of economic benefits expected to arise from the assets to be maintained in their current condition. It should be noted that these investment forecasts used as a basis for computing projections of future cash flow include Veolia commitments to phase-out coal in Europe reflected through assets decarbonisation plan, Restructuring plans to which the Group is not committed are not included in forecast cash flows used to determine values in use.

Changes in the economic and financial context, as well as changes in the competitive or regulatory environment may impact estimates of recoverable amounts, as may unforeseen changes in the political, economic or legal systems of certain countries.

The assumptions underlying the impairment tests on Group cash-generating units with material goodwill balances are as follows:

Cash Generating Unit	Recoverable amount determination method	Discount rate	Perpetual growth rate
France & Special Waste Europe	Value in use	5.9%	1.9%
Central & Eastern Europe	Value in use	8.0%	2.8%
Northern Europe	Value in use	6.4%	2.0%
Pacific	Value in use	6.7%	2.9%
North America	Value in use	6.7%	2.0%
Water Technologies	Value in use	6.7%	2.2%

7.1.2.1 Impairment test results

Impairment tests were performed on all cash-generating units. No impairment losses were recognized in 2023.

7.1.2.2 Sensitivity of recoverable amounts

Recoverable amounts determined for impairment testing purposes were tested for their sensitivity to a 1% increase in discount rates, a 1% decrease in perpetual growth rates and a 5% decrease in operating cash flows.

The changes in operating cash flows taken into account for the purpose of these sensitivity tests include EBITDA, less investments net of divestitures, plus changes in working capital.

They also include the impact of Efficiency and Convergence plans launched by each cash-generating unit at the date of preparation of the Long-Term Plan.

These assumptions are considered reasonable given the Group's activities and the geographic areas of its operations.

In line with the Groups' new organization, impairment tests were performed on new goodwill CGUs and material joint ventures.

Some goodwill CGUs generate cash flows in more than one country. For these CGUs, discount rates, perpetual growth rates and tax rates taken into account at CGU level were calculated by weighting the flows of each constituent country.

The cash-generating units are not sensitive to changes in macroeconomic and operating assumptions as of December 31, 2022 or December 31, 2023.

7.2 Intangible assets

Intangible assets are identifiable non-monetary assets without physical substance. They mainly consist of certain assets recognized in respect of concession arrangements (IFRIC 12).

Intangible assets purchased separately are initially measured at cost in accordance with IAS 38. Intangible assets acquired through business combinations are recognized at fair value separately from goodwill. Subsequently, intangible assets are measured at cost less accumulated amortization and impairment losses. They are tested for impairment where there is indication of loss in value (non-performance of a significant long-term contract under the terms laid down in the contract, technical operating issues, etc.).

7.2.1 Concession intangible assets

Concession intangible assets include entry fees paid to local authorities for public service contracts. They correspond to the right of the concession holder to bill users of a public service in return for construction services provided by it to the concession grantor under public service contracts in accordance with IFRIC 12, Service Concession arrangements.

This concession holder right is equal to the fair value of the construction of the concession infrastructure plus borrowings costs recognized during the construction period. It is amortized over the contract term in accordance with an appropriate method reflecting the rate of consumption of the concession asset's economic benefits as from the date the infrastructure is brought into service.

Investment grants received in respect of concession arrangements are generally definitively earned and, therefore, are not repayable. In accordance with the option offered by IAS 20, these grants are presented as a deduction from intangible assets and reduce the amortization charge in respect of the concession intangible asset over the residual term of the concession arrangement.

Movements in the net carrying amount of concession intangible assets during 2023 are as follows:

(€ million)	As of December 31, 2022	Additions	Disposals	Impairment losses	Amortization/ Reversals	Change in consolidation scope	Foreign exchange translation	Transfers to Assets classified as held for sale	Other movements	As of December 31, 2023
Concession intangible assets, gross	10,305	728	-264	-	-	306	-47	-	-20	11,007
Amortization and impairment losses	-5,013	-	249	-9	-709	-	18	-	47	-5,418
CONCESSION INTANGIBLE ASSETS, NET	**5,292**	**728**	**-15**	**-9**	**-709**	**306**	**-29**	**-**	**26**	**5,589**

Additions mainly concern France and Special Waste Europe (€129 million), Europe excluding France (€518 million) and the Rest of the world (€81 million).

Charges to amortization and impairment losses mainly concern Europe excluding France (-€414 million), France and Special Waste Europe (-€116 million) and the Rest of the world (-€188 million).

Changes in consolidation scope mainly concern the consolidation of Lydec from January 25, 2023.

Concession intangible assets break down by operating segment as follows:

(€ million)	Net carrying amount as of December 31, 2022	As of December 31, 2023		
		Gross carrying amount	Amortization and impairment losses	Net carrying amount
France & special waste Europe	658	1,546	-878	668
Europe excluding France	3,772	7,299	-3,435	3,864
Rest of the World	856	2,143	-1,091	1,052
Water technologies	6	18	-13	5
Other	-	-	-	-
CONCESSION INTANGIBLE ASSETS	5,292	11,006	-5,417	5,589

7.2.2 Other intangible assets

Other intangible assets mainly consist of the value of contracts acquired through business combinations (“contractual rights”), patents, licenses, software and operating rights.

Useful lives are as follows:

Other intangible assets are amortized on a straight-line basis over their useful life, unless another systematic amortization basis better reflects the rate of consumption of the asset.

	Range of useful lives in number of years*
Purchased contractual rights	6 à 30
Purchased software	3 à 10
Other intangible assets	1 à 30

(*) The range of useful lives is due to the diversity of intangible assets concerned.

Other intangible assets break down as follows:

(€ milion)	As of December 31, 2022	As of December 31, 2023
INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE, NET	62	95
Intangible assets with a definite useful life, gross	5,852	5,813
Amortization and impairment losses	-2,772	-2,997
INTANGIBLE ASSETS WITH A DEFINITE USEFUL LIFE, NET	3,080	2,816
OTHER INTANGIBLE ASSETS, NET	3,142	2,911

Movements in the net carrying amount of other intangible assets during 2023 are as follows:

(€ million)	As of December 31, 2022	Additions	Disposals	Impairment losses	Amorti zation	Changes in consolidation scope	Foreign exchange translation	Other movements	December 31, 2023
INTANGIBLE ASSETS WITH AN INDEFINITE USEFUL LIFE, NET	62	2	1	-	-	2	-5	35	95
Purchased contractual rights	442	-	-1	-11	-47	-	-11	-	373
Purchased software	263	80	-1	1	-90	2	-4	19	269
Purchased customer portfolios	515	1	-	-2	-84	30	-24	472	908
Patents, licenses	610	4	-	-6	-37	5	-11	198	763
Other purchased intangible assets	1,184	62	-2	-19	-75	2	-29	-725	399
Other internally-developed intangible assets	66	75	1	-3	-27	-1	-	-7	104
INTANGIBLE ASSETS WITH A DEFINITE USEFUL LIFE, NET	3,080	222	-2	-41	-359	38	-79	-44	2,816
OTHER INTANGIBLE ASSETS	3,142	224	-2	-41	-359	40	-84	-9	2,911

Intangible assets with an indefinite useful life are primarily trademarks.

As of December 2023, purchased customer portfolios total €908 million, including €673 million in Water technologies and €130 million in the Rest of the world.

As of December 2023, patents and licenses, including technologies, total €763 million, including €230 million in France and Special Waste Europe, €321 million in Water technologies and €186 million in the Rest of the world.

Other purchased intangible assets total €399 million as of December 31, 2023 and mainly concern the Rest of the world for €282 million and Water technologies for €59 million.

Other internally-developed intangible assets total €104 million and mainly concern France and Special Waste Europe for €31 million and Europe excluding France for €36 million.

7.3 Property, plant and equipment

Property, plant and equipment are recorded at historical acquisition cost, less accumulated depreciation and any accumulated impairment losses.

Borrowing costs attributable to the acquisition or construction of identified installations, incurred during the construction period, are included in the cost of those assets in accordance with IAS 23, Borrowing Costs.

Property, plant and equipment are recorded by component, with each component depreciated over its useful life.

Useful lives are as follows:

	Range of useful lives in number of years *
Buildings	20 to 100
Technical installations	7 to 70
Vehicles	3 to 25
Other plant and equipment	3 to 12

(*) The range of useful lives is due to the diversity of property, plant and equipment concerned.

Property, plant and equipment are primarily depreciated on a straight-line basis, unless another systematic depreciation basis better reflects the rate of consumption of the asset.

They are tested for impairment where there is indication of loss in value.

In accordance with the option offered by IAS 20, Accounting for Government Grants and Disclosure of Government Assistance, investment grants are deducted from the gross carrying amount of property, plant and equipment to which they relate. When the construction of an asset covers more than one period, the portion of the grant not yet used is recorded in “Other liabilities” in the Consolidated Statement of Financial Position.

7.3.1 Movements in the net carrying amount of property, plant and equipment

Movements in the net carrying amount of property, plant and equipment during **2023** are as follows:

(€ million)	As of December 31, 2022	Additions	Disposals	Impairment losses	Depreciation	Changes in consolidation scope	Foreign exchange translation	Other movements	As of December 31, 2023
Property, plant and equipment, gross	30,482	2,498	-664	-	-	160	-496	-100	31,880
Depreciation and impairment losses	-13,913	-	544	-86	-1,425	-64	123	75	-14,746
PROPERTY, PLANT AND EQUIPMENT, NET	**16,569**	**2,498**	**-120**	**-86**	**-1,425**	**96**	**-374**	**-26**	**17,134**

Additions mainly concern:

- France and Special Waste Europe (€386 million). Additions concern the France RVD business unit for €138 million and the Special Waste Europe business unit for €138 million;
- Europe excluding France (€875 million). Additions concern the United Kingdom for €167 million and primarily the purchase of rolling stock and other investments in hazardous waste processing for €34 million; Poland and the Czech Republic for €186 million and €150 million, respectively, with mainly investment in decarbonizing, environmental compliance and developing new connections; and Germany for €133 million and primarily the construction and maintenance of the biomass facility.
- the Rest of the world (€1,079 million). Additions concern the United States for €525 million and mainly treatment installations and water distribution systems for €61 million and incinerator equipment for €82 million. They also concern Australia for €122 million, with the purchase of rolling stock; Japan for €44 million, with the construction of new plastic waste processing facilities; and Chili for €153 million, with the renewal of drinking water and wastewater networks.

Disposals, net of impairment losses and depreciation, of -€120 million mainly concern:

- France and Special Waste Europe (-€22 million);
- Europe excluding France (-€38 million);
- and the Rest of the World (-€33 million).

Impairment losses total -€86 million and concern the Rest of the world (-€35 million) and Europe excluding France (-€52 million).

Depreciation of -€1,425 million mainly concerns France and Special Waste Europe (-€280 million), Europe excluding France (-€488 million) and the Rest of the world (-€527 million).
Changes in consolidation scope of €96 million mainly concern the acquisition of an entity in Germany and two companies in Spain.

Foreign exchange translation gains and losses are primarily due to the appreciation of the US dollar (-€178 million) and the Chilean peso (-€139 million) against the euro.

Property, plant and equipment break down by operating segment as follows:

(€ million)	Net carrying amount of December 31, 2022	As of December 31, 2023 Gross carrying amount	Depreciation and impairment losses	Net carrying amount
France & special waste Europe	1,743	6,472	-4,691	1,781
Europe excluding France	4,916	11,744	-6,358	5,386
Rest of the World	8,993	12,288	-3,218	9,070
Water technologies	875	1,246	-378	868
Other	42	129	-101	28
PROPERTY, PLANT AND EQUIPMENT	16,569	31,880	-14,746	17,134

The breakdown of property, plant and equipment by class of assets is as follows:

(€ million)	Net carrying amount as of December 31, 2022	As of December 31, 2023 Gross carrying amount	Depreciation and impairment losses	Net carrying amount
Land	1,452	2,533	-1,086	1,447
Buildings	2,642	5,320	-2,350	2,970
Technical installations, plant and equipment	9,111	16,855	-7,833	9,022
Rolling stock and other vehicles	789	2,529	-1,735	794
Other property, plant and equipment	428	2,057	-1,598	459
Property, plant and equipment in progress	2,147	2,586	-144	2,442
PROPERTY, PLANT AND EQUIPMENT	16,569	31,880	-14,746	17,134

7.4 Right of use

In application of the Lease standard (IFRS 16), the Group analyses the contractual provisions of an agreement at the time of signature, to determine whether it presents the characteristics of a lease. In substance, it is necessary to determine whether the agreement conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Where these characteristics exist, the Group recognizes, at the time the asset is made available:

- a new asset, the “Right of use”, which represents the right to use the leased asset during the term of the lease;
- a liability, the “IFRS 16 lease debt”, which represents the lease payment commitment.

The Group applies a single recognition method for all leases, excluding short-term leases (duration of 12 months or less) and leases of assets with a low value. The Group adopted a threshold of US $5,000 for low value assets.

Lease payments on contracts excluded from the scope of IFRS 16, as well as variable payments, continue to be recognized as operating expenses.

(€ million)	As of December 31, 2022	As of December 31, 2023
Short term leases	52	58
Low value lease contracts	6	6
Variable leases	11	6
TOTAL	69	70

Initial and subsequent measurement of Right of use assets

The right of use asset recognized includes:

- the amount of the related lease debt;
- plus, where applicable:
  - lease payments made before the asset is made available,
  - initial direct costs incurred to obtain the lease, and
  - any dismantling or rehabilitation costs for which Veolia is liable;
- less any incentives received.

The lease debt is equal to the present value of:

- future lease payments (fixed payments and in-substance fixed payments, as well as variable lease payments that depend on an index or a rate);
- incentives receivable;
- amounts that Veolia expects to pay under residual value guarantees;
- the exercise price of a purchase option if Veolia is reasonably certain to exercise it; as well as
- any penalties for terminating the lease.

The right of use asset is depreciated or amortized on a straight-line over the shorter of the expected useful life of the asset and the lease term. Impairment tests are performed in accordance with the method described in Note 7.1.2

Lease term

The lease term is determined based on the provisions of the contract and reflects:

- the non-cancellable period, that is the period of time during which the Group does not have the opportunity to cancel the contract;
- plus any optional cancellation periods, if the Group is reasonably assured not to exercise the cancellation option ;
- plus any optional extension periods, if the Group is reasonably assured to exercise the extension option.

Discount rate

When calculating the present value of future lease payments, the Group has elected not to use the rate implicit in the lease as the discount rate, and has developed a calculation method to determine the incremental borrowing rate that would apply to the financing of these leased assets. This methodology is based on a rate schedule calculated by currency and maturity based on the following parameters: reference rate of the relevant currency and the Veolia credit spread, the Group satisfying, through access to the bond market, the majority of the financing requirements of its subsidiaries.

Lease amendments

The net carrying amount of the right of use asset is adjusted in the event of amendments to the lease provisions that require the remeasurement of the lease debt (modification of an index, increase or reduction in the lease term, increase or decrease in future lease payments, etc.) or in the event of changes in assumptions as to whether the exercise of renewal or termination options is reasonably certain.

Right of use assets break down as follows:

		As of December 31, 2023		
(€ million)	Net carrying amount as of December 31, 2022	Gross carrying amount	Depreciation and impairment losses	Net carrying amount
Right of use, Land	388	626	-265	361
Right of use, Buildings	940	1,998	-1,136	862
Right of use assets, Technical installations, plant and equipment	233	374	-199	175
Right of use assets, Rolling stock and other vehicles	401	805	-406	400
Right of use - Other PP&E	35	104	-50	54
RIGHT OF USE	**1,997**	**3,908**	**-2,055**	**1,853**

Right of use breaks down by operating segment as follows:

		As of December 31, 2023		
(€ million)	Net carrying amount as of December 31, 2022	Gross carrying amount	Depreciation and impairment losses	Net carrying amount
France & special waste Europe	615	1,096	-570	526
Europe excluding France	566	1,122	-544	578
Rest of the World	576	994	-486	508
Water technologies	161	366	-213	153
Other	79	330	-242	88
RIGHT OF USE	**1,997**	**3,908**	**-2,055**	**1,853**

Movements in the net carrying amount of the right of use during 2023 are as follows:

(€ million)	As of December 31, 2022	Additions	Contract termination or expiry	Impairment losses	Depreciation	Changes in consolidation scope	Foreign exchange translation	Other movements	As of December 31, 2023
Right of use	3,950	550	-498	-	-	16	-45	-65	3,908
Depreciation and impairment losses	-1,953	-	395	-1	-552	-	21	36	-2,055
RIGHT OF USE, NET	1,997	550	-103	-1	-552	16	-25	-29	1,853

Additions mainly concern France and Special Waste Europe (€147 million), Europe excluding France (€185 million) and the Rest of the world (€125 million).

Depreciation and impairment losses total -€552 million in 2023 and mainly breaks down as follows:

- land: -€70 million;
- buildings: -€216 million;
- technical installations, plant and equipment: -€61 million;
- rolling stock: -€183 million;

They mainly concern France and Special Waste Europe (-€168 million), Europe excluding France (-€148 million), the Rest of the world (-€151 million) and Water technologies (-€56 million).

Other movements mainly reflect the impact of the reclassification of Sade in Assets classified as held for sale for -€37 million.

Sub-lease revenue associated with right-of-use assets is not material.

Note 8 FINANCING AND FINANCIAL INSTRUMENTS

8.1 Financial assets and liabilities

Financial assets and liabilities mainly consist of:

- "financial liabilities", presented in Note 8.1.1;
- "non-current and current financial assets", presented in Note 8.1.2;
- cash and cash equivalents and bank overdrafts and other cash position items, presented in Note 8.1.3;
- derivative instruments, presented in Note 8.3.

8.1.1 Financial liabilities

Financial liabilities include borrowings, other financing and bank overdrafts and derivative liabilities.

With the exception of trading liabilities and derivative liabilities which are measured at fair value, borrowings and other financial liabilities are recognized initially at fair value less transaction costs and subsequently measured at amortized cost using the effective interest method.

The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the estimated term of the financial instrument or, where applicable, over a shorter period, to the net carrying amount of the financial asset or liability.

		Non-current		Current		Total	
(€ million)	Notes	As of December 31, 2022	As of December 31, 2023	As of December 31, 2022	As of December 31, 2023	As of December 31, 2022	As of December 31, 2023
Bond issues	8.1.1.1	17,721	16,782	1,474	1,299	19,195	18,081
Other financial liabilities	8.1.1.2	1,971	1,995	5,047	5,895	7,018	7,890
IFRS 16 lease debt	8.1.1.3	1,656	1,533	497	467	2,153	2,000
TOTAL NON-CURRENT AND CURRENT FINANCIAL LIABILITIES		21,348	20,310	7,018	7,662	28,366	27,972

The heading “Net increase/decrease in current financial liabilities” in the Consolidated Cash Flow Statement mainly includes redemptions of current bonds in the amount of -€1,483 million in 2023 and increases and repayments of other current financial liabilities of €540 million.

The heading “New non-current borrowings and other debts” in the Consolidated Cash Flow Statement mainly includes non-current bond issues in the amount of €267 million in 2023 and new other non-current financial liabilities of €696 million.

8.1.1.1 Changes in non-current and current bond issues

Bond issues break down as follows:

(€ million)	As of December 31, 2022	Subscriptions	Redemptions	Changes in consolidation scope	Fair value adjustments (1)	Foreign exchange translation	Non-current/ current reclassification	Other movements	As of December 31, 2023
Non-current bond issues	17,722	267	-68	33	258	-111	-1,320	1	16,782
Current bond issues	1,474	-	-1,483	16	-	-28	1,320	-	1,299
TOTAL BOND ISSUES	19,196	267	-1,551	49	258	-139	-	1	18,081

(1) Value adjustments are recorded in financial income and expenses.

Additions/subscriptions mainly reflect mainly reflect three bonds issued by Veolia Utilities Resources (previously Suez Water Inc. Utility) for a total nominal amount of US$230 million: an initial tranche issued on January 10, 2023 of US$30 million, maturing in 2052 and bearing a coupon of 5.86% and two tranches issued on November 29, 2023 of US$30 million, maturing in 2038 and bearing a coupon of 6.07% and of US$170 million, maturing in 2053 and bearing a coupon of 6.23%.

Redemptions concern the redemption of two bond issues maturing on October 4, 2023 for €600 million and October 9, 2023 for €376 million, as well as Panda bond lines maturing on June 24, 2023 for CNY1.5 billion and December 16, 2023 also for CNY1.5 billion, representing a euro-equivalent of €382 million.

Non-current/current reclassifications total €1,320 million and mainly concern the euro bond lines maturing on January 14, 2024 and July 22, 2024 in the nominal amounts of €750 million and €461 million, respectively.

Foreign exchange translation gains and losses total equal -€139 million and mainly concern the translation at the year-end exchange rate of the CNY bond line which matured in 2023 for -€25 million (euro-equivalent) as of December 31, 2023, as well as the USD bond line carried by Suez Water Inc - Utility for -€49 million and finally the CLP bond line carried by Chili maturing in 2037 for -€68 million.

	Non-current		Current		Total	
(€ million)	As of December 31, 2022	As of December 31, 2023	As of December 31, 2022	As of December 31, 2023	As of December 31, 2022	As of December 31, 2023
Bond issues	**17,721**	**16,782**	**1,474**	**1,299**	**19,195**	**18,081**
• maturing in < 1 year	-	-	1,474	1,299	1,474	1,299
• maturing in 2-3 years	3,086	3,227	-	-	3,086	3,227
• maturing in 4-5 years	3,841	4,440	-	-	3,841	4,440
• maturing in > 5 years	10,795	9,115	-	-	10,795	9,115

Non-current bond issues break down by maturity as follows:

(€ million)	As of December 31, 2022	As of December 31, 2023	Maturing in 2 to 3 years	4 to 5 years	> 5 years
Publicly offered or traded issuances	16,970	16,026	2,489	4,440	9,097
European market (i)	*14,435*	*13,400*	*2,321*	*4,389*	*6,690*
American market (ii)	*1,467*	*1,615*	*115*	*14*	*1,486*
South-American Market (iii)	*1,068*	*1,011*	*54*	*37*	*921*
Bonds convertible into and/or exchangeable for new and/or existing shares (OCEANE)	707	703	703	-	-
Other amounts < €50 million in 2022 and 2023	45	53	34	-	19
NON-CURRENT BOND ISSUES	17,722	16,782	3,227	4,440	9,115

(i) European market: as of December 31, 2023, an amount of €14,620 million is recorded in the Consolidated Statement of Financial Position in respect of bonds issued under the European Medium Term Notes (EMTN) Program, including €13,400 million maturing in more than one year. The impact of the fair value remeasurement of hedged interest rate risk is -€213 million at the year-end (non-current portion);

(ii) American market: as of December 31, 2023, remaining nominal outstandings on the bond issues performed in the United States total US$1,793 million, including US$1,783 million maturing in more than one year.

(iii) South-American market: as of December 31, 2023, remaining nominal outstandings on the bond issues performed in Chile total CLP1,022,200 million, including CLP979,568 maturing in more than one year.

Breakdown of **non-current bond issues** by main components:

Transaction (all amounts are in € million)	Final maturity	Currency	Nominal	Interest rate	Net carrying amount
Series 12	11/25/2033	EUR	700	6.130 %	697
Series 24	10/29/2037	GBP	129	6.130 %	129
Series 29 (PEO)	3/30/2027	EUR	750	4.625 %	682
Series 31 (PEO)	1/10/2028	EUR	500	1.590 %	426
Series 34	1/4/2029	EUR	500	0,927%	499
Series 36	11/30/2026	EUR	650	1.496 %	627
Series 38	7/1/2030	EUR	750	1.940 %	749
Series 40	1/15/2031	EUR	500	0,664%	499
Series 41	4/15/2028	EUR	700	1.250 %	699
Series 42	1/15/2032	EUR	500	0,800%	423
Series 43	1/14/2027	EUR	700	0.000 %	699
Series 18	4/3/2025	EUR	500	1.000 %	492
Series 16	9/10/2025	EUR	500	1.750 %	497
Series 25	6/9/2026	EUR	750	0.000 %	704
Series 23	4/2/2027	EUR	850	1.250 %	867
Series 3	6/8/2027	EUR	250	1.904 %	240
Series 17	5/19/2028	EUR	800	1.250 %	776
Series 19	4/3/2029	EUR	700	1.500 %	712
Series 13	5/21/2029	EUR	75	2.000 %	80
Series 15	7/1/2030	EUR	50	2.250 %	54
Series 21	9/17/2030	EUR	500	1.625 %	526
Series 9	12/2/2030	GBP	288	5.375 %	346
Series 22	10/14/2031	EUR	700	0.500 %	645
Series 20	9/21/2032	EUR	540	1.625 %	520
Series 10	3/25/2033	EUR	100	3.385 %	118
Series 24 VIGIE SA	5/14/2035	EUR	750	1.250 %	692
Total bond issues (EMTN)	**N/A**	**N/A**	**13,732**	**N/A**	**13,398**
USD Series Tranche 3	6/1/2038	USD	171	6,750 %	184
VUR Senior Notes 2015 Series C	8/31/2035	USD	113	4.090 %	113
VUR Senior Notes 2019 Series A	11/6/2034	USD	136	2.940 %	136
VUR Private Placement 2021 B	11/10/2061	USD	109	3.140 %	109
VUR Private Placement 2022 B	11/10/2052	USD	122	5.860 %	122
VUR Private Placement 2023 B	12/1/2053	USD	154	6.230 %	154
Other bond issues in USD <€100 million	N/A	USD	824	N/A	816
Total publicly offered or traded issuances in USD	**N/A**	**N/A**	**1629**	**N/A**	**1634**
Bond issues in CLP < €100 million	N/A	CLP	1011	N/A	1011
Total bond issues in chilean peso	**N/A**	**N/A**	**1011**	**N/A**	**1011**
Bonds convertible into and/or exchangeable for new and/or existing shares (OCEANE)	1/1/2025	EUR	700	N/A	703
Total bonds convertible into and/or exchangeable for new and/or existing shares (OCEANE)	**N/A**	**N/A**	**700**	**N/A**	**703**
Stirling Water Seafield Finance bond issue	9/26/2026	GBP	26	5,822 %	18
Total principal bond issues	**N/A**	**N/A**	**17098**	**N/A**	**16764**
Total other bond issues	**N/A**	**N/A**		**N/A**	**18**
TOTAL NON-CURRENT BOND ISSUES	**N/A**	**N/A**		**N/A**	**16782**

8.1.1.2 Change in other financial liabilities

	Non-current		Current		Total	
(€ million)	As of December 31, 2022	As of December 31, 2023	As of December 31, 2022	As of December 31, 2023	As of December 31, 2022	As of December 31, 2023
Other financial liabilities	**1,971**	**1,995**	**5,047**	**5,895**	**7,018**	**7,890**
• maturing in < 1 year	-	-	5,047	5,895	5,047	5,895
• maturing in 2-3 years	893	646	-	-	893	646
• maturing in 4-5 years	254	438	-	-	254	438
• maturing in > 5 years	824	911	-	-	824	911

Movements in **other financial liabilities** in 2023 are as follows:

(€ million)	As of December 31, 2022	Net movement	Changes in consolidation scope	Fair value adjustments	Foreign exchange translation	Non-current / current reclassification	Transfers to Liabilities classified as held for sale	Other movements	As of December 31,2023
Other non-current financial liabilities	1,971	202	57	-	-43	-211	-	19	1,995
Other current financial liabilities	5,047	544	25	25	84	211	-50	9	5,895
OTHER FINANCIAL LIABILITIES	**7,018**	**746**	**82**	**25**	**41**	**-**	**-50**	**28**	**7,890**

Other non-current financial liabilities mainly comprise debt carried by:

- France and special waste Europe of €47 million, including €15 million in Sarpi;
- the Rest of the world of €1,042 million, including:
  - Veolia Sunshine (Harbin) in China of €196 million;
  - Aguas Andinas in Chile of €145 million;
  - Redal in Morocco (Water) of €49 million as of December 31, 2023 and €63 million as of December 31, 2022;
  - International Water Services Guayaquil Interagua in Ecuador (Water) of €57 million as of December 31, 2023 and €71 million as of December 31, 2022;
- Europe excluding France of €900 million, including Germany of €442 million, and mainly:
  - Braunschweig in Germany of €384 million as of December 31, 2023 and €325 million as of December 31, 2022,
  - Stadtwerke Görlitz of €47 million as of December 31, 2023;
  - and also Agbar in Spain of €176 million;
  - CHP Energia in Hungary of €225 million.
- and certain subsidiaries in the Other operating segment of €6 million.

Other current financial liabilities total €5,895 million as of December 31, 2023, compared with €5,047 million as of December 31, 2022.

Net movements in other financial liabilities in 2023 mainly reflect the issue of commercial paper by Veolia Environnement for €747 million. As of December 31, 2023, other current financial liabilities mainly concern Veolia Environnement for €4,830 million (including commercial paper of €4,668 million and accrued interest on debt of €161 million).

8.1.1.3 IFRS 16 lease debt

Lease debt recognition and measurement principles are disclosed in note 7.4.

(€ million)	As of December 31, 2022	Net movement	Changes in consolidation scope	Fair value adjustments	Foreign exchange translation	Non-current / current reclassification	Transfers to Liabilities classified as held for sale	Other movements	As of December 31,2023
Non-current IFRS 16 lease debt	1,656	446	12	-	-19	-502	-24	-36	1,533
Current IFRS 16 lease debt	497	-535	4	-	-6	502	-12	19	467
IFRS 16 LEASE DEBT	2,153	-89	16	-	-26	-	-36	-17	2,000

IFRS 16 lease debt by operating segment breaks down as follows:

	As of December 31,2022	As of December 31, 2023		
(€ million)	IFRS 16 lease debt	Non-current IFRS 16 lease debt	Current IFRS 16 lease debt	IFRS 16 lease debt
France & special waste Europe	661	417	134	551
Europe excluding France	610	490	135	625
Rest of the World	624	428	136	564
Water technologies	172	110	47	157
Other	86	88	15	103
IFRS 16 LEASE DEBT	2,153	1,533	467	2,000

IFRS 16 lease debt by type of assets breaks down as follows:

(€ million)	As of December 31, 2022	As of December 31, 2023
Real estate	65.5%	66.7%
Technical installations, plant and equipement	18.9%	13.3%
Rolling stock and other vehicles	15.6%	19.9%

IFRS 16 lease debt by maturity breaks down as follows:

	Non-current		Current		Total	
(€ million)	As of December 31, 2022	As of December 31, 2023	As of December 31, 2022	As of December 31, 2023	As of December 31, 2022	As of December 31, 2023
IFRS 16 lease debt	**1,656**	**1,533**	**497**	**467**	**2,153**	**2,000**
• 1 year	-	-	497	467	497	467
• 2 years	468	339	-	-	468	339
• 3 years	244	262	-	-	244	262
• 4 years	178	191	-	-	178	191
• 5 years	171	165	-	-	171	165
• > 5 years	596	576	-	-	596	576

(€ million)	As of December 31, 2022	As of December 31, 2023
Repayments of IFRS 16 lease debt	683	631
Interest on IFRS 16 lease debts	52	58
Exemption and variable lease payments	15	14
LEASE PAYMENTS OF THE PERIOD	750	704

8.1.1.4 Breakdown of non-current and current financial liabilities by currency

Financial liabilities break down by original currency (before currency swaps) as follows:

- Euro-denominated debt of €21,692 million as of December 31, 2023 and €22,098 million as of December 31, 2022;
- Pound sterling-denominated debt of €726 million as of December 31, 2023 and €687 million as of December 31, 2022;
- US dollar-denominated debt of €2,440 million as of December 31, 2023 and €2,440 million as of December 31, 2022;
- Chine renminbi-denominated debt of €729 million as of December 31, 2023 and €738 million as of December 31, 2022;
- Chilean peso-denominated debt of €1,282 million (including inflation-indexed bond issues of €1,055 million) as of December 31, 2023 and €1,422 million as of December 31, 2022.

8.1.2 Non-current and current financial assets

Financial assets include assets classified as loans and receivables, liquid assets, financing assets, other financial assets, derivative assets and cash and cash equivalents.

Financial assets are initially recognized at fair value plus transaction costs, where the assets concerned are not subsequently measured at fair value through profit or loss. Where the assets are measured at fair value through profit or loss, transaction costs are expensed directly to net income.

The Group classifies financial assets in one of the categories identified by IFRS 9 on the acquisition date, based on the instrument's characteristics and the business model.

Assets at amortized cost

Financial assets are valued at amortized cost where they are recovered by collecting contractual cash flows (payments of principal and interest on the principal amount outstanding).

These assets comprise loans to non-consolidated investments, operating financial assets, other loans and receivables and trade receivables. After initial recognition at fair value, they are recognized and measured at amortized cost using the effective interest method.

In accordance with IFRS 9, these assets are impaired in the amount of expected credit losses. Impairment losses are recorded in other financial income and expenses.

Assets at fair value through other comprehensive income subsequently released to net income

This category includes financial assets recovered by collecting contractual cash flows (payments of principal and interest on the principal amount outstanding) or selling the assets.

Changes in the fair value of these assets are recognized directly in other comprehensive income, with the exception of interest income and dividends recognized in other financial income and expenses. Fair value gains and losses are released to net income on the sale of the assets.

Assets at fair value through other comprehensive income not subsequently released to net income

This category includes equity instruments not held for trading. It relates primarily to non-consolidated investments.

Changes in the fair value of these assets are recognized directly in other comprehensive income, with the exception of interest income and dividends recognized in other financial income and expenses. Fair value gains and losses are not released to net income on the sale of the assets.

Fair value is equal to market value in the case of quoted securities and to an estimate of the fair value in the case of unquoted securities, determined based on financial criteria most appropriate to the specific situation of each security. Financial investments which are not quoted in an active market and for which the fair value cannot be measured reliably, are recorded by the Group at historical cost less any accumulated impairment losses.

Assets at fair value through profit or loss

This category includes:

- financial assets that are not held either to collect contractual cash flows or to sell the assets and whose contractual conditions do not solely give rise to payments of principal and interest on the principal amount outstanding;
- assets designated at fair value and primarily the cash UCITS portfolio whose performance and management is based on fair value.

Fair value gains and losses are recognized in other financial income and expenses.

Net gains and losses on derivatives entered into for trading purposes consist of swapped flows and the change in the value of the instrument.

8.1.2.1 Other non-current and current financial

Other non-current and current financial assets break down as follows:

(€ million)	Non-current: As of December 31, 2022	Non-current: As of December 31, 2023	Current: As of December 31, 2022	Current: As of December 31, 2023	Total: As of December 31, 2022	Total: As of December 31, 2023
Gross	558	657	576	365	1,134	1,022
Impairment losses	-97	-135	-31	-26	-128	-161
FINANCIAL ASSETS RELATING TO LOANS AND RECEIVABLES, NET	461	522	545	339	1,006	861
OTHER FINANCIAL ASSETS	13	11	-	-	13	12
LIQUID ASSETS AND FINANCING FINANCIAL ASSETS (1)	9	9	1,668	1,884	1,677	1,892
TOTAL OTHER FINANCIAL ASSETS, NET	483	542	2,214	2,223	2,697	2,765

(1) Liquid assets are financial assets composed of funds or securities with an initial maturity of more than three months, easily convertible into cash, and managed with respect to a liquidity objective while maintaining a low capital risk.

8.1.2.2 Changes in other non-current financial assets

Changes in the value of other non-current financial assets during **2023** are as follows:

(€ million)	As of December 31 2022	Changes in business	Changes in consolidation scope	Fair value adjustments	Impairment losses*	Foreign exchange translation	Non-current / current reclassification	Transfers to Assets classified as held for sale	Other movements **	As of December 31 2023
Gross	558	78	7	-	6	-11	23	-1	-4	657
Impairment losses	-97	-	-	-	-39	3	-	-	-3	-135
NON-CURRENT FINANCIAL ASSETS RELATING TO LOANS AND RECEIVABLES, NET	461	78	7	-	-33	-8	23	-1	-6	522
OTHER NON-CURRENT FINANCIAL ASSETS	13	-1	-	-	-1	-	-	-	-	11
LIQUID ASSETS AND FINANCING FINANCIAL ASSETS	9	-	-	-	-	-	-	-	-	9
TOTAL OTHER NON-CURRENT FINANCIAL ASSETS, NET	483	77	7	-	-34	-8	23	-1	-6	542

(*) Impairment losses are recorded in financial income and expenses.
(**) Reinsurers' share.

Non-current financial assets relating to loans and receivables

As of December 31, 2023, the main non-current financial assets relating to loans and receivables primarily comprise loans granted to equity-accounted joint ventures totaling €66 million, compared with €85 million as of December 31, 2022 (see also Note 5.2.4.1).

Other non-current financial assets

Other non-current financial assets are classified as "Assets at fair value through profit or loss" in accordance with the principles set out in Note 8.1.2.

Other financial assets held by the Group in countries considered high-risk by the IMF are not material in amount.

8.1.2.3 Movements in current financial assets

Movements in other current financial assets during **2023** are as follows:

(€ million)	As of December 31 2022	Changes in business	Changes in consolidation scope	Fair value adjustments	Impairment losses *	Foreign exchange translation	Non-current / current reclassification	Transfers to Assets classified as held for sale	Other movements **	As of December 31 2023
Gross	576	-206	-7	-	43	-7	-22	-3	-9	365
Impairment losses	-31	-	-	-	6	1	-2	1	-	-26
CURRENT FINANCIAL ASSETS RELATING TO LOANS AND RECEIVABLES, NET	**545**	**-206**	**-7**	**-**	**49**	**-6**	**-25**	**-2**	**-9**	**339**
Gross	-	-	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-	-	-
OTHER CURRENT FINANCIAL ASSETS	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Gross	1,668	235	1	-	-	-1	-	-	-19	1,884
Impairment losses	-	-	-	-	-	-	-	-	-	-
LIQUID ASSETS AND FINANCING FINANCIAL ASSETS	**1,668**	**235**	**1**	**-**	**-**	**-1**	**-**	**-**	**-19**	**1,884**
TOTAL OTHER CURRENT FINANCIAL ASSETS, NET	**2,214**	**30**	**-6**	**-**	**49**	**-7**	**-25**	**-2**	**-28**	**2,223**

(*) Impairment losses are recorded in financial income and expenses.
(**) Reinsurers' share.

As of December 31, 2023, liquid assets and financing financial assets primarily comprise investments with an initial maturity of more than three months, easily convertible into cash, and managed with respect to a liquidity objective while maintaining a low capital risk.

Movements in 2023 mainly concern the optimization of the Group's cash management.

The accounting treatment of other current financial assets relating to loans and receivables complies with the required treatment of assets at amortized cost. Other financial assets are classified as "Assets at fair value through profit or loss" in accordance with the principles set out in Note 8.1.2.

8.1.3 Cash and cash equivalents, bank overdrafts and other cash position items

Cash and cash equivalents include all cash balances, certain term deposit accounts, negotiable debt instruments and monetary UCITS.

Cash equivalents are held to meet short-term cash commitments.

In order to be considered a cash equivalent, an investment must be readily convertible to a known amount of cash and subject to a negligible risk of change in value, thereby satisfying the requirements of IAS 7.

Term deposit accounts and negotiable debt instruments present characteristics satisfying the requirements of IAS 7 when their yield is based on short-term money-market rates (such as Eonia) and their maturity is less than 3 months (contractually or due to an early exit option exercisable at least every 3 months and held at a low or nil cost, without loss of capital or remuneration received net of the early exit penalty of less than the yield on short-term investments).

UCITS classified in "cash equivalents" comply with Regulation (EU) 2017/1131 of the European Parliament and of the Council of June 14, 2017 on money market funds and are presumed to satisfy the cash equivalent criteria defined by IAS 7.

These UCITS can be sold daily on demand, conferring on them the characteristics of short-term, highly liquid investments that are readily convertible to known amounts of cash. These instruments are not intended to be held more than three months and offer a yield similar to the Eonia (European Overnight Index Average) interbank rate, thereby limiting sensitivity to interest rates. The regularity of performance trends does not expose them to a material risk of change in value.

Bank overdrafts repayable on demand which form an integral part of the Group's cash management policy represent a component of cash and cash equivalents for the purposes of the Consolidated Cash Flow Statement.

Cash and cash equivalents are valued at fair value through profit or loss. Note 8.2.1 sets out the method of determining fair value. Cash and cash equivalents belong to fair value levels 1 and 2:

- instruments with a quoted price in an active market in level 1;
- other instruments that are not quoted but the fair value of which is determined using valuation techniques involving standard mathematical calculation methods integrating observable market data, in level 2.

8.1.3.1 Movements in cash and cash equivalents

Movements in cash and cash equivalents and bank overdrafts and other cash position items during **2023** are as follows:

(€ million)	As of December 31 2022	Changes in business	Changes in consolidation scope	Fair value adjustments (1)	Foreign exchange translation	Transfers to Assets/ Liabilities classified as held for sale	Other movements	As of December 31 2023
Cash	2,819	-805	306	-	-98	-148	5	2,081
Cash equivalents	6,193	351	39	-	32	-2	2	6,615
CASH AND CASH EQUIVALENTS	9,012	-454	345	-	-66	-150	7	8,696
BANK OVERDRAFTS AND OTHER CASH POSITION ITEMS	214	-49	231	-	16	-5	-26	379
Net cash	**8,798**	**-404**	**114**	**-**	**-82**	**-145**	**34**	**8,317**

(1) Value adjustments are recorded in financial income and expenses.

Cash and cash equivalents total €8,696 million, including €459 million “subject to restrictions” as of December 31, 2023.

Restricted cash comprises: €249 million subject to contractual legal restrictions (particularly for the Group’s reinsurance activities), €69 million backing the servicing of local financial liabilities and €141 million in respect of subsidiaries located in countries with currency restrictions.

Cash and cash equivalents decreased by €481 million in 2023, mainly reflecting the redemption of bond issues at maturity for €1.3 billion, partially offset by proceeds from the issue of commercial paper of €747 million.

As of December 31, 2023, the Europe excluding France segment held cash of €519 million, the Rest of the world segment held cash of €717 million, the Water technologies segment held cash of €451 million , France and special waste Europe segment held cash of €80 million and the Other segment held cash of €314 million (including mainly Veolia Environnement).

Surplus cash balances of other Group subsidiaries, not pooled at Veolia Environnement level, are invested in accordance with procedures defined by the Group. Note 8.3.2, “Management of liquidity risk”, presents a breakdown of investments by nature.

As of December 31, 2023, cash equivalents were primarily held by Veolia Environnement in the amount of €6,138 million, including monetary UCITS of €3,514 million and term deposit accounts of €2,624 million.

Bank overdrafts and other cash position items consist of credit balances on bank accounts and related accrued interest payable, corresponding to brief overdrafts.

8.1.3.2 Management of equity risk

As part of its cash management strategy, Veolia Environnement holds UCITS. These UCITS have the characteristics of monetary UCITS and are not subject to equity risk.

8.2 Fair value of financial assets and liabilities

8.2.1 Fair value of financial assets and liabilities

The recognition and measurement of financial assets and liabilities is governed by IFRS 9. Fair value measurement incorporates, in particular, the risk of non-performance by the Group or its counterparties, determined based on default probabilities taken from rating agency tables.

The fair value of all financial assets and liabilities is determined at the reporting date, either for recognition in the accounts or disclosure in the Notes to the financial statements.

Fair value is determined:

- based on quoted prices in an active market (level 1); or
- using internal valuation techniques involving standard mathematical calculation methods integrating observable market data (forward rates, interest rate curves, etc.). Valuations produced by these models are adjusted to take account of a reasonable change in the credit risk of the Group or the counterparty (level 2); or
- using internal valuation techniques integrating factors estimated by the Group in the absence of observable market data (level 3).

Quoted prices in an active market (level 1)

When quoted prices in an active market are available, they are used in priority to determine the market value. Marketable securities and certain quoted bond issues are valued in this way.

Fair values determined using models integrating observable market data (level 2)

The majority of derivative instruments (swaps, caps, floors, etc.) are traded over the counter and, as such, there are no quoted prices. Valuations are therefore determined using models commonly used by market participants to value such financial instruments.

Valuations calculated internally for derivative instruments are tested every six months for consistency with valuations issued by our counterparties.

The fair value of unquoted borrowings is calculated by discounting contractual flows at the market rate of interest.

The net carrying amount of receivables and payables falling due within less than one year and certain floating-rate receivables and payables is considered a reasonable estimate of their fair value, due to the short payment and settlement periods applied by the Group.

The fair value of fixed-rate loans and receivables depends on movements in interest rates and the credit risk of the counterparty.

Valuations produced by these models are adjusted to take account of changes in Group credit risk.

Fair values determined using models integrating certain non-observable data (level 3)

Derivative instruments valued using internal models integrating certain non-observable data include certain electricity derivative instruments for which there are no quoted prices in an active market (notably for electricity purchase options with extremely long maturity) or observable market data (forward prices for component materials, interest-rate curves, etc.), in particular for distant maturities.

8.2.2 Financial assets

The following table presents the net carrying amount and fair value of Group financial assets as of December 31, 2023, grouped together in accordance with IFRS 9 categories.

		As of December 31, 2023							
		Net carrying amount	Financial assets at fair value			Fair value	Method for determining fair value		
(€ million)	Note	Total	Assets at fair value through other comprehensive income	Assets at amortized cost	Assets at fair value through profit or loss	Total	Level 1	Level 2	Level 3
Non-consolidated investments		92	-	92	-	92	-	92	-
Non-current and current operating financial assets	Note 5.4	1,393	-	1,393	-	1,427	-	1,427	-
Other non-current financial assets	Note 8.1.2	542	-	542	-	542	-	542	-
Trade receivables	Note 5.3	10,355	-	10,355	-	10,355	-	10,355	-
Other current operating receivables	Note 5.3	1,761	-	1,761	-	1,761	-	1,761	-
Other current financial assets	Note 8.1.2	2,223	-	2,214	-	2,214	-	2,214	-
Non-current and current derivative instruments	Note 8.3	259			259	259	-	259	-
Cash and cash equivalents	Note 8.1.3	8,696			8,696	8,696	2,081	6,615	-
TOTAL		**25,321**	**-**	**16,356**	**8,955**	**25,345**	**2,081**	**23,264**	**-**

Level 2 cash and cash equivalents mainly consist of negotiable debt instruments and term deposit accounts.

8.2.3 Financial liabilities

The following table presents the net carrying amount and fair value of Group financial liabilities as of December 31, 2023, grouped together in accordance with IFRS 9 categories.

									As of December 31, 2023
		Net carrying amount	Financial liabilities at fair value			Fair value	Method for determining fair value		
(€ million)	Note	Total	Liabilities at amortized cost	Liabilities at fair value through profit or loss	Liabilities at fair value through profit or loss and held for trading	Total	Level 1	Level 2	Level 3
Borrowings and other financial liabilities									
Non-current bond issues	Note 8.1.1	16,782	16,782	-	-	14,124	13,430	694	-
Current bond issues	Note 8.1.1	1,299	1,299	-	-	1,299	1,299	-	-
Non-current financial liabilities	Note 8.1.1	1,995	1,995	-	-	1,652	-	1,652	-
Current financial liabilities	Note 8.1.1	5,895	5,895	-	-	5,895	-	5,895	-
Non-current IFRS 16 lease debt	Note 8.1.1	1,533	1,533	-	-	1,533	-	1,533	-
Current IFRS 16 lease debt	Note 8.1.1	467	467	-	-	467	-	467	-
Bank overdrafts and other cash position items	Note 8.1.3	379	-	379	-	379	-	-	379
Trade payables	Note 5.3	7,960	7,960	-	-	7,960	-	7,960	-
Non-current and current concession liabilities	Note 5.5	2,011	2,011	-	-	2,011	-	2,011	-
Non-current and current derivative instruments	Note 8.3	745	-	745	-	745	-	745	-
Other operating payables	Note 5.3	8,973	8,973	-	-	8,973	-	8,973	-
TOTAL		**48,039**	**46,915**	**1,124**	**-**	**45,039**	**14,729**	**29,930**	**379**

8.2.4 Offsetting of financial assets and financial liabilities

As of December 31, 2023, derivatives managed under ISDA or EFET agreements are the only financial assets and/or liabilities covered by a legally enforceable master netting agreement. These instruments may only be offset in the event of default by one of the parties to the agreement. They are not therefore offset in the accounts.

Such derivatives are recognized in assets in the amount of €259 million and in liabilities in the amount of €746 million in the Consolidated Statement of Financial Position as of December 31, 2023.

8.3 Market risks and financial instruments

As a result of its operational and financial activities, the Group is exposed to various financial risks, for which it has implemented management rules:

- market risks: interest rate risk, foreign exchange risk and commodity risk;
- liquidity risk;
- credit risk.

Equity risk is presented in Notes 8.1.3.2 and 9.2.2.2.

Derivative instruments

To manage its exposure to market risks, Veolia uses derivatives, the majority of which are classified as hedging instruments.

Derivative instruments are recognized at fair value in the Consolidated Statement of Financial Position. Other than the exceptions detailed below, changes in the fair value of derivative instruments are recorded through profit or loss. The fair value of derivatives is estimated using standard valuation models which take into account active market data.

Net gains and losses on instruments at fair value through profit or loss consist of swapped flows and changes in the value of the instrument.

Hedge accounting is applicable if:

- the hedging relationship is precisely defined and documented at the inception date;
- the effectiveness of the hedge is demonstrated at inception and by regular verification of the offsetting nature of movements in the market value of the hedging instrument and the hedged item. The ineffective portion of the hedge is systematically recognized in the Consolidated Income Statement.

Hedge accounting relationships currently used by the Group meet the requirements of IFRS 9 and are aligned with the Group's risk management strategy and objectives.

The effectiveness of derivatives in these hedging relationships is assessed using the hypothetical derivative method: the designated derivative in each hedging relationship must enable changes in cash flows of the hedged item to be offset.

The main sources of ineffectiveness are:

- the impact of Group and counterparty credit risk on the fair value of hedging instruments, not reflected by fluctuations in the fair value of the hedged item (foreign exchange, interest rate and commodities). Pursuant to IFRS 13, the impact of credit risk on derivatives is regularly assessed. In the absence of materiality, an adjustment has never been recognized;
- changes to the timing and amount of expected cash flows from hedged transactions, in the case of transaction foreign exchange risk.

The recognition of period-on-period fair value gains and losses depends on the type of hedge accounting applied.

A **fair value hedge** is a hedge of exposure to changes in the fair value of all or a portion of a recognized asset or liability impacting net income for the period. Fair value gains and losses on hedging instruments are recognized in net income for the period. Changes in the value of the hedged item attributable to the hedged risk are also recorded in the Consolidated Income Statement for the period, to match these gains and losses (and adjust the value of the hedged item). These two remeasurements offset each other in the income statement headings, with the exception of any "ineffective portion" of the hedge.

A **cash flow hedge** is a hedge of exposure to variability in cash flows of an asset or liability or a highly probable forecast transaction impacting net income for the period. In the case of cash flow hedges, the portion of the gain or loss on the fair value remeasurement of the hedging instrument that is determined to be an effective hedge is recognized directly in other comprehensive income, while the gain or loss on the fair value remeasurement of the underlying item is not recognized in the Consolidated Statement of Financial Position. The ineffective portion of the gain or loss on the hedging instrument is recognized in profit or loss. Gains or losses recognized in other comprehensive income are reclassified to profit or loss in the same period or periods in which the asset acquired or liability issued affects profit or loss.

A **hedge of a net investment in a foreign operation** hedges the exposure to foreign exchange risk of the net assets of a foreign operation including loans considered part of the investment (IAS 21, The Effects of Changes in Foreign Exchange Rates). For this type of hedge, the effective portion of the gain or loss on the hedging instrument is recognized in translation reserves in other comprehensive income, while the ineffective portion is recognized in the Consolidated Income Statement. Gains and losses recognized in foreign exchange translation reserves are reclassified to profit or loss when the foreign investment is sold.

Certain transactions performed in accordance with the Group interest rate and foreign exchange risk management policy, but that do not satisfy hedge accounting criteria, are recorded as trading/non-qualifying instruments.

In the case of **currency hedges**, the Group only designates the "spot" component of derivatives as hedging its foreign exchange risk. As the "hedging cost" option is not applied, the premium/discount on hedging contracts is excluded from the hedging relationship and recognized separately in the financing cost.

In the case of **commodities**, purchase/sales contracts are generally recognized outside the scope of IFRS 9 ("own use" exemption), except for certain specific transactions in electricity, coal and gas. For these specific transactions, cash flow hedge accounting is systematically preferred.

The "own use" classification is applicable when the following conditions are satisfied:

- the volumes purchased or sold under the contracts reflect the operating requirements of the subsidiary;
- the contracts are not subject to net settlement as defined by IFRS 9 and, in particular, physical delivery is systematic;
- the contracts are not equivalent to sales of options, as defined by IFRS 9.

Commodity hedging instruments falling within the application scope of IFRS 9 are derivative instruments and are measured at fair value, calculated using models mostly based on observable data. Fair value gains and losses and the net impact of unwinding these transactions are recognized in operating income.

8.3.1 Management of market risk

The Group uses derivatives to manage and reduce its risk exposure: the Veolia Environnement Financing and Treasury Department is directly responsible for implementing and monitoring these hedges, while the Middle and Back Office teams in the Finance Department verify transactions and monitor limits, ensuring the security of transactions processed.

The fair value of derivatives in the Consolidated Statement of financial Position breaks down as follows:

		As of December 31, 2022		As of December 31, 2023	
(€ million)	Notes	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives	8.3.1.1	**69**	**633**	**39**	**432**
Fair value hedges		-	633	-	428
Cash flow hedges		69	-	39	4
Derivatives not qualifying for hedge accounting		1	-	-	-
Foreign currency derivatives	8.3.1.2	**343**	**386**	**200**	**232**
Net investment hedges		77	45	54	42
Fair value hedges		175	130	99	128
Cash flow hedges		21	45	13	40
Derivatives not qualifying for hedge accounting		70	166	34	22
Commodity derivatives	8.3.1.3	**350**	**584**	**20**	**82**
TOTAL DERIVATIVES		762	1,603	259	746
o/w non-current derivatives		**128**	**720**	**50**	**493**
o/w current derivatives		**634**	**883**	**209**	**253**

The fair value of derivatives recognized in the Consolidated Statement of Financial Position and the determination method (as described in Note 8.2.1) breaks down as follows:

	As of December 31, 2023		Level 2 (en %)		Level 3 (en %)	
(€ million)	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives	39	432	100.0%	100.0%	0.0%	0.0%
Foreign currency derivatives	200	232	100.0%	100.0%	0.0%	0.0%
Commodity derivatives	20	82	100.0%	100.0%	0.0%	0.0%
TOTAL DERIVATIVES	259	746	100.0%	100.0%	0.0%	0.0%

Derivatives valued using internal models integrating certain non-observable data are primarily electricity derivatives for which there are no quoted prices in an active market (mainly electricity purchase options with extremely long maturity) or observable market data (forward prices for component materials), in particular for distant maturities. There are no level 3 derivative instruments as of December 31, 2023.

	As of December 31, 2022		Level 2 (en %)		Level 3 (en %)	
(€ million)	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives	69	633	100.0%	100.0%	0.0%	0.0%
Foreign currency derivatives	343	386	100.0%	100.0%	0.0%	0.0%
Commodity derivatives	350	584	52.1%	100.0%	47.9%	0.0%
TOTAL DERIVATIVES	762	1,603	78.0%	100.0%	22.0%	0.0%

8.3.1.1 Management of interest rate risk

The structure of the Group exposes it naturally to the risk of interest rate fluctuations. As such, the cash and cash equivalents position covers floating-rate debt which impacts future financial results according to fluctuations in interest rates.

Short-term debt is primarily indexed to short-term indexes (Eonia for the treasury note program and Euribor/Libor for the main short-term credit lines). Medium and long-term debt comprises both fixed and floating-rate debt.

Veolia manages a fixed/floating rate position in each currency in order to limit the impact of interest rate fluctuations on its net income and to optimize the cost of debt. For this purpose, it uses interest rate swap and swaption instruments. The Group determines the existence of an economic relationship between the hedging instrument and the hedged item taking account of reference interest rates, the frequency of coupons, the currency and the nominal amount.

These swaps may be classified as fair value hedges or cash flow hedges.

The following table shows the interest-rate exposure of gross debt (defined as the sum of non-current financial liabilities, current financial liabilities and bank overdrafts and other cash position items) before and after hedging.

(€ million)	As of December 31, 2022 Outstandings	% total debt	As of December 31, 2023 Outstandings	% total debt
Fixed rate	22,502	77.0 %	21,221	73.7%
Floating rate	6,723	23.0 %	7,553	26.3%
Gross debt before hedging	29,225	100.0 %	28,775	100.0%
Fixed rate	17,607	61.6 %	17,547	61.9%
Floating rate	10,973	38.4 %	10,804	38.1%
Gross debt after hedging and fair value remeasurement of fixed-rate debt	28,580	100.0 %	28,351	100.0%
Fair value adjustments to (assets)/liabilities hedging derivatives	**599**		**414**	
GROSS DEBT AT AMORTIZED COST	29,179		28,765	

Total gross debt as of December 31, 2023, after hedging, is 61.9% fixed-rate and 38.1% floating-rate.

The decrease in fixed-rate debt and the increase in floating-rate debt before hedging is mainly due to the redemption of fixed-rate euro bond issues in the amount of €976 million and the increase in commercial paper of €742 million during the year.

As of December 31, 2023, the Group has cash and cash equivalents of €8,696 million, the majority of which bears interest at floating rates. The Group manages its exposure to interest rate fluctuations based on floating-rate gross financial debt net of cash.

The Group's net floating-rate position after hedging (liability position) is -€215 million, maturing €4,923 million in less than one year, -€2,638 million in 1 to 5 years and -€2,500 million after 5 years.

Interest rate fair value hedges

The risk of volatility in the value of debt is hedged by fixed-rate receiver/floating-rate payer swaps which change bond issues to floating-rate debt (see Note 8.1.1.1) recorded in non-current and current financial liabilities.

Fair value hedging swaps represent a notional outstanding amount of €4,500 million as of December 31, 2023, stable on December 31, 2022, with a net fair value in the Consolidated Statement of Financial Position of -€428 million as of December 31, 2023, compared with -€634 million as of December 31, 2022, as follows:

Fixed-rate receiver / floating-rate payer swaps (€ million)	Notional contract amount by maturity Total	< 1 year	1 to 5 years	> 5 years	Fair value of derivatives Total assets	Total liabilities
As of December 31, 2023	4,500	-	3,000	1,500	-	428
As of December 31, 2022	4,500	-	2,600	1,900	-	634

As of December 31, 2023, accumulated fair value hedging adjustments to bond issues included in their net carrying amount totaled + €15.6 million.

The +€206 million increase in fair value is due to the decrease in euro forward rates as of December 31, 2023 compared with the end of 2022. It is offset by the fair value remeasurement of the debt relating to the hedged risk in the amount of -€206 million. A review of the inefficiency of these hedging instruments did not give rise to any material impacts.

Interest rate cash flow hedges

The Group has entered into interest rate swaps to fix the cost of existing floating-rate debt or the cost of future debt issues.

Cash flow hedging swaps represent a notional outstanding amount of €1,268 million as of December 31, 2023, compared with €271 million as of December 31, 2022, with a net fair value of +€35 million as of December 31, 2023, compared with +€69 million as of December 31, 2022.
The increase in notional outstanding is due to the implementation of new hedges for €1,000 million.

The -€34 million decrease in the portfolio value is mainly due to the fall in euro forward rates during the period, as new transactions were performed at the end of 2023 and had little impact on the total fair value.

The efficiency of these hedging instruments was measured but did not give rise to any material impacts.

Floating-rate receiver / fixed-rate payer swaps / purchases of caps (€ million)	Notional contract amount by maturity Total	< 1 year	1 to 5 years	> 5 years	Fair value of derivatives Total assets	Total liabilities
As of December 31, 2023	1,268	250	1,000	18	39	4
As of December 31, 2022	271	-	250	21	69	-

An amount of -€6 million, net of tax, was recorded directly in equity attributable to owners of the Company in respect of cash flow hedge interest-rate derivatives as of December 31, 2023. -€3 million was released from equity to net income as of December 31, 2023.

Contractual flows on interest rate swaps are paid at the same time as contractual flows on floating-rate borrowings and the amount recorded in other comprehensive income is released to net income in the period in which interest flows on the debt impact the Consolidated Income Statement.

Interest-rate derivatives not qualifying for hedge accounting

A certain number of derivatives do not qualify as hedges under IFRS 9. The Group does not, however, consider these transactions to be of a speculative nature and views them as necessary for the effective management of its exposure to interest rate risk.

	Notional contract amount as of December 31, 2023				Fair value of derivatives	
(€ million)	Total	< 1 year	1 to 5 years	> 5 years	Total assets	Total liabilities
Total firm financial instruments	839	839	-	-	-	-
TOTAL INTEREST-RATE DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING	839	839	-	-	-	-

The decrease in the portfolio of interest rate derivatives not qualifying for hedge accounting between 2022 and 2023 is mainly due to the change in short-term financial instruments hedging cash investments.

As a reminder, the breakdown as of December 31, 2022 was as follows:

	Notional contract amount as of December 31, 2022				Fair value of derivatives	
(€ million)	Total	< 1 year	1 to 5 years	> 5 years	Total assets	Total liabilities
Total firm financial instruments	1,629	1,625	4	-	1	-
TOTAL INTEREST-RATE DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING	1,629	1,625	4	-	1	-

8.3.1.2 Management of foreign exchange risk

The Group's international activities generate significant foreign currency flows.

The Group's central treasury department manages foreign exchange risk centrally within limits set by the Chief Financial Officer.

Foreign exchange risk, as defined by IFRS 7, mainly results from:

- foreign currency-denominated purchases and sales of goods and services relating to operating activities and the related hedges (e.g. currency forwards). The Group has no significant exposure to foreign exchange transaction risk. Indeed, the activities of the Group are performed by subsidiaries operating in their own country and their own currency. Exposure to foreign exchange risk is therefore naturally limited;
- foreign currency-denominated financial assets and liabilities including foreign currency-denominated loans/borrowings and related hedges (e.g. forex swaps). With many operations worldwide, Veolia organizes financing in local currencies. In the case of inter-company financing, these credit lines can generate foreign exchange risk. In order to limit the impact of this risk, Veolia has developed a policy which seeks to back foreign-currency financing and foreign currency derivatives with inter-company receivables denominated in the same currency. The asset exposure hedging strategy primarily involves hedging certain net foreign investments and ensuring that Group companies do not have a material balance sheet foreign exchange position that could generate significant volatility in foreign exchange gains and losses;
- investments in foreign subsidiaries reflected by the translation of accounts impacting the translation reserves. The Group determines the economic relationship between the hedging instrument and the hedged item by comparing changes in the value of the hedging instrument attributable to a change in the spot foreign exchange rate with the impact of changes in this same rate on the hedged instrument. It is Group policy to align the key characteristics of hedging instruments (currency, nominal amount, maturity, etc.) with the hedged item.

Foreign exchange risk with regard to the net finance cost

With many operations worldwide, Veolia organizes financing in local currencies.

The foreign currency debt borne by the parent company, Veolia Environnement SA, is generally hedged using either derivative instruments or assets in the same currency.

The Group's net finance cost, i.e. a euro-equivalent of -€539 million in 2023, is primarily denominated in EUR (46%), USD (19%), GBP (3%), CZK (2%), CNY (7%), PLN (4%), BRL (1%), HUF (4%) and CLP (6%).

A 10% appreciation in the main currencies to which the Group is exposed (GBP, USD, PLN, CZK and CNY) against the euro would generate a €21 million increase in the net finance cost, while a 10% depreciation in these currencies would generate a €17 million decrease in the net finance cost.

Translation risk

Due to its international presence, the translation of the income statements of the Group's foreign subsidiaries is sensitive to exchange rate fluctuations.

The following table summarizes the sensitivity of certain Group Consolidated Income Statement aggregates to a 10% increase or decrease in foreign exchange rates against the euro, with regard to the translation of financial statements of foreign subsidiaries.

(€ million)	Euro	Pound sterling	US dollar	Polish zloty	Czech koruna	Australian dollar	Chinese renminbi	Other currencies	Total	Sensitivity to a change of : 10%	-10%
	Contribution to the consolidated financial statements										
Revenue	19,101	2,911	5,181	3,138	2,247	1,970	1,069	9,735	**45,351**	2,891	-2,365
Operating income	795	292	400	177	232	111	60	780	**2,847**	230	-189

Foreign exchange and translation risk in the Consolidated Statement of Financial Position

Due to its international presence, the Group's Consolidated Statement of Financial Position is exposed to exchange rate fluctuations. A fluctuation in the euro impacts the translation of subsidiary foreign currency denominated assets in the Consolidated Statement of Financial Position.

For its most significant assets, the Group has issued debt in the relevant currencies. The main net assets of the Group are located in the United States, the United Kingdom, China, Poland, Australia, Chile and the Czech Republic. A 10% appreciation in the currencies of the above countries would increase net assets by €1,542 million, while a 10% depreciation in these currencies would reduce net assets by -€1,261 million.

Hedge of a net investment in a foreign operation

Financial instruments designated as net investment hedges break down as follows:

Financial instrument (€ million)	Notional amount as of December 31, 2023 by maturity: Amount	< 1 year	1 to 5 years	> 5 years	Fair value of derivatives: Total assets	Total liabilities
Currency payer swaps	308	308	-	-	10	-
Currency receiver swaps	295	295	-	-	-	7
Options	3,338	3,274	64	-	43	15
Cross currency swaps	60	-	60	-	1	20
TOTAL	4,001	3,877	124	-	54	42

The above currency swaps are short-term but are generally renewed at maturity, until financing of an appropriate term is secured in the currency of the related country.

Options are mainly hedging strategies using collars.

It is Group policy to hedge the net investment only in the nominal amount of the foreign currency debt financing the securities.

Inter-company loans and receivables forming part of a foreign investment (IAS 21) are nearly systematically hedged by foreign currency external financing or foreign currency derivatives (cross currency swaps, currency forwards, collars) meeting IFRS 9 criteria for hedge accounting.

Foreign exchange gains and losses recorded in foreign exchange translation reserves in respect of hedging instruments are systematically offset by foreign exchange gains and losses recognized in foreign exchange translation reserves on loans forming part of the net investment, unless:

- the inter-company loan forming part of the net investment in a foreign operation is not hedged;
- the hedge is partially ineffective due to a difference between the nominal amount of the hedge and the amount of the hedged net asset;
- only the net assets of the foreign subsidiary (excluding the loan forming part of the net investment) are hedged.

A breakdown of foreign exchange gains and losses recorded in Group foreign exchange translation reserves as of December 31, 2023 is presented in Note 10.2.4.

As a reminder, the breakdown as of December 31, 2022 was as follows:

Financial instrument (€ million)	Notional amount as of December 31, 2022 by maturity: Amount	< 1 year	1 to 5 years	> 5 years	Fair value of derivatives: Total assets	Total liabilities
Currency payer swaps	15	15	-	-	1	-
Currency receiver swaps	-	-	-	-	-	-
Options	4,954	4,882	72	-	75	22
Cross currency swaps	60	-	60	-	1	23
TOTAL	5,029	4,897	132	-	77	45

Foreign currency fair value hedges

Financial instruments designated as fair value hedges break down as follows:

Financial instrument (€ million)	Notional amount as of December 31, 2023 by maturity				Fair value of derivatives	
	Amount	< 1 year	1 to 5 years	> 5 years	Total assets	Total liabilities
Forward purchases	1,206	1,186	20	-	11	19
Forward sales	7,463	6,640	823	-	88	109
FOREIGN CURRENCY DERIVATIVES : FAIR VALUE HEDGES	**8,669**	**7,826**	**843**	**-**	**99**	**128**

The fair value hedges presented above mainly consist of foreign currency swaps hedging balance sheet items and mainly hedges of internal financing and, to a lesser extent, hedges of construction contracts or sales of water treatment equipment and solutions. The impact of these hedges is offset by the remeasurement of the underlying items.

Financial instrument (€ million)	Notional amount as of December 31, 2022 by maturity				Fair value of derivatives	
	Amount	< 1 year	1 to 5 years	> 5 years	Total assets	Total liabilities
Forward purchases	957	938	19	-	14	38
Forward sales	6,836	5,748	1,088	-	161	92
FOREIGN CURRENCY DERIVATIVES : FAIR VALUE HEDGES	**7,793**	**6,686**	**1,107**	**-**	**175**	**130**

Foreign currency cash flow hedges

Financial instruments designated as cash flow hedges break down as follows:

Financial instrument (€ million)	Notional amount as of December 31, 2023 by maturity				Fair value of derivatives	
	Amount	< 1 year	1 to 5 years	> 5 years	Total assets	Total liabilities
Forward purchases	281	274	7	-	11	2
Forward sales	551	549	2	-	2	38
FOREIGN CURRENCY DERIVATIVES : CASH FLOW HEDGES	**832**	**823**	**9**	**-**	**13**	**40**

The cash flow hedges presented above mainly consist of forward purchases/sales of foreign currencies different from the functional currencies of the entities concerned, in connection with their own activities.

They mainly include currency hedges in respect of commodity purchases and sales in Central Europe.

Financial instrument (€ million)	Notional amount as of December 31, 2022 by maturity				Fair value of derivatives	
	Amount	< 1 year	1 to 5 years	> 5 years	Total assets	Total liabilities
Forward purchases	614	572	42	-	18	4
Forward sales	898	896	2	-	4	41
FOREIGN CURRENCY DERIVATIVES : CASH FLOW HEDGES	**1,512**	**1,468**	**44**	**-**	**22**	**45**

Hedges of currency exposure in the Consolidated Statement of Financial Position by derivatives not qualifying for hedge accounting

Financial instrument (€ million)	Notional amount as of December 31, 2023 by maturity				Fair value of derivatives	
	Amount	< 1 year	1 to 5 years	> 5 years	Total assets	Total liabilities
Currency receiver swaps and forward purchases	4,111	4,111	-	-	18	2
Currency payer swaps and forward sales	1,306	1,306	-	-	16	20
FOREIGN CURRENCY DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING	**5,417**	**5,417**	**-**	**-**	**34**	**22**

The above portfolio of foreign currency derivatives was mainly contracted by Veolia Environnement to hedge its foreign currency-denominated net financial debt (comprising foreign currency-denominated borrowings and foreign currency-denominated inter-company loans and borrowings).

Financial instrument (€ million)	Notional amount as of December 31, 2022 by maturity				Fair value of derivatives	
	Amount	< 1 year	1 to 5 years	> 5 years	Total assets	Total liabilities
Currency receiver swaps and forward purchases	6,579	6,579	-	-	24	136
Currency payer swaps and forward sales	2,413	2,413	-	-	46	30
FOREIGN CURRENCY DERIVATIVES NOT QUALIFYING FOR HEDGE ACCOUNTING	**8,992**	**8,992**	**-**	**-**	**70**	**166**

8.3.1.3 Management of commodity risk

Energy, commodity and consumable purchases represent a major operating expense for the Group's businesses, in particular diesel for waste collection, coal and gas for the supply of energy services, and electricity for water treatment and distribution. The Group is therefore exposed to fluctuations in their price.

The long-term contracts entered into by Veolia generally include price review and/or indexation clauses which enable it to pass on the majority of any increases in commodity or fuel prices to the price of services sold to customers, even if this may be performed with a time delay.

Nonetheless, as part of supply management and cost optimization measures or to hedge future production, certain Group subsidiaries may be required, depending on their activities, to contract forward purchases or sales of commodities and set-up derivatives to fix the cost of commodities supply or the selling price of commodities produced (electricity). The majority of these commitments are reciprocal; the third parties concerned are obliged to deliver the quantities negotiated in these contracts and the Group is obliged to take them.

These transactions form part of the Group's commodity risk management policy, which seeks to establish a progressive hedge over three years (where possible) in order to limit results volatility.

As of December 31, 2023, the fair value of commodity derivatives is recorded €20 million in assets and €81 million in liabilities.

	As of December 31, 2022		As of December 31, 2023	
(€ million)	Assets	Liabilities	Assets	Liabilities
Commodity derivatives	**350**	**584**	**20**	**81**
Electricity	287	309	17	11
Petroleum products	-	-	-	-
CO_2	-	-	-	-
Coal	3	4	-	1
Gas	60	270	3	69
Other	-	-	-	-

These derivatives break down by hedge type as follows:

	As of December 31, 2022		As of December 31, 2023	
(€ million)	Assets	Liabilities	Assets	Liabilities
Commodity derivatives	**350**	**584**	**20**	**81**
Fair value hedges	-	1	-	-
Cash flow hedges	63	290	2	59
Derivatives not qualifying for hedge accounting	287	293	18	22

The marked decrease in the commodity derivative portfolio is due to a reduction in electricity volumes, mainly following the termination of a contract in Germany, and the substantial fall in 2023 closing rates versus 2022.

Greenhouse gases

Regulatory constraints and management policy

As a combustion plant operator, the Group is exposed to the risks inherent to the Emissions Trading Scheme (EU ETS) introduced by the European Union in 2005.

To accelerate the rate of emission reductions, Phase 4 (2021-2030) provides for a 2,2% annual decrease in the total number of emission allowances (free grant of allowances). In December 2022, the Council and European Parliament reached a provisional agreement providing for an increase in the annual reduction rate of the emission cap by 4.3% per year from 2024 to 2027 and 4.4% from 2028 to 2030. The Council formally adopted this new trajectory in April 2023.

Under European regulations, the actual emissions position is determined each year and the corresponding rights surrendered. In addition to the Group's greenhouse gas emissions reduction policy, Veolia is therefore required to purchase or sell emission rights, depending on whether actual emissions are greater or lesser than emission rights allocated under the hedging policy described above.

In addition, China also officially launched a country-wide Emissions Trading Scheme in 2021, focusing initially on electricity producers. The impacts are not material at this stage for the Group.

Accounting treatment adopted by the Group

In the absence of specific IFRS provisions, the Group has adopted the "net liability approach," which involves the recognition of a liability at the period end if actual emissions exceed allowances held, in accordance with IAS 37.

Allowances are managed as a production cost and, in this respect, are recognized in inventories at:

- nil value, when they are received free of charge;
- acquisition cost, if purchased for valuable consideration on the market.

Transactions in these allowances performed on the forward market are generally recognized outside the application scope of IFRS 9 ("own use" exemption).

The position in 2023 is as follows:

Volumes (in thousands of metric tons)	As of January 1st, 2023	Changes in consolidation scope	Granted	Purchased/ Sold/ Cancelled	Used	As of December 31, 2023
TOTAL	**435**	**163**	**2,466**	**5,767**	**-7,960**	**871**

The inventory of 871 thousand metric tons is equivalent to approximately €67 million as of December 31, 2023, based on a spot price of €77.25 per metric ton.

8.3.2 Management of liquidity risk

The operational management of liquidity and financing is managed by the Treasury and Financing Department. This management involves the centralization of major financing in order to optimize liquidity and cash.

The Group secures financing on international bond markets, international private placement markets, the treasury note market and the bank lending market (see Note 8.1.1.4 – Non-current and current financial liabilities).

8.3.2.1 Maturity of financial liabilities

As of December 31, 2023, undiscounted contractual flows on net financial debt (nominal value) break down by maturity date as follows:

	As of December 31, 2023		Maturity of undiscounted contractual flows					
(€ million)	Carrying amount	Total undiscounted contractual flows	2024	2025	2026	2027	2028	Beyond 5 years
Bond issues (1)	18,081	18,391	1,288	1,804	1,472	2,596	2,051	9,181
Other liabilities	8,269	8,269	6,287	218	361	211	164	1,028
Gross financial liabilities excluding IFRS 16 and the impact of amortized cost and hedging derivatives	**26,350**	**26,659**	**7,574**	**2,022**	**1,833**	**2,807**	**2,214**	**10,209**
IFRS 16 lease debt	2,000	2,311	495	378	295	217	196	730
Gross financial liabilities excluding the impact of amortized cost and hedging derivatives	**28,350**	**28,970**	**8,070**	**2,400**	**2,128**	**3,024**	**2,410**	**10,939**
Impact of derivatives hedging debt	414							
Gross financial liabilities	**28,764**	**28,970**	**8,070**	**2,400**	**2,128**	**3,024**	**2,410**	**10,939**
Cash and cash equivalents	-8,696							
Liquid assets and financing financial assets	-1,892							
Net financial debt	**18,176**	**28,970**	**8,070**	**2,400**	**2,128**	**3,024**	**2,410**	**10,939**

(1) Excluding the impact of amortized cost and derivatives hedging debt.

8.3.2.2 Net liquid asset positions

Liquid assets of the Group as of December 31, **2023** break down as follows:

(€ million)	As of December 31, 2022	As of December 31, 2023
Veolia Environnement:		
Undrawn MT syndicated loan facility	5,500	4,500
Undrawn MT bilateral credit lines	910	727
Undrawn ST bilateral credit lines	-	75
Letters of credit facility	-	-
Cash, cash equivalents, liquid assets and financing assets	8,073	8,344
Subsdiaries:		
Bilateral Credit lines	-	689
Cash, cash equivalents, liquid assets and financing assets	2,617	2,244
TOTAL LIQUID ASSETS	17,100	16,579
Current debt and bank overdrafts and other cash position items		
Current debts	7,018	7,662
Bank overdrafts and other cash position items	214	379
TOTAL CURRENT DEBTS AND BANK OVERDRAFTS AND OTHER CASH POSITION ITEMS	7,232	8,041
TOTAL LIQUID ASSETS NET OF CURRENT DEBTS AND BANK OVERDRAFTS AND OTHER CASH POSITION ITEMS, LIQUID ASSETS AND FINANCING ASSETS	9,868	8,538

As of December 31, 2023, Veolia has total liquid assets of €17 billion, including cash and cash equivalents of €11 billion.

As of December 31, 2023, cash equivalents are mainly held by Veolia Environnement in the amount of €6,138 million. They comprise monetary UCITS of €3,514 million and term deposit accounts of €2,624 million.

Confirmation of the credit outlook

On April 20, 2023, Standard and Poor's confirmed Veolia Environnement's credit rating at A-2/BBB with a stable outlook.

On April 28, 2023, Moody's confirmed the Group's rating at P-2/Baa1 with a stable outlook.

Refinancing of the multi-currency liquidity lines

The Group decided to refinance its two syndicated loan facilities (€3 billion historic syndicated facility and €2.5 billion former-Suez syndicated facility) at the beginning of March 2023, securing a new €4.5 billion single syndicated loan facility.

This syndicated loan facility is undrawn as of December 31, 2023.

Renewal of bilateral credit lines

Veolia Environnement has bilateral credit lines of a total undrawn amount of €802 million as of December 31, 2023.

Veolia Environnement may draw on the multi-currency syndicated loan facility and all credit lines at any time.

Undrawn confirmed credit lines mature as follows:

	As of December 31, 2023						Maturing in
(€ million)	Total	2024	2025	2026	2027	2028	2029
Undrawn syndicated loan facility	4,500	-	-	-	-	4,500	-
Credit lines	802	75	550	100	-	77	-
Letters of credit facility	-	-	-	-	-	-	-
TOTAL	5,302	75	550	100	-	4,577	-

8.3.2.3 Information on early debt repayment clauses

Veolia Environnement debt

The legal documentation for bank financing and bond issues contracted by the Company does not contain any financial covenants, i.e. obligations to comply with a debt coverage ratio or a minimum credit rating which, in the event of non-compliance, could lead to the early repayment of the relevant financing.

Subsidiary debt

Certain project financing or financing granted by multilateral development banks to the Group's subsidiaries contain financial covenants (as defined above).

Based on due diligence performed within the subsidiaries, the Group considers that the covenants included in the Group's material financing agreements were satisfied (or had been waived by lenders) as of December 31, 2023.

8.3.3 Management of credit risk

The Group is exposed to counterparty risk in various areas: its operating activities, cash investment activities and derivatives.

8.3.3.1 Counterparty risk relating to operating activities

Credit risk must be considered separately with respect to operating financial assets and operating receivables. Credit risk on operating financial assets is appraised via the rating of primarily public customers. Credit risk on other operating receivables is appraised through an analysis of late payment and/or default by customers taking account of their nature (public/private) as detailed below.

Group customer credit risk analysis may be broken down into the following four categories (Public customers – Delegating authority, Private customers – Individuals, Public customers – Other and Private customers – Companies):

		At December 31, 2023			Breakdown by customer type			
(€ million)	Note	Gross carrying amount	Impairment losses	Net carrying amount	Public customers - Delegating authority	Private customers - Individuals	Public customers - Other	Private customers- Companies
Non-current and current operating financial assets	5.4	1,410	-17	1,393	932	-	8	453
Trade receivables	5.3	11,600	-1,245	10,355	2,167	2,425	1,449	4,314
Other current operating receivables	5.3	1,854	-92	1,762	214	77	56	1,413
Non-current financial assets in loans and receivables	8.1.2	657	-135	522	120	66	8	328
Current financial assets in loans and receivables	8.1.2	366	-26	340	39	38	3	260
LOANS AND RECEIVABLES		15,887	-1,515	14,372	3,472	2,606	1,524	6,768
Other financial assets	8.1.2	1,929	-25	1,904	7	9	1	1,887
TOTAL AS OF DECEMBER 31, 2023		17,816	-1,540	16,276	3,479	2,615	1,525	8,655
TOTAL AS OF DECEMBER 31, 2022		17,658	-1,305	16,353	3,554	2,302	1,367	9,131

Assets past due and not impaired break down as follows:

			Assets past due but not impaired			
(€ million)	Note	Net carrying amount	Amount not yet due	0-6 months	6 months – 1 year	More than 1 year
Non-current and current operating financial assets	5.4	1,393	1,374	2	4	13
Trade receivables	5.3	10,355	7,845	1,897	307	305
Other current operating receivables	5.3	1,762	1,512	95	53	102
Non-current financial assets in loans and receivables	8.1.2	522	522	-	-	-
Current financial assets in loans and receivables	8.1.2	340	336	-	1	3
LOANS AND RECEIVABLES AS OF DECEMBER 31, 2023		14,372	11,589	1,994	365	422
Other non-current and current financial assets	8.1.2	1,904	1,873	-	31	-
TOTAL AS OF DECEMBER 31, 2023		16,276	13,462	1,994	396	422
TOTAL AS OF DECEMBER 31, 2022		16,353	13,561	1,910	422	460

As of December 31, 2023, trade receivables totalling € 10,355 million include unbilled revenue for € 3,752 million, against € 10,328 million and € 3,477 million as of December 31, 2022.

As of December 31, assets past due over six months have a total gross value of € 1,694, impaired for -€ 1,082 million. The net value of € 612 million represents 5.9% of net receivables against € 762 million (7.4%) as of December 31,2022.

Trade receivables over six months are mainly concentrated in France, Morocco, Italy and primarily concern local authorities (municipalities or equivalent).

In Morocco, net trade receivables total €158 million, including €38 million over six months past due as of December 31, 2023 against € 205 million and € 76 million respectively as of December 2022.

In Italy, net trade receivables total €178 million, including €50 million over six months past due as of December 31, 2023 against € 206 million and € 54 million respectively as of December 2022.

8.3.3.2 Counterparty risk relating to investment and hedging activities

The Group is exposed to credit risk relating to the investment of its surplus cash and its use of derivative instruments in order to manage interest rate and foreign exchange risk. Credit risk corresponds to the loss that the Group may incur should a counterparty default on its contractual obligations. In the case of derivative financial instruments, this risk corresponds to the fair value of all the instruments contracted with a counterparty insofar as this value is positive.

The Group minimizes counterparty risk through internal control procedures limiting the choice of banking counterparties to leading banks and financial institutions (banks and financial institutions with a minimum Moody's, Standard & Poor's or Fitch's rating of A3/P3/F3 respectively for transactions with a term of less than one year and of A2/A/A respectively for transactions with a term of more than one year, unless justified). Limits are determined for each counterparty based primarily on the rating awarded by the rating agencies, the size of their equity and commitments given to the Group and are reviewed regularly. In addition, the Group has set-up Credit Support Annexes with its main counterparties limiting counterparty risk using margin call mechanisms.

Counterparty risk on financial transactions is monitored on an ongoing basis by the middle-office within the Group Finance Department. The Group is not exposed to any risk as a result of material concentration.

Veolia Environnement cash surpluses are managed with a profitability objective close to that of the money market, avoiding exposure to capital risk and maintaining a low level of volatility.

8.4 Financial income and expenses

(€ million)	2022	2023
Expenses on gross debt	-488	-627
Assets at fair value through profit or loss (fair value option) (1)	45	313
Net gains and losses on derivative instruments, hedging relationships and other	-190	-225
COST OF NET FINANCIAL DEBT	-633	-539

(1) Cash equivalents are valued at fair value through profit or loss.

The cost of net financial debt (including the impact of financial liabilities reevaluation of €78 million) totaled -€539 million for the year ended December 31, 2023, compared with -€633 million for the year ended December 31, 2022. This decrease in the Group cost of net financial debt is mainly due to an increase in income from cash and cash equivalents and liquid assets following the rise in interest rates.

Net gains and losses on derivative instruments, hedging relationships and other mainly include the following amounts in the year ended December 31, 2023:

- a net interest expense on hedging relationships (fair value hedges and cash flow hedges) of -€251 million;
- net losses on derivatives not qualifying for hedge accounting of -€26 million, mainly on foreign currency derivatives.

In addition, the charge relating to the ineffective portion of net investment hedges and cash flow hedges was not material in 2023 or 2022.

8.4.1 Cost of net financial debt

Finance costs consist of interest payable on borrowings calculated using the amortized cost method and losses on interest rate derivatives, both qualifying and not qualifying as hedges.

Interest costs included in payments under lease finance contracts are recorded using the effective interest method.

Finance income consists of gains on interest rate derivatives, both qualifying and not qualifying as hedges and income from cash investments and equivalents.

Interest income is recognized in profit or loss when earned, using the effective interest method.

Finance costs and finance income represent the cost of financial liabilities net of income from cash and cash equivalents. In addition, the cost of net financial debt includes net gains and losses on derivatives allocated to debt, irrespective of whether they qualify for hedge accounting.

Finance income totals €585 million, while finance expenses total -€1,124 million in 2023.

The cost of net financial debt presented in the Consolidated Cash Flow Statement reflects the cost of net financial debt of continuing operations presented above and the cost of net financial debt of discontinued operations of nil for the year ended December 31, 2023.

The heading "Interest paid" in the Consolidated Cash Flow Statement reflects the cost of net financial debt of continuing and discontinued operations adjusted for accrued interest of €9 million and fair value adjustments to hedging derivatives of €8 million in 2023.

8.4.2 Other financial income and expenses

Other financial income and expenses primarily include capital gains and losses on disposals of financial assets, net of disposal costs, the unwinding of discounts on provisions, interest on concession liabilities and interest on IFRS 16 lease debt.

(€ million)	2022	2023
Net gains and losses on loans and receivables	15	-56
Capital gains and losses on disposals of financial assets, net of disposal costs	256	53
Dividends received	4	3
Assets and liabilities at fair value through profit and loss	-	-
Unwinding of the discount on provisions	-33	-49
Foreign exchange gains and losses and fair value adjustments	-213	-79
Interest on concession liabilities	-79	-84
Interest on IFRS 16 lease debt	-53	-58
Other	-101	-169
OTHER FINANCIAL INCOME AND EXPENSES	**-204**	**-439**

As of December 31, 2023, the change in net gains and losses on loans and receivables is mainly due to the impairment of shareholder loans in Northern Europe in the amount of -€44 million.

In 2023, capital gains on disposals of financial assets total €53 million and mainly comprise the capital gain on the divestiture of Italian water concessions for €15 million and the divestiture of a Spanish entity for €16 million.

In 2022, capital gains on disposals of financial assets total €256 million and mainly comprise the capital gain on the divestiture of hazardous waste activities in France for €107 million and the divestiture of Lanzhou Water in China for €58 million.

As of December 31, 2023, the change in foreign exchange gains and losses and fair value adjustments is mainly due to the decrease in the inflation impact of the debt of the subsidiary in Chile.

The change in other financial income and expenses is mainly due to costs relating to the legal restructuring in Canada of -€32 million, as well as the interest paid as part of dispute in Lithuania for -€17 million.

8.5 Financing commitments

8.5.1 Financing commitments given

Debt guarantees: these relate to guarantees given to financial institutions in connection with the financial liabilities of non-consolidated companies and equity-accounted entities, when the commitment covers the entire amount.

Letters of credit: letters of credit delivered by financial institutions to Group creditors, customers and suppliers guaranteeing operating activities.Off-balance sheet commitments given break down as follows:

			Maturing in		
(€ million)	As of December 31, 2022	As of December 31, 2023	Less than 1 year	1 to 5 years	More than 5 years
Letters of credit	-112	-84	-56	-8	-20
Debt guarantees	-27	-77	-	-36	-41
Other financing commitments given	-50	-80	-17	-27	-36
TOTAL FINANCING COMMITMENTS GIVEN	**-189**	**-241**	**-73**	**-71**	**-97**

Commitments on lease contracts entered into by the Group are analysed in Note 7.4.

8.5.2 Financing commitments

Financing commitments received total €253 million as of December 31, 2023, compared with €257 million as of December 31, 2022.

8.5.3 Collateral guaranteeing financial liabilities

As of December 31, 2023, the Group has given €480 million of collateral guarantees in support of financial liabilities, compared with €162 million as of December 31, 2022.

This increase is mainly due to long-term refinancing secured by the Chinese entities with the banks Minsheng and CMB, backed by assets of €358 million.

The breakdown by type of asset is as follows (€ million):

Type of pledge /mortgage (€ million)	Amount pledged (a)	Total Consolidated Statement of Financial Position (b)	Corresponding % (a)/(b)
Intangible assets	21	8,500	0.3%
Property, plant and equipment	424	17,134	2.5%
Financial assets (1)	28		
Total non-current assets	**473**	**44,669**	
Current assets	7	27,897	0.0%
TOTAL ASSETS	**480**	**72,566**	

(1) As financial assets pledged as collateral are shares of consolidated subsidiaries and other financial assets, the ratio of pledged assets to total assets in the Consolidated Statement of Financial Position is not significant.

The breakdown by maturity is as follows:

(€ million)	As of December 31, 2022	As of December 31, 2023	Less than 1 year	1 to 5 years	Maturing in More than 5 years
Intangible assets	**15**	**21**	**2**	**12**	**7**
Property, plant and equipment	**102**	**424**	**9**	**33**	**382**
Mortgage pledge	37	52	8	21	23
Other PP&E pledge (1)	65	372	1	12	359
Financial assets	**26**	**28**	**-**	**-**	**28**
Current assets	**19**	**7**	**0**	**6**	**1**
Pledges on receivables	-	-	0	0	0
TOTAL	**162**	**480**	**11**	**51**	**418**

(1) Mainly equipment and rolling stock.

Note 9 EQUITY AND EARNINGS PER SHARE

9.1 Share capital management procedures

Veolia Environnement manages its share capital within the framework of a prudent and rigorous financial policy that seeks to ensure easy access to French and international capital markets, to enable investments in projects that create value and provide shareholders with a satisfactory remuneration, while maintaining an "Investment Grade" credit rating.

On May 28, 2019, Veolia Environnement entered into a liquidity contract with Kepler Cheuvreux, effective June 1, 2019, for an initial period expiring on December 31, 2019, tacitly renewable thereafter for periods of one year.

9.2 Equity attributable to owners of the Company

9.2.1 Share capital

The share capital is fully paid-up.

9.2.1.1 share capital increase dedicated to employees

In 2023, Veolia Environment carried out an initial share capital increase on May 9, 2023 of approximately €4 million deducted from additional paid-in capital, following the vesting to beneficiaries of rights to performance shares granted by decision of the Board of Directors on May 5, 2020, increasing the share capital to €3,576,919,375.

On December 13, 2023, Veolia Environnement performed a second share capital increase of approximately €222 million, including issue premiums, as part of the 2023 Sequoia employee share ownership plan, using the delegation of authority granted by the Combined General Meeting of April 27, 2023, increasing the share capital to €3,627,058,335. The expenses relating to this transaction were deducted from additional paid-in capital for approximately €1 million.

In 2022, Veolia Environment carried out an initial share capital increase on May 2, 2022 of €4 million deducted from additional paid-in capital, following the vesting to beneficiaries of rights to performance shares granted by decision of the Board of Directors on April 30, 2019, increasing the share capital to €3,502,858,580.

On December 14, 2022, Veolia Environnement performed a second share capital increase of €244 million, including issue premiums, as part of the 2022 Sequoia employee share ownership plan, using the delegation of authority granted by the Combined General Meeting of June 15, 2022, bringing the share capital to €3,572,871,835. The expenses relating to this transaction have been deducted from additional paid-in capital for €1 million.

9.2.1.2 Number of shares outstanding and par

The number of shares outstanding was 714,574,367 as of December 31, 2022 and 725,411,667 as of December 31, 2023. The par value of each share is €5.

9.2.1.3 Authorized but unissued shares

For the financial management of Veolia Environnement, resolutions authorizing share capital increases approved every two years by Veolia Environnement's General Shareholders' Meeting are intended to authorize the Board of Directors to increase the share capital subject to certain conditions and limits. They allow the nature of financial instruments issued to be adapted in line with financing requirements and the situation of the French and international capital markets.

These resolutions, approved by the General Shareholders' Meeting of June 15, 2022, are broadly divided into two categories and subject to the following share capital increase ceilings:

- resolutions authorizing share capital increases with preferential subscription rights (PSR) subject to a maximum par value amount capped at app€1.0 billion (i.e. approximately 30% of the Company's share capital on the date of the General Shareholders' Meeting that approved these resolutions); and
- resolutions authorizing share capital increases without PSR subject to an overall maximum par value amount capped at €350 million (i.e. approximately 10% of the Company's share capital on the date of the General Shareholders' Meeting that approved these resolutions).

The use of these resolutions may not lead to share capital increase transactions with or without PSR exceeding a second overall ceiling of a par value amount of €1.0 billion (approximately 30% of the Company's share capital on the date of the General Shareholders' Meeting that approved these resolutions).

All these authorizations are suspended during a Public Tender Offer filed by a third party and aimed at taking control of the Company.

Fiscal years 2022 and 2023

210,171,514 shares could be issued pursuant to the share increase authorizations granted by the General Shareholders' Meeting of June 15, 2022, based on 700,571,716 shares comprising the share capital as of June 15, 2022.

14,849,101 shares were issued in 2022 from among the 210,171,514 above-mentioned authorized shares.

10,837,300 shares were issued in 2023 from among the 210,171,514 above-mentioned authorized shares.

9.2.2 Offset of treasury shares against equity

Treasury shares are deducted from equity.

Gains or losses arising from the sale of treasury shares and related dividends are recognized directly in equity and do not impact the Consolidated Income Statement.

9.2.2.1 Purchases and sales of treasury shares

Purchase and sale transactions in Veolia Environnement shares under the liquidity contract in 2023 and 2022 were as follows:

	2022	2023
Number of shares purchased during the year	8,906,053	9,685,607
Number of shares sold during the year	8,625,111	9,856,579

As of December 31, 2023, Veolia Environnement holds 162,970 shares under the liquidity contract. A €20 million drawdown authorization was granted for the operation of this liquidity contract.

12,619,170 and 10,362,269 treasury shares are hold as of December 31, 2022 and December 31, 2023, respectively.

9.2.2.2 Equity risk

As of December 31, 2023, Veolia Environnement holds 10,362,269 of its own shares, of which 6,370,621 are allocated to external growth transactions and 3,991,648 were acquired for allocation to employees under employee savings plans. These shares have a market value of €296 million, based on a share price of €29 and a net carrying amount of €376 million deducted from equity.

9.2.3 Appropriation of net income and dividend

The General Shareholders' Meeting of April 23, 2023 set the cash dividend for 2022 at €1.12 per share. The shares went ex-dividend on May 9, 2023 and the dividend was paid from May 11, 2023 for a total amount of €787 million.

A dividend of €688 million was distributed by Veolia Environnement in 2022 and deducted from 2021 net income.

9.2.4 Foreign exchange gains and losses

Accumulated foreign exchange translation reserves total -€583 million as of December 31, 2023 (attributable to owners of the Company).

In 2023, the change in foreign exchange translation reserves primarily reflects fluctuations in the Chinese renminbi (-€122 million), the US dollar (-€253 million), the Argentinian peso (-€154 million), the Czech koruna (-€58 million) and the Russian ruble (-€49 million).

Accumulated foreign exchange translation reserves total -€52 million as of December 31, 2022 (attributable to owners of the Company).

In 2022, the change in foreign exchange translation reserves primarily reflects fluctuations in the Chinese renminbi (-€75 million), the US dollar (+€367 million), the pound sterling (-€52 million), the Argentinian peso (-€45 million) and the Russian ruble (-€36 million).

Movements in foreign exchange translation reserves (attributable to owners of the Company and to non-controlling interests)

(€ million)	Total	o/w Attributable to owners of the Company
Translation differences on the financial statements of subsidiaries drawn up in a foreign currency	227	169
Translation differences on net foreign investments	-221	-222
As of December 31, 2022	**6**	**-52**
Translation differences on the financial statements of subsidiaries drawn up in a foreign currency	-529	-471
Translation differences on net foreign investments	-58	-60
Movements in 2023	**-587**	**-531**
Translation differences on the financial statements of subsidiaries drawn up in a foreign currency	-302	-301
Translation differences on net foreign investments	-279	-282
AS OF DECEMBER 31, 2023	**-581**	**-583**

Breakdown by currency of foreign exchange translation reserves attributable to owners of the Company

(€ million)	As of December 31, 2022	Change	As of December 31, 2023
Chinese renminbi	242	-122	120
US dollar	493	-253	240
Czech koruna	19	-58	-39
Australian dollar	17	-43	-26
Mexican peso	-13	-11	-24
Polish zloty	-68	29	-39
Argentinian peso	-177	-154	-331
Pound sterling	-191	31	-160
Hong Kong dollar	-247	19	-228
Colombian peso	-55	24	-32
Hungarian forint	-66	19	-47
Romanian leu	-27	-	-27
Korean Won	16	-9	6
Russian ruble	36	-49	-13
Other currencies	-30	46	16
TOTAL	-52	-531	-583

9.2.5 Fair value reserves

Fair value reserves attributable to owners of the Company total +€306 million as of December 31, 2023 and +€286 million as of December 31, 2022 and break down as follows:

(€ million)	Available-for-sale securities	Commodity derivatives hedging cash flows	Foreign currency derivatives hedging cash flows	Hedging costs	Interest rate derivatives hedging cash flows	Total	o/w attributable to owners of the Company
As of December 31, 2022	**307**	**-76**	**5**	**6**	**26**	**268**	**286**
Fair value adjustments	-2	67	-12	-12	-5	36	20
Other movements	2	-1	1	-	-7	-4	-
AMOUNT AS OF DECEMBER 31, 2023	307	-10	-7	-6	15	299	306

Amounts are presented net of tax.

The change in financial instruments at fair value through equity mainly concerns gas hedges for +€44 million in Europe (see Note 8.3).

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

9.3 Non-controlling interests

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

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

As of December 31, 2023, non-controlling interests mainly concern:

- in Europe excluding France: Poland (€190 million), Germany (€220 million) and Spain (€205 million);
- in the Rest of the world: Chili (€679 million), the United States (€268 million) and China (€223 million).

9.3.1 Non-controlling interests

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

9.3.2 Net income attributable to non-controlling interests

Net income attributable to non-controlling interests is -€397 million for the year ended December 31, 2023, compared with -€282 million for the year ended December 31, 2022.

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

(€ million)	Year ended December 31, 2022	Year ended December 31, 2023
France & special waste Europe	-15	-11
Europe excluding France (1)	-99	-183
Rest of the World (2)	-165	-183
Water technologies	-3	-21
Other	-	-
NET INCOME ATTRIBUTABLE TO NON-CONTROLLING INTERESTS	-282	-397

(1) Including net income attributable to non-controlling interests in Central Europe (-€171 million in 2023 compared to -€84 million in 2022).

(2) Including net income attributable to non-controlling interests in Australia (-€24 million), Chile (-€98 million) and the United-States (-€21 million) in 2023.

9.4 Deeply-subordinated securities and OCEANE convertible bonds

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9.4.1 OCEANE convertible bonds

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

On September 12, 2019, Veolia Environnement completed an offering of bonds convertible and/or exchangeable for new and/or existing shares maturing January 1, 2025 by way of a private placement without shareholders' preferential subscription rights, of a nominal amount of €700 million (see also Note 8.1.1.1).

9.4.2 Deeply subordinated securities

On November 8, 2021, Veolia Environnement performed a hybrid debt issue in the amount of €500 million bearing a coupon of 2% until the first reset date in February 2028. Costs relating to this transaction totaled -€3 million.

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

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

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

In 2022, deeply subordinated securities increased by €1,624 million with the acquisition of Suez SA.

As of December 31, 2023, they comprise three tranches:

- a €500 million tranche issued on March 30, 2015 bearing fixed-rate interest of 2.5 %, revised for the first time seven years after issue based on the five- year swap rate. This tranche was repaid on March 30, 2022.
- a €600 million tranche issued on April 19, 2017 with an initial fixed coupon of 2.875%, revised for the first time seven years after issue based on the five-year swap rate, then every five years.This tranche was partially redeemed in the amount of €397.2 million on November 23, 2023.
- a €500 million tranche issued on September 2, 2019 with an initial fixed coupon of 1.625 %, revised for the first time seven years after issue, then every five years.

On November 22, 2023, Veolia performed a new €600 million issue bearing a coupon of 6% until the first reset date in February 2029.

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

9.5 Earnings per share

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

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

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

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

	Year ended December 31, 2022	Year ended December 31, 2023
Weighted average number of ordinary shares (in millions of shares)	**688**	**705**
Weighted average number of ordinary shares for the calculation of basic earnings per share	688	705
Theoretical number of additional shares resulting from the exercise of share purchase and subscription options	26	26
Weighted average number of ordinary shares for the calculation of diluted earnings per share (in millions of shares)	**714**	**731**
Net income (loss) attributable to owners of the Company per share (in millions of euros)		
Net income (loss) attributable to owners of the Company (in millions of euros)	716	937
Net income (loss) attributable to owners of the Company per share (in euros):		
Basic	1.04	1.33
Diluted	1.00	1.28
Net income (loss) from discontinued operations attributable to owners of the Company per share (in millions of euros)		
Net income (loss) from discontinued operations attributable to owners of the Company (in millions of euros)	-79	-24
Net income (loss) from discontinued operations attributable to owners of the Company per share (in euros):		
Basic	-0.11	-0.03
Diluted	-0.11	-0.03
NET INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE		
Net income (loss) from continuing operations attributable to owners of the Company (in millions of euros)	794	961
Net income (loss) from continuing operations attributable to owners of the Company per share (in euros) :		
Basic	1.15	1.36
Diluted	1.11	1.31

The only potentially dilutive instruments recognized by Veolia Environnement are the share subscription and purchase options presented in Note 6.2.2.

Note 10 PROVISIONS

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

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

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

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

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

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

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

Movements in non-current and current provisions during **2023** are as follows:

(€ million)	As of December 31, 2022	Addition/ Charge	Repayment /Utilization	Reversal	Actuarial gains (losses)	Unwinding of the discount	Change in consolidation scope	Foreign exchange translation	Non-current/ current reclassification	Other movements	As of December 31, 2023
Tax litigation (1)	73	17	-9	-15	-	-	1	-1	-	-8	58
Employee litigation	32	12	-6	-5	-	-	-	-	-	-3	30
Other litigation	190	32	-41	-16	-	-1	2	-1	-	-6	159
Contractual commitments	94	205	-207	-3	-	-	-	-	-	-	87
Provisions for work-in-progress and losses to completion on long-term contracts	332	52	-22	-54	-	1	1	-6	-	-18	286
Closure and post-closure costs	1,177	44	-35	-42	-	63	-	-7	-	8	1,208
Restructuring provisions	42	20	-17	-13	-	-	-	-	-	16	48
Self-insurance provisions	322	161	-83	-38	-	2	-	-1	-	-3	360
Other provisions	818	210	-79	-61	-	-	-7	-7	-	-65	810
Provisions excluding pensions and other employee benefits	**3,080**	**753**	**-499**	**-248**	**-**	**65**	**-3**	**-24**	**-**	**-78**	**3,046**
Provisions for pensions and employee benefits	**781**	**79**	**-91**	**-46**	**41**	**23**	**15**	**-14**	**-**	**-21**	**767**
TOTAL PROVISIONS	3,860	833	-590	-295	41	89	12	-38	-	-99	3,813
NON-CURRENT PROVISIONS	2,844	476	-298	-198	41	89	22	-31	-110	-28	2,807
CURRENT PROVISIONS	1,015	356	-292	-97	-	-	-11	-6	110	-71	1,005

(1) Provisions other than for income tax.

Provisions for litigation total €247 million overall as of December 31, 2023, compared with €295 million overall as of December 31, 2022.

The France and Special Waste Europe, Europe excluding France, Rest of the world and Water technologies operating segments account for €63 million, €49 million, €91 million and €39 million of these provisions, respectively, as of December 31, 2023.

Additional information on the main litigation is presented in Note 12.

As of December 31, 2023, **provisions for contractual commitments** primarily concern the France and Special Waste Europe operating segment in the amount of €43 million and Europe excluding France in the amount of €33 million.

Provisions for work-in-progress and losses to completion on long-term contracts total €285 million as of December 31, 2023 and mainly concern the France and Special Waste Europe operating segment in the amount of €17 million, the Europe excluding France operating segment in the amount of €40 million, the Rest of the world operating segment in the amount of €137 million and the Water technologies operating segment in the amount of €91 million.

Provisions for closure and post-closure costs total €1,208 million as of December 31, 2023 compared with €1,177 million as of December 31, 2022 and mainly concern the following operating segments::

- France and Special Waste Europe in the amount of €443 million as of December 31, 2023, compared with €439 million as of December 31, 2022;
- Europe excluding France in the amount of €310 million as of December 31, 2023, compared with €323 million as of December 31, 2022;
- the Rest of the world in the amount of €422 million as of December 31, 2023, compared with €388 million as of December 31, 2022.

The change in these provisions in 2023 is mainly due to the unwinding of the discount in the amount of €63 milion.

By nature of obligation, these provisions concern:

- provisions for site rehabilitation in the amount of €1,079 million at the end of 2023, compared with €1,060 million at the end of 2022;
- provisions for environmental risks in the amount of €64 million at the end of 2023, compared with €84 million at the end of 2022;
- provisions for plant dismantling in the amount of €65 million at the end of 2023, compared with €33 million at the end of 2022.

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

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

- France and Special Waste Europe in the amount of €122 million as of December 31, 2023, compared with €110 million as of December 31, 2022;
- Europe excluding France, in the amount of €145 million as of December 31, 2023, compared with €162 million as of December 31, 2022;
- the Rest of the world in the amount of €132 million as of December 31, 2023, compared with €150 million as of December 31, 2022;
- Water technologies in the amount of €126 million as of December 31, 2023, compared with €149 million as of December 31, 2022;
- the Other segment in the amount of €285 million as of December 31, 2023, compared with €247 million as of December 31, 2022 re-presented.

Provisions for pensions and other employee benefits as of December 31, 2023 total €767 million, and include provisions for pensions and other post-employment benefits of €670 million (governed by IAS 19 and detailed in Note 6.3), and provisions for other long-term benefits of €97 million.

The change in these provisions as of December 31, 2023 is mainly due to the consolidation of Lydec.

Note 11 INCOME TAX EXPENSE

11.1 Income taxes

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

11.1.1 Analysis of the income tax expense

Les éléments de la charge fiscale sont les suivants :

(€ million)	2022	2023
Current income tax (expense) income	**-595**	**-573**
France	-100	-38
Other countries	-495	-535
Deferred tax (expense) income	**175**	**62**
France	92	-7
Other countries	83	69
TOTAL INCOME TAX EXPENSE	**-420**	**-511**

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

11.1.2 Effective tax rate

	2022	2023
Net income (loss) from continuing operations (a)	1,076	1,358
Share of net income (loss) of associates (b)	71	63
Share of net income (loss) of joint ventures (c)	57	60
Share of net income (loss) of other equity-accounted entities (d)	-	-
Impairment losses on goodwill of joint ventures and other equity-accounted entities (e)	-	-
Income tax expense (f)	-420	-511
Net income from continuing operations before tax (g) = (a)-(b)-(c)-(d)-(e)-(f)	1,369	1,747
Effective tax rate -(f)/(g)	**30.66%**	**29.26%**
Theoretical tax rate(1)	**25.83%**	**25.83%**
Net impairment losses on goodwill not deductible for tax purposes	1.0%	0.1%
Differences in tax rate	-3.3%	-4.2%
Capital gains and losses on disposals	-2.8%	-0.1%
Dividends	2.0%	1.3%
Taxation without tax base	6.7%	7.9%
Effect of tax projections(2)	5.8%	6.0%
Other permanent differences	-4.5%	-7.5%
EFFECTIVE TAX RATE	30.7%	29.3%

(1) The tax rate indicated is the statutory tax rate in France applicable in fiscal years 2022 and 2023.
(2) Effect of tax projections primarily includes impairment losses on deferred tax assets and capitalized deferred taxes.

The main elements explaining the effective tax rate in 2023 are as follows:

- transactions in countries with a higher or lower tax rate than the French standard rate
- the change in the deferred tax rate to take into account of legislative amendments in certain countries
- taxation without tax basis, including, in particular, taxes other than income tax meeting IAS 12 criteria
- the effect of tax projections, primarily relating to impairment losses on deferred tax assets and capitalized deferred taxes.

It is recalled that the main elements explaining the effective tax rate in 2022 were as as follows:

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

11.2 Deferred tax assets and liabilities

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

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

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

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

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

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

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

Movements in deferred tax assets and liabilities during **2022** are as follows:

(€ million)	As of December 31, 2022	Changes in business through net income	Changes in business through equity	Changes in consolidation scope	Foreign exchange translation	Transfers to Assets / Liabilities classified as held for sale	Other movements	As of December 31, 2023
Deferred tax assets, gross	4,107	147	-23	75	-55	-	-70	4,181
Deferred tax assets not recognized	-2,056	-110	2	10	16	-	-	-2,139
DEFERRED TAX ASSETS, NET	2,051	37	-21	85	-39	-	-70	2,042
DEFERRED TAX LIABILITIES	2,640	-25	-9	93	-43	-1	-82	2,575

As of December 31, 2023, deferred tax assets not recognized total -€2,139 million, including -€1,503 million on tax losses and -€636 million on timing differences. As of December 31, 2022, such deferred tax assets totaled -€2,056 million, including -€1,434 million on tax losses and -€622 million on timing differences.

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

(€ million)	As of December 31, 2022	As of December 31, 2023
DEFERRED TAX ASSETS		
Tax losses	1,840	1,841
Provisions and impairment losses	523	450
Employee benefits	270	294
Financial instruments	199	95
Operating financial assets	31	72
Fair value of assets purchased	121	167
Foreign exchange gains and losses	1	8
Finance leases	35	155
Intangible assets, PP&E and operating financial assets	89	228
Other	998	871
DEFERRED TAX ASSETS, GROSS	4,107	4,181
DEFERRED TAX ASSETS NOT RECOGNIZED	-2,056	-2,139
RECOGNIZED DEFERRED TAX ASSETS	2,051	2,042

(€ million)	As of December 31, 2022	As of December 31, 2023
DEFERRED TAX LIABILITIES		
Intangible assets and Property plant and equipment	1,061	1,184
Fair value of assets purchased	614	721
Operating financial assets	64	54
Financial instruments	230	96
Finance leases	59	113
Provisions	31	29
Foreign exchange gains and losses	11	15
Employee benefits	61	71
Other	509	292
DEFERRED TAX LIABILITIES	2,640	2,575

The breakdown by **main tax group** as of December 31, 2023 is as follows:

(€ million)	Recognized deferred tax assets on tax losses	Recognized deferred tax assets on timing differences	Deferred tax liabilities on timing differences	Net recognized deferred tax position
France tax group	24	197	-198	23
United States tax group	152	213	-486	-122
TOTAL FOR THE MAIN TAX GROUPS	176	410	-684	-99

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

	Deferred tax assets on tax losses			Net deferred tax on timing differences			Total		
(€ million)	5 years or less	More than 5 years	Total	5 years or less	More than 5 years	Total	5 years or less	More than 5 years	Total
France tax group	24	–	**24**	-1	–	**-1**	23	–	**23**
United States tax group	152	–	**152**	25	-298	**-273**	177	-298	**-121**

The expiry schedule for deferred tax assets on tax losses recognized and not recognized as of December 31, 2023 is as follows:

	Maturing in				
(€ million)	5 years or less	More than 5 years	Unlimited	**Total as of December 31, 2023**	Total as of December 31, 2022
Recognized tax losses	192	44	103	**338**	389
Tax losses not recognized	635	399	469	**1,503**	1,451

The increase in recognized tax losses as of December 31, 2023 follows the reassessment by the Group of its outlook and, particularly the outlook of the US tax group.

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

(€ million)	As of December 31, 2022	**As of December 31, 2023**
DEFERRED TAX ASSETS, NET		
Deferred tax assets through net income	1,882	1,898
Deferred tax assets through equity	169	144
DEFERRED TAX ASSETS, NET	**2,051**	**2,042**
DEFERRED TAX LIABILITIES		
Deferred tax liabilities through net income	2,561	2,506
Deferred tax liabilities through equity	79	69
DEFERRED TAX LIABILITIES	**2,640**	**2,575**

11.3 Tax audits

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

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

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

In estimating the risk as of December 31, 2023, the Group took account of the expenses that could arise as a consequence of these audits, based on a technical analysis of the positions defended by the Group before the tax authorities. The Group periodically reviews the risk estimate in view of developments in the audits and legal proceedings.

11.4 Pillar 2 Directive

The 2024 Finance Act (Article 33 of Law no. 2023-1322 of December 29, 2023) enacted the Pillar 2 Directive (Council Directive (EU) 2022/2523 of December 14, 2022) which aims to introduce a global minimum tax. Due to the amount of its revenue, the Group falls within the scope of this new legislation.

A methodology analysis was performed to determine the resulting financial impacts.
As the Group's effective tax rate was 29.3% in 2023, the financial impact of this legislation is not material and should not have a material negative effect on the Group's income statement.

Note 12 CONTINGENT ASSETS AND LIABILITIES

In accordance with IAS 37 criteria, management does not consider it appropriate to record a provision or, as the case may be, an additional provision, or to recognize deferred income with respect to the following legal, administrative or arbitration proceedings as of December 31, 2023, due to the uncertain nature of their outcome.

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

North America

United States – Water – Flint

In November 2011, the Governor of Michigan declared the City of Flint, Michigan ("Flint") to be in financial difficulty and appointed an emergency manager ("Emergency Manager") for Flint. In an attempt to save money, the Emergency Manager decided in 2013 to switch the city's water supply source (previously provided by Detroit) to the Flint River on an interim basis as part of a long-term plan to switch to water from Lake Huron.

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

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

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

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

In parallel, Flint conducted lead tests at the home of a Flint resident which revealed high levels of lead in the water but did not share these results with VWNAOS.

On March 12, 2015, VWNAOS delivered its final report to Flint, which was subsequently made available to the public. In its report, VWNAOS issued a broad set of recommendations to address TTHM compliance and improve water quality related to taste, odor and discoloration. The report also recommended that Flint work with the State regulators and Flint's engineering firm to establish a corrosion control plan. Most of these recommendations were ignored by Flint until late 2015, when the government ordered certain measures be taken in response to reports of lead in Flint's water.

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

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

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

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

On March 21, 2016, the Flint Water Advisory Task Force issued its final report, drafted after interviewing numerous individuals and reviewing many documents. The report concluded that the responsibility for the Flint water crisis rested largely with several governmental agencies and Flint. The report concluded that the Michigan Department of Environmental Quality and the City of Flint did not require the implementation of corrosion control when the source of the water supply was changed to the Flint River, which the Task Force found was contrary to requirements imposed by a federal law known as the Lead & Copper Rule.Since February 2016, numerous individual complaints and putative class actions have been filed in Michigan state and federal courts by Flint residents against a number of defendants, including the State of Michigan, the Michigan Department of Environmental Quality, Flint, LAN and three of the US subsidiaries of the Company, Veolia North America Inc., VWNAOS and Veolia North America LLC (collectively "VNA").

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

In November 2020, the plaintiffs in the putative class actions and individual actions (both state and federal) reached a settlement with some defendants in these actions, including the State of Michigan and Flint, but not VNA, nor the engineering firm, LAN. This settlement was approved by the federal judge in the amount of $626.25 million. In July 2023, LAN informed the federal and state courts that it had reached a settlement agreement in principle with the plaintiffs, without specifying the details of such agreement. Proceedings against LAN were subsequently stayed.

The proceedings will, however, continue with regard to those who are not parties to the settlement, including VNA. The cause of action in the federal and state proceedings is professional negligence.

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

Individual actions: Actions brought by individually represented plaintiffs have been organized into a bellwether process, under which a series of trials brought by a small number of representative plaintiffs will be held. The first of these began in February 2022. On 11 August 2022, after the jury informed the court that it was unable to reach a unanimous verdict, the Federal Magistrate Judge overseeing the deliberations declared a mistrial. This first bellwether trial was initially scheduled for a retrial, it was subsequently adjourned sine die at the request of the plaintiffs. Further bellwether trials with new groups of plaintiffs are planned, beginning in October 2024.

Issues class action: In August 2021, the court certified an issues class action with respect to VNA. The issues class action only addressed some specific common questions regarding elements of VNA's alleged liability. The trial for the issues class action was scheduled for several weeks starting in mid-February 2024. In early February, VNA and the attorneys representing the class requested a suspension of the issues class proceedings, as an agreement in principle for settlement had been reached between the parties. The proceedings were subsequently stayed by the federal court. This settlement provides for:

(i) a payment of $25 million to the plaintiffs in the issues class action, which will result in the termination of the issues class action as well as the putative class action before the state court; and
(ii) a payment of $1.5 million to individual minor plaintiffs represented by the lawyer representing the class, within a limit of 1,000 plaintiffs, equalling $1,500 for each.

This settlement agreement is subject to the final approval of the federal court, which is likely to take several months' time.

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

Individual actions and putative class action: In parallel to the actions in federal court, claims filed by individual plaintiffs and a putative class are pending in state court. No trial date has been set for any of these state court cases. The putative class action will also be subject to termination if the above-mentioned settlement agreement is approved by the federal court.

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

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

Criminal actions

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

In mid-January 2021, new criminal indictments were issued against nine former Flint and state officials. In June 2022, the Michigan Supreme Court ruled that the prosecution's use of the "one-man grand jury" method of indictment violated Michigan law. As a consequence of this ruling, the indictments against these nine former officials have been dismissed.

Insurance

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

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

In June 2023, the Company and VNA filed a request for arbitration in order to resolve their dispute with their insurers. The arbitration proceedings are ongoing.

Central and Eastern Europe

Lithuania - Energy

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

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

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

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

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

ICSID arbitration

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

To date, the Companies' claim amounts to circa €91M (not including interest). For its part, Lithuania withdrew its €150M counterclaim. This procedure is still pending.

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

In July 2020, Lithuania initiated a legal action against the Companies and other respondents before the Vilnius regional court, by which it seeks compensation for damages worth over € 240 million. Lithuania has indicated that this action is a transfer of the counterclaims it previously withdrew from the ICSID arbitration, following the Achmea decision. At that time, only VEI, UVE and Litesko had been served with Lithuania's writ of summons. The Company was later served in May 2023. The Companies vigorously contest Lithuania's claims. Following several divergent rulings by the Lithuanian courts,Lithuania's claim was finally declared admissible in October 2023. In November 2023, the Vilnius court, following a request submitted by the Companies, stayed the proceedings pending the awards in the ICSID and SCC arbitrations (see below). Lithuania has filed an appeal against this stay. In February 2024, the Vilnius court of appeal confirmed the stay of the proceedings pending the ICSID award.

SCC arbitration

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

In this arbitration, the Company and UVE filed a claim for an indemnity of circa €22 million. For their part, Vilnius and VST submitted counterclaims quantified to date at circa €660M. On November 30, 2023, the SCC tribunal unanimously rendered an award rejecting 95% of Vilnius' and VST's counterclaims and upholding more than 50% of the claims made by the Company and UVE. As a result, the latter have paid Vilnius and VST a net amount after compensation of approximately €34.7 million, inclusive of interest. This decision is now final, as no petition to set aside the award was filed.

Italy / Africa Middle East

Veolia Propreté vs. Republic of Italy

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

In June 2018, Veolia Propreté commenced an against the Republic of Italy arbitration before the International Center for Settlement of Investment Disputes alleging breaches of the Energy Charter Treaty. The tribunal was constituted in January 2019. To date, Veolia Propreté claims amounts to circa €400M plus interests. The arbitration is underway.

In September 2021, the Court of Justice of the European Union ruled that the investor-state dispute settlement mechanism provided for in the Energy Charter Treaty is incompatible with EU Law and does not apply to intra-EU disputes. This development may affect the enforcement of the future award.

Water technologies

VWT v. K+S Potash

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

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

Several procedures are currently in progress.

ADRIC Arbitration Procedure (ADR Institute of Canada)

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

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

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

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

On March 25, 2020, KSPC brought claims against VWT before the Court of Queen's Bench for Saskatchewan for an amount quantified to date at $4,6MCAD (approximately €3M). These new claims include an equipment failure that occurred in November 2018 and alleged corrosion in specific materials of the plant. In June 2020, VWT filed a statement of defense before this court and contested these new claims.

In November 2019 and 2020, respectively, KSPC received payment under the letters of guarantee.

The Group strongly contests the merits of all these legal proceedings.
These lawsuits have been notified to professional liability insurance companies. After initially agreeing to cover the legal costs associated with the Delay Claim, Lexington Insurance Company has initiated arbitration proceedings seeking to avoid coverage and future defense costs for the Delay Claim and for reimbursement of defense costs paid to date on the Delay Claim. The arbitration hearing is currently scheduled for the spring 2024 and we expect a final ruling from the arbitration panel by the end of that year. VWT vigorously disputes Lexington's position..

VWT v. Antero

In August 2015, Veolia Water Technologies Inc. ("VWT") and Antero Resources Corporation ("Antero") entered into a Design Build Agreement ("DBA") for a revised contract sum of USD $255.8 million for the treatment of water associated with the drilling, production and general development of shale gas at the Clearwater facility located in Pennsboro West Virginia ("Facility").

VWT achieved the substantial completion of the Facility on March 15, 2019. The Facility was fine-tuned over the following months. The final performance test was scheduled to begin on September 16, 2019 but, by a letter dated September 12, 2019, Antero terminated the DBA. VWT considers this termination to have been made without proper contractual notice or a valid reason.

On March 13, 2020 VWT filed suit against Antero in the State District Court, City and County of Denver, Colorado, in the United States, alleging breach of contract and seeking damages of USD $118 million. On the same day and in front of the same tribunal, Antero filed suit against VWT and claimed that VWT breached its contractual obligations under the DBA. In this lawsuit, Antero asserts claims under theories of fraud and breach of contract. It claims alternatively USD $451 million or USD $367 million in damages based on different valuation methods.
VWT's claims have been consolidated with Antero's claims. By a final judgment dated January 27, 2023, the State District Court, City and County of Denver, Colorado ordered VWT to pay to Antero on the grounds of fraud and breach of contract, a principal amount of USD $242 million, plus interests (such interests including USD $67 million of pre-judgment interests) and Antero's fees and costs. By a revised judgment dated May 3, 2023, reflecting the outcome of a post-trial motion successfully filed by VWT, the principal amount of the judgment was reduced to USD $215 million and the pre-judgment interests were reduced to USD $65 million. The effects of the judgment are stayed.

VWT vigorously contests all of the tribunal's findings that led the tribunal to rule in favor of Antero and appealed the decision before the Colorado Court of Appeals at the end of May 2023. In June 2023, Antero filed a cross appeal. The appellate proceedings are ongoing.
This dispute has been reported to the insurers. After initially accepting to cover the legal expenses in connection with those proceedings, one of the insurers ultimately disputed its coverage obligation and initiated arbitral proceedings to that end in October 2021. On July 10, 2023, the arbitral tribunal dismissed the insurer's claim and ruled that the insurer's dispute of its coverage obligation was ill-grounded.

Note 13 RELATED PARTY TRANSACTIONS

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

To the Company's knowledge, as of December 31, 2023, except for relations with joint ventures (see Note 5.2.4.1) and compensation and related benefits of key management (see Note 6.4), there were no other related party transactions.

Note 14 SUBSEQUENT EVENTS

No significant events occurred between the reporting date and the date on which the consolidated financial statements were approved by the Board of Directors.

Note 15 MAIN COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

In 2023, Veolia Group consolidated or accounted for a total of 1,987 companies, of which the main companies are:

Company and address	French company registration number (Siret)	Consolidation method	% control	% interest
Veolia Environnement SA 21 rue La Boétie 75008 Paris	403 210 032 00104	FC	100.00	100.00
Vigie Groupe 21 rue de La Boétie 75008 Paris	410 118 608 00109	FC	100.00	100.00
FRANCE & SPECIAL WASTE EUROPE				
Water				
Veolia Eau – Compagnie Générale des Eaux 21 rue La Boétie 75008 Paris	572 025 526 10945	FC	100.00	99.99
Veolia Water 21 rue La Boétie 75008 Paris	421 345 042 00053	FC	100.00	100.00
Sade-Compagnie Générale de Travaux d'Hydraulique (SADE-CGTH) and its subsidiaries ZAC François Ory 23/25 avenue du docteur Lannelongue 75014 Paris	562 077 503 02584	FC	100.00	99.50
Compagnie des Eaux et de l'Ozone Procédés M.P Otto 21 rue La Boétie 75008 Paris	775 667 363 02470	FC	100.00	100.00
Société Française de Distribution d'Eau 28 boulevard de Pesaro 92000 Nanterre	542 054 945 00416	FC	99.67	99.67
Compagnie Fermière de Services Publics Route de l'Escarpe 76200 DIEPPE	575 750 161 00326	FC	99.89	99.89
Compagnie Méditerranéenne d'Exploitation des Services d'Eau – CMESE 1 rue Albert Cohen Immeuble Plein Ouest A 13016 Marseille	780 153 292 00187	FC	99.75	99.75
Société des Eaux de Melun Zone Industrielle – 198/398, rue Foch 77000 Vaux-Le-Penil	785 751 058 00047	FC	99.37	99.37
Société des Eaux de Marseille 78 boulevard Lazer 13010 Marseille	057 806 150 00488	FC	98.80	98.80
Waste				
Veolia Propreté 21 rue La Boétie 75008 Paris	572 221 034 01230	FC	100.00	100.00
Routière de l'Est Parisien 28 boulevard de Pesaro 92000 Nanterre	612 006 965 00182	FC	100.00	100.00
ONYX Auvergne Rhône-Alpes 2/4 avenue des Canuts 69120 Vaulx-en-Velin	302 590 898 00656	FC	100.00	100.00
ONYX Est Bâtiment O'Rigin 1 rue Henriette Galle Grimm 54000 Nancy	305 205 411 00930	FC	95.00	95.00
Paul Grandjouan SACO 6 rue Nathalie Sarraute 44200 Nantes	867 800 518 00609	FC	100.00	100.00
SARP Industries and its subsidiaries 427, route du Hazay – Zone Portuaire Limay-Porcheville 78520 Limay	303 772 982 00029	FC	100.00	99.86

Company and address	French company registration number (Siret)	Consolidation method	% control	% interest
Société d'Assainissement Rationnel et de Pompage (SARP) and its subsidiaries 22 boulevard de Pesaro 92000 Nanterre	775 734 817 00395	FC	99.69	99.69
Generis 28 boulevard de Pesaro 92000 Nanterre	410 303 481 00304	FC	100.00	99.99
ARIANEO 33 boulevard de l'Ariane 06300 Nice	901 780 221 00023	FC	90.00	90.00
EUROPE EXCLUDING FRANCE				
Veolia Water UK Ltd and its subsidiaries 210 Pentonville Road London N1 9JY (United Kingdom)		FC	100.00	100.00
Veolia ES (UK) Ltd and its subsidiaries 210 Pentonville Road London– N19JY (United Kingdom)		FC	100.00	100.00
Veolia Energy UK Ltd and its subsidiaries 210 Pentonville Road N1 9JY London (United Kingdom)		FC	100.00	99.99
Veolia Umweltservice GmbH and its subsidiaries Hammerbrookstrasse 69 20097 Hamburg (Germany)		FC	100.00	100.00
Veolia Energie Deutschland GmbH and its subsidiaries Lindencorso Unter den linden 21 10117 Berlin (Germany)		FC	100.00	100.00
Braunschweiger Versorgungs- AG &Co.KG Taubenstrasse 7 38106 Braunschweig (Germany)		FC	50.11	50.11
Apa Nova Bucuresti Srl Strada Aristide Demetriade nr 2, Sector 1 Bucharest (Romania)		FC	73.69	73.69
Veolia Central & Eastern Europe and its subsidiaries 21 rue La Boétie 75008 Paris	433 934 809 00032	FC	100.00	100.00
Veolia Énergie Praha, a.s. Na Florenci 2116/15, Nové Město, 110 00 Praha 1 (Czech Republic)		FC	100.00	83.05
Prazske Vodovody A Kanalizace a.s. Ke Kablu 971/1 102 00 Prague 10 (Czech Republic)		FC	51.00	51.00
Sofiyska Voda AD Mladost region Mladost 4 Business Park Street Building 2a 1715 Sofia Sofia (Bulgaria)		FC	77.10	77.10
Veolia NV-SA and its subsidiaries 78-79 boulevard Poincarré B1060 – Brussels (Belgium)		FC	100.00	100.00
Siram SPA and its subsidiaries Via Anna Maria Mozzoni, 12 20152 Milan (Italy)		FC	100.00	99.99
Veolia Espana S.L.U.and its subsidiaries Calle Torrelaguna 60 28043 Madrid (Spain)		FC	100.00	99.99
Veolia Energia Warszawa and it subsidiary ul Batarego 02-591 Warszawa (Poland)		FC	97.24	58.34
Veolia Nordic AB and its subsidiaries Hälsingegatan 47 113 31 Stockholm (Sweden)		FC	100.00	99.99
Veolia Nederland BV and its subsidiaries Tupolevlaan 69 1119 PA Schiphol-Rijk (Netherlands)		FC	100.00	99.99

Company and address	French company registration number (Siret)	Consolidation method	% control	% interest
Vilnaius Energija Konstitucijos ave. 7 02300 Vilnius (Lithuania)		FC	100.00	99.99
Veolia Energy Hungary Co Ltd and its subsidiaries Szabadsag ut 301 2040 Budaors (Hungary)		FC	99.98	99.97
Veolia Energia Slovensko A.S. and its subsidiaries Einsteinova 21 851 01 Bratislava (Slovakia)		FC	100.00	99.99
Pražská teplárenská – PT and its subsidiaries Partyzánská 1/7 170 00 Praha 7 (Czech Republic)		FC	100.00	100.00
Veolia Énergie CR A.S. and its subsidiaries 28.Rijna 3123/152 709 74 Ostrava (Czech Republic)		FC	83.06	83.06
Agbar S.L.U. and its subsidiaries Santa Leonor 39 28037 MADRID (Spain)		FC	100.00	100.00
Veolia Environmental Services Belux and its subsidiaries Avenue Charles-Quint 584 7 1082 Berchem, Sainte-Agathe (Belgium)		FC	100.00	100.00
Recovera Vyuziti zdroju a.s. and its subsidiaries Spanelska 1073/10 120 00 Praha 2 - Vinorhady (Czech Republic)		FC	100.00	100.00
REST OF THE WORLD				
Veolia North America Regeneration Services LLC 4760 World Houston Parkway, Suite 100 Houston, TX 77032 (United States)		FC	100.00	100.00
Veolia Environmental Services North America LLC 53 State street 14th floor 02109 MA Boston (United States)		FC	100.00	100.00
Veolia ES Technical Solutions LLC 53 State street 14th floor 02109 MA Boston (United States)		FC	100.00	100.00
Veolia Water USA Inc. and its subsidiaries 461 From Road Suite 400, Paramus 07652 New Jersey (United States)		FC	100.00	100.00
Veolia North America (Paramus) Inc. and its subsidiaries 461 From Road Suite 400, Paramus 07652 New Jersey (United States)		FC	100.00	100.00
Veolia Water Technologies Treatment Solutions USA Inc. and its subsidiaries 461 From Road Suite 400, Paramus 07652 New Jersey (United States)		FC	100.00	70.00
Veolia ES Canada Industrial Services Inc. 555 René-Lévesque Boulevard West Suite 1450 H2Z 1B1 H1B 5M9 Montreal – Quebec (Canada)		FC	100.00	100.00
Veolia Holding America Latina SA Calle Torrelaguna 60, 2 Planta 28043 Madrid (Spain)		FC	100.00	100.00
Beijing Yansan Veolia Water No. 5 Yanshan Xinghua East Road, Yanshan Fangshan District 102500 Beijing (China)		FC	50.00	50.00
Shanghai Pudong Veolia Water Corporation Ltd No. 703 Pujian Road, Pudong New District 200127 Shanghai (China)		EA	50.00	50.00
Veolia Environmental Services China LTD 40/F One Taikoo Place 979 King's Road Quarry Bay (Hong-Kong)		FC	100.00	100.00
Kunming CGE Water Supply Co Ltd No.6 Siyuan Road, Kunming Municipality, Yunnan Province 650231 (China)		EA	49.00	24.99

Company and address	French company registration number (Siret)	Consolidation method	% control	% interest
Tianjin Jinbin Veolia Water Co Ltd No2 Xinxiang Road, Bridge 4 Jin Tang Expressway, Dongli District Tianjin Municipality (China)		EA	49.00	49.00
Veolia Water – Veolia Environmental Service (Hong Kong) – VW-VES (HK) Ltd 40/F, One Taikoo Place 979 King's Road Quarry Bay (Hong Kong)		FC	100.00	100.00
Veolia Environmental Services (Hong Kong) Limited and its subsidiaries 40/F One Taikoo Place 979 King's Road Quarry Bay (Hong Kong)		FC	100.00	100.00
Veolia Korea and its subsidiaries East 16 F Signature Towers Building Chungyechou-ro 100 Jung-gu (South Korea)		FC	100.00	100.00
Veolia Water Australia and its subsidiaries Level 4, Bay Center, 65 Pirrama Road, NSW 2009 Pyrmont (Australia)		FC	100.00	100.00
Veolia Environmental Services Australia Pty Ltd Level 4, Bay Center, 65 Pirrama Road, NSW 2009 Pyrmont (Australia)		FC	100.00	100.00
Veolia Recycling & Recovery Holdings ANZ PTY LTD and its subsidiaries Level 4, Bay Center, 65 Pirrama Road, NSW 2009 Pyrmont (Australia)		FC	100.00	100.00
Veolia Middle East and its subsidiaries 21 rue La Boétie 75008 Paris	505 190 801 00041	FC	100.00	100.00
Amendis 20 rue Imam Ghazali 90 000 Tanger (Morocco)		FC	100.00	99.99
REDAL S.A. 6 Zankat Al Hoceima, BP 161 10 000 Rabat (Morocco)		FC	100.00	100.00
Lydec S.A. 48, rue Mohamed Diouri 20110 Casablanca (Morocco)		FC	99,67	99,67
Sharqiyah Desalination Co. SAOC PO Box 685, PC 114 Jibroo, (Sultanate of Oman)		EA	35.75	35.75
Veolia Environmental Services Asia Pte Ltd 15 Tuas View Circuit 636968 (Singapore)		FC	100.00	100.00
WATER TECHNOLOGIES				
Veolia Water Technologies and its subsidiaries Immeuble L'Aquarène 1 place Montgolfier 94417 St Maurice Cedex	414 986 216 00037	FC	100.00	100.00
OTV Immeuble L'Aquarène 1 place Montgolfier 94417 St Maurice Cedex	433 998 473 00014	FC	100.00	100.00
Société Internationale de Dessalement (SIDEM) 1 rue Giovanni Batista Pirelli 94410 Saint-Maurice	342 500 956 00038	FC	100.00	100.00
Veolia Water Technologies & Solutions and its subsidiaries 21 rue La Boétie 75008 Paris	829 256 197 00023	FC	70.00	70.00
OTHER				
Veolia Énergie International 21 rue La Boétie 75008 Paris	433 539 566 00045	FC	99.99	99.99

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

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

Publication exemption	COMPANY	COUNTRY	Currency
	ALTVATER CHERNIVZY	Ukraine	UAH
	ALTVATER KIEV	Ukraine	UAH
	ALTVATER TERNOPIL	Ukraine	UAH
Yes	BELLANDVISION GmbH	Germany	EUR
	BELLIS GmbH	Germany	EUR
	BIOCYCLING GmbH	Germany	EUR
	BRAUNSCHWEIGER NETZ GmbH	Germany	EUR
	BRAUNSCHWEIGER VERSORGUNGS-AG & Co. KG	Germany	EUR
	EUROLOGISTIK UMWELTSERVICE GmbH	Germany	EUR
	Filtech Entwässerungen GmbH	Germany	EUR
	GASVERSORGUNG GÖRLITZ GmbH	Germany	EUR
	GLOBALIS BETEILIGUNGSGESELLSCHAFT mbH	Germany	EUR
Yes	GLOBALIS SERVICE GmbH & CO. KG	Germany	EUR
Yes	GUD GERAER UMWELTDIENSTE GmbH & Co. KG	Germany	EUR
	GUD GERAER UMWELTDIENSTE VERWALTUNGS GmbH	Germany	EUR
	JOB & MEHR GmbH	Germany	EUR
	KANALBETRIEBE FRITZ WITHOFS GmbH	Germany	EUR
	KOM-DIA GmbH	Germany	EUR
	MIDEWA Dienstleistungsgesellschaft mbH	Germany	EUR
	MULITPET GmbH	Germany	EUR
	MULITPORT GmbH	Germany	EUR
	ÖKOTEC Energiemanagement GmbH	Germany	EUR
	ONYX ROHR- UND KANAL-SERVICE GmbH	Germany	EUR
	Ostthüringer Wasser und Abwasser GmbH	Germany	EUR
	RECYCLING & ROHSTOFFVERWERTUNG KIEL GmbH	Germany	EUR
	RECYPET AG	Switzerland	CHF
Yes	ROHSTOFFHANDEL KIEL GmbH & Co. KG	Germany	EUR
	STADTENTWAESSERUNG BRAUNSCHWEIG GmbH	Germany	EUR
	STADTWERKE GÖRLITZ Aktiengesellschaft	Germany	EUR
	STADTWERKE WEISSWASSER GmbH	Germany	EUR
Yes	SCHRADENBIOGAS GMBH & CO. KG	Germany	EUR
	SWG Services GmbH	Germany	EUR
	URR GmbH	Germany	EUR
	VBG VERWALTUNGS- UND BETEILIGUNGSGESELLSCHAFT mbH	Germany	EUR
	VEOLIA BS ENERGY BETEILIGUNGS GmbH	Germany	EUR
	VEOLIA DEUTSCHLAND GmbH	Germany	EUR
	VEOLIA ENERGIE DEUTSCHLAND GmbH	Germany	EUR
	VEOLIA ENVIRONNEMENT LAUSITZ GmbH	Germany	EUR
	VEOLIA GEBÄUDESERVICE DEUTSCHLAND GmbH	Germany	EUR
	VEOLIA HOLDING DEUSTCHLAND GmbH	Germany	EUR
	VEOLIA INDUSTRIE DEUTSCHLAND GmbH	Germany	EUR
	VEOLIA INDUSTRIEPARK DEUTSCHLAND GmbH	Germany	EUR
	Veolia Infra Klärschlamm Deutschland GmbH	Germany	EUR
	Veolia Klärschlamm und Biogas Schönebeck GmbH	Germany	EUR
	VEOLIA Klärschlammverwertung Deutschland GmbH	Germany	EUR
	VEOLIA PET Allemagne GmbH	Germany	EUR
	Veolia Pet Norge AS	Norway	NOK
	VEOLIA PET SVENSKA AB	Sweden	SEK
	VEOLIA UMWELTSERVICE & CONSULTING GmbH	Germany	EUR
	VEOLIA UMWELTSERVICE BETEILIGUNGSVERWALTUNGS GmbH	Germany	EUR
	VEOLIA UMWELTSERVICE DUAL GmbH	Germany	EUR
	VEOLIA UMWELTSERVICE GmbH	Germany	EUR
	VEOLIA UMWELTSERVICE GmbH DEUTSCHLAND	Germany	EUR
Yes	VEOLIA LOGISTIK DEUTSCHLAND GmbH	Germany	EUR
	VEOLIA UMWELTSERVICE NORD GmbH	Germany	EUR

Publication exemption	COMPANY	COUNTRY	Currency
Yes	VEOLIA UMWELTSERVICE OCHTENDUNG GmbH	Germany	EUR
	VEOLIA UMWELTSERVICE OST GmbH	Germany	EUR
Yes	VEOLIA UMWELTSERVICE RECYCLING & RECOVERY DEUTSCHLAND GmbH	Germany	EUR
	VEOLIA UMWELTSERVICE RESSOURCENMANAGEMENT GmbH	Germany	EUR
Yes	VEOLIA UMWELTSERVICE RÜCKNAHMESYSTEME GmbH	Germany	EUR
Yes	VEOLIA UMWELTSERVICE SÜD GmbH & Co. KG	Germany	EUR
	VEOLIA UMWELTSERVICE SÜD VERWALTUNGS GmbH	Germany	EUR
	VEOLIA UMWELTSERVICE WERTSTOFFMANAGEMENT GmbH	Germany	EUR
Yes	VEOLIA UMWELTSERVICE WESSELING GmbH	Germany	EUR
	VEOLIA UMWELTSERVICE WEST GmbH	Germany	EUR
	VEOLIA WASSER DEUTSCHLAND GmbH	Germany	EUR
	VEOLIA WASSER STORKOW GmbH	Germany	EUR
	VEOLIA WASSER WAGENFELD GmbH	Germany	EUR
	VEOLIA WASSER WEGELEBEN GmbH	Germany	EUR
	VKD Holding GmbH	Germany	EUR

Note 16 AUDIT FEES

Audit fees incurred by the Group during fiscal years 2023 and 2022 total €40 million including:

- €35 million in 2023 and €33 million in 2022 in respect of the statutory audit of the accounts; and
- €4 million in 2023 and €7 million in 2022 in respect of services falling within the scope of diligences directly related to the audit engagement.