



PRESS RELEASE

PARTNERSHIP BETWEEN ACEA AND SUEZ FOR THE DIGITALIZATION OF WATER SERVICE METERING SYSTEMS

ACEA and Suez Group sign a Term Sheet for a business partnership related to the engineering of a water service advanced smart metering system (so-called smart meter) and its subsequent manufacturing and commercialization in Italy and abroad.

Rome, 6 December 2021 - ACEA S.p.A. ("ACEA") and Suez Group have signed a Term Sheet for the creation of a *joint venture* for the design and engineering of a water service advanced smart metering system (so-called smart meter), and its subsequent manufacturing and commercialization in Italy and abroad on the basis of a specific business partnership between ACEA and Suez Group (the "Project"). The smart metering market currently expanding worldwide and is worth more than €4billion per year.

The Project is characterized by the digitalization and technological innovation for the smart metering of the water service.

The Project is considered as strategic for both the involved companies, which are among the most important players, at the international level, in the water sector and in the environment protection. Specifically, the Project provides for the realization of a new generation multifunction metering system, equipped with the NBIOT technology, which, as per ACEA and Suez Group, is a breakthrough in the communication technologies of the future in this sector. For this purpose, the involved companies are jointly developing a patent, deploying their complementary knowledges.

With the aim of increasing the service quality and the commercial development in Italy and in the international market, in the interest of all the involved stakeholders, including the clients, on the one hand, ACEA has leveraged on its competences and resources in the Italian market, and, on the other hand, Suez Group has used its knowledge and experience in the international market. The implementation of the Project between ACEA and Suez Group (owning approximately 23.33% of the ACEA's share capital) gives evidence of a joint strategic and business vision: indeed, the Project is based on the improvement of the clients' services, on the management efficiency and on the increasing of environmental sustainability, which are key values of the involved companies.

The Term Sheet provides for the corporate and commercial *joint venture* between ACEA and Suez Group through the establishment of: (i) an Italian company, equally participated by the parties, which will be the owner of the patent on the smart meter to be licensed to the newly established commercial companies (referred to in point (ii) and (iii) below) responsible for the manufacturing and commercialization of the product; (ii) an Italian company, initially participated for 65% by ACEA and for the remaining 35% by Suez Group, which will commercialize the product on the ACEA Italian captive market within approximately the first half of 2023; and (iii) a French company, initially participated for 65% by Suez Group and for the remaining 35% by ACEA, which will commercialize the product on the open Italian market and on the international market within approximately the second half of 2024. In addition, the term provides, from the third year following the beginning of commercialization of the product by the company *sub* (iii), the re-balancing of the participations held by the parties in the commercial companies quotas on the basis of the achievement (or not) of the performance targets to be set in the relevant business plans, which guidelines are attached to the Term Sheet.

By means of the signature of the Term Sheet, the parties have mutually undertaken to continue the negotiations in good faith and on an exclusive basis, aimed at defining and signing the final contractual documentation concerning the Project within approximately the first quarter of 2022. All the terms and the economic and financial impacts of the Project will be finalized and defined in the abovementioned final agreements.

All the above is subject to the completion of the necessary authorization and regulatory procedures, with particular reference to the golden power and antitrust authorizations.

In the context of the public tender offer on all the Suez SA shares launched by Veolia, it is envisaged the incorporation of the "New Suez" company - controlled by a consortium of investors consisting of Meridiam (40%), Global Infrastructure Partners (40%), Caisse des Dépôts et Consignations (CDC) and CNP Assurances (20%)



- which will be the exclusive owner, among other things, of the businesses in the French water sector activities, the abovementioned participation in the ACEA's share capital and will succeed in the Project (and therefore in the relevant final agreements in lieu of Suez) starting from the completion of the transaction estimated for the end of January 2022, subject to the satisfaction of the conditions precedent provided for in the relevant sale and purchase agreement signed between Suez SA, Veolia and the aforementioned consortium of investors on October 22, 2021¹.

It should also be noted that - in accordance with the Procedure for the Transactions with Related Parties adopted by ACEA (the "**RPT Procedure**") - the Project qualifies as a "transaction with related parties", considering the involvement in the Project of Suez Group, which, as indicated above, holds approximately 23.33% of the ACEA's share capital.

Based on its nature, considered strategic by the parties, to the extent needed, the Project has been qualified by ACEA as a major transaction with related parties, pursuant to Annex 1, paragraph 6, to the RPT Procedure. Considering the above, the ACEA's Related Party Transactions Committee has been involved – and will continue to be involved - in the preliminary phase of the Project and will finally express its opinion on the ACEA interest in the completion of the Project and the fairness of its terms and conditions prior to the ACEA's Board of Directors approval of the final Project agreements.

Consequently, the information document, containing the Project details will be made available pursuant to Article 7.1 of the Related Parties Procedure, is expected to be published following the approval of the definitive agreements by the ACEA's Board of Directors.

In relation to the Project, Chiomenti law firm and Gianni & Origoni law firm act as legal counsel to, respectively, ACEA and Suez Group. Pedersoli acts as legal advisor to ACEA's Committee for Transactions with Related Parties.

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About ACEA:

ACEA is one of the leading Italian multiutility operators. Listed on the Italian Stock Exchange since 1999, the company manages and develops water and electricity networks and environmental services. Its operating segments include: integrated water services (aqueduct, sewerage and waste water treatment), the distribution of electricity, public and artistic lighting, the sale of electricity and natural gas, energy production, waste disposal and energy recovery from waste. ACEA is the foremost Italian operator in the water services sector supplying 9 million inhabitants in Lazio, Tuscany, Umbria, Molise and Campania; it is one of the major energy players in Italy, selling around 7 TWh of electricity and distributing approximately 10 TWh in the city of Rome. ACEA is one of the largest Italian environmental operators processing around two million tons of waste every year. The Company, which is committed to the attainment of challenging sustainability goals, has included in its 2020-2024 Business Plan investments totalling 2.1 billion Euro aimed at achieving sustainability targets, such as the reduction of CO2 emissions and the use of green energy.

About SUEZ:

Since the end of the 19th century, SUEZ has built expertise aimed at helping people to constantly improve their quality of life by protecting their health and supporting economic growth. With an active presence on five continents, SUEZ and its 90,000 employees strive to preserve our environment's natural capital: water, soil, and air. SUEZ provides innovative and resilient solutions in water management, waste recovery, site remediation and air treatment, optimizing municipalities' and industries' resource management through "smart" cities and improving their environmental and economic performance. The Group delivers sanitation services to 64

¹ For more information in relation to this transaction, please refer to the press releases section of Suez Group's website available at <https://www.suez.com/en/news/press-releases>.



million people and produces 7.1 billion m³ of drinking water. SUEZ is also a contributor to economic growth, with more than 200,000 jobs created directly and indirectly on an annual basis, and a provider of new resources, with 4.2 million tons of secondary raw materials produced. By 2030, the Group is targeting 100% sustainable solutions, with a positive impact on our environment, health and climate. SUEZ generated total revenue of €17.2 billion in 2020.