This is a free translation into English of Veolia Environnement's Update to the 2016 Registration Document filed with the French Regulatory Authority (Autorité des marchés financiers (AMF)) on July 31 , 2017 and is provided solely for the convenience of English-speaking readers.

UPDATE TO THE 2016 REGISTRATION DOCUMENT

Half-yearly financial report 2017

The Update to the 2016 Registration Document (*Document de référence*) was filed with the *Autorité des Marches Financiers* (AMF, the French Financial Markets Authority) on July 31, 2017, in accordance with Article 212-13 of the AMF's General Regulations. This Update supplements the Veolia Environnement 2016 Registration Document filed with the AMF on March 15, 2017 under number D.17-0172. This Update has been prepared by the issuer and its signatories are responsible for its content. The Registration Document and its updates may be used in connection with a financial transaction if they are supplemented by a prospectus (*note d'opération*) approved by the AMF.

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KEY FIGURES – SELECTED FINANCIAL INFORMATION

Figures presented in accordance with IFRS

(in € euros)	06/30/2017	12/31/2016[5]	06/30/2016[5]	12/31/2015[5]
Revenue	12,346.5	24,187.0	11,835.1	24,737.7
EBITDA[1]	1,651.4	3,219.4	1,645.8	3,152.2
Current EBIT[1]	773.8	1,460.2	771.2	1,382.3
Current net income – Group share[1]	295.2	596.6	322.8	565.4
Operating cash flow before changes in working capital	1,353.9	2,610.2	1,360.2	2,546.0
Operating income after share of net income (loss) of equity-accounted entitie[2]	648.1	1,193.3	651.0	1,209.7
Net income (loss) – Group share	204.6	383.1	252.0	437.7
Dividends paid[3]	440	401	401	384
Dividend per share paid during the fiscal year (in euros)	0.80	0.80	0,73	0.73
Total Assets	37,259.0	37,949.2	36,174.0	37,103.3
Net financial debt	8,561	7,812	8,678	8,170
Industrial investments (including new operating financial assets)	-593	-1,597	-609	-1,576
Net free cash flow[4]	-176	940	-140	856

(1) As stated at the time of the Group's 2014 annual results communication, the Group decided to introduce new financial indicators starting fiscal year 2015 that will now be used in the communication of its financial results. These financial indicators are defined in paragraph 3.8.3 of the 2017 Annual Report. These new indicators are: EBITDA, Current EBIT, and Current Net Income.

(2) Operating income after share of net income (loss) of equity-accounted entities does not include capital gains or losses on financial divestitures, booked in other financial income and expenses.

(3) Dividends paid by the parent company.

(4) Net free cash flow corresponds to free cash flow from continuing operations, and is calculated by: the sum of EBITDA, dividends received from joint ventures, operating cash flow from financing activities, and changes in working capital for operations, less net industrial investments, current cash financial expense, cash taxes paid, cash restructuring charges, acquisition and disposal costs, and renewal expenses

(5) According to the standard IFRS 5 " non-current Assets held for sale and discontinued Operations" the P&L of activities to be sold in Litihuania is retrospectively presented on a distinct line " net income from discontinued operations" on the whole presented periods

2

SHARE CAPITAL AND OWNERSHIP

(CHAPTER 2 OF THE 2016 REGISTRATION DOCUMENT)

2.1 Information on the share capital and stock market data

2.1.1 SHARE CAPITAL

As of June 30, 2017, Veolia Environnement's[1] share capital was €2,816,824,115, divided into 563,364,823 fully paid-up shares, all of the same class, with a par value of €5 each.

As of the date of filing of the Update to the Registration Document, the Company's share capital is unchanged.

1 *In this update to the Registration Document and unless otherwise indicated, "Company" refers to the limited liability company Veolia Environnement and the terms "Group" and "Veolia" refer to Veolia Environnement and all its consolidated subsidiaries.*

2.1.2 MARKET FOR THE COMPANY'S SHARES

The Company's shares have been admitted to trading on the Euronext Paris regulated market (Compartment A) since July 20, 2000, under ISIN code FR 0000124141-VIE, Reuters code VIE. PA and Bloomberg code VIE. FP. Veolia Environnement securities are eligible for deferred settlement (*Service de Règlement Différé* or "SRD").

The Company's shares have been included in the CAC 40, the main share index published by NYSE Euronext Paris, since August 8, 2001.

The table below presents high and low share prices and trading volumes in Veolia Environnement shares on the Euronext Paris regulated market over the past eighteen months.

Euronext Paris

Year (month)	Share price *(in euros)* High	Share price *(in euros)* Low	Trading volume in numbers of shares
2017			
June	19.860	18.450	53,110,452
May	20.145	17.285	67,224,589
April	17.685	16.775	53,488,564
March	17.560	15.285	66,235,657
February	16.425	15.005	63,191,409
January	16.540	15.025	59,872,650
2016			
December	16.235	15.215	66,733,273
November	19.995	16.075	82,489,307
October	20.500	19.230	32,973,458
September	20.975	19.070	50,236,422
August	20.605	19.065	27,598,041
July	20.070	18.665	32,896,354
June	20.710	18.010	49,380,965
May	20.965	19.090	41,038,046
April	21.730	20.385	35,330,991
March	21.365	20.135	43,797,328
February	22.670	19.890	44,206,775
January	21.195	20.330	43,984,984

Source: Bloomberg.

Following the delisting by Veolia Environnement of its American Depositary Receipts (ADRs) from the New York Stock Exchange (NYSE), the final listing of the ADRs on the NYSE occurred on December 22, 2014. Since this date, the ADRs are traded on the US over-the-counter market under the code VEOEY.

In addition, on December 12, 2014, Veolia Environnement announced the continuation of its ADR program, which is now managed by Deutsche Bank as a sponsored level 1 facility. ADR holders could therefore choose to retain their ADRs following their delisting from the NYSE and the Company's deregistration with the US Securities and Exchange Commission (SEC).

2.1.3 NON-EQUITY SECURITIES

EMTN program

In June 2001, a Euro Medium Term Note (EMTN) program was set-up for a maximum amount of €4 billion.

This maximum amount was raised to €16 billion on July 13, 2009.

The main outstanding bond issues performed under the EMTN program as of June 30, 2017 are as follows:

Issue date	Currency	Nominal issue amount (in millions of currency units)	Additional drawdowns/ partial repurchases	Nominal amount outstanding as of June 30, 2017 (in millions of currency units)	Interest rate	Maturity
May 28, 2003	EUR	750				
March 2012	EUR		(130)			
June 2013	EUR		(129)			
December 2013	EUR		(19)	472	5.375%	May 28, 2018
November 25, 2003	EUR	700		700	6.125%	November 25, 2033
December 12, 2005	EUR	600				
June 2013	EUR		(109)			
December 2013	EUR		(60)	431	4.375%	December 11, 2020
May 24, 2007	EUR	1,000				
December 2013	EUR		(150)			
April 2015	EUR		(205)	645	5.125%	May 24, 2022
October 29, 2007	GBP	500				
January 7, 2008	GBP		150	650	6.125%	October 29, 2037
April 24, 2009	EUR	750				
November 2014	EUR		(175)			
April 2015	EUR		(113)	462	6.75%	April 24, 2019
July 6, 2010	EUR	834				
April 2015	EUR		(196)	638	4.247%	January 6, 2021
March 30, 2012	EUR	750		750	4.625%	March 30, 2027
April 9, 2015	EUR	500		500	1.59%	January 10, 2028
October 4, 2016	EUR	600		600	0.314%	October 4, 2023
October 4, 2016	EUR	500		500	0.927%	January 4, 2029
March 30, 2017	EUR	650		650	0.672%	March 30, 2022
March 30, 2017	EUR	650		650	1.496%	November 30, 2026

As of June 30, 2017, the nominal amount outstanding under the EMTN program totaled €7,737 million, €7,265 million of which will mature in more than one year.

Offering of bonds convertible into and/or exchangeable for new and/or existing shares

On March 8, 2016, Veolia Environnement completed an offering of bonds convertible and/or exchangeable for new and/or existing shares ("OCEANEs") maturing March 15, 2021 by way of a private placement without shareholders' preferential subscription rights, of a nominal amount of €700 million. The bonds will not bear interest and the issue price was set at 102.75% of par, corresponding to an annual gross yield to maturity of -0.54%. The bonds have a nominal unit value of €29.99 representing a premium of 47.5% above the Company's reference share price on the issue date.

As of June 30, 2017, the nominal outstanding amount totaled €700 million, all of which will mature in more than one year.

Public issue on the US market

On May 28, 2008, Veolia Environnement performed a triple-tranche bond issue registered with the US Securities and Exchange Commission for an amount of US$ 1.8 billion, paying fixed-rate interest. The first tranche of the issue paid interest of 5.25% and matured on June 3, 2013. On December 19, 2014, Veolia Environnement redeemed early the outstanding balance of the second tranche, paying interest of 6.00% and maturing in June 2018. Only the third tranche (US$ 400 million) which pays interest of 6.75% and matures in June 2038 remains outstanding.

As of June 30, 2017, the nominal outstanding amount totaled US$ 400 million (€351 million euro-equivalent), all of which will mature in more than one year.

Bond issue program on the Chinese domestic market (Panda Bonds)

On August 16, 2016, Veolia Environnement filed with the National Association of Financial Market Institutional Investors, a bond issue program on the Chinese domestic market for a period of two years and a maximum nominal amount of 15 billion renminbi.

Under this program, Veolia Environnement performed a one billion renminbi bond issue on September 1, 2016, through a private placement with Chinese and international investors. The bond issue matures on September 2, 2019 and pays a coupon of 3.5%.

As of June 30, 2017, the nominal outstanding amount totaled one billion renminbi (€129 million euro-equivalent), all of which will mature in more than one year.

Commercial paper

Veolia Environnement has a short-term financing program comprising commercial paper, capped at €4 billion.

As of June 30, 2017, the outstanding amount of commercial paper issued by the Company totaled €3,287 million.

2.2 Veolia Environnement shareholders

2.2.1 SHAREHOLDERS AS OF JUNE 30, 2017

The table below shows the number of shares and the corresponding percentages of share capital and voting rights held as of June 30, 2017 by Veolia Environnement's principal known shareholders.

A double voting right was introduced on April 3, 2016 for shares held in registered form by the same shareholder for at least two years, in accordance with the Florange Law of March 29, 2014.

To the best of the Company's knowledge, as of the date of this Update to the Registration Document, no shareholder other than those listed in the table below directly or indirectly held 4% or more of the Company's share capital or voting rights.

Shareholders as of June 30, 2017	Number of shares	Percentage of share capital	Theoretical number of voting rights	Number of voting rights that may be exercised	Percentage of voting rights**
Caisse des dépôts[1]	26,036,119[4]	4.62	52,072,238	52,072,238	8.94
Velo Investissement (Qatari Diar)[2]	26,107,208	4.63	26,107,208	26,107,208	4.48
Veolia Environnement[3]	13,774,835*	2.45	13,774,835*	0**	0**
Public and other investors	497,446,661	88.30	504,354,504	504,354,504	86.58
Total	**563,364,823**	**100.00**	**596,308,785**	**582,533,950**	**100.00**

* *As of June 30, 2017, Veolia Environnement held 13,774,835 treasury shares.*

** *Percentage of voting rights as a proportion of effective voting rights (Veolia Environnement treasury shares do not exercise voting rights).*

(1) *According to the statement of registered shareholders as of June 30, 2017 prepared by Société Générale (the account manager), and according to the analysis of the Company's shareholders as of June 30, 2017. To the best of the Company's knowledge, the most recent declaration of threshold crossing by Caisse des Dépôts et Consignations was filed on September 23, 2016 (AMF Decision and Information no. 216C2179 of September 26, 2016).*

(2) *According to the analysis of the Company's shareholders as of June 30, 2017.*

(3) *Treasury shares without voting rights. This information is included in the monthly report of transactions carried out by Veolia Environnement in its own shares that was filed with the French Financial Markets Authority (AMF) on July 3, 2017.*

(4) *Shares held in registered form for more than two years.*

To the best of the Company's knowledge, there are no other agreements between one or more of the Company's shareholders or any provision in a shareholders' agreement or agreement to which the Company is a party that could have a material impact on the Company's share price, and there are no shareholders' agreements or other agreements of such nature to which any significant non-listed subsidiary of the Company is a party, other than the call options entered into with EDF, described in Chapter 4, Section 4.1 (Note 3.4.1 to the consolidated financial statements) and Chapter 8, Section 8.3 of the 2016 Registration Document and Chapter 4, Section 4.1 below (Note 3.3.1 to the consolidated financial statements) of this Update to the Registration Document.

No third party controls Veolia Environnement and, to the Company's knowledge, there are no agreements in existence that, if implemented, could result in a change of control or takeover of the Company.

2.3 Dividend policy

2.3.1 DIVIDENDS PAID DURING THE LAST FIVE FISCAL YEARS

(in euros)	2012 Dividend	2013 Dividend	2014 Dividend	2015 Dividend	2016 Dividend
Gross dividend per share	0.70	0.70	0.70	0.73	0.80
Net dividend per share	0.70*	0.70*	0.70*	0.73*	0.80*
**TOTAL DIVIDEND DISTRIBUTION ** **	**355,494,245**	**374,246,447**	**383,952,678**	**401,183,799**	**439,772,185**

* *The dividend is eligible for the 40% tax rebate.*

** *Amount paid by the Company.*

3

OPERATING AND FINANCIAL REVIEW

(CHAPTER 3 OF THE 2016 REGISTRATION DOCUMENT)

3.1 Major events of the period

3.1.1 GENERAL CONTEXT

The Group's performance in the first-half of 2017 was marked by:

- Strong revenue growth: +4.4% at constant exchange rates to €12,346 million
  - Second quarter revenue growth at constant exchange rates (+4.4%) in line with the first quarter (+4.5%)
  - Sustained growth in Europe
  - Continued robust growth outside of Europe
  - Construction activities stabilizing
- Continued strong commercial momentum
- Good results performance in line with expectations
  - EBITDA of €1,651 million, up +0.4% at constant exchange rates
    - Continued strong revenue growth
    - Cost savings of €126 million, in line with annual objectives
    - Weak price indexation
    - Transitory costs and non-recurring of 1H2016 positive one-offs
  - Current EBIT of €774 million, up +0.6% at constant exchange rates
  - Current net income of €295 million, up 4.4% at constant exchange rates and excluding capital gains
  - Net financial debt down €117 million compared to the June 30, 2016 represented figure
- 2017 objectives confirmed

3.1.2 CHANGES IN CONSOLIDATION SCOPE

Acquisitions

Uniken

On February 28, 2017, Veolia Environnement completed the acquisition of Uniken, a specialist in industrial and hazardous waste processing located in the Ulsan region in Korea, for an enterprise value of €66 million.

Enovity

On January 9, 2017, the Group acquired Enovity, a building energy services company based in San Francisco, for an enterprise value of €28 million.

Main contract awards

The strong commercial momentum enjoyed by the Group in 2016 continued, with Veolia signing several major contracts in the first half of 2017, including:

- In the municipal market, Veolia notably won a contract to Design, Build, and Operate in Mexico City the largest Waste-to-Energy facility in Latin America (representing cumulative revenue of €886 million over 30 years), a waste recycling and management contract covering four South London boroughs (8-year contract, GBP 209 million), a public service delegation contract for the operation of a waste-to-energy recovery plant in the Lille metropolitan area (12-year contract representing cumulative revenue of €295 million) and a contract to build water treatment and distribution facilities in the Greater Matale region in Sri Lanka (€156 million).

- In the industrial market, Veolia notably won three energy services contracts in China for a total of €864 million: an energy performance management contract at the Hongda Chemical site (10-year contract representing revenue of €335 million), a chilled water plant construction and operation contract at a Beijing data center (20-year contract representing revenue of €188 million), and a contract to produce electricity and steam from biomass for chemicals and construction clients (25-year contract representing revenue of €341 million).

3.1.3 GROUP FINANCING

Issue of two bonds for €1.3 billion

As part of its refinancing, Veolia Environnement issued in March 2017 two bonds for €1.3 billion. This issuance includes a €650 million bond maturing in March 2022 (5-year maturity) bearing a coupon of 0.672% and a €650 million bond maturing in November 2026 (short 10-year maturity) bearing a coupon of 1.496%. Both bonds were issued at par.

The proceeds of this issuance will be used for general corporate purposes.

Changes in bonds outstanding

On January 16, 2017, Veolia Environnement repaid a euro-denominated bond line with a nominal value of €606 million, on May 19, 2017, a euro-denominated bond line with a nominal value of €350 million, on June 28, 2017, a euro-denominated bond line with a nominal value of €250 million le 28 juin 2017 and on June 29, 2017, a renminbi-denominated bond line with a nominal value of €65 million equivalent.

Confirmation of the credit outlook

In June 2017, S&P and Moody's confirmed Veolia Environnement's credit rating as A-2/BBB with a stable outlook and P-2 / Baa1 also with a stable outlook, respectively.

Dividend payment

The Combined General Meeting of April 20, 2017 set the dividend for fiscal year 2016 at €0.80 per share. This dividend was paid in cash beginning April 26, 2017 in the total amount of €440 million.

3.1.4 CHANGES IN GOVERNANCE

Veolia Environnement Combined Shareholders' Meeting of April 20, 2017

The Veolia Environnement Combined Shareholders' Meeting took place at the Maison de la Mutualité in Paris on April 20, 2017, chaired by Mr. Antoine Frérot, Chairman and Chief Executive Officer of the Company. At the Meeting, shareholders approved all the resolutions on the agenda.

In particular, shareholders:

- approved the Company and consolidated financial statements for fiscal year 2016;
- set the cash dividend for fiscal 2016 at €0.80 per share. The shares went ex-dividend on April 24, 2017 and the dividend was paid from April 26, 2017;
- renewed the terms of office as directors of Caisse des dépôts et consignations, represented by Mr. Olivier Mareuse, Mrs. Marion Guillou and Mr. Paolo Scaroni for a four-year period expiring at the end of the General Shareholders' Meeting that will be called to approve the financial statements for the year ending December 31, 2020;
- renewed the term of office of ERNST & YOUNG et Autres as principal statutory auditor for a period of six fiscal years, expiring in 2023 at the end of the General Shareholders' Meeting called to approve the financial statements for year ending December 31, 2022;
- gave a favorable opinion on the remuneration due or attributed for fiscal year 2016 to Mr. Antoine Frérot;
- approved the principles and criteria for determining, allocating and awarding the fixed, variable and exceptional components of total compensation and benefits of all kinds that may be awarded to the Chairman and Chief Executive Officer in respect of fiscal year 2017;
- amended the provisions of Article 12 of the Articles of Association regarding the term of office of the Vice-Chairman.

After this Combined Shareholders' Meeting, Veolia Environnement's Board of Directors consists of seventeen directors, including two directors representing employees and six women (40%[1]), as well as two non-voting members (*censeurs*):

- Mr. Antoine Frérot, Chairman and Chief Executive Officer;
- Mr. Louis Schweitzer, Vice-Chairman and Senior Independent Director;
- Mrs. Homaira Akbari;
- Mr. Jacques Aschenbroich;
- Mrs. Maryse Aulagnon;
- Mr. Daniel Bouton;
- Caisse des dépôts et consignations, represented by Mr. Olivier Mareuse;
- Mrs. Isabelle Courville;
- Mrs. Clara Gaymard;
- Mrs. Marion Guillou;
- Mr. Baudouin Prot;
- Qatari Diar Real Estate Investment Company, represented by Mr. Nabeel Mohammed Al-Buenain who replaced Mr. Khaled Al Sayed from March 30, 2017;
- Mrs. Nathalie Rachou;
- Mr. Paolo Scaroni;
- Mr. Guillaume Texier;
- Mr. Pavel Páša, Director representing employees;
- Mr. Pierre Victoria, Director representing employees;
- Mr. Paul-Louis Girardot, non-voting member (*censeur*);
- Mr. Serge Michel, non-voting member (*censeur*).

The four Board Committees are now comprised as follows:

- Accounts and Audit Committee: Mr. Daniel Bouton (Chairman), Mrs. Homaira Akbari, Mr. Jacques Aschenbroich, Mrs. Nathalie Rachou and Mr. Pierre Victoria (Director representing employees).
- Nominations Committee: Mr. Louis Schweitzer (Chairman), Mrs. Maryse Aulagnon and Mr. Paolo Scaroni.
- Compensation Committee: Mr. Louis Schweitzer (Chairman), Mrs. Maryse Aulagnon, Mr. Daniel Bouton, Mrs. Clara Gaymard, Mrs. Marion Guillou and Mr. Pierre Victoria (Director representing employees).
- Research, Innovation and Sustainable Development Committee: Mr. Jacques Aschenbroich (Chairman), Mrs. Isabelle Courville, Mrs. Clara Gaymard, Mrs. Marion Guillou, Mr. Pavel Páša (Director representing employees) and Mr. Guillaume Texier.

[1] *Excluding Directors representing employees*

3.2 Accounting and financial information

3.2.1 PREFACE

Changes in concession standards

Under concession contracts with local authorities, infrastructure is accounted, as appropriate, as an intangible asset, a financial receivable, or a combination of the two. Veolia may have a payment obligation vis-a-vis the grantor for the use of the associated assets.

In July 2016, IFRIC published a verdict regarding these payments and concluded that in the case of fixed payments required by the operator, an asset and a liability should be recorded (intangible model).

Veolia identified the contracts concerned and has applied the new IFRIC 12 measures retroactive to January 1, 2015. The most significant contracts concerned are our water concessions in the Czech Republic and Slovakia.

June 30, 2016 figures have been represented for the application of IFRIC 12. The impacts are presented in the appendices to this half-year financial report.

Figures as of June 30, 2017 discussed in this half-yearly financial report include the impact of adjustments resulting from the application of IFRIC 12. Reflecting these adjustments EBITDA was increased in the amount of €105.3 million, Current EBIT in the amount of €47.3 million and Current net income, Group share in the amount of €3.8 million.

Lithuania

As of June 30, 2017, the ongoing withdrawal from Lithuania, motivated by the end of a major contract and the sales process launched for other activities, led the Group to transfer its Lithuanian activities to discontinued operations in accordance with IFRS 5.

3.2.2 KEY FIGURES

(in € million)[(4)]	Half-year ended June 30, 2016 published	IFRIC 12 and IFRS 5 [(3)] adjustments	**Half-year ended June 30, 2016 represented**	**Half-year ended June 30, 2017 including IFRIC12**	Δ at current scope and exchange rates	Δ at constant exchange rates
Revenue	11,955.9	(120.8)	11,835.1	12,346.5	+4.3%	+4.4%
EBITDA	1,580.3	65.5	1,645.8	1,651.4	+0.3%	+0.4%
EBITDA margin	*13.2%*		*13.9%*	*13.4%*		
Current EBIT[(1)]	749.7	21.5	771.2	773.8	+0.3%	+0.6%
Current net income - Group share	341.7	(18.9)	322.8	295.2	-8.6%	-8.7%
Current net income – Group share, excluding capital gains and losses on financial divestitures net of tax and minorities	301.1	(18.9)	282.2	294.0	+4.2%	+4.4%
Net income - Group share	251.2	0.8	252.0	204.6		
Industrial investments	553	56	609	593		
Net free cash flow[(2)]	(105)	(35)	(140)	(176)		
Net financial debt	8,678	-	8,678	8,561		

(1) Including the share of current net income of joint ventures and associates viewed as core Company activities.

(2) Net free cash flow corresponds to free cash flow from continuing operations, and is equal to the sum of EBITDA, dividends received, changes in operating working capital and operating cash flow from financing activities, less the net interest expense, net industrial investments, taxes paid, renewal expenses, restructuring charges and other non-current expenses.

(3) Adjustments as of June 30, 2016 concern the application of IFRIC 12 and the transfer of activities in Lithuania to discontinued operations pursuant to IFRS 5 (see the Appendices).

(4) The definitions of financial indicators are detailed in section 3.8.3 in the 2016 Registration Document

The main foreign exchange impacts were as follows:

Foreign exchange impacts as of June 30, 2017 (vs June 30, 2016 represented)	*%*	*(€M)*
Revenue	-0.1%	-14.5
EBITDA	-0.1%	(1.0)
Current EBIT	-0.3%	(2.0)
Current net income	+0.1%	+0.4
Net financial debt (vs. represented June 2016)	-1.3%	-110.0
Net financial debt (vs. December 2016)	-1.7%	-129.0

Group consolidated revenue

Group consolidated revenue for the half-year ended June 30, 2017 was €12,346.5 million, compared with represented €11,835.1 million for the same period in 2016, up +4.4% at constant exchange rates. Excluding Construction revenue1 and energy price effects, revenue increased +5.0% at constant exchange rates.

As in the first quarter, revenue growth was marked by favorable momentum across nearly all segments in the second quarter of 2017:

∆ at constant exchange rates	Q1 2017	Q2 2017
France	-1.5%	-0.4%
Europe excluding France	+7.2%	+4.4%
Rest of the World	+11.8%	+10.8%
Global Businesses	-3.2%	+1.7%
Group	+4.5%	+4.4%
Total Group excluding the impact of Construction activities and energy prices	+5.9%	+4.1%

By segment, the change in revenue compared with represented June 30, 2016 breaks down as follows:

			2016 / 2017 change		
(in € million)	Half-year ended June 30, 2016 represented	**Half-year ended June 30, 2017**	∆	*∆ at constant exchange rates*	*∆ at constant scope and exchange rates*
France	2,688.3	2,663.4	-0.9%	-0.9%	+1.4%
Europe, excluding France	4,082.8	4,233.6	+3.7%	+5.9%	+4.4%
Rest of the World	2,832.6	3,227.7	+13.9%	+11.3%	+5.4%
Global Businesses	2,218.6	2,204.0	-0.7%	-0.7%	-0.3%
Other	12.8	17.9	+39.7%	+39.5%	+39.5%
Group	**11,835.1**	**12,346.5**	**+4.3%**	**+4.4%**	**+3.1%**

- Revenue declined slightly in France (-0.9% compared with represented first half of 2016 figures and +1.4% a constant scope): the downturn in Water revenue (-0.9% at constant scope) was offset by growth in the Waste business (+4.1% at constant scope).
  - Water revenue was down by -0.7% vs represented first-half of 2016 figures to €1,431.5 million, due to the -0.3% reduction in tariff indexation and negative commercial impacts, partially offset by an increase in volumes (+0.4%);
  - Waste revenue declined -1.2% compared to represented first-half of 2016 figures, but grew 4.1% at constant consolidation scope to €1,231.9 million, adjusted for the impact of the sale of Bartin Recycling on November 30, 2016. Continued good commercial momentum, including significant contract gains (Nancy…) were accompanied by higher landfill volumes (+2.4%) and higher recyclate prices (+15% for paper).

[1] *Construction activities consist of the Group's engineering and construction businesses (mainly Veolia Water Technologies and SADE), as well as construction completed as part of operating contracts.*

- **Europe excluding France** (excluding Lithuania which was transferred to discontinued operations) grew +5.9% at constant exchange rates compared to the prior year period, with solid momentum in all key countries:

    - In the United Kingdom, revenue increased +4.5% at constant exchange rates to €1,000.4 million, thanks to good PFI performance (94.8% average incinerator availability), the positive impact of new Waste contracts in 2016 and 2017 (St Albans, Southend on Sea, Army 2020), increased Construction activity and higher recyclate prices (notably paper and ferrous and non-ferrous scrap metals);

    - In Central and Eastern Europe revenue increased +10.4% at constant exchange rates to €1,493.2 million. Growth was driven by:
        - Energy:an overall favorable weather impact (+€28.4 million), an increase in heating and electricity volumes sold in Poland and the impact of recent Group developments: Prague Left Bank, renamed Veolia Energie Praha (+€20.5 million);

        - Water: a rise in invoiced water volumes and the new Water contract in Armenia;

    - In Northern Europe revenue increased +3.4% at constant exchange rates compared to represented prior year periods to €1,195.4 million. Germany, the main contributor (€886 million), benefited from increased recyclate and service prices and good volumes in Waste. In addition, revenue increased in Sweden due to contract gains in the Waste business.

- Strong revenue growth of +11.3% at constant exchange rates in the **Rest of the world** segment, reported across most regions:

    - Revenue rose +16.7% at constant exchange rates to €1,040.4 million in North America, benefiting from the integration of Chemours' Sulfur Products division assets (+€106.9 million) and the acquisition of a building energy services company (Enovity) in January 2017. Additionally, robust Municipal and Commercial activities were boosted by increased electricity and gas prices, offset by ongoing difficulties in industrial services;

    - Revenue growth was robust in Latin America (+23.7% at constant exchange rates) thanks to tariff increases specifically in Argentina, the positive impact of the acquisition of the Pedreira landfill site in Brazil in May 2016 and the start-up of the Santa Marta contract (Water) in Colombia in April 2017;

    - Asia reported significant revenue growth of +18.9% at constant exchange rates. In China, strong revenue growth (+36.6%) was due to new contracts (Sinopec and Hongda) in the Industrial Water sector and growth in volumes sold in the Municipal Energy and Waste sectors. Revenue growth in Japan was also driven by the development of Municipal Water and the acquisition of Renova in August 2016. In Korea, the acquisition of Uniken in Industrial Waste benefited revenue;

    - In the Pacific zone, revenue remained stable (-0.2% at constant exchange rates). In the Waste business, strong treatment activities were offset by the decline in industrial services;

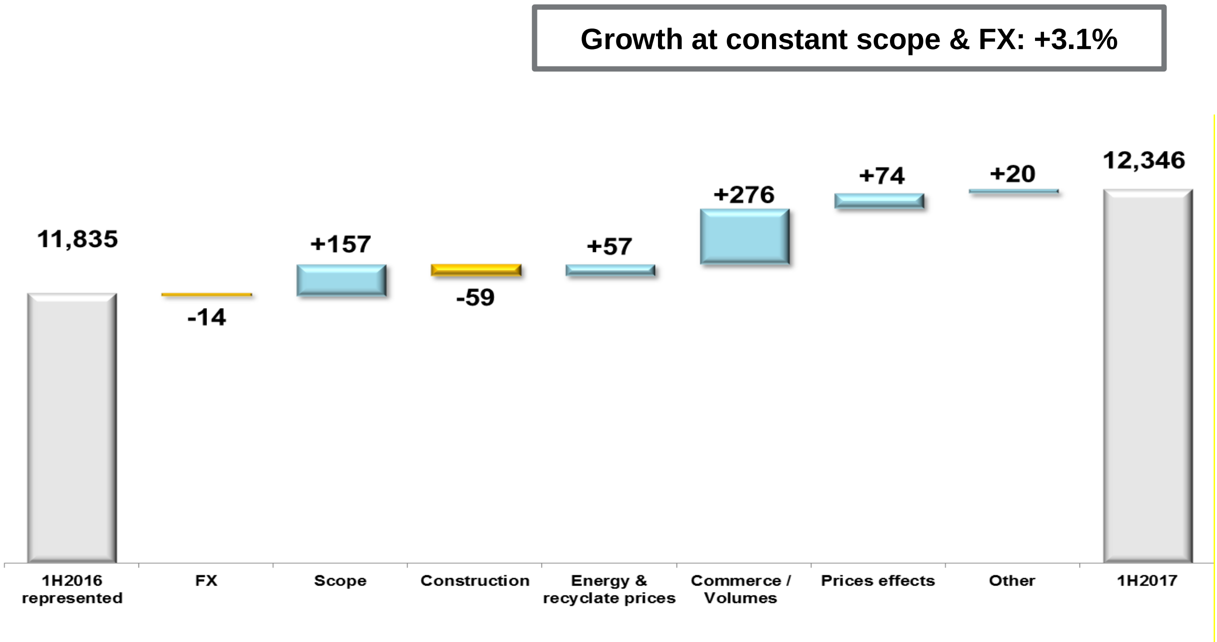
    - In Africa and the Middle East, revenue fell slightly by -1.3% at constant exchange rates.

- **Global Businesses** were almost stable in revenue (-0.7%) at constant exchange rates compared to represented first half 2016 figures: further growth in Hazardous waste revenues and stabilization of Construction activities.

    - Solid growth in Hazardous Waste activities (+2.8% at constant exchange rates) was due to improvement in the oil recycling businesses;

    - Design & Build activities remain down by -5.1% at constant exchange rates in line with Veolia Water Technologies' business restructuring. However the VWT backlog is improving and the SADE activity in France also improved in the first-half of 2017.

The increase in revenue between the first half of 2016 and the first half of 2017 breaks down **by main impact** as follows:



The **foreign exchange impact** on revenue was -€14 million (-0.1% of revenue) and mainly reflects fluctuations in the UK pound sterling (-€111.7 million), the Australian dollar (+€28.0 million), the U.S. dollar (+€32.7 million) and the Brazilian real (+€13.8 million).

The **consolidation scope impact** (+€157 million) mainly concerns developments in 2016 and 2017: the integration of Chemours' Sulfur Products division assets in the United States (€106.9 million), the acquisition of Uniken in South Korea (+€10.6 million), Prague Left Bank, renamed Veolia Energie Praha, in the Czech Republic (+€20.5 million), the acquisition of Enovity (+€18.8 million) and the Pedreira landfill site in Brazil (+€16.5 million) as well as the sale of Bartin Recycling in the Waste business in France (-€81.5 million). At constant scope and exchange rates, revenue grew +3.1%.

The -€59 million decrease in **Construction** revenue (+€15 million in the second quarter of 2017 vs -€74 million in the first quarter), is mainly due to a decrease in Construction activity in concessions contracts partly offset by SADE's robust performance in France.

The impact of the price of energy and recycled materials amounted to +€ 57 million (compared with -€115 million in the first-half of 2016)

Commercial momentum improved significantly (**Commerce/Volumes** impact) contributing +€276 million (compared with +€127 million in the first-half of 2016):

- +€127 million increase, in line with higher volumes sold in Germany (Energy) and Central Europe (Water and Energy), solid growth in Waste in Germany, good Energy and Waste volumes in China and higher Water and Waste volumes in Latin America, partially offset by a the continued downturn in industrial services in North America and Australia;
- A commercial impact of +€122 million thanks to numerous contract wins in Europe (in multi-utility industrial contracts) and good performance in Asia (including the Sinopec contract in China for €56 million);
- The weather impact of +€27 million is favorable in Central Europe, notably in the second quarter of 2017 (+€12 million).

Favorable **price effects** (+€74 million) are tied to positive tariff indexation in Germany in Waste, in Central Europe in Water, and the significant impact of higher Waste prices in Argentina.

EBITDA

Group consolidated EBITDA for the half-year ended June 30, 2017 was €1,651.4 million, up 0.4% at constant exchange rates compared to represented first half 2016 figures. The EBITDA margin decreased from 13.9% in the represented half-year ended June 30, 2016 to 13.4% in the same period to June 30, 2017.

Changes in EBITDA **by segment** were as follows:

(in € million)	**Half-year ended June 30, 2016 represented**	**Half-year ended June 30, 2017**	*2016 / 2017 change* ∆	∆ *at constant exchange rates*
France	359.4	375.3	+4.4%	+4.4%
EBITDA margin	13.4%	14.1%		
Europe, excluding France	759.2	725.6	-4.4%	-3.2%
EBITDA margin	18.6%	17.1%		
Rest of the World	400.5	442.8	+10.6%	+8.3%
EBITDA margin	14.1%	13.7%		
Global Businesses	116.8	104.1	-10.8%	-10.0%
EBITDA margin	5.3%	4.7%		
Other	9.9	3.6	-63.2%	-64.2%
EBITDA	**1,645.8**	**1,651.4**	**+0.3%**	**+0.4%**
EBITDA margin	***13.9%***	***13.4%***		

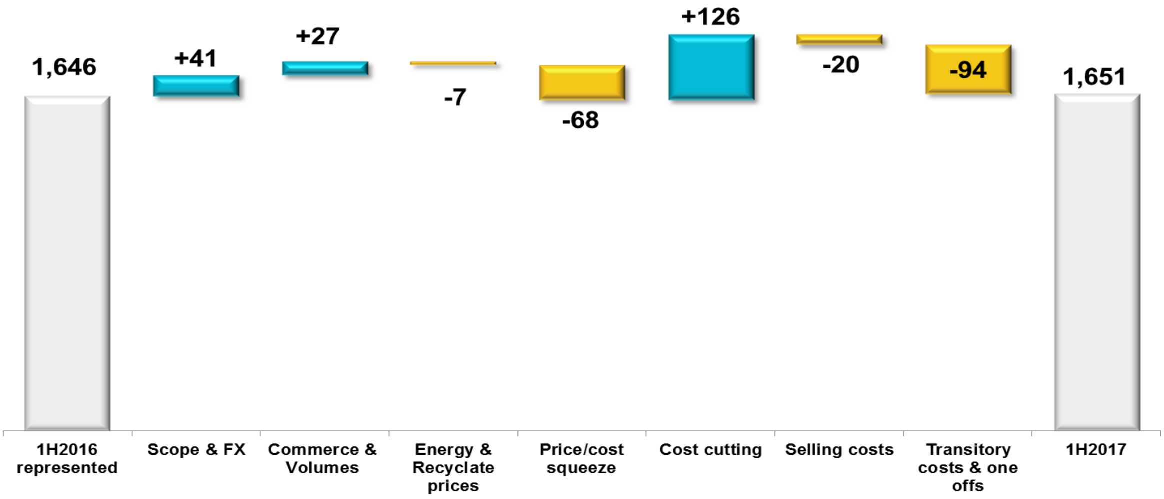
- **In France**, EBITDA posted a strong increase driven by cost savings.
  - In the Water business, EBITDA increased +2.4% in the first half of 2017, thanks to significant cost savings and higher volumes (impact of +1.1%) which offset ongoing unfavorable impacts: negative tariff indexation and the negative impact from contract renegotiations.
  - In the Waste business, EBITDA strongly increased by +9.6% benefiting from significant cost savings and the impact of commercial developments.

- EBITDA contracted -3.2% at constant exchange rates in **Europe excluding France** (excluding Lithuania) as a result of several factors:
  - In Central and Eastern Europe EBITDA increased +2.5%, mainly thanks to a favorable weather effect (+€12.5 million) in Energy and good volumes in Water, and despite start-up costs of the new contract in Armenia;
  - EBITDA fell in the United Kingdom, despite cost savings benefits, due to one-time costs related to maintenance and plant outages;
  - Lower EBITDA in Northern Europe, mainly due to favorable non-recurring items in the first half of 2016 (litigation payment and insurance claim reimbursement).

- EBITDA grew +8.3% in the **Rest of the World:**
  - EBITDA growth in the United States, mainly due to changes in consolidation scope (+€22.2 million), with the integration of Chemours' Sulfur Products division assets, the acquisition of Enovity and good growth in Energy (price effect, new contracts). Industrial services continued however to decline and Hazardous Waste was penalized by plant outages;
  - Increased EBITDA in Latin America (+€18.1 million) mainly due to price increases in Argentina and the impact of acquisitions in Brazil and new contracts in Colombia;
  - Robust +14.4% growth in China EBITDA from all activities: municipal and industrial Energy, industrial Water (Sinopec) and in Waste (landfill volumes and Hazardous Waste growth).

- In the **Global Businesses** segment, the benefits of restructuring at Veolia Water Technologies and the good performance of Hazardous waste activities were offset by non-recurring favorable impacts in 2016 (favorable outcome of a contract termination). Veolia Water Technologies continues its transformation plan with the standardization of its offerings, purchasing savings and a decrease in selling and administrative costs.

The increase in EBITDA between the first half of 2016 and the first half of 2017 breaks down **by impact** as follows:



The **foreign exchange impact** on EBITDA was -€1.0 million and mainly reflects the depreciation of the UK pound sterling (-€15.1 million), offset by the appreciation of the Brazilian real (+€3.0 million), the Australian dollar (+€2.3 million), the U.S. dollar (+€3.0 million) and the Polish zloty (+€3.0 million).

The **consolidation scope impact** (+€42.0 million) mainly concerns developments in 2016: the integration of Chemours' Sulfur Products division assets in the United States, Prague Left Bank in the Czech Republic and the Pedreira landfill site in Brazil.

Commerce and volumes impacts totaled +€27 million thanks to strong commercial momentum, particularly in Asia and good volumes, both in Waste, Water and in Energy in Central Europe as the heating season continued through to April, mitigating continued negative impacts of contract renegotiations in French Water, contract losses in Italy and less industrial services activity in the U.S. and Australia.

Energy and recyclate prices overall negatively impacted EBITDA (-€7 million): the variation in heating and electricity prices (decline in Central Europe, increase in the U.S.) changed in line with the purchase price of fuel used to produce heat and electricity. In addition, the positive impact of higher recyclate prices in the United Kingdom was offset by increased fuel costs in Waste in France.

The -€68 million **price / cost squeeze** mainly concerns Water in France and negative effects tied to the start-up of new activities (dismantling of oil platforms, Water contract in Armenia, etc.).

Cost-savings plans contributed €126 million, consistent with the annual objective of €250 million. They mainly cover operational efficiency (47%) and purchasing (31%) and were achieved across all geographic zones: France (32%), Europe excluding France (24%), Rest of the World (29%), Global Businesses (13%) and Corporate (2%).

Transitory costs and one-off items mainly concern the favorable impact of one-off items in the first-half of 2016 (litigation payment in Belgium, insurance claim reimbursement received in Germany, favorable contract termination at Veolia Water Technologies) and additional insurance and maintenance costs (particularly in the United Kingdom) incurred in the first quarter of 2017.

Current EBIT

Group consolidated current EBIT for the half-year ended June 30, 2017 was €773.8 million, up +0.6% at constant exchange rates compared to represented figures for the prior year period.

The reconciling items between EBITDA and Current EBIT as of June 30, 2017 and 2016 are as follows:

(in € million)	Half-year ended June 30, 2016 represented	**Half-year ended June 30, 2017**
EBITDA	**1,645.8**	**1,651.4**
Renewal expenses	(135.6)	(131.7)
Depreciation and amortization (*)	(829.0)	(847.4)
Provisions, fair value adjustments & other:	46.7	53.4
▪ *Current impairment of property, plant and equipment, intangible assets and operating financial assets*	*1.4*	*10.1*
▪ *Net charges to operating provisions, fair value adjustments and other*	*27.4*	*35.8*
▪ *Capital gains or losses on industrial divestitures*	*17.9*	*7.5*
Share of current net income of joint ventures and associates	43.3	48.1
Current EBIT	**771.2**	**773.8**

(*) Including principal payments on operating financial assets (OFA) of -€91.3 million for the half-year ended June 30, 2017 (compared with -€104 million for the half-year ended June 30, 2016.)

The slight increase in Current EBIT at constant exchange rates reflects:

- stable EBITDA;
- the increase in depreciation and amortization charges at constant exchange rates, in line with consolidation scope impacts, primarily in the Unites States following the acquisition of Chemours' assets in July 2016, as well as in Brazil; excluding the consolidation scope impact, depreciation and amortization expenses are stable;
- the favorable change in net operating provision reversals, in particular provision reversals for landfill site remediation in France and the United Kingdom and captive insurance provisions (+€15 million) with EBITDA counterpart leading to a neutral current EBIT impact;
- capital gains or losses on industrial divestitures down for the half-year ended June 30, 2017;
- the increase in the contribution of equity-accounted entities, notably in China.

The foreign exchange impact on Current EBIT was -€2.0 million and mainly reflects fluctuations in the pound sterling (-€9.1 million), Brazilian real (+€2.2 million), U.S. dollar (+€1.6 million) and Australian dollar (+€1.1 million).

Changes in current EBIT **by segment** were as follows:

			2016 / 2017 change	
(in € million)	Half-year ended June 30, 2016 represented	**Half-year ended June 30, 2017**	Δ	*Δ at constant exchange rates*
France	44.6	67.7	+51.8%	+51.8%
Europe, excluding France	451.8	422.4	-6.5%	-5.4%
Rest of the World	213.9	242.4	+13.4%	+11.3%
Global Businesses	70.3	48.7	-30.8%	-29.1%
Other	(9.4)	(7.2)	-22.7%	-21.7%
Curent EBIT	**771.2**	**773.8**	**+0.3%**	**+0.6%**

Net financial expense

The **cost of net financial debt** was stable at -€209.2 million for the half-year ended June 30, 2017, compared with represented -€208.9 million for the half-year ended June 30, 2016.

Other current financial income and expenses totaled -€70.1 million for the half-year ended June 30, 2017, versus represented -€31.9 million for the half-year ended June 30, 2016 and mainly included interest on concession liabilities (IFRIC 12) of -€44.5 million and the unwinding of discounts on provisions of -€19.8 million. They also included net capital gains or losses on financial divestitures of €4.5 million for the half-year ended June 30, 2017 compared with represented €40.6 million for the year-ago period.

Income tax expense

The current income tax rate for the half year ended June 30, 2017 declined to 27.0%, compared with represented 29.6% for the half year ended June 30, 2016.

Current net income

Current net income attributable to owners of the Company was €295.2 million for the half-year ended June 30, 2017, compared with represented €322.8 million for the half-year ended June 30, 2016. Excluding capital gains and losses on financial divestitures net of tax and minorities, current net income attributable to owners of the Company rose 4.4% at constant exchange rates to €294.0 million from represented €282.2 million for the half-year ended June 30, 2016.

Current net income per share attributable to owners of the Company was €0.54 (basic) and €0.51 (diluted) for the half-year ended June 30, 2017, compared with represented €0.59 (basic) and €0.57 (diluted) for the half-year ended June 30, 2016.

Net income

Net income attributable to owners of the Company was €204.6 million for the half-year ended June 30, 2017, compared with represented €252.0 million for the half-year ended June 30, 2016.

The decrease in Net income attributable to owners of the Company is mainly due to lower capital gains and losses on financial disposals.

Net income per share attributable to owners of the Company was €0.25 (basic) and €0.24 (diluted) for the half-year ended June 30, 2017, compared with represented €0.33 (basic) and €0.32 (diluted) for the half-year ended June 30, 2016.

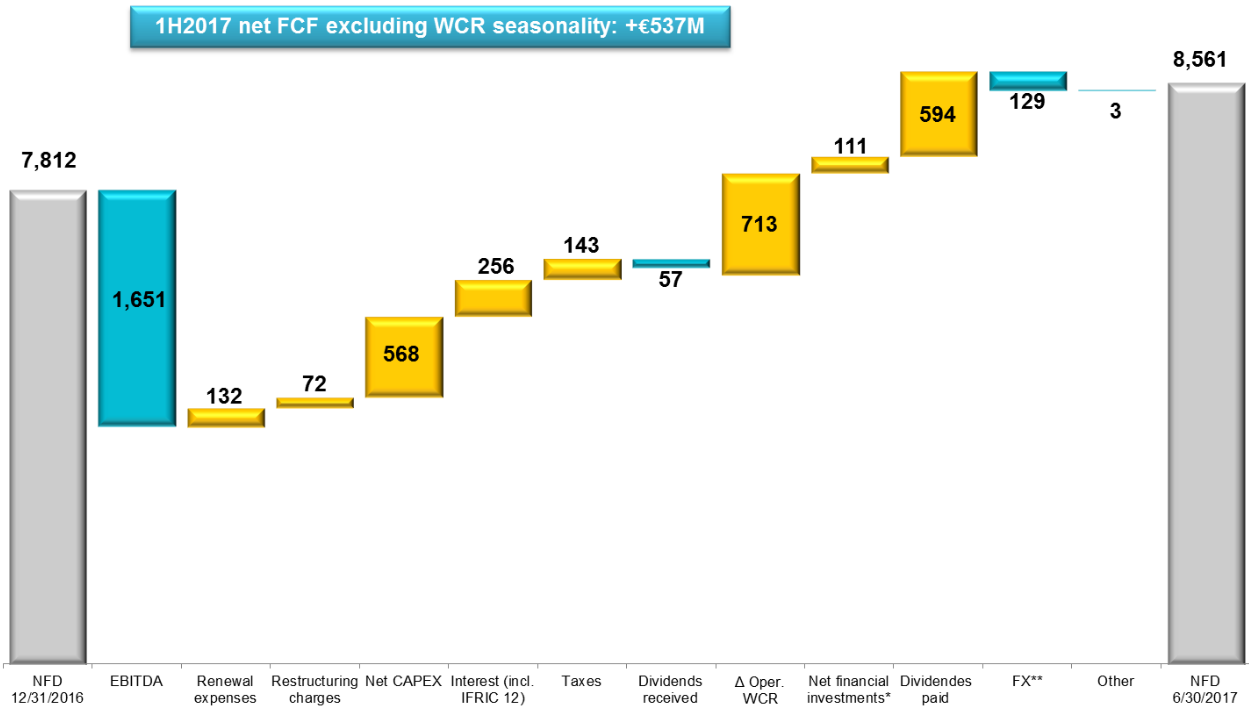
Financing

Net free cash flow amounted to -€176 million for the half-year ended June 30, 2017, versus represented -€140 million for the half-year ended June 30, 2016.

The change in net free cash flow compared with represented figures for the half year ended June 30, 2016 primarily reflects the seasonal unfavorable change in operating working capital requirements and higher restructuring costs, partially offset by the decrease in net industrial investments.

Overall, **net financial debt** amounted to €8,561 million at June 30, 2017, compared with represented €7,812 million at December 31, 2016.

In addition to the change in net free cash flow (including change in operating WCR), net financial debt was impacted by net financial investments of -€111 million, as well as favorable exchange rate fluctuations totaling €129 million in the first-half of the year and by dividends paid.



(*) financial investments of -€177 million net of financial divestitures of +€66 million

(**) mainly UK pound sterling

3.2.3 REVENUE BY BUSINESS

(in € million)	Half-year ended June 30, 2016 represented	**Half-year ended June 30, 2017**	Δ	*Δ at constant exchange rates*	*Δ at constant scope and exchange rates*
Water	5,336.3	5,415.7	1.5%	1.0%	1.2%
Waste	4,173.5	4,378.4	4.9%	6.3%	3.8%
Energy	2,325.3	2,552.4	9.8%	9.2%	6.5%
Group	**11,835.1**	**12,346.5**	**4.3%**	**4.4%**	**3.1%**

Water

Water revenue improved +1.0% at constant exchange rates and +2.3% at constant exchange rates excluding Construction and energy prices, compared with represented figures for the half year ended June 30, 2016. This improvement can be explained as follows:

- Higher volumes and a positive commercial effect of +2.1%. The rise in volumes in Central and Eastern Europe was partly offset by negative commercial effects in France. Revenue also benefited from the impact of new industrial water commercial developments, notably the Sinopec contract in China in the amount of €56 million;
- A slightly positive price effect of +0.5% with increases in Central Europe and Latin America offset by negative price effects in France (-0.3%);
- A slight decrease in construction revenue of -0.8%; The decrease in Construction revenue was partially offset by growth in SADE activities in France.

Waste

Waste revenue rose +6.3% at constant exchange rates compared with represented half year 2016 figures (+3.8% at constant scope and exchange rates), due to:

- A scope impact of +2.4%, mostly related to the integration of the Chemours Sulfur Products division's assets in the United States (+€106.9 million), partially offset by the sale of Bartin (-€81.5 million);
- Commercial and volume effects of +0.6%: slowdown in the United States (Industrial services still weak) offset by numerous contract wins, particularly in France, the UK and Germany;
- A positive price effect of +1.1%;
- The favorable impact of higher prices of recycled materials (+1.5%) particularly paper.

Energy

Energy revenue rose +9.2% at constant exchange rates compared with first half 2016 represented figures (+6.5% at constant consolidation scope and exchange rates). This improvement can be explained as follows:

- the positive volume and commerce effect of +4.4%, due to higher volumes of energy sold in Central and Eastern Europe and in China, and new energy efficiency contracts;
- a favorable weather impact of €27 million (+1.2%) mostly in Poland and Czech Republic;
- Price effect : lower heat and electricity prices in Europe were mostly offset by higher prices in the United States;
- a scope impact of +2.8%, related to the acquisition of Prague Left Bank in 2016 and an energy efficiency business in the United States (Enovity) in 2017.

3.2.4 OTHER INCOME STATEMENT ITEMS

3.2.4.1 Net financial expenses

(in € million)	Half-year ended June 30, 2016, represented	**Half-year ended June 30, 2017**
Cost of net financial debt (1)	**-208.9**	**-209.2**
Net gains / losses on loans and receivables	8.8	1.4
Net income (loss) on available-for-sale assets	3.0	2.3
Assets and liabilities at fair value through profit or loss	-0.2	0.1
Foreign exchange gains and losses	-5.4	-7.8
Unwinding of the discount on provisions	-20.6	-19.8
Interest on concession liabilities	-44.8	-44.5
Other	-13.3	-6.3
Other financial income and expense (2)	**-72.5**	**-74.6**
Gains (losses) on disposals of financial assets (*)	40.6	4.5
Net financial expense (1)+(2)	**-240.8**	**-279.3**

(*) including costs of disposal of financial assets

Cost of net financial debt

The cost of net financial debt totaled -€209.2 million for the half-year ended June 30, 2017, versus represented -€208.9 million for the half-year ended June 30, 2016 represented.

The cost of net financial debt is stable and benefits from active debt management that offset the rising cost of non-euro denominated debt cost following acquisitions outside the Euro zone, combined with the rise in spreads between the euro and foreign currencies.

The net financing rate also remains stable at 4.97% for the half-year ended June 30, 2017, as was the case for the half-year ended June 30, 2016.

Other financial income and expenses

Other financial income and expenses totaled -€74.6 million for the half-year ended June 30, 2017, versus represented -€72.5 million for the half-year ended June 30, 2016.

Capital gains on financial divestitures recorded in the first half of 2017 for €4.5 million was down sharply compared to the represented €40.6 million recorded for the half-year ended June 30, 2016.

For the half-year ended June 30, 2016 represented, other financial income and expenses included the fair value remeasurement of previously-held equity interests in France and China.

3.2.4.2 Income taxes

The income tax expense for the half-year ended June 30, 2017 amounted to -€114.7 million, compared with represented -€125.5 million for the half-year ended June 30, 2016.

The current tax rate for the half-year ended June 30, 2017 declined slightly to 27.0% (versus represented 29.6% for the half-year ended June 30, 2016) after adjustment for the impact of financial divestitures, and non-recurring items within net income of fully controlled entities and the share of net income of equity-accounted companies. It is mainly explained by the change of geographical contribution of taxable results.

(in € million)	Half-year ended June 30, 2016 represented	**Half-year ended June 30, 2017**
Current income before tax (a)	**530**	**494**
Of which share of net income of joint ventures and associates (b)	43	48
Of which gains (losses) on disposals of financial assets (c)	41	4
Represented current income before tax : d=a-b-c	**446**	**442**
Represented tax expense (e)	**-132**	**-119**
Represented tax rate on current income (e) / (d)	**29.6%**	**27.0%**

3.2.4.3 Share of net income (loss) of other equity-accounted entities

The net income of other equity-accounted entities (Transdev Group) totaled €13.5 million for the half-year ended June 30, 2017 (30% share), versus €22.2 million for the half-year ended June 30, 2016 (50% share).

3.2.4.4 Current net income (loss) / Net income (loss) attributable to owners of the Company

The share of net income attributable to non-controlling interests totaled €78.1 million for the half-year ended June 30, 2017, compared with represented €74.5 million for the half-year ended June 30, 2016.

Net income attributable to owners of the Company was €204.6 million for the half-year ended June 30, 2017, compared with represented €252.0 million for the half-year ended June 30, 2016.

Current net income attributable to owners of the Company was €295.2 million for the half-year ended June 30, 2017, compared with represented €322.8 million for the half-year ended June 30, 2016.

Based on a weighted average number of outstanding shares of 550.7 million (basic), and 574.5 million (diluted), for the half-year ended June 30, 2017, compared with 550.3 million (basic) and 566.2 million (diluted) for the half-year ended June 30, 2016, earnings per share attributable to owners of the Company for the half-year ended June 30, 2017 was €0.25 (basic) and €0.24 (diluted), compared to represented €0.33 (basic) and €0.32 (diluted), for the half-year ended June 30, 2016. Current net income per share attributable to owners of the Company was €0.54 (basic) and €0.51 (diluted) for the half-year ended June 30, 2017, compared with represented €0.59 (basic) and €0.57 (diluted) for the half-year ended June 30, 2016.

The dilutive effect on share count taken into account in the above earnings per share calculation concerns the OCEANE bonds convertible into and/or exchangeable for new and/or existing shares issued in March 2016.

Net income (loss) attributable to owners of the Company for the **half-year ended June 30, 2017** breaks down as follows:

(in € million)	Current	Non-current	Total
EBIT	773.8	-125.7	648.1
Cost of net financial debt	-209.2	-	-209.2
Other financial income and expenses	-70.1	-	-70.1
Pre-tax net income (loss)	**494.5**	**-125.7**	**368.8**
Income tax expense	-119.4	4.7	-114.7
Net income (loss) of other equity-accounted entities	-	13.5	13.5
Net income (loss) from discontinued operations	-	15.0	15.0
Attributable to non-controlling interests	-79.9	1.8	-78.1
Net income (loss) attributable to owners of the Company	**295.2**	**-90.7**	**204.6**

For the represented half-year ended June 30, 2016, net income (loss) attributable to owners of the Company breaks down as follows:

(in € million)	Current	Non-current	Total
EBIT	771.2	-120.2	651.0
Cost of net financial debt	-208.9	-	-208.9
Other financial income and expenses	-31.9	-	-31.9
Pre-tax net income (loss)	**530.4**	**-120.2**	**410.2**
Income tax expense	-132.3	6.8	-125.5
Net income (loss) of other equity-accounted entities	-	22.2	22.2
Net income (loss) from discontinued operations	-	19.6	19.6
Attributable to non-controlling interests	-75.3	0.8	-74.5
Net income (loss) attributable to owners of the Company	**322.8**	**-70.8**	**252.0**

The reconciliation of Current EBIT with operating income, as shown in the income statement, is as follows:

(in € million)	Half-year ended June 30, 2016 represented	**Half-year ended June 30, 2017**
Current EBIT	**771.2**	**773.8**
Impairment losses on goodwill and negative goodwill	1.6	-
Net charges to non-current provisions	-	-1.6
Restructuring costs	-100.0	-90.4
Non-current impairment losses on WCR	-	-12.7
Personnel costs -share-based payments	-5.4	-4.9
Non-current provisions and impairment of property, plant and equipment, intangible assets, operating financial assets and others	-9.2	-13.2
Share acquisition costs, with or without acquisition of control	-7.2	-2.9
Total non-current items	**-120.2**	**-125.7**
Operating income after share of net income of equity-accounted entities	**651.0**	**648.1**

Restructuring charges for the half-year ended June 30, 2017 related to Water activities in France in the amount of -€66.5 million. Non-current provisions and impairment losses on WCR are related to the Global Businesses segment.

3.3 Financing

3.3.1 CHANGES IN NET FREE CASH FLOW AND NET FINANCIAL DEBT

The following table summarizes the change in net financial debt and net free cash flow:

(in € million)	Half year ended June 30, 2016 represented	**Half year ended June 30, 2017**
EBITDA	**1,646**	**1,651**
Net industrial investments	-575	-568
Change in operating WCR	-688	-713
Dividends received from equity-accounted entities and joint ventures	41	57
Renewal expenses	-136	-132
Other non-current expenses and restructuring charges	-36	-72
Interest on concession liabilities	-45	-44
Financial items (current cash financial expense, and operating cash flow from financing activities)	-210	-212
Taxes paid	-137	-143
Net free cash flow before dividend payment, financial investments and financial divestitures	**-140**	**-176**
Dividends paid	-570	-594
Net financial investments	-391	-111
Change in receivables and other financial assets	245	-14
Issue / repayment of deeply subordinated securities	18	-
Proceeds on issue of shares	-	23
Free cash flow	**-838**	**-872**
Effect of foreign exchange rate movements and other	329	122
Change	**-509**	**-749**
Opening net financial debt	-8,169	-7,812
Closing net financial debt	**-8,678**	**-8,561**

(*) The effect of foreign exchange rate and other movements as of June 30, 2017 included favorable impacts (USD, GBP, HKD and CNY) and unfavorable impact (PLN).

Excluding seasonal impacts on operating WCR (-€713 million in 2017 and -€688 million in 2016), net free cash flow for the half-year ended June 30, 2017 was +€537 million (compared with represented +€548 million for the half-year ended June 30, 2016).

The change in net free cash flow compared to represented June 30, 2016 (-€36 million) mainly reflects the increase in restructuring costs.

3.3.2 INDUSTRIAL AND FINANCIAL INVESTMENTS

3.3.2.1 Industrial investments

Total Group gross industrial investments, including new operating financial assets, amounted to €593 million for the half-year ended June 30, 2017, compared with represented €609 million for the half-year ended June 30, 2016,.

Industrial investments, excluding discontinued operations, break down by **segment** as follows:

Half year ended June 30, 2017 *(in € million)*	Maintenance and contractual requirements	Discretionary growth	Total gross industrial investments	Industrial divestitures	Total net industrial investments
France	142	2	144	-6	138
Europe excluding France	190	30	220	-12	208
Rest of the world	137	35	172	-3	169
Global Businesses	42		42	-4	38
Other	15		15		15
Total industrial investments	**526**(1)	**67**	**593**(2)	**-25**	**568**

(1) Including maintenance investments of €278 million, and contractual investments of €248 million.

(2) Including new Operating Financial Assets in the amount of €27 million.

Half year ended June 30, 2016 *(in € million)*	Maintenance and contractual requirements	Discretionary growth	Total gross industrial investments	Industrial divestitures	Total net industrial investments
France	141	5	146	-11	135
Europe excluding France	220	30	250	-8	242
Rest of the world	127	38	165	-11	154
Global Businesses	35	3	38	-4	34
Other	10		10	-	10
Total industrial investments	**533**(1)	**76**	**609**(2)	**-34**	**575**

(1) Including maintenance investments of €284 million, and contractual investments of €249 million.

(2) Including new OFA in the amount of €44 million.

At constant exchange rates, gross industrial investments were stable compared to the first half of 2016.

Discretionary growth industrial investments slightly declined compared with the first half of 2016.

3.2.2.2 Financial investments and divestitures

Financial investments amounted to -€177 million for the half-year ended June 30, 2017 (including acquisition costs) and include the impacts of the Enovity (+€28 million) and Uniken (+€66 million) acquisitions. For the represented half year ended June 30, 2016, financial investments (-€442 million) mainly concerned the acquisition of Kurion, Pedreira, and Prague Left Bank.

Financial divestitures totaled €66 million for the half-year ended June 30, 2017 (including disposal costs) and include the divestiture of Affinity in the UK and Beiyuan in China. Financial divestitures for the half-year ended June 30, 2016 (€52 million) do not include individually significant amounts.

3.3.3 OPERATING WORKING CAPITAL REQUIREMENTS

The change in the operating working capital requirements (excluding discontinued operations) was -€713 million for the half-year ended June 30, 2017, compared with represented -€688 million for the half-year ended June 30, 2016.

The change in the operating working capital requirements compared to December 31, 2016 is mainly due to seasonal effects.

3.3.4 EXTERNAL FINANCING

3.3.4.1 Structure of net financial debt

(in € million)	Notes to the consolidated financial statements	As of June 30, 2016, represented	**As of June 30, 2017**
Non-current borrowings	7.1.1	7,196.9	9,030.5
Current borrowings	7.1.1	4,759.1	4,348.2
Bank overdrafts and other cash position items	7.1.3	395.6	341.8
Sub-total borrowings		**12,351.6**	**13,720.5**
Cash and cash equivalents	7.1.3	-3,680.2	-4,825.6
Liquid assets	7.1.2	-	-331.2
Fair value gains (losses) on hedge derivatives		6.3	-2.4
Net Financial Debt		**8,677.7**	**8,561.3**

As of June 30, 2017, net financial debt after hedging is 97% at fixed rates and 3% at floating rates.

The average maturity of net financial debt was 9.0 years at June 30, 2017 compared with 8.9 years as of June 30, 2016.

The leverage ratio, i.e. the ratio of closing Net Financial Debt (NFD) to 12-month rolling EBITDA as of June 30, 2017, decreased compared to the represented leverage ratio at June 30, 2016:

	As of June 30, 2016, represented	**As of June 30, 2017**
Leverage ratio (Closing NFD / Rolling 12 months EBITDA ending June)	2.8	2.7

3.3.4.2 Group liquidity position

Liquid assets of the Group as of June 30, 2017 break down as follows:

(in € million)	As of June 30, 2016	**As of June 30, 2017**
Veolia Environnement:		
Undrawn syndicated loan facility	3,000.0	3,000.0
Undrawn MT bilateral credit lines	925.0	925.0
Undrawn ST bilateral credit lines	-	-
Letters of credit facility	35.0	53.6
Cash and cash equivalents(1)	2,893.4	4,174.2
Subsidiaries:		
Cash and cash equivalents(1)	786.8	982.6
Total liquidities	**7,640.2**	**9,135.4**
Current debt, bank overdrafts and other cash position items		
Current debt	4,759.1	4,348.2
Bank overdrafts and other cash position items	395.6	341.8
Total current debt, bank overdrafts and other cash position items	**5,154.7**	**4,690.0**
Total liquid assets net of current debt, bank overdrafts and other cash position items	**2,485.5**	**4,445.4**

(1) Including liquid assets and financing-related assets included in net financial debt.

The increase in net liquid assets mainly reflects the issue of a renminbi-denominated bond in September 2016 for a nominal amount of €135 million equivalent, the issue of euro-denominated bonds for a nominal amount of €1.1 billion in October 2016 and €1.3 billion in March 2017, for upcoming bond maturities before June 30, 2018, including the euro-denominated bond maturing in May 2018 for €487 million, a lower amount in relation to the redemptions since June 30, 2016.

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

Undrawn medium-term syndicated loan facilities

On November 6, 2015, Veolia Environnement signed a new multi-currency syndicated loan facility in the amount of €3 billion initially maturing in 2020, extended to 2021 in October 2016 and extendable to 2022 with the possibility for drawdowns in Eastern European currencies and Chinese Renminbi.

This syndicated loan facility has not been drawn down as of June 30, 2017.

Undrawn ST and MT bilateral credit lines

Veolia Environnement has bilateral credit lines for a total undrawn amount of €925 million as of June 30, 2017.

Letter of credit facility:

As of June 30, 2017, the bilateral letters of credit facility was drawn by USD 123.9 million. The portion that may be drawn in cash amounted to USD 61.1 million (€53.6 million equivalent), undrawn and recorded in the liquidity table above.

3.3.4.3 Bank covenants

See Note 7.1.1.2 to the condensed interim consolidated financial statements for the half-year ended June 30, 2017.

3.4 Related party transactions

The Group identifies related parties in accordance with the provisions of paragraph 9 of IAS 24 revised, Related party transactions (see Note 12 to the condensed interim consolidated financial statements for the half-year ended June 30, 2017)

3.5 Subsequent events

None.

3.6 Risk factors

The main risk factors the Group could confront are set out in Chapter 5 of the Annual Financial Report in the 2016 Registration Document.

3.7 Outlook

The Group's mid-term outlook([1]) is therefore as follows:

- **2017**: a transition year, with a resumption of revenue growth, stable EBITDA or moderate EBITDA growth and increased efforts to reduce costs by more than €250 million;
- **2018**: continuation of revenue growth and the resumption of more sustained EBITDA growth, with an objective of more than €300 million in cost savings;
- **2019**: continuation of revenue growth and full impact of cost savings. EBITDA expected between €3.3 billion and €3.5 billion (excluding IFRIC 12 impacts).

([1]) *At constant exchange rates*

3.8 Appendices

3.8.1 RECONCILIATION OF 2016 PUBLISHED DATA WITH 2016 REPRESENTED DATA[1]

(in € million)	June 30-16 published	IFRIC 12 Adjustment	IFRS 5 Adjustment [(4)]	June 30-16 represented
Revenue	**11,955.9**	**0.0**	**-120.8**	**11,835.1**
EBITDA (a)	**1,580.3**	**101.0**	**-35.5**	**1,645.8**
Current EBIT[(2)]	**749.7**	**46.4**	**-24.9**	**771.2**
Operating income	**629.5**	**46.4**	**-24.9**	**651.0**
Current net income - Group share	**341.7**	**0.8**	**-19.7**	**322.8**
Net income for the year attributable to owners of the Company	**251.2**	**0.8**	**0.0**	**252.0**
Gross industrial investments	**-553**	**-56**	**0**	**-609**
of which Changes in concession WCR (b)	**0**	**-56**	**0**	**-56**
Interest on concession liabilities (c)	**0**	**-44.8**	**0**	**-44.8**
Net free cash flow[(3)]	**-105**	**0**	**-35**	**-140**
Net financial debt	**-8,678**	**0**	**0**	**-8,678**

(1) Unaudited figures

(2) Including the represented share of current net income of joint ventures and associates for the half-year ended June 30, 2016.

(3) No impact related to IFRIC 12 adjustment on net Free Cash Flow (a)+(b)+(c)=0)

(4) In order to ensure the comparability of periods, the half-year ended June 30 2016 has been adjusted for the reclassification of the Group's activities in Lithuania to "Net income (loss) from discontinued operations" pursuant to IFRS 5

IFRIC 12

In the income statement, the adjustments resulting from this clarification drive an increase in EBITDA and Current EBIT. In effect, the concession fee formerly accounted for as a charge is eliminated and then reallocated between interest expense and repayment of the recognized debt. At the same time, a depreciation charge for the asset is recognized and then deferred taxes are adjusted accordingly.

On the balance sheet, the liability related to the fixed payments is classified within concession liabilities and broken down between current and non-current liabilities according to maturity. The liability balance relating to the adjustments is greater than the corresponding net asset value: in effect the asset depreciation rate is linear, while the reimbursement rate is progressive ("constant annuity formula", with reduction in the interest portion in favor of the principal repayment).

The increase in EBITDA resulting from the application of the clarification is offset by the liability repayment (classified in CAPEX) and interest payments. As a result, these adjustments have no impact on net free cash flow or net financial debt.

3.8.2 DEFINITIONS

The definitions of the financial indicators used by the Group are unchanged. These financial indicators are defined in Section 3.8.3 of the 2016 Registration Document.

3.9 Recent events since the filing of the Registration Document

The following information is taken from press releases available on the Veolia website (www.veolia.com/en/veolia-group/finance/regulated-information/our-press-releases).

- On March 20, 2017, Veolia Environnement announced that the first supplement to its €16 billion Euro Medium Term Notes (EMTN) program base prospectus was granted a visa (n°17-099) by the AMF on March 17, 2017.
- On March 21, 2017, Veolia Environnement announced the issue of two bonds for €1.3 billion. This issuance includes a €650 million bond maturing in March 2022 (5-year maturity) bearing a coupon of 0.672% and a €650 million bond maturing in November 2026 (short 10-year maturity) bearing a coupon of 1.496%. Both bonds were issued at par.
- On April 3, 2017, Veolia announced the signature, through its subsidiary Veolia ES UK Ltd, of a major new recycling and waste services contract spanning four South London boroughs. The new eight year contract worth over £209 million, includes two possible eight year extensions.
- On April 20, 2017, the Veolia Environnement Combined General Meeting of Shareholders met and approved all the resolutions 1 to 15 on the agenda.
- On May 3, 2017, Veolia announced it had won three energy services contracts with industrial clients in China for a total of €864 million.
- On May 4, 2017, Veolia Environnement issued a press release on its results for the period ended March 31, 2017.
- On May 22, 2017, Veolia, through its subsidiary Proactiva Medio Ambiente Mexico S.A. de C.V., won the public call for tenders published by the government of Mexico City and signed a contract to Design, Build, and Operate the first Waste-to-Energy facility in Latin America. The 30-year operation and maintenance contract for this facility will represent estimated cumulative revenue of €886 million for Veolia.
- On June 15, 2017, Veolia announced the selection of its Nuclear Solutions entity, through its subsidiary Kurion (Canada) Inc., to design, manufacture, and commission a major remote waste access and conditioning system at the Whiteshell Laboratories in Manitoba under an agreement with Canadian Nuclear Laboratories.
- On July 5, 2017, Veolia Environnement announced the finalization of the annual update of its €16 billion Euro Medium Term Notes program on June 30, 2017 (Visa AMF n°17-315).
- On July 31, 2017 Veolia Environnement issued a press release presenting its 2017 half-year results.

4

FINANCIAL STATEMENTS

(CHAPTER 4 OF THE 2016 REGISTRATION DOCUMENT)

4.1 Consolidated financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Consolidated statement of financial position - assets

(€ million)		As of December 31, 2016	As of June 30, 2017
Goodwill	Note 6.1	4,850.2	4,899.8
Concession intangible assets	Note 6.2.1	3,775.6	3,692.6
Other intangible assets	Note 6.2.2	1,012.7	987.1
Property, plant and equipment	Note 6.3	7,177.2	6,978.3
Investments in joint ventures	Note 5.2.2	1,642.6	1,505.1
Investments in associates		723.4	607.6
Non-consolidated investments		88.0	56.1
Non-current operating financial assets	Note 5.4	1,554.1	1,485.4
Non-current derivative instruments - Assets	Note 7.2.2	43.2	38.3
Other non-current financial assets	Note 7.1.2	385.6	428.7
Deferred tax assets		1,211.1	1,204.1
Non-current assets		**22,463.7**	**21,883.1**
Inventories and work-in-progress	Note 5.3	719.6	687.4
Operating receivables	Note 5.3	8,686.0	8,901.9
Current operating financial assets	Note 5.4	141.6	118.3
Other current financial assets	Note 7.1.2	284.7	587.3
Current derivative instruments - Assets	Note 7.2.2	78.4	97.5
Cash and cash equivalents	Note 7.1.3	5,521.4	4,825.6
Assets classified as held for sale		53.8	157.9
Current assets		**15,485.5**	**15,375.9**
TOTAL ASSETS		**37,949.2**	**37,259.0**

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

Consolidated statement of financial position - equity and liabilities

(€ million)		As of December 31, 2016	As of June 30, 2017
Share capital	Note 8.1.1	2,816.8	2,816.8
Additional paid-in capital		7,161.2	7,161.2
Reserves and retained earnings attributable to owners of the Company		-2,228.8	-2,675.6
Total equity attributable to owners of the Company	Note 8.1	**7,749.2**	**7,302.4**
Total equity attributable to non-controlling interests	Note 8.2	1,127.3	1,116.0
Equity		**8,876.5**	**8,418.4**
Non-current provisions	Note 9	2,123.7	2,099.1
Non-current borrowings	Note 7.1.1	8,344.0	9,030.6
Non-current derivative instruments - Liabilities	Note 7.2	122.4	110.6
Concession liabilities - non current	Note 5.5	1,399.2	1,437.9
Deferred tax liabilities		1,079.8	1,091.1
Non-current liabilities		**13,069.1**	**13,769.3**
Operating payables	Note 5.3	10,199.9	9,601.0
Concession liabilities - current	Note 5.5	119.8	131.2
Current provisions	Note 9	559.4	585.0
Current borrowings	Note 7.1.1	4,759.7	4,348.2
Current derivative instruments - Liabilities	Note 7.2	118.0	31.6
Bank overdrafts and other cash position items	Note 7.1.3	246.8	341.8
Liabilities directly associated with assets classified as held for sale		-	32.5
Current liabilities		**16,003.6**	**15,071.3**
TOTAL EQUITY AND LIABILITIES		**37,949.2**	**37,259.0**

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

CONSOLIDATED INCOME STATEMENT

(€ million)		Half-year ended June 30, 2016[1]	Half-year ended June 30, 2017
Revenue	**Note 5.1**	**11,835.1**	**12,346.5**
Cost of sales		-9,671.8	-10,202.9
Selling costs		-279.5	-308.9
General and administrative expenses		-1,155.9	-1,109.0
Other operating revenue and expenses		-120.2	-125.7
Operating income before share of net income (loss) of equity-accounted entities	**Note 5.2**	**607.7**	**600.0**
Share of net income (loss) of equity-accounted entities		**43.3**	**48.1**
o/w share of net income (loss) of joint ventures	Note 5.2.2	29.7	35.2
o/w share of net income (loss) of associates		13.6	12.9
Operating income after share of net income (loss) of equity-accounted entities		**651.0**	**648.1**
Net finance costs	Note 7.3.1	-208.9	-209.2
Other financial income and expenses	Note 7.3.2	-31.9	-70.1
Pre-tax net income (loss)		**410.2**	**368.8**
Income tax expense	Note 10.1	-125.5	-114.7
Share of net income (loss) of other equity-accounted entities	Note 5.2.2	22.2	13.5
Net income (loss) from continuing operations		**306.9**	**267.6**
Net income (loss) from discontinued operations		19.6	15.0
Net income (loss) for the period		**326.5**	**282.6**
Attributable to owners of the Company		**252.0**	**204.6**
Attributable to non-controlling interests	Note 8.2	74.5	78.1
NET INCOME (LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE	Note 8.4	**-**	**-**
Diluted		0.32	0.24
Basic		0.33	0.25
NET INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE	Note 8.4	-	-
Diluted		0.29	0.21
Basic		0.30	0.22
NET INCOME (LOSS) FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO OWNERS OF THE COMPANY PER SHARE	Note 8.4	-	-
Diluted		0.03	0.03
Basic		0.03	0.03

(1) Adjustments to amounts for the half-year ended June 30,2016 concern the application of IFRIC 12 (see also note 1.2.4 - IFRIC 12 clarifications, to the consolidated financial statements for the year ended December 31,2016), and the classification of Lithuania to discontinued operations regarding to IFRS 5.

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(€ million)	Half-year ended June 30, 2016(1)	Half-year ended June 30, 2017
Net income (loss) for the period	**326.5**	282.6
Actuarial gains or losses on pension obligations	-43.8	3.9
Income tax expense	4.8	-8.0
Amount net of tax	-39.0	-4.1
Other items of comprehensive income not subsequently released to net income	**-39.0**	**-4.1**
o/w attributable to joint ventures	***-8.6***	***-***
o/w attributable to associates	***0.3***	***0.2***
Fair value adjustments on available-for-sale assets	-0.3	7.1
Income tax expense	-0.3	-0.5
Amount net of tax	-0.6	6.6
Fair value adjustments on cash flow hedge derivatives	-70.0	-19.2
Income tax expense	-4.0	1.9
Amount net of tax	-74.0	-17.3
Foreign exchange gains and losses:	-	-
• on the translation of the financial statements of subsidiaries drawn up in a foreign	-146.6	-197.1
Amount net of tax	-146.6	-197.1
• on the net financing of foreign operations	0.5	42.0
• income tax expense	-0.1	-0.3
Amount net of tax	0.4	41.7
Other items of comprehensive income subsequently released to net income	**-220.8**	**-166.1**
o/w attributable to joint ventures (2)	***-78.2***	***-97.8***
o/w attributable to associates	***-9.6***	***-4.1***
Total Other comprehensive income	**-259.8**	**-170.2**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	**66.7**	**112.4**
Attributable to owners of the Company	21.4	59.4
Attributable to non-controlling interests	45.3	53.0

(1) Adjustments to amounts for the half-year ended June 30,2016 concern the application of IFRIC 12 (see also note 1.2.4 - IFRIC 12 clarifications, to the consolidated financial statements for the year ended December 31,2016), and the classification of Lithuania to discontinued operations regarding to IFRS 5.

(2) The share attributable to joint ventures mainly concerns :
- As of June 30, 2016: the fluctuation of foreign exchange translation reserves of the Chinese concessions (-€68.0 million).
- As of June 30, 2017: the fluctuation of foreign exchange translation reserves of the Chinese concessions(-€94.7 million).

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

CONSOLIDATED CASH-FLOW STATEMENT

(€ million)	Notes	Half-year ended June 30, 2016[1]	Half-year ended June 30, 2017
Net income (loss) for the period		**326.5**	**282.6**
Net income (loss) from continuing operations		***306.9***	***267.6***
Net income (loss) from discontinued operations		***19.6***	***15.0***
Operating depreciation, amortization, provisions and impairment losses		771.4	767.5
Financial amortization and impairment losses		1.1	1.0
Gains (losses) on disposal of operating assets		-17.9	-7.5
Gains (losses) on disposal of financial assets		-40.5	-6.7
Share of net income (loss) of joint ventures	Note 5.2.2	-51.9	-35.2
Share of net income (loss) of associates		-13.7	-26.4
Dividends received		-2.4	-2.2
Net finance costs	Note 7.3.1	208.9	209.2
Income tax expense	Note 10	125.5	114.7
Other items		72.7	71.9
Operating cash flow before changes in operating working capital [2]		**1,360.2**	**1,353.9**
Change in operating working capital requirements	Note 5.3	-687.9	-713.2
Change in concession working capital requirements		-56.1	-62.5
Income taxes paid		-137.2	-143.3
Net cash from operating activities of continuing operations		**479.2**	**434.9**
Net cash from (used in) operating activities of discontinued operations		***35.5***	***24.2***
Net cash from operating activities		**514.7**	**459.1**
Industrial investments, net of grants		-505.4	-499.5
Proceeds on disposal of industrial assets		33.7	24.8
Purchases of investments	Note 3.2	-417.4	-122.3
Proceeds on disposal of financial assets	Note 3.2	29.5	89.2
Operating financial assets		-	-
New operating financial assets	Note 5.4	-44.4	-26.9
Principal payments on operating financial assets	Note 5.4	104.0	91.3
Dividends received (including dividends received from joint ventures and associates)		40.8	57.2
New non-current loans granted		-106.3	-81.9
Principal payments on non-current loans		34.9	63.7
Net decrease/increase in current loans		316.1	4.5
Net cash used in investing activities of continuing operations		**-514.3**	**-399.9**
Net cash used in investing activities of discontinued operations		***-0.4***	***-7.8***
Net cash used in investing activities		**-514.7**	**-407.7**
Net increase (decrease) in current borrowings	Note 7.1.1	-369.3	-915.3

(€ million)	Notes	Half-year ended June 30, 2016[1]	Half-year ended June 30, 2017
New non-current borrowings and other debts	Note 7.1.1	735.5	1,343.0
Principal payments on non-current borrowings and other debts	Note 7.1.1	-46.7	-57.6
Change in liquid assets and financing financial assets	Note 7.1.2	-	-317.9
Proceeds on issue of shares	Note 8.2	9.1	13.4
Share capital reduction		-	-
Transactions with non-controlling interests: partial purchases		-2.6	-3.8
Transactions with non-controlling interests: partial sales		-	0.4
Proceeds on issue of deeply subordinated securities		-	-
Coupons on deeply subordinated securities	Note 8.4	-68.8	-67.8
Purchases of/proceeds from treasury shares	Note 8.2	-	23.5
Dividends paid	Note 8.2	-501.3	-526.6
Interest paid	Note 7.3.1	-312.4	-312.7
Net cash from (used in) financing activities of continuing operations		***-556.5***	***-821.4***
Net cash from financing activities of discontinued operations		***-0.3***	***-0.2***
Net cash from (used in) financing activities		**-556.8**	***-821.6***
Effect of foreign exchange rate changes and other		-17.4	-28.6
Increase (decrease) in external net cash of discontinued operations		-0.3	9.0
Net cash at the beginning of the year		**3,857.7**	**5,273.5**
Net cash at the end of the year		**3,284.3**	**4,483.8**
Cash and cash equivalents	Note 7.1.3	3,679.8	4,825.6
Bank overdrafts and other cash position items	Note 7.1.3	395.5	341.8
Net cash at the end of the year		**3,284.3**	**4,483.8**

(1) Adjustments to amounts for the half-year ended June 30,2016 concern the application of IFRIC 12 (see also note 1.2.4 - IFRIC 12 clarifications, to the consolidated financial statements for the year ended December 31,2016), and the classification of Lithuania to discontinued operations regarding to IFRS 5.

(2) Including €35.5 million coming from discontinued activities as of June 30, 2016 represented

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

STATEMENT OF CHANGES IN EQUITY.

(€ million)	Number of shares outstanding	Share capital	Additional paid-in capital	Deeply subordinated securities	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 January 1, 2016	**563,364,823**	**2,816.8**	**7,165.6**	**1,314.1**	**-436.5**	**-2,840.6**	**334.6**	**-15.7**	**8,338.3**	**1,165.0**	**9,503.3**
Impact of IFRIC 12 clarification	0	-	-	-	-	-330.4	-7.5	-	-337.9	-35.1	-373.0
Amount As of June 30, 2016 (1)	**563,364,823**	**2,816.8**	**7,165.6**	**1,314.1**	**-436.5**	**-3,171.0**	**327.1**	**-15.7**	**8,000.4**	**1,129.9**	**9,130.3**
Issues of share capital of the parent company	-	-	-	-	-	-	-	-	-	-	-
Proceeds on issue of deeply subordinated securities		-	-	-	-	-	-	-	-	-	-
OCEANE equity component		-	-	17.6	-	-	-	-	17.6	-	17.6
Coupon on deeply subordinated securities		-	-	-68.8	-	-	-	-	-68.8	-	-68.8
Parent company dividend distribution		-	-4.4	-	-	-396.8	-	-	-401.2	-	-401.2
Elimination of treasury shares		-	-	-	-	-	-	-	-	-	-
Share-based payments		-	-	-	-	2.1	-	-	2.1	-	2.1
Third party share in share capital increases of subsidiaries		-	-	-	-	-	-	-	-	9.1	9.1
Third party share in dividend distributions of subsidiaries		-	-	-	-	-	-	-	-	-99.9	-99.9
Transactions with non-controlling interests		-	-	-	-	0.2	-	-	0.2	-1.6	-1.4
Total transactions with non-controlling interests	**-**	**-**	**-4.4**	**-51.2**	**-**	**-394.5**	**-**	**-**	**-450.1**	**-92.4**	**-542.5**
Other comprehensive income		-	-	-	-	-38.9	-116.5	-75.2	-230.6	-29.2	-259.8
Net income for the period		-	-	-	-	252.0	-	-	252.0	74.5	326.5
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**213.1**	**-116.5**	**-75.2**	**21.4**	**45.3**	**66.7**
Other movements		-	-	-	-	4.8	-	-	4.8	21.5	26.3
Amount As of June 30, 2016 (1)	**563,364,823**	**2,816.8**	**7,161.2**	**1,262.9**	**-436.5**	**-3,347.6**	**210.6**	**-90.9**	**7,576.5**	**1,104.3**	**8,680.8**
Impact of IFRIC 12 clarification	**-**	**-**	**-**	**-**	**-**	**329.7**	**6.2**	**-**	**335.9**	**34.4**	**370.3**
Amount As of June 30, 2016 (1)	**563,364,823**	**2,816.8**	**7,161.2**	**1,262.9**	**-436.5**	**-3,017.9**	**216.8**	**-90.9**	**7,912.4**	**1,138.7**	**9,051.1**

(€ million)	Number of shares outstanding	Share capital	Additional paid-in capital	Deeply subordinated securities	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 June 30, 2016[(1)]	**563,364,823**	**2,816.8**	**7,161.2**	**1,262.9**	**-458.0**	**-3,234.6**	**243.4**	**-42.5**	**7,749.2**	**1,127.3**	**8,876.5**
Issues of share capital of the parent company	-	-	-	-	-	-	-	-	-	-	0
Proceeds on issue of deeply subordinated securities		-	-	-	-	-	-	-	-	-	0
OCEANE Equity component		-	-	-	-	-	-	-	-	-	0
Coupon on deeply subordinated securities		-	-	-67.8	-	-	-	-	-67.8	-	-67.8
Parent company dividend distribution		-	-	-	-	-439.8	-	-	-439.8	-	-439.8
Elimination of treasury shares		-	-	-	23.5	-	-	-	23.5	-	23.5
Share-based payments		-	-	-	-	0.8	-	-	0.8	-	0.8
Third party share in share capital increases of subsidiaries		-	-	-	-	-	-	-	-	13.4	13.4
Third party share in dividend distributions of subsidiaries		-	-	-	-	-	-	-	-	-86.8	-86.8
Transactions with non-controlling interests		-	-	-	-	-6.2	-	-	-6.2	1.1	-5.1
Total transactions with non-controlling interests	**-**	**-**	**-**	**-67.8**	**23.5**	**-445.2**	**-**	**-**	**-489.5**	**-72.3**	**-561.8**
Other comprehensive income		-	-	-	-	-4.0	-131.5	-9.7	-145.2	-25.0	-170.2
Net income for the period		-	-	-	-	204.6	-	-	204.6	78.0	282.6
Total comprehensive income for the period		**-**	**-**	**-**	**-**	**200.6**	**-131.5**	**-9.7**	**59.4**	**53.0**	112.4
Other movements		-	-	-	-	-16.7	-	-	-16.7	8.0	-8.7
Amount As of June 30, 2017	**563,364,823**	**2,816.8**	**7,161.2**	**1,195.1**	**-434.5**	**-3,495.9**	**111.9**	**-52.2**	**7,302.4**	**1,116.0**	**8,418.4**

(1) Adjustments to amounts for the half-year ended June 30, 2016 concern the application of IFRIC 12 (see also note 1.2.4 - IFRIC 12 clarifications, to the consolidated financial statements for the year ended December 31,2016)

The dividend distribution per share was €0.8 in fiscal year 2017 and €0.73 in fiscal year 2016.

The total dividend paid recorded in the Consolidated Cash Flow Statement of -€501.1 million and -€526.6 million for the half-years ended June 30, 2016 and June 30, 2017, respectively, breaks down as follows:

(€ million)	**Half-year ended June 30, 2016[(1)]**	**Half-year ended June 30, 2017**
Parent company dividend distribution	-401.4	-439.8
Third party share in dividend distributions of subsidiaries	-99.9	-86.8
Scrip dividend	-	-
TOTAL DIVIDEND PAID	**-501.3**	**-526.6**

(1) Adjustments to amounts for the half-year ended June 30,2016 concern the application of IFRIC 12 (see also note 1.2.4 - IFRIC 12 clarifications, to the consolidated financial statements for the year ended December 31,2016), and the classification of Lithuania to discontinued operations regarding to IFRS 5.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ACCOUNTING PRINCIPLES AND METHODS

The Group's condensed interim consolidated financial statements for the half-year ended June 30, 2016 were prepared under the responsibility of the Board of Directors, which met on July 28, 2016.

1.1 Référentiel

1.1.1 Basis underlying the preparation of the financial information

Pursuant to European Regulation no.1606/2002 of July 19, 2002, as amended by European Regulation 297/2008 of March 11, 2008, the condensed interim consolidated financial statements of Veolia Group (the "Group") for the half-year ended June 30, 2017 were prepared in accordance with IAS 34, Interim Financial Reporting. As they are condensed financial statements, they do not include all the disclosures required under IFRS for annual financial statements and must be read in conjunction with the Group financial statements for the year ended December 31, 2016.

The accounting principles used for the preparation of the condensed interim consolidated financial statements are in accordance with the IFRS standards and interpretations as adopted by the European Union. These standards and interpretations may be consulted at the following European Union website: http://ec.europa.eu/internal_market/accounting/ias/index_en.htm.

These half-year financial statements have been drawn up in accordance with the principles used for the preparation of the 2016 consolidated financial statements, except for the items presented below and the specific requirements of IAS 34.

1.1.2 New standards and interpretations

The accounting policies and methods are presented in detail in the consolidated financial statements for the year-ended December 31, 2016.

Texts of mandatory effect for the first time within the Group as of January 1, 2017:

No new texts were applicable for the first time when preparing the interim consolidated financial statements for the half-year ended June 30, 2017.

Texts which enter into mandatory effect after June 30, 2017 and not adopted early by the Group:

- IFRS 9, Financial Instruments:

This new standard on financial instruments will be effective in the Group from January 1, 2018. The Group performed an inventory and analysis of the differences introduced by this new standard and quantification of these differences is currently being finalized.

- IFRS 15, Revenue from Contracts with Customers:

On May 28, 2014, the IASB published IFRS 15, Revenue from Contracts with Customers. IFRS 15 introduces a new revenue recognition model for customer contracts. This standard will replace IAS 11, IAS 18 and the related IFRIC and SIC interpretations on revenue recognition.

In 2016, the Group performed an inventory and analysis of the differences introduced by the new standard. The Group continued this work in the first-half of 2017, quantifying the differences identified. This quantification work is currently being finalized. The Group does not however expect the first-time application of this standard to have a major impact.

The Group will apply IFRS 15 from the fiscal year beginning January 1, 2018.

- IFRS 16, Leases:

The new leases standard published on January 13, 2016, requires the recognition in the balance sheet of all lease commitments as defined in the new standard and does not distinguish between operating leases, currently disclosed in off-balance sheet commitments, and finance leases.

An inventory and analysis of Group leases are currently in progress to determine the impacts of the first-time application of this standard.

This standard will be applicable to fiscal years beginning on or after January 1, 2019, with the possibility of early application.

- IFRS 17, Insurance contracts;
- Amendment to IAS 7, Statement of Cash Flows, pursuant to the disclosure initiative;
- Amendment to IAS 12, Income taxes, recognition of deferred tax assets for unrealized losses;
- Amendment to IFRS 2 on the classification and measurement of certain share based payment transactions;
- Amendments resulting from the IFRS annual improvement process (2014-2016 cycle);
- IFRIC 22, Foreign Currency Transactions and Advance Consideration;

- IFRIC 23, Uncertainty over Income Tax Treatments.

Subject to their definitive adoption by the European Union, these standards and standard amendments are of mandatory application for fiscal years beginning on or after January 1, 2017. The Group is currently assessing the potential impact of the first-time application of these texts.

1.1.3 Seasonality of Group's activities

The Group's activities are, by nature, subject to seasonal changes and climatic conditions. As such, in the Energy Services business, the majority of operating income is realized in the first and fourth quarters corresponding to heating periods in Europe. In the Water business, water consumption for domestic use and wastewater treatment are higher between May and September in the Northern hemisphere, where the Group conducts most of its activity.

Accordingly, the interim results of the Group for the half-year ended June 30, 2017 and certain key performance indicators such as working capital reflect the impact of these combined factors and therefore may not be extrapolated over the whole year.

1.2 Translation of foreign subsidiaries' financial statements

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)*	**Half year ended June 30, 2016**	**Year ended December 31, 2016**	**Half year ended June 30, 2017**
U.S. Dollar	0.9007	0.9487	0.8763
Pound sterling	1.2099	1.1680	1.1372
Chinese renminbi	0.1354	0.1363	0.1292
Australian dollar	0.6698	0.6851	0.6734
Polish zloty	0.2254	0.2267	0.2366
Argentinian Peso	0.0601	0.0595	0.0531
Mexican Peso	0.0485	0.0459	0.0486
Brazilian Real	0.2786	0.2915	0.2660
Czech crown	0.0369	0.0370	0.0382

Average exchange rate *(one foreign currency unit = €xx)*	**Half year ended June 30, 2016**	**Year ended December 31, 2016**	**Half year ended June 30, 2017**
U.S. Dollar	0.8962	0.9035	0.9241
Pound sterling	1.2847	1.3767	1.1626
Chinese renminbi	0.1369	0.1434	0.1347
Australian dollar	0.6572	0.6769	0.6967
Polish zloty	0.2290	0.2391	0.2342
Argentinian Peso	0.0625	0.0972	0.0588
Mexican Peso	0.0496	0.0568	0.0476
Brazilian Real	0.2418	0.2709	0.2906
Czech crown	0.0370	0.0366	0.0373

NOTE 2 USE OF MANAGEMENT ESTIMATES IN THE APPLICATION OF GROUP ACCOUNTING STANDARD

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.

Underlying estimates and assumptions are reviewed on an ongoing basis. 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.

Accounting estimates underlying the preparation of the accounts were made in an uncertain economic and financial environment (Brexit, volatile financial markets, government austerity measures, fluctuations in commodity prices, etc.) making economic forecasting more difficult. With regard to Brexit and the June 23, 2016 referendum result, beyond the macro-economic consequences which remain uncertain, the Group's exposure to foreign exchange transaction risk would appear limited as of June 30, 2017, as the Group's activities are performed by subsidiaries operating in their own countries and their own currency. With regard to foreign exchange risk on assets, as it is the Group's policy to back foreign-currency financing or foreign currency derivatives with net investments in a foreign operation, the Group does not have a material foreign exchange position that could generate significant volatility in foreign exchange gains and losses.

In this context, the consolidated financial statements for the period were prepared based on the current environment, particularly with respect to the estimates presented below.

Pursuant to the provisions of IFRS 5, Non-Current Assets Held for Sale and Discontinued Operations, the Group must exercise judgment in determining whether the criteria for recognizing an asset or group of assets as held for sale are met and when valuing these assets. Furthermore, discontinued operations are identified with respect to criteria also defined in IFRS 5. These assessments are reviewed at each period end taking account of any changes in facts or circumstances.

The following notes are set-out in detail in the consolidated financial statements for the year ended December 31, 2016.

Notes 5 and 6 on goodwill and non-current asset impairment tests.

Note 7 on the policies applied to determine financial instrument fair values.

Note 10 on the Group's income tax expense. The income tax expense for the period is calculated by applying the estimated effective annual tax rate to the pre-tax income of the period, adjusted for any one-off items.

Notes 9 and 11 on provisions, the employee benefit obligation and contingent assets and liabilities, detail the provisions recognized by Veolia Environnement. Veolia determined these provisions based on best estimates of these obligations.

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.

In particular, in accordance with Group practice, discount rates used pursuant to IAS 36, Impairment of Assets, correspond to the weighted-average cost of capital calculated annually in each of the relevant geographic areas. A specific risk premium is included in the calculation of the weighted average cost of capital of entities located in countries outside the euro area and the following euro area countries: Spain, Ireland, Italy, Portugal and Slovenia.

At the June 30, 2017 period-end, rates were reviewed rates and did not change significantly since December 31, 2016.

NOTE 3 CONSOLIDATION SCOPE

3.1 Changes in Group's structure

3.1.1 Main changes in the first half of year 2017

Acquisitions

Uniken

On February 28, 2017, Veolia completed the acquisition of Uniken, a specialist in industrial and hazardous waste processing located in the Ulsan region in Korea, for an enterprise value of €66 million.

Other changes

Lithuania

The Vilnius contract was affected by several major events in the first-half of 2017: Veolia's 15-year contract for the operation of the Lithuanian capital's heating system ended on March 29, 2017. The city of Vilnius filed a compensation claim with Veolia Environnement and its subsidiary Vilnius Energija (Vilnius Energy) for damage to assets incurred and alleged breaches of the contract during the period of delegated management. The Group fully contests this claim. The city of Vilnius recently announced that this claim should amount to €200 million. As a result, the municipal company issued a warranty claim for €200 million to Veolia on March 29, 2017 (Notice of Default) and the Vilnius Municipal Council decided to go to arbitration before the Stockholm Chamber of Commerce (SCC) on April 25, 2017 for this amount.

It is recalled that in January 2016, the Group filed a request for arbitration against Lithuania before the International Centre for Settlement of Investment Disputes (ICSID) for unfair treatment and expropriation, based on a compensation claim of around €100 million. In addition, following a request for arbitration filed with the Stockholm Chamber of Commerce on November 30, 2016, the Group secured the nomination of an independent expert, appointed to assess the condition of the assets at the end of the contract.

As of June 30, 2017, the current withdrawal from Lithuania, motivated by the end of a major contract and the sales process for other activities, led the Group to transfer its Lithuanian activities to discontinued operations in accordance with IFRS 5.

The Group received €47 million in the second quarter of 2017 in respect of trade receivables, inventories and asset transfers.

3.2 Transdev Group

As disclosed in detail in Note 3.3 to the consolidated financial statements for the year ended December 31, 2016, the Group's stake in Transdev Group was presented in "Investments in associates" (continuing operations) and equity-accounted.

The Group's residual 30% stake in this company remains accounted for under the equity method in the amount of €294.7 million as of June 30, 2017 compared with €285.1 million as of December 31, 2016.

3.3 Off-balance sheet commitments related to consolidation scope

3.3.1 Commitments given

Off-balance sheet commitments given break down as follows:

			Maturing in		
(€ million)	**As of December 31, 2016**	**As of June 30, 2017**	Less than 1 year	1 to 5 years	More than 5 years
Vendor warranties	775.2	753.8	195.9	29.6	528.3
Securities purchase commitments	1.7	58.7	58.4	0.2	0.1
Sale commitments	0.3	0.3	0.3	-	-
Other commitments relating to the consolidated scope	38.5	35.6	23.9	11.2	0.5
TOTAL COMMITMENTS RELATING TO THE CONSOLIDATED SCOPE	**815.7**	**848.4**	**278.5**	**41.0**	**528.9**

The increase in securities purchase commitments between December 31, 2016 and June 30, 2017 mainly reflects the acquisition of assets in Europe, signed in May 2017.

Vendor warranties primarily comprise:

- warranties given on the divestiture of the investment in Berlin Water in the amount of €484.0 million;
- warranties given on the divestiture in 2004 of Water activities in the United States in the amount of €109.5 million;
- warranties given on the divestiture of the Group's activities in Israel in the amount of €50.4 million;
- warranties given on the divestiture of American and European wind energy activities in the amount of €28.4 million ;
- warranties given to EDF in connection with the Dalkia redistribution transaction, estimated at €25.0 million.

Agreements with EDF: Further to the completion of the redistribution transaction on July 25, 2014, Veolia Environnement granted EDF a call option covering its Dalkia International, renamed Veolia Energie International, shares exercisable should an EDF competitor take control of this company. Likewise, EDF granted Veolia Environnement a call option covering all of its Dalkia France shares, exercisable should a Veolia Environnement competitor take control. These call options are not included in the above table.

3.3.2 Commitments received

Commitments received relating to the consolidated scope total €316.4 million as of June 30, 2017, compared with €241.1 million as of December 31, 2016. The increase in commitments received mainly concerns the sale of assets in Europe, signed in June 2017.

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

- **France;**
- **Europe excluding France;**
- **Rest of the World;**
- **Global Businesses;**
- **Other**, including the various Group holding companies.

The main financial aggregates, in Group share, are also presented for the Chinese Water concessions.

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 reimbursements of OFAS.

The main financial indicators by operating segment are as follows:

Half-year ended June 30, 2017							**Joint-ventures Data in Group share**
(€ million)	**France**	**Europe excluding France**	**Rest of the World**	**Global Businesses**	**Other**	**Total consolidated financial statements**	**Chinese Water concessions**
Revenue	2,663.4	4,233.6	3,227.7	2,204.0	17.8	**12,346.5**	318.3
EBITDA	375.3	725.6	442.8	104.1	3.6	**1,651.4**	76.0
Operating income after share of net income (loss) of equity-accounted entities	-1.1	411.5	240.9	11.9	-15.1	**648.1**	42.4
Industrial investments net of subsidies	-136.0	-142.8	-164.9	-40.5	-15.3	**-499.5**	-24.4

Half-year ended June 30, 2016 represented(1)							**Joint-ventures Data in Group share**
(€ million)	**France**	**Europe excluding France**	**Rest of the World**	**Global Businesses**	**Other**	**Total consolidated financial statements**	**Chinese Water concessions**
Revenue	2,688.3	4,082.8	2,832.6	2,218.6	12.8	**11,835.1**	324.4
EBITDA	359.4	759.2	400.5	116.8	9.9	**1,645.8**	77.0
Operating income after share of net income (loss) of equity-accounted entities	-19.2	449.4	202.1	33.7	-15.0	**651.0**	41.3
Industrial investments net of subsidies	-146.0	-173.7	-143.3	-32.9	-9.5	**-505.4**	-22.3

(1) Adjustments to amounts for the half-year ended June 30,2016 concern the application of IFRIC 12 (see also note 1.2.4 - IFRIC 12 clarifications, to the consolidated financial statements for the year ended December 31,2016)

The new EBITDA indicator reconciles with the former indicator, operating cash flow before changes in working capital, for half-years 2017 and 2016 as follows:

(€ million)		Half-year ended June 30, 2016 represented[(1)]	Half-year ended June 30, 2017
Operating cash flow before changes in working capital	**(A)**	**1,360.2**	**1,353.9**
o/w Operating cash flow from financing activities	**(B)**	-2.8	2.6
o/w Adjusted operating cash flow	**(C)= (A)-(B)**	**1,363.0**	**1,351.3**
Less :	**(D)**	-	-
Renewal expenses		+135.6	131.7
Impairment - working capital - non current		-	13.1
Restructuring costs*		+35.7	58.9
Share acquisition and disposal costs		+7.5	5.1
Plus :	**(E)**	-	-
Principal payments on operating financial assets		+104.0	91.3
EBITDA	**(C)+(D)+(E)**	**1,645.8**	**1,651.4**

(*)Restructuring costs for the first-half of June 30, 2017 as for the first-half of June 30, 2016, were primarily recognized in the France water segment in the amount of €23.5 million and €4.3 million.
(1)Adjustments to amounts for the half-year ended June 30, 2016 concern the application of IFRIC 12 (see also note 1.2.4 - IFRIC 12 clarifications, to the consolidated financial statements for the year ended December 31, 2016).

NOTE 5 OPERATING ACTIVITIES

5.1 Revenue

Revenue breaks down as follows:

(€ million)	Half-year ended June 30, 2016 represented(1)	Half-year ended June 30, 2017
Sales of services	9,410.3	9,809.5
Construction	1,479.4	1,445.2
Sales of goods	869.0	1,023.0
Revenue from operating financial assets	76.4	68.8
REVENUE	11,835.1	12,346.5

(1) Adjustments to amounts for the half-year ended June 30,2016 concern the application of IFRIC 12 (see also note 1.2.4 - IFRIC 12 clarifications, to the consolidated financial statements for the year ended December 31,2016), and the classification of Lithuania to discontinued operations regarding to IFRS 5.

Sales of services are primarily generated in Europe excluding France (€ 3,712.9 million), France (€ 2,249.0 million) and the Rest of the World (€ 2,973.0 million).

Sales of goods are in the first half of 2017 primarily generated in France (€249.5 million), Germany (€259.0 million) and the United Kingdom (€126.4 million) and by the Global Businesses (€192.6 million).

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

5.2 Operating income

Operating income is calculated as follows:

(€ million)	Half-year ended June 30, 2016 represented(1)	Half-year ended June 30, 2017
Revenue	**11,835.1**	**12,346.5**
Cost of sales	**-9,671.8**	**-10,202.9**
o/w :		
• Renewal expenses	-135.6	-131.7
Selling costs	**-279.5**	**-308.9**
General and administrative expenses	**-1,155.9**	**-1,109.0**
Other operating revenue and expenses	**-120.2**	**-125.7**
o/w :		
• Impairment losses on goodwill of fully-consolidated companies	1.6	-
• Impairment losses on equity-accounted companies	-	-
• Restructuring costs	-100	-90.4
• Employee costs - share based payments	-5.4	-4.9
• Net impairment losses on intangible assets, property, plant and equipment and operating financial assets	-9.2	-12.8
• Share acquisition costs	-7.2	-2.9
Operating income before share of net income (loss) of equity-accounted entities	**607.7**	**600.0**
Share of net income (loss) of equity-accounted entities	**43.3**	**48.1**
Operating income after share of net income (loss) of equity-accounted entities	**651.0**	**648.1**

(1) Adjustments to amounts for the half-year ended June 30,2016 concern the application of IFRIC 12 (see also note 1.2.4 - IFRIC 12 clarifications, to the consolidated financial statements for the year ended December 31,2016), and the classification of Lithuania to discontinued operations regarding to IFRS 5.

Restructuring costs recognized in the half-year ended June 30, 2017, primarily concern the transformation plan in the Water business in France.

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

Provision movements recognized in operating income, in cost of sales, in the half-year ended June 30, 2017 concern non-current and current assets and provisions (excluding working capital) in the amount of +€36.7 million and are primarily recorded in the France operating segment in the amount of +€9.8 million, Europe excluding France in the amount of +€14.6 million and the Other segment in the amount of +€7.5 million.

5.2.2 Joint ventures and associates

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

The Group's investment in Transdev Group does not represent an extension of the Group's businesses within the meaning of the recommendation issued by the French Accounting Standards Authority (Autorité des Normes Comptables, ANC) on April 4, 2013, as the Group's continued aim is to withdraw from the transportation business, as detailed in Note 3.2.

Joint ventures excluding Transdev Group

(€ million)	**Half-year ended June 30, 2016 represented[(1)]**	Half-year ended June 30, 2017
Share of net income (loss) of joint ventures	29.7	35.2
Share of net income (loss) of associates	13.6	12.9
Share of net income (loss) of equity-accounted entities	**43.3**	**48.1**

(1) Adjustments to amounts for the half-year ended June 30,2016 concern the application of IFRIC 12 (see also note 1.2.4 - IFRIC 12 clarifications, to the consolidated financial statements for the year ended December 31,2016), and the classification of Lithuania to discontinued operations regarding to IFRS 5.

The joint ventures described below represent all joint ventures other than Transdev Group.

	Share of Equity		**Share of net income (loss)**	
(€ million)	**As of December 31, 2016**	As of June 30, 2017	**Half-year ended June 30, 2016 represented [(1)]**	Half-year ended June 30, 2017
Chinese Water concessions	1,478.3	1,345.6	16.3	23.9
Other joint ventures	164.3	159.5	13.4	11.3
TOTAL	1,642.6	1,505.1	29.7	35.2
Impact in the Consolidated Income Statement on Net income from continuing operations (a)+(b)			29.7	35.2
Share of net income (loss) of joint ventures (a)			**29.7**	**35.2**
Impairment losses recognized in other operating revenue and expenses (b)			-	-

(1) Adjustments to amounts for the half-year ended June 30,2016 concern the application of IFRIC 12 (see also note 1.2.4 - IFRIC 12 clarifications, to the consolidated financial statements for the year ended December 31,2016), and the classification of Lithuania to discontinued operations regarding to IFRS 5.

The decrease in the value of the Chinese Water concessions between December 31, 2016 and June 30, 2017 is mainly due to movements in the Chinese renminbi in the amount of -€73.7 million.

Unrecognized share of losses of joint ventures

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

5.3 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 in respect of industrial investments/disposals).

Movements in net working capital ("WCR") during the first six months of 2017 are as follows:

(€ million)	**As of December 31, 2016**	**As of June 30, 2017**
Inventories and work-in-progress, net	719.6	687.4
Operating receivables, net	8,686.0	8,901.9
Operating payables	-10,199.9	-9,601.0
NET WORKING CAPITAL	**-794.3**	**-11.7**

The change in net working capital includes an effect tied to the seasonality of the Group's businesses.

The €782.6 million change in Net working capital presented above includes the change in "operating" working capital of €670.0 million, the change in "tax" working capital included in Income taxes paid in the cash flow statement of €3.2 million, and the change in "investment" working capital included under Industrial investments in the cash flow statement of €109.4 million.

Factoring

The Group has regular recourse to factoring.

Under these programs, certain subsidiaries have agreed to assign, on a renewable basis, trade receivables by contractual subrogation or assignment of receivables ("Dailly" type for France) without recourse against the risk of default by the debtor. The analysis of the risks and rewards as defined by IAS 39 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 €1,148.2 million were assigned under these programs in the first half of 2017, compared with €1,640.7 million in 2016. Receivables derecognized as of June 30, 2017 total €323.7 million, compared with €413.7 million as of December 31, 2016.

5.4 Non-current and current operating financial assets

Movements in the value of non-current and current operating financial assets during the first six months of 2017 are as follows:

(€ million)	**As of December 31, 2016**	**As of June 30, 2017**
Gross	1,631.4	1,576.3
Impairment losses	-77.3	-90.9
NON-CURRENT OPERATING FINANCIAL ASSETS	**1,554.1**	**1,485.4**
Gross	151.1	129.0
Impairment losses	-9.5	-10.7
CURRENT OPERATING FINANCIAL ASSETS	**141.6**	**118.3**
NON-CURRENT AND CURRENT OPERATING FINANCIAL ASSETS	**1,695.7**	**1,603.7**

(1) Impairment losses are recorded in operating income.

Movements in the net carrying amount of non-current and current operating financial assets in the half-year ended June 30, 2017 total -€92.0 million and mainly concern:

- principal payments on operating financial assets of -€91.3 million, in particular in the Europe excluding France operating segment in the amount of -€43.1 million and the Rest of the World operating segment in the amount of -€42.6 million;
- new operating financial assets, net of the related acquisition debt of €0.8 million, in the amount of €26.1 million, mainly representing the increase in financial receivables for pre-existing contracts, in particular in the Europe excluding France operating segment in the amount of €20.9 million;
- foreign exchange translation gains and losses on non-current and current operating financial assets of -€29.8 million mainly due to movements in the pound sterling (-€10.1 million), the Chinese renminbi (-€10.4 million) and the Korean won (-€4.0 million) against the euro.

5.5 Commitments relating to operating activities

5.5.1 Commitments given

Off-balance sheet commitments given break down as follows:

			Maturing in		
(€ million)	**As of December 31, 2016**	**As of June 30, 2017**	Less than 1 year	1 to 5 years	More than 5 years
Operational guarantees including performance bonds	9,414.3	8,789.9	4,405.0	2,846.9	1,538.0
Purchase commitments	153.7	193.0	120.5	67.0	5.5
TOTAL COMMITMENTS RELATING TO OPERATING ACTIVITIES	**9,568.0**	**8,982.9**	**4,525.5**	**2,913.9**	**1,543.5**

The decrease in commitments given in the first-half of 2017 (-€585.1 million) is mainly due to the release of the performance warranty given on behalf of VWT (Al Hidd contract) for -€315.0 million and foreign exchange translation gains and losses (-€463.6 million).

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 treatment contract in Hong Kong, in the Waste and Water businesses.

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

Total commitments given in respect of Veolia Water Technologies construction activities amount to €2,858.3 million as of June 30, 2017, compared with €3,425.4 million as of December 31, 2016.

Commitments given in respect of joint ventures (at 100%) total €618.6 million as of June 30, 2017 compared with €705.1 million as of December 31, 2016 and mainly consist of performance bonds given to Al Wathba VB in the amount of €412.7 million and to Glen Water Holding in the amount of €81.8 million.

5.5.2 Commitments received

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

They total €1,078.2 million as of June 30, 2017, compared with €1,121.7 million as of December 31, 2016.

Total commitments received in respect of Veolia Water Technologies activities amount to €537.8 million as of June 30, 2017, compared with €581.1 million as of December 31, 2016.

NOTE 6 GOODWILL, INTANGIBLE ASSETS AND PROPERTY PLANT AND EQUIPMENT

6.1 Goodwill

6.1.1 Changes in goodwill

Goodwill breaks down as follows:

(€ million)	As of December 31, 2016	As of June 30, 2017
Gross	5,963.6	6,021.4
accumulated impairment losses	-1,113.4	-1,121.6
NET	**4,850.2**	**4,899.8**

The net carrying amount of goodwill as of June 30, 2017 breaks down by operating segment as follows:

(€ million)	As of December 31, 2016	As of June 30, 2017
France	1,214.2	**1,232.5**
Europe excluding France	2,154.6	**2,170.2**
Rest of the World	716.7	**765.2**
Global Businesses	761.5	**728.9**
Other	3.2	**3.0**
TOTAL GOODWILL	**4,850.2**	**4,899.8**

The main movements in Group goodwill during the first-half of 2017 are primarily due to:

- changes in consolidation scope for €103.9 million, including €83.8 million in the Rest of the World segment and primarily concerning the allocation of the Chemours purchase price in the amount of €38.4 million;
- foreign exchange translation gains and losses, mainly due to fluctuations in the pound sterling (-€20.3 million), Czech crown (+€16.5 million) and U.S. dollar (-€42.3 million) against the euro.

Purchase price allocation related to the acquisition of Kurion has been finalized. The goodwill recognized as of June 30, 2017 is definitive and is unchanged (excluding foreign exchange impacts) on the provisional goodwill recognized as of December 31, 2016.

Main goodwill balances by cash-generating unit as of June 30, 2017

The main goodwill balances in net carrying amount by cash-generating unit or group of cash-generating units within a country have not materially changed since December 31, 2016.

6.1.2 Impairment tests

Goodwill and other intangible assets with indefinite useful life are subject to annual impairment tests, in accordance with the Group's timetable. Impairment tests have been performed on all Cash Generating Units.

No indication of loss in value was identified as of June 30, 2017, including for CGUs considered sensitive as of December 31, 2016.

Consequently, no additional impairment has been recognized as of June 30, 2017.

6.2 Intangible assets

6.2.1 Concession intangible assets

Concession intangible assets break down by operating segment as follows:

(€ million)	Net carrying amount as of december 31, 2016	As of June 30, 2017 Gross carrying amount	Amortization and impairment losses	Net carrying amount
France	724.7	1,518.0	-800.5	717.5
Europe excluding France	2,298.7	4,371.6	-2,094.6	2,277.0
Rest of the World	745.8	1,693.8	-998.5	695.3
Global Businesses	6.4	24.2	-21.4	2.8
Other	-	-	-	-
CONCESSION INTANGIBLE ASSETS	**3,775.6**	**7,607.6**	**-3,915.0**	**3,692.6**

The €83.0 million decrease in the net carrying amount of concession intangible assets is mainly attributable to:

- additions of €174.3 million (including €50.7 million in the France segment, €93.5 million in the Europe, excluding France segment and €29.9 million in the Rest of the World segment);
- amortization charges and impairment losses of €207.8 million;
- foreign exchange translation losses of €30.3 million (mainly due to fluctuations in the pound sterling, Moroccan dirham, U.S. dollar and Czech crown against the euro).

6.2.2 Other intangible assets

Other intangible assets break down as follows:

(€ million)	As of December 31, 2016	As of June 30, 2017
Intangible assets with an indefinite useful life, net	**13.8**	**12.7**
Intangible assets with a definite useful life, gross	3,291.0	3,282.4
Amortization and impairment losses	-2,292.1	-2,308.0
Intangible assets with a definite useful life, net	**998.9**	**974.4**
OTHER INTANGIBLE ASSETS, NET	**1,012.7**	**987.1**

There has been no material change in other intangible assets since December 31, 2016.

Other intangible assets comprise primarily the value of contracts acquired through business combinations (“contractual rights”) for €331.2 million, fees paid to local authorities for public service contracts for €78.0 million, and acquired software for €172.9 million.

6.3 Property, plant and equipment

Movements in the net carrying amount of property, plant and equipment during the first six months of 2017 are as follows:

(€ million)	As of December 31, 2016	As of June 30, 2017
Property, plant and equipment, gross	17,818.5	**17,867.2**
Depreciation and impairment losses	-10,641.3	**-10,888.9**
Property, plant and equipment, net	**7,177.2**	**6,978.3**

The €198.9 million decrease in property, plant and equipment is mainly attributable to:

- additions of €336.1 million (including €130.7 million in the Europe excluding France segment and €111.5 million in the Rest of the World segment);
- depreciation charges and impairment losses of €447.7 million;
- foreign exchange losses of €93.1 million (including +€59.1 million in the Europe excluding France segment and -€148.3 million in the Rest of the World segment), mainly due to fluctuations in the U.S. dollar (-€100.8 million), polish zloty (+€55.7 million) and Chinese renminbi (-€29.1 million) against the euro.

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

		As of June 30, 2017		
(€ million)	**Net carrying amount As of December 31, 2016**	**Gross carrying amount**	**Depreciation and impairment losses**	**Net carrying amount**
Land	593.2	1,295.6	-682.1	613.5
Buildings	1,193.9	2,838.1	-1,679.4	1,158.7
Technical installations, plant and equipment	3,937.2	9,276.3	-5,537.3	3,739.0
Travelling systems and other vehicles	540.8	2,080.6	-1,541.6	539.0
Other property, plant and equipment	296.9	1,701.8	-1,417.7	284.1
Property, plant and equipment in progress	615.2	674.8	-30.8	644.0
PROPERTY, PLANT AND EQUIPMENT	**7,177.2**	**17,867.2**	**-10,888.9**	**6,978.3**

NOTE 7 FINANCING AND FINANCIAL INSTRUMENTS

7.1 Financial assets and liabilities

Financial assets and liabilities mainly consist of:

- Borrowings and other financial liabilities, presented in Note 7.1.1;
- Other current and non-current financial assets, presented in Note 7.1.2;
- Cash and cash equivalents and bank overdrafts and other cash position items, presented in Note 7.1.3.;
- Derivative instruments, presented in Note 7.2.2.

7.1.1 Financial liabilities

Movements in non-current and current borrowings during the first six months of 2017 are as follows:

	Non-current		Current		Total	
(€ million)	As of December 31, 2016	As of June 30, 2017	As of December 31, 2016	As of June 30, 2017	As of December 31, 2016	As of June 30, 2017
Bond issues	**7,705.5**	**8,436.9**	**1,291.7**	**501.1**	**8,997.2**	**8,938.0**
Other borrowings	**638.5**	**593.7**	**3,468.0**	**3,847.1**	**4,106.5**	**4,440.8**
TOTAL CURRENT AND NON-CURRENT BORROWINGS	**8,344.0**	**9,030.6**	**4,759.7**	**4,348.2**	**13,103.7**	**13,378.8**

7.1.1.1 Non-current and current boND ISSUES

Breakdown of bonds

Publicly offered or traded issuances included in non-current bond issues total €7,503.2 million as of June 30, 2017, including €381.0 million (euro-equivalent) issued on the U.S. market, €698.0 million of bonds convertible and/or exchangeable for new and/or existing shares (OCEANE) and €128.8 million (euro-equivalent) of bonds issued on the Chinese domestic market ("Panda bond").

Bonds totaling €495.4 million were reclassified as current borrowings in the first-half of 2017 and primarily concerned the euro bond line maturing in May 2018 in the amount of €487.1 million.

Change in bonds

The decrease in bond issues in the first-half of 2017 is mainly due to subscriptions of €1,298.5 million, repayments of -€1,313.3 million and foreign exchange change impacts of -€71.1 million.

Issue of two bonds for €1.3 billion

On March 21, 2017, Veolia issued two bonds for €1.3 billion. This issuance includes a €650 million bond maturing in March 2022 (5-year maturity) bearing a coupon of 0.672% and a €650 million bond maturing in November 2026 (short 10-year maturity) bearing a coupon of 1.496%. Both bonds were issued at par.

Other movements during the period

Repayments mainly consist of scheduled payments at maturity: repayment of the euro bond line on January 16, 2017 in the nominal amount of €606 million, repayment of the euro bond line on May 19, 2017 in the nominal amount of €350 million, repayment of the Chinese renminbi bond line on June 28, 2017 in the nominal amount of €64.6 million (euro equivalent) and repayment of the euro bond line on June 29, 2017 in the nominal amount of €250 million.

Foreign exchange translation losses total -€71.1 million and mainly concern the translation at the year-end exchange rate of the GBP bond line maturing in 2037 with a euro equivalent value of €743.0 million as of June 30, 2017 and of the U.S. dollar bond line maturing in 2038 with a euro-equivalent value of €381.0 as of June 30, 2017.

Breakdown of other borrowings

Other borrowings transferred to current borrowings in the first half of 2017 totaled €71.7 million.

Change in other borrowings

The change in other non-current and current financial liabilities is mainly due to the €521.8 million increase in treasury notes held by Veolia Environnement, the repayment of drawdowns on the U.S. dollar credit facility in the amount of €47.4 million, the €53.6 million decrease in accrued interest and a favorable foreign exchange impact of €62.4 million.

7.1.1.2 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 June 30, 2017.

7.1.2 Non-current and current financial assets

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

	Non-current		Current		Total	
(€ million)	As of December 31, 2016	As of June 30, 2017	As of December 31, 2016	As of June 30, 2017	As of December 31, 2016	As of June 30, 2017
Gross	443.4	479.9	321.6	301.1	765.0	781.0
Impairment losses	-82.5	-73.9	-44.1	-41.3	-126.6	-115.2
FINANCIAL ASSETS IN LOANS AND RECEIVABLES, NET	**360.9**	**406.0**	**277.5**	**259.8**	**638.4**	**665.8**
OTHER FINANCIAL ASSETS	**16.1**	**13.8**	**2.8**	**5.2**	**18.9**	**19.0**
LIQUID ASSETS AND FINANCING FINANCIAL ASSETS	**8.6**	**8.9**	**4.4**	**322.3**	**13.0**	**331.2**
TOTAL OTHER FINANCIAL ASSETS, NET	**385.6**	**428.7**	**284.7**	**587.3**	**670.3**	**1,016.0**

As of June 30, 2017, the main non-current and current financial assets in loans and receivables include particularly loans granted to equity-accounted joint ventures totaling €199.2 million, compared with €165.6 million as of December 31, 2016.

These loans mainly concern the Chinese Water Concessions in the amount of €148.6 million, as of June 30, 2017, compared with €124.4 million as of December 31, 2016.

As of June 30, 2017, liquid assets and financing financial assets are mainly held by Veolia Environnement and primarily comprise investments of €300 million 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.

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

Movements in cash and cash equivalents and bank overdrafts and other cash position items during the first six months of 2017 are as follows:

(€ million)	As of December 31, 2016	As of June 30, 2017
Cash	864.9	847.0
Cash equivalents	4,656.5	3,978.6
CASH AND CASH EQUIVALENTS	5,521.4	4,825.6
Bank overdrafts and other cash position items	246.8	341.8
Net cash	**5,274.6**	**4,483.8**

(1) Fair value adjustments are reconized in net finance costs.

Cash and cash equivalents total €4,825.6 million, including €259.3 million "subject to restrictions" as of June 30, 2017.

The decrease in net cash over the period does not come from the change in bonds which issuances (of two bonds of a nominal amount of €650 million each in March 2017) are, to a large extent, offset by repayments (in January 2017 of the euro bond line in the nominal amount of -€606 million, in May 2017 of the euro bond line in the nominal amount of -€350 million, and in June 2017 the euro bond line in the amount of -€250 million as well as the Chinese renminbi bond line in the nominal amount of -€65 million (euro-equivalent))

It mainly reflects the change in working capital requirements in the amount of -€825 million, investments in liquid assets of -€300 million not classified as cash for accounting purposes and a €521 million increase in treasury notes.

As of June 30, 2017, the France segment held cash of €24.4 million, the Europe excluding France segment held cash of €233.6 million, the Rest of the World segment held cash of €224.0 million, the Global Businesses segment held cash of €120.3 million and the Other segment held cash of €244.8 million (including €75.0 million held by 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.

As of June 30, 2017, cash equivalents were primarily held by Veolia Environnement in the amount of €3,881.2 million, including monetary UCITS of €2,979.9 million and term deposit accounts of €900.0 million.

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

7.2 Fair value of financial assets and liabilities

7.2.1 Disclosures on the fair value of financial assets and liabilities

The main financial asset and liability categories of the Group are unchanged on those identified on the preparation of the consolidated financial statements for the year ended December 31, 2016. In addition, differences between the fair value and net carrying amount of these main financial asset and liability categories have not materially changed since December 31, 2016.

7.2.2 Offsetting of financial assets and liabilities

As of June 30, 2017, derivatives managed under ISDA ("International Swaps and Derivatives Association") or EFET ("European Federation of Energy Traders") 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 €135.8 million and in liabilities in the amount of €142.2 million in the Consolidated Statement of Financial Position as of June 30, 2017.

7.3 Financial income and expenses

7.3.1 Net finance costs

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 rate 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 borrowings net of income from cash and cash equivalents. In addition, net finance costs include net gains and losses on derivatives allocated to borrowings, irrespective of whether they qualify for hedge accounting.

Finance income totals €22.6 million, while finance costs total -€231.8 million for the first half of 2017.

Net finance costs presented in the Consolidated Cash Flow Statement reflect the net finance costs of continuing operations presented above and the net finance costs of discontinued operations for the first half of 2017.

The heading "Interest paid" in the Consolidated Cash Flow Statement reflects the net finance costs of continuing and discontinued operations adjusted for accrued interest of -€53.7 million and fair value adjustments to hedging derivatives of -€5.4 million for the first half of 2017.

(€ million)	**Half-year ended June 30, 2016 represented[1]**	**Half-year ended June 30, 2017**
Expenses on gross debt	-181.8	-178.6
Assets at fair value through the Consolidated Income Statement (fair value option) *	12.2	6.6
Net gains and losses on derivative instruments, hedging relationships and other	-39.3	-37.2
COST OF NET FINANCIAL DEBT	**-208.9**	**-209.2**

** Cash equivalents are valued at fair value through the Consolidated Income Statement*

(1) Adjustments to amounts for the half-year ended June 30,2016 concern the application of IFRIC 12 (see also note 1.2.4 - IFRIC 12 clarifications, to the consolidated financial statements for the year ended December 31,2016), and the classification of Lithuania to discontinued operations regarding to IFRS 5.

Net gains and losses on derivative instruments, hedging relationships and other mainly include the following amounts for the first-half of 2017:

- net interest income on hedging relationships (fair value hedges and cash flow hedges) of €6.2 million;
- net losses on derivatives not qualifying for hedge accounting of -€45.6 million, mainly on foreign currency derivatives.

7.3.2 Other financial income and expense

Other financial income and expenses primarily include income on financial receivables, excluding I4 and I12 financial receivables, calculated using the effective interest rate method, capital gains and losses on disposals of financial assets, net of disposal costs, dividends, foreign exchange gains and losses, impairment losses on financial assets and the unwinding of discounts on provisions.

(€ million)	**Half-year ended June 30, 2016 represented[1]**	**Half-year ended June 30, 2017**
Net gains and losses on loans and receivables	8.8	1.4
Capital gains and losses on disposals of financial assets, net of disposal costs	40.6	4.5
Net gains and losses on available-for-sale assets [1]	3.0	2.3
Assets and liabilities at fair value through the Consolidated Income Statement	-0.2	0.1
Unwinding of the discount on provisions	-20.6	-19.8
Foreign exchange gains and losses	-5.4	-7.8
Interest on operating asset	-44.8	-44.5
Other	-13.3	-6.3
OTHER FINANCIAL INCOME AND EXPENSES	**-31.9**	**-70.1**

(1) Including dividends received for €2.2 million as of June 30, 2017 against €2.4 as of June 30, 2016 represented.

(1) Adjustments to amounts for the half-year ended June 30,2016 concern the application of IFRIC 12 (see also note 1.2.4 - IFRIC 12 clarifications, to the consolidated financial statements for the year ended December 31,2016), and the classification of Lithuania to discontinued operations regarding to IFRS 5.

In the first six months of 2017, other financial income and expenses include the impact of financial asset disposals. In the first six months of 2016, other financial income and expenses include the impacts of disposals of financial assets and notably impacts related to fair-value remeasurement of previously-held equity interests in China and France.

7.4 Financing commitments

7.4.1 Commitments given

Off-balance sheet commitments given break down as follows:

(€ million)	As of December 31, 2016	As of June 30, 2017	Maturing in		
			Less than 1 year	1 to 5 years	More than 5 years
Letters of credit	222.0	32.6	22.1	5.8	4.7
Debt guarantees	25.3	16.6	1.5	1.2	13.9
Other financing commitments given	51.3	62.3	34.0	22.4	5.9
TOTAL FINANCING COMMITMENTS GIVEN	**298.6**	**111.5**	**57.6**	**29.4**	**24.5**

Commitments given in respect of joint ventures (at 100%) total €5.2 million as of June 30, 2017 compared with €10.8 million as of December 31, 2016.

7.4.2 Commitments received

Commitments received total €121.4 million as of June 30, 2017 and €131.8 million as of December 31, 2016.

7.4.3 Collateral guaranteeing borrowings

As of June 30, 2017, the Group has given €163 million of collateral guarantees in support of borrowings including €98.5 million in support of borrowings of its joint

NOTE 8 EQUITY AND EARNINGS PER SHARE

8.1 Equity attributable to owners of the Company

8.1.1 Share capital

The share capital is fully paid-up.

8.1.1.1 Share capital increase RESERVED for Group employees

No new capital increases reserved for Group employees were performed during the first six months of 2017.

8.1.1.2 Number of shares outstanding and par value

The number of shares outstanding was 563,364,823 as of June 30, 2017 and 563,364,823 as of December 31, 2016. The par value of each share is €5.

8.1.2 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.

The Group held 13,774,835 of its own shares as of June 30, 2017, representing 2.4% of the Company's share capital.

The Group held 15,064,835 shares as of December 31, 2016, representing 2.7% of the Company's share capital.

8.1.3 Appropriation of net income and dividend distribution

The Combined General Meeting of April 20, 2017 set the cash dividend for 2016 at €0.8 per share. The shares went ex-dividend on April 24, 2017 and the dividend was paid from April 26, 2017 for a total amount of €439.8 million.

A dividend of €401 million was distributed by Veolia Environnement in 2016 and deducted from "Additional paid-in capital" and "Reserves".

8.1.4 Foreign exchange gains and losses

Accumulated foreign exchange translation reserves total €111.9 million as of June 30, 2017 (attributable to owners of the Company).

The change in foreign exchange translation reserves primarily reflects fluctuations in the Chinese renminbi (-€98.6 million), U.S. dollar (-€81.0 million), Hong Kong dollar (+€62.3 million), Australian dollar (-€7.3 million) and pound sterling (-€10.6 million) against the euro.

Accumulated foreign exchange translation reserves total €243.4 million as of December 31, 2016 (attributable to owners of the Company).

The change in foreign exchange translation reserves primarily reflects fluctuations in the Chinese renminbi (-€59.8 million), U.S. dollar (+€19.2 million), Hong Kong dollar (-€16.0 million) and Australian dollar (-€21.5 million) against the euro.

8.1.5 Fair value reserves

Fair value reserves attributable to owners of the Company total -€52.2 million as of June 30, 2017 and -€42.5 million as of December 31, 2016, and break down as follows:

(€ million)	Available for-sale securities	Commodity derivatives hedging cash flows	Foreign currency derivatives hedging cash flows	Interests rate derivatives hedging cash flows	Total	o/w attributable to owners of the Company
As of December 31, 2016	**9.2**	**4.3**	**-1.1**	**-53.1**	**-40.7**	**-42.5**
Fair value adjustments	1.8	-4.0	1.8	17.3	16.9	17.8
Other movements	4.9	-0.3	-3.2	-29.0	-27.6	-27.5
As of June 30, 2017	**15.9**	**-0.0**	**-2.5**	**-64.8**	**-51.4**	**-52.2**

Amounts are presented net of tax

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.

8.2 Non-controlling interests

A breakdown of the movement in non-controlling interests is presented in the Statement of Changes in Equity.

The decrease in non-controlling interests in the first six months of 2017 is mainly due to net income for the period and changes in consolidation scope offset by dividend distributions by subsidiaries and foreign exchange impacts.

The share of net income attributable to non-controlling interests totaled €78.1 million for the half-year ended June 30, 2017, compared with €74.5 million for the half-year ended June 30, 2016 represented.

In the first six months of 2017, this item primarily concerns minority interests in subsidiaries of the Europe excluding France (€46.3 million) and Rest of the World (€28.6 million) operating segments.

8.3 Deeply subordinated securities and OCEANE convertible bonds

8.3.1 Deeply subordinated securities

In January 2013, Veolia Environnement issued deeply subordinated perpetual securities in euros and pound sterling redeemable from April 2018. The issue comprised a euro tranche of €1 billion at 4.5% yield and a pound sterling tranche of £400 million at 4.875% yield.

This instrument is recognized in equity, pursuant to IAS 32.11 and given its intrinsic terms and conditions (no mandatory repayment, no obligation to pay a coupon, except in the event of a dividend distribution to shareholders or the buyback of own shares).

The coupon cost attributable to holders of deeply subordinated securities is -€67.8 million in the first hal of 2017 compared with -€68.8 million in 2016.

8.3.2 OCEANE convertible bonds

On March 8, 2016, Veolia Environnement issued convertible « OCEANE » type bonds.

The conversion option of this transaction, described in Note 7.1.1.1., may be settled solely in shares and is recognized in equity in the amount of €17.6 million as of June 30, 2017.

8.4 Earning 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 period. 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.

As of June 30, 2017, the weighted average number of shares outstanding is 574,505,237 (diluted) and 550,713,818 (basic). Dilutive instruments taken into account in the Earning Per Share calculation primarily concern the OCEANE convertible bonds issued on March 8, 2016.

NOTE 9 PROVISIONS

Movements in non-current and current provisions during the first six months of 2017 are as follows:

(€ million)	As of December 31, 2016	As of June 30, 2017
Provisions excluding pensions and other employee benefits	**1,789.8**	**1,804.4**
Provisions for pensions and employee benefits	**893.3**	**879.7**
TOTAL Provisions	**2,683.1**	**2,684.1**
NON-CURRENT PROVISIONS	**2,123.7**	**2,099.1**
CURRENT PROVISIONS	**559.4**	**585.0**

Provisions as a whole increased by €1.0 million in the first six months, including €33.5 million in respect of the unwinding of the discount in the first-half of 2017.

Provisions excluding pensions and other employee benefits as of June 30, 2017, primarily include provisions for closure costs and post-closure costs (site rehabilitation, dismantling) of €643.1 million, accounted in the France segment in recycling and recovery waste activities for €230.7 million and in the Europe excluding France segment for €206.4 million

Movements in provisions excluding provisions for pensions and other employee benefits are not individually material and do not require specific comment.

Provisions for pensions and other employee benefits decreased by €13.7 million over the half-year, mainly due to charges for the period of €25.4 million and provision reversals of -€32.8 million, offset by actuarial gains of -€3.9 million and the impact of exchange rate fluctuations in the amount of -€8.6 million.

NOTE 10 TAXES

10.1 Income tax expense

The income tax expense (income) includes the current tax expense (income) and the deferred tax expense (income).

The income tax expense breaks down as follows:

(€ million)	Half-year ended June 30, 2016 represented (1)	Half-year ended June 30, 2017
Current income tax (expense) income	**-120.7**	**-123.5**
France	-5.6	-9.5
Other countries	-115.1	-114.0
Deferred tax (expense) income	**-4.8**	**8.8**
France	1.4	-8.0
Other countries	-6.2	16.8
TOTAL INCOME TAX EXPENSE	**-125.5**	**-114.7**

(1) Adjustments to amounts for the half-year ended June 30,2016 concern the application of IFRIC 12 (see also note 1.2.4 - IFRIC 12 clarifications, to the consolidated financial statements for the year ended December 31,2016), and the classification of Lithuania to discontinued operations regarding to IFRS 5.

The income tax expense presented in the Consolidated Cash Flow Statement reflects the income tax expense of continuing operations presented above and the income tax expense of discontinued operations.

A number of French subsidiaries elected to form a consolidated tax group with Veolia Environnement as the head company (five-year agreement, renewed in 2016). 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.

The effective tax rate is detailed as follows:

	Half-year ended June 30, 2016 represented (1)	Half-year ended June 30, 2017
Net income (loss) from continuing operations (a)	306.9	267.6
Share of net income (loss) of associates (b)	13.6	12.9
Share of net income (loss) of joint ventures (c)	29.7	35.2
Share of net income (loss) of other equity-accounted entities (d)	22.2	13.5
Income tax expense (e)	-125.5	-114.7
Net income from continuing operations before tax (f) = (a)-(b)-(c)-(d)-(e)	366.9	320.7
Effective tax rate -(e)/(f)	**34.2%**	**35.8%**

(1) Adjustments to amounts for the half-year ended June 30,2016 concern the application of IFRIC 12 (see also note 1.2.4 - IFRIC 12 clarifications, to the consolidated financial statements for the year ended December 31,2016), and the classification of Lithuania to discontinued operations regarding to IFRS 5.

10.2 Tax audits

In the normal course of their business, the Group entities in France and abroad are subject to regular tax audits. Revised assessments and identified uncertain tax positions in respect of which a revised assessment has not yet been issued are adequately provided, and provision amounts are regularly reviewed in accordance with IAS 37 criteria.

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 June 30, 2017, 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.

On March 10, 2010, Veolia through its subsidiary VNA (formerly VENAO) received notices of proposed adjustments (“NOPAs”) from the U.S. Internal Revenue Service (IRS) relating to a number of tax positions concerning its U.S. subsidiaries, including primarily tax losses resulting from the reorganization of the former U.S Filter (Worthless Stock Deduction), in the amount of USD 4.5 billion (tax base). They also relate to certain other issues relating to tax losses for the 2004, 2005 and 2006 tax years, in an aggregate amount of a similar order of magnitude as the Worthless Stock Deduction. The NOPAs are preliminary assessments that do not reflect a definitive audit position and are subject to change. These NOPA’s were received following the request by the Group for a pre-filing agreement from the IRS in order to validate the amount of tax losses as of December 31, 2006.

Since 2010, the Group continues to discuss these NOPAs with the IRS with a view to resolving or narrowing the issues and the issuance of a formal assessment notice for any unresolved issues, which could be appealed within the IRS or in court. As of June 30, 2017, the remaining NOPAs, before any penalties, relate to the Worthless Stock Deduction for USD 4.5 billion (tax base). As the NOPAs are still subject to the continuing IRS audit process, there is no requirement at this time for any payment of taxes. Based on information available to the Company at the year-end, Veolia has not recorded any provision in its consolidated financial statements in respect of the NOPAs and has recorded a deferred tax asset in respect of a portion of these tax losses.

In the context of this audit, the IRS issued several summonses in reply to which VNA (formerly VENAO) submitted a number of documents. On January 5, 2013, considering the response to the summonses inadequate, the U.S. Department of Justice brought an action against VNA (formerly VENAO) before the U.S. District Court of the State of Delaware for enforcement of the summonses. These proceedings are now finished and VNA forwarded the required documents to the IRS at the end of August 2015. The IRS is still reviewing these documents and no formal notice has been received to date.

Furthermore, the audit launched in 2011 in respect of fiscal years 2007 and 2008 for all of the Group's U.S. entities is still ongoing. No revised assessments have been notified to date. A new audit covering fiscal years 2009 to 2011 was launched by the IRS at the end of 2013. This audit is still ongoing and no revised assessments have been notified to date.

Furthermore, a number of tax audits in respect of fiscal years 2007 to 2013 for all of the Group's U.S. entities are still ongoing. No revised assessments have been notified to date.

NOTE 11 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 June 30th, 2017, 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 April 2014, in an attempt to save money, the emergency manager ("Emergency Manager") in charge of the City of Flint, Michigan, ordered that it switch its water supply source (previously provided from Detroit) and begin treating Flint River water for distribution to its residents.

Soon after, Flint residents began to complain about its odor, taste and appearance. Between August 2014 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") for an analysis related to residual effects of chlorine process (TTHM), discoloration and taste and odor issues. The scope of work of this one-time (invoiced $40.000), approximately four-week analysis did not include lead and copper tests.

On February 18, 2015, VWNAOS issued an interim report, which included a statement that the drinking water was "safe" in that it complied "with state and federal standards and required testing". During the public meeting, which was organized by the Flint City Council Public Works Committee in relation to VWNAOS's interim report, VWNAOS employees communicated to the public the results of said report. The City had previously informed VWNAOS that the City, and not VWNAOS, would be conducting lead testing.

On March 12, 2015, VWNAOS delivered its final report to Flint, then 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 odor and discoloration. It would appear that many of these recommendations were ignored by the local authorities

On June 24, 2015, the US Environmental Protection Agency issued a memorandum summarizing the available information regarding activities conducted by the City of Flint and several governmental agencies in response to high lead levels in City drinking water reported by a Flint resident.

On October 21, 2015, the office of the Governor of the State of Michigan commissioned the Flint Water Advisory Task Force, a consulting group made up of experts in a variety of disciplines, to conduct an independent review of the Flint water crisis, including lead contamination of residents.

On March 21, 2016, Flint Water Advisory Task Force issued its final report, drafted after interviewing numerous individuals and reviewing many documents. The Task force report came to the conclusion that the responsibility for the Flint water crisis rested largely with several governmental agencies and the City of Flint. Notably, the report highlighted that the Michigan Department of Environmental Quality and the City of Flint did not require and implement corrosion control at the time of change of water supply source, contrary to what is required under the federal Lead & Copper Rule to avoid contamination of drinking water. A total of fifteen current or former state and local employees have been charged with criminal conduct in their mishandling of the lead issues.

Since February 2016, numerous individual complaints and class actions have been filed before Michigan courts by Flint residents against a number of defendants, including the State of Michigan, the Michigan Department of Environmental Quality and the US subsidiaries of the Company. Flint residents allege injury and damages by exposure to toxins, including lead, contained within Flint River water and have levied accusations of professional negligence and fraud.

The Company has been named in a dozen class actions and hundreds of individual actions. In five of the class actions, the Company has entered into tolling agreements with the defendants aiming to dismiss the Company without prejudice to them, thus suspending the statute of limitations. In all the remaining class actions, time for serving the Company has expired.

On June 22, 2016, the State of Michigan's Attorney General filed a civil action against several corporations, including VWNAOS and the Company itself, for their alleged role in the Flint water crisis. The Attorney General subsequently dismissed that initial action, and filed a new civil action on August 16, 2016. Among other allegations, the Attorney General refers to the interim report delivered by VWNAOS. The Attorney General alleges that the acts and omissions of these companies constitute professional negligence and fraud.

Subsequent to filing the new action, the Attorney General agreed to dismiss the Company without prejudice. On September 12, 2016, stipulations of dismissal were filed with the court to that effect. Thus, the Company is no longer a party to either of the Attorney General actions; however, the Attorney General action against the Company's subsidiaries is ongoing.

The Group strongly contests the merits of all these legal proceedings.

These lawsuits have been reported to the insurers, who have reserved their rights with respect to the guarantee from which the Company and its US subsidiaries benefit.

Central and Eastern Europe

Romania

In 2000, Apa Nova Bucuresti (“ANB”), Veolia Water’s Romanian subsidiary in which it holds a 74% stake, signed a 25-year concession agreement for water distribution and wastewater services with the city of Bucharest.

At the end of July 2015, the National Anticorruption Division of Ploiesti (“NAD”) opened an investigation on influence peddling involving several persons and entities, including several Romanian subsidiaries of the Company.

ANB and certain of its former managers are suspected of having purchased, between 2008 and 2015, the influence of three natural persons in order to obtain favorable decisions from Bucharest’s public authorities, resulting in significant increases in water prices. In exchange for their influence, ANB allegedly made significant payments to companies controlled by these three persons or related persons, without these payments being proportionate to the services rendered, and without these services necessarily being real.

Since August 2015, ANB, as well as other subsidiaries of the Company with water and energy activities in Romania, have provided the NAD, at its request, with numerous documents.

Throughout October 2015, three former managers of ANB were questioned by the NAD, and then placed under the status of “inculpat” and under judicial supervision.

On October 30, 2015, ANB was placed under this same status, for bribery, buying influence, invasion of privacy, tax evasion and money laundering.

The investigation continues and ANB is cooperating with the NAD. To date, it only has partial access to the criminal case file.

The Securities and Exchange Commission (SEC) and the Department of Justice (DOJ) are currently conducting investigations concerning possible violations of US federal laws, relating to the facts which are the subject of NAD’s investigation. As part of its investigation, the SEC has asked the Company to voluntarily provide documents and information regarding these facts. At the SEC’s behest, as part of international cooperation, the Autorité des marchés financiers (AMF) has made requests of the Company as well, which are also related to the facts which are the subject of NAD’s investigation, in connection with its own investigation on the matter.

The Company is fully cooperating with the investigating authorities and, in particular, providing all requested information, in accordance with applicable laws.

Furthermore, in 2017, the Parquet National Financier confirmed that a preliminary investigation has been launched.

Lithuania - Energy

Between 2000 and 2003, the Group 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 is awaiting a cost evaluation and a return on its investment.

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 authorities and public entities against the Lithuanian subsidiaries of the Group, UAB Vilniaus Energija (“UVE”) and UAB Litesko (“Litesko”).

Actions to pass on consumer heating costs to UVE:

- With Vilnius’s approval, UVE installed individual heat exchange sub-stations. In September 2011, the law governing the heating sector was amended to transfer the ownership of these sub-stations to apartment owners, without compensating the investors. Although the courts and the national commission for energy and price control (the “National Commission”) recognized UVE’s right to compensation, they nevertheless ruled that they lacked jurisdiction to enforce the exercise of such right. To date, UVE has still not received any compensation.
- In 2008 and 2009, UVE respectively proposed to Vilnius and the National Commission to invest in a smoke condenser. Both entities refused to approve this investment. Pursuant to the applicable regulations, UVE therefore invested on a private basis. However, in October 2014, the National Commission unilaterally reduced UVE’s heating prices to capture the savings realized with the help of this condenser despite no legal basis. On October 13, 2015, the administrative court rejected UVE’s complaint against this decision. On October 27, 2015, UVE lodged an appeal before the supreme administrative court, which dismissed it on November 2, 2016. In March 2016, the National Commission approved a reduction in UVE’s heating prices, established by Vilnius in September 2015, following a new calculation of the economic effects of smoke condensers. On October 23, 2015, UVE lodged an appeal before the administrative court against Vilnius’ decision. On April 11, 2016, UVE also lodged an appeal before such court against the National Commission’s decision. The court combined the two appeals and then dismissed them on October 17, 2016. UVE has lodged an appeal before the supreme administrative court. A date for the hearing has yet to be scheduled.

- On December 11, 2015, the regional administrative court of Vilnius cancelled the heating prices that the National Commission had established for UVE for a period of five years (2011-2015), by calling on the National Commission to retroactively reduce prices. UVE appealed on December 28, 2015 before the supreme administrative court; a hearing was scheduled for August 17, 2016. The appeal has suspensive effect. On January 24, 2017, the supreme administrative court upheld the regional administrative court's decision, which went into effect on the same day. UVE submitted a request for renewal of the proceedings which was dismissed by the supreme administrative court on June 16, 2017.

Actions to render the Group's combined heat power plants economically non-viable

- Vilnius' contract requires UVE to operate combined heat power plants, producing both heat and electricity, and to produce electricity for sale. The government established an annual electricity purchasing quota for the national public electricity company (Lesto) at a specific price, ensuring sufficient demand for electricity generated by the combined heat power plants.
- The government decided to terminate the electricity purchasing quota system as of January 1, 2016. Without these quotas, the most important of the combined heat power plants operated by UVE, VE-3, is no longer economically viable. As a result, UVE notified the municipal heating network company, controlled by Vilnius, Vilniaus Silumos Tinklai ("VST"), that VE-3 would cease operating on January 1, 2016 and would be returned.
- VST declared its refusal to take back VE-3, requiring UVE to bear the socio-economic costs resulting from the terminated quotas until the end of the agreement, i.e on March 29, 2017.

Actions to sanction the Group due to heat price increases

- Competition Council

(a) UVE

On January 18, 2011, UVE signed a five-year biofuel supply agreement (the "Agreement") with a company in order to provide heat to Vilnius, for which it manages the network. On February 25, 2013, the competition council of the Republic of Lithuania (the "Competition Council") decided to open an investigation regarding compliance of operators in biofuel production and distribution with Lithuanian competition law.

On December 2, 2015, the Competition Council imposed a €19 million fine on UVE for restricting competition under the Agreement. UVE believes that (i) the supplies involved were open to competition via a call for tenders and in accordance with applicable laws, (ii) the relevant biofuel market used by the Competition Council for its investigation is not justified and (iii) this fine is disproportionate as it is established on all of UVE's heating sales whereas only 15% of these sales are generated from biofuels.

On December 22, 2015, UVE initiated an appeal against this decision before the administrative court of Vilnius, which suspended the payment for the duration of the proceeding. On October 18, 2016, the administrative court reduced the fine to €17.1 million but did not modify the rest of the Competition Council's decision. On November 17, 2016, UVE lodged an appeal before the supreme administrative court. A date for the hearing has yet to be scheduled.

(b) Litesko

On August 2, 2001, a 15-year agreement was concluded between Litesko, the city of Alytus ("Alytus") and its municipal utility, Alytus Silumos Tinklai ("AST") to operate and modernize the heat infrastructure of Alytus. In June 2005, a ten-year extension was agreed upon (until 2026) in return for a commitment on Litesko's part to invest. In December 2007, Alytus requested an additional investment: a new biofuel plant. In exchange, Alytus agreed to allow Litesko to remain the owner of the plant after the agreement's expiration in 2026.

On September 9, 2015, the Competition Council concluded that Alytus had violated competition law by extending the agreement and by accepting that Litesko would remain the owner of the biofuel plant. It called upon Alytus to reconsider the commitments made in 2005 and 2007. On September 29, 2015, Litesko lodged an appeal against the Competition Council's decision before the administrative court of Vilnius, which rejected such appeal on February 29, 2016. Litesko filed an appeal on March 14, 2016 before the supreme administrative court, with suspensive effect. On July 14, 2017, the supreme administrative court dismissed Litesko's appeal.

On October 30, 2015, Alytus accepted the Competition Council's decision by not filing an appeal.

On January 15, 2016, Alytus informed Litesko that the commitments granted in 2005 and 2007 were null and void and that, consequently, the biofuel plant was to be transferred to AST on June 1, 2016 and that the issue of compensation shall be discussed. This letter describes Alytus' position without representing, at this stage, a legal claim and/or a final decision. In its letters dated May 24 and June 6, 2016, Alytus asked Litesko to provide it with the information necessary to resume activities, without waiting for the ruling of the supreme administrative court on the validity of the Competition Council's decision. On June 23, 2016, Litesko responded by proposing a meeting to discuss (i) Alytus' information request and (ii) the compensation to be paid by Alytus to Litesko pursuant to the agreement's expiration.

On August 17, 2016, Alytus filed a claim before the civil court of Kaunas in order to request (i) the transfer of AST's heating facilities and (ii) the appointment of a receiver to monitor Litesko's activities pending a final decision on the transfer. On August 19, 2016, the court appointed a receiver with broad powers. Litesko then filed a request with the court to remove the receiver for lack of objectivity. On September 1, 2016, the court refused to remove the receiver but reduced its powers. Litesko responded, stating that Alytus' claim was ill-founded and asking the court to suspend proceedings until the supreme administrative court rendered a final decision regarding the Competition Council's decision. On September 5, 2016, Litesko also lodged an appeal and, on February 9, 2017, the court of appeal rejected the appointment of the receiver.

Furthermore, a hearing before the civil court was scheduled for January 19, 2017. The day before this hearing, Alytus filed amendments to its claim, requesting (i) the transfer by Litesko of heating activity assets, (ii) €8.3 million in indemnities, with respect to calculated heating prices, and (iii) €5.9 million for allegedly abandoned investments in Alytus' heating system. Litesko challenges these amendments. The court accepted to consider point (i) and (iii) of this amended claim and rejected point (ii).

Following an appeal lodged by AST and Alytus, the Court of Appeal decided on April 27, 2017 that point (ii) may be accepted in the current civil case. After such a ruling from the Court of Appeal, the first instance court finally decided to accept to rule on claims (i), (ii) and (iii). Litesko's answer was submitted on June 30, 2017. The court hearing for the pleadings is set for October 5, 2017.

- National Commission

(a) UVE

Following an inspection begun in August 2015 by the National Commission in order to assess the validity of the costs and revenues related to UVE's regulated activities for the 2012-2014 period, the National Commission, on August 18, 2016, provided UVE with a draft report in which it concluded that UVE had received unjustified revenues of approximately €24.8 million over this period. UVE contested the National Commission's conclusion and, on September 7, 2016, presented its arguments against the draft report. On September 22, 2016, the National Commission stated, in its final report, that UVE had received unjustified revenues in the amount of €24.3 million. On October 26, 2016, UVE sought relief before the administrative court. The hearing for the pleadings is scheduled on September 28, 2017

In addition, on October 14, 2016, on the basis of the results of the final report, the National Commission decided to reduce the new base heating prices for UVE by 23%. On November 14, 2016, UVE lodged an appeal before the administrative court. On June 26, 2017 the administrative court suspended the proceedings until the issuance by the supreme administrative court of its final decision with respect to final report case, based on UVE's abovementioned complaint of October 26, 2016.

On February 6, 2017, still on the basis of the final report findings, the National Commission drafted a memorandum concerning alleged breaches relating to regulated activities, in which it accused UVE of violating the principles and objectives of laws on energy and heating. UVE responded to these accusations in writing. On March 24, 2017, the National Commission imposed to UVE a fine of €1,3 million. On April 24, 2017, UVE initiated an appeal against this decision before the administrative court of Vilnius. A date for the hearing is set for October 11, 2017.

(b) Litesko

On March 29 the National Commission approved the new heat base price for the next regulatory period in Alytus. Litesko contested the National Commission's decision regarding the new heat base price and appealed the National Commission's decisions to the Administrative Court of Vilnius on May 2, 2017. The hearing of the Administrative Court is set for October 10, 2017.

- Potential criminal liability of the managers of UVE and Litesko

In February 2012, an investigation was launched by the public prosecutor of Vilnius against the managers of UVE, Litesko and Dalkia Lietuva in connection with a natural gas purchase by UVE and Litesko, between 2003 and 2005, through a gas trading subsidiary, Dalkia Lietuva (liquidated in March 2014).

Although this gas purchase complied with the law, the public prosecutor brought charges of fraud and misuse of corporate assets before the court. Since October 2014, the court has been reviewing the case. It began with a hearing of the witnesses for the prosecution. During this stage, the prosecutor was recused by the court in January 2016 after having pursued legal action against a witness for the prosecution who had provided testimony favorable to the defense. The court is currently hearing the defendants' opening statements.

Vilnius' refusal to pay heating invoices

Before the municipal elections of March 2015, the practice was that the invoices owed by UVE to the municipal water distribution utility of Vilnius (Vilniaus Vandenys) were offset by heating invoices owed by Vilnius to UVE. This compensation was formalized in a tripartite agreement.

Between the end of March 2015 and June 2015, Vilniaus Vandenys submitted three claims against UVE for the payment of UVE's debts (€15 million). After losing these three claims at the lower court level (on January 27, March 1 and April 18, 2016, respectively) and at the appeals level, UVE paid Vilniaus Vandenys.

UVE filed its claim before the courts on August 17, 2015 for payment of Vilnius's heating invoices (€27 million) until July 2015. On June 9, 2016, the court upheld UVE's claim for a total of €25.2 million (including interest on late payments) and divided the settlement into 48 monthly payments. Vilnius appealed on June 29, 2016. UVE also appealed on July 8, 2016 to contest the term of the payments.

On May 30, 2016, UVE also filed a claim against Vilnius for payment of heating invoices for a total of €5.6 million for the period from August 2015 to March 2016.

On July 20, 2016, Vilniaus Vandenys submitted three new claims against UVE for the payment of UVE's recent debts (€7.2 million).

On December 29, 2016, Vilnius decided to return to a tripartite agreement with UVE and Vilniaus Vandenys for the compensation of UVE's debts to Vilniaus Vandenys and its own debts to UVE for an amount of €5.6 million.

On April 24, 2017, Vilniaus Vandenys, Vilnius and UVE came to a new tripartite agreement that closed the five ongoing cases between Vilniaus Vandenys and UVE in debt parts and covered UVE's debt to Vilniaus Vandenys for an amount of € 8.4 million.

The outstanding amount owed by Vilnius to UVE was cleared on June 15, 2017, when AB Vilniaus Silumos Tinklai (VST) paid to UVE all the debts which were still due by Vilnius after the expiration of the Vilnius contract.

Taking into account the tripartite agreements of December 29, 2016 and April 24, 2017 and VST's payment of June 15, 2017 all issues regarding mutual debts between UVE, Vilniaus Vandenys and Vilnius are solved. The still ongoing proceedings with Vilniaus Vandenys are exclusively related to the sums of interests and late payments between the parties (around € 0.5 million).

Proceedings initiated before the International Center for the Settlement of Investment Disputes ("ICSID") and the Stockholm Chamber of Commerce ("SCC")

Given the numerous legal actions and decisions described above, which are both inequitable and discriminatory, on January 26, 2016, the Group filed a request for arbitration against Lithuania before the International Center for the Settlement of Investment Disputes ("ICSID"). The Group considers it suffered damages in excess of €100 million. On December 22, 2016, the Group filed its statement of claim.

In addition, in December 2016, the Group filed a request with the arbitral tribunal for interim measures relating to Competition Council proceedings against UVE before Lithuanian courts, in the context of an order for the precautionary seizure of UVE's bank accounts; the request was withdrawn after the supreme administrative court reversed the seizure order.

On November 30, 2016, in the context of the Vilnius agreement, UVE also 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 before the agreement comes to an end (March 29, 2017). That SCC arbitration has since expanded in scope to address claims by UVE against Vilnius and VST in connection with the March 2017 conclusion of the Vilnius lease, as well as possible counterclaims by the respondents.

Northern Europe

United Kingdom – Environmental Services – Sheffield

In August 2001, Sheffield Environmental Services Ltd, 100% British subsidiary of Veolia ES Aurora Limited, entered into a waste management contract with Sheffield City Council ("SCC") which is due to expire in 2036.

In 2016, discussions have taken place regarding the future of the contract and possible termination scenarios. These include outstanding discussions in relation to the workings of the contract performance mechanism.

On January 18, 2017, SCC's cabinet committee approved a decision to re-procure the services.

Nevertheless, new discussions are taking place with SCC exploring the possibility of continuing the contract to 2036.

So far, the decision of the SCC's cabinet committee has not been implemented.

Other segments - Regional aid to passenger road transportation

Transdev Group was informed by a letter from the President of the Ile-de-France Regional Council dated March 3, 2014, that on June 4, 2013, the Paris Administrative Court had instructed the Ile-de-France Region to proceed with the recovery of subsidies granted to operators under the plan for the improvement of public transportation services. These subsidies were deemed to be illegal State aids by a decision of the Paris Administrative Court of Appeals of July 12, 2010, on the grounds that no notification was made to the European Commission. According to the terms of the letter, this restitution obligation could affect certain of Transdev Group's subsidiaries that may have benefited from these subsidies, because the Paris Administrative Court of Appeals rejected on December 31, 2013 the Ile-de-France region's request for a stay of implementation on the restitution injunction.

This first notification was also sent to other regular line operators in the outer Paris suburbs. This request for repayment is a legal dispute between the Ile-de-France Region and an occasional transportation company, and no subsidiary of the Transdev Group is a party to it. Although the Region mentions in its letter an estimated regional subsidized amount of approximately €98.7 million (not including interest) attributed to Transdev Group's subsidiaries, this estimate remains uncertain due to the complexity of the assessment resulting from, (i) the length of time the plan has existed, (ii) the number of operators that received the subsidies, a large number of which have since restructured/consolidated their activities, and (iii) the plan's operating rules, which involve local authorities with evolving scopes of responsibility and which are either intermediaries (the sums paid by the Region passing through them) or economic beneficiaries under the plan. In addition, certain subsidies granted by the Ile-de-France Region should not be considered State aid, as the criteria relating to economic advantages and effects on trade have not been met.

If the Ile-de-France Region were to issue a recovery order, the Transdev Group or its concerned subsidiaries would lodge an appeal with suspensive effect before the administrative court.

Transdev Group, together with OPTILE (Organisation Professionnelle des Transports d'Ile-de-France, an association of all the private companies that operate regular lines in the Ile-de-France Transportation Plan), intends to contest any potential claims for repayment and intends to take legal action necessary to defend its interests.

In addition, by a decision on February 2, 2017, the European Commission concluded that the State aids granted by the Ile-de-France Region to operators of public transportation services by bus in the region from 1994 to 2008 were compatible with the internal market.

In light of this decision, the nominal amount of the State aids cannot be recovered. Only the interest accrued over the period of illegality (from the date on which the aid was granted and February 2, 2017) could be recovered.

A number of transportation companies, including subsidiaries of Transdev Group, lodged a partial annulment appeal against the Commission's decision before the General Court of the European Union. On a primary basis, the appellants claim that the subsidies granted by the region constitute existing aids and must not be taken into account in calculating interest. In the alternative, the appellants claim that only the subsidies granted after November 25, 1998 should be taken into account in calculating the interest to be recovered and that any aid granted before this date would be time-barred.

In parallel, on February 27, 2015, Transdev Ile-de-France (as well as other interested members of OPTILE) filed before the Paris Administrative Court of Appeals:

- an application as a third party against the decision rendered by the same Court on July 12, 2010 that had stated that the subsidies in question were illegal, in which proceedings it was not a party;
- voluntary intervention, before the same Court, in the context of the appeal filed by the Ile-de-France Region against the decision of the Paris Administrative Court on June 4, 2013, asking that the Ile-de-France Region issue, as a consequence of the proceeding cited above, the enforcement orders allowing the recovery of the disputed aid.

By two decisions of November 27, 2015, the Paris Administrative Court of Appeals:

- rejected the third-party proceeding of Transdev Ile-de-France;
- required the Ile-de-France region to determine, within nine months, the amounts that should be returned by each beneficiary company of the aid plan, taking into account the nature of the subsidized investments and the type of transportation activity that was conducted, and issue recovery orders.

On January 27, 2016, Transdev Ile-de-France lodged an appeal against the decision to reject their third-party proceeding, which the French Supreme Administrative Court (Conseil d'état) admitted on July 12, 2016.

The Ile-de-France region lodged an appeal before the French Supreme Administrative Court against the decision requiring it to issue recevery orders. This appeal does not have suspensive effect.

NOTE 12 RELATED PARTY TRANSACTIONS

The Group identifies related parties in accordance with the provisions of paragraph 9 of IAS 24 revised, Related Party Disclosures.

Other than compensation and related benefits granted to key management and relations with joint ventures presented in the Notes to the 2016 Consolidated financial statements (see Notes 6.2 and 5.2.4.1), relations with other related parties as of June 30, 2017 are as follows:

Caisse des dépôts et consignations (4.62% shareholding as of June 30, 2017)

The Caisse des dépôts et consignations is considered a related party, as a legal entity director sitting on the Board of Directors of Veolia Environnement.

On December 21, 2016, Veolia Environnement and Caisse des dépôts et consignations finalized an agreement entered into on July 29, 2016 concerning Veolia Environnement's withdrawal from the transportation business and the share capital of Transdev Group. The agreements entered into pursuant to this agreement are set out in Note 3.3 to the 2016 Consolidated financial statements.

Relations with Raise Investissement

In July 2016, Veolia Environnement subscribed to a share capital increase for cash by Raise Investissement SAS in the amount of €5 million (subscription for 5 million newly issued shares with a par value of one euro each). The subscription amount was paid up 50% and the residual balance will be settled when called by the Chairman of this company within a maximum of 5 years.

The duties of chairman of Raise Investissement SAS are performed by Raise Conseil SAS.

Mrs. Clara Gaymard, a director of Veolia Environnement, is considered a related party due to her position as Chief Executive Officer of Raise Conseil SAS.

Relations with SM Conseil

On March 20, 2017, Veolia Environnement entered into a three-year service agreement with SM Conseil SAS, commencing immediately. Under the terms of the agreement, Veolia Environnement retained this company to assist it (1) promote Veolia to other stakeholders and potential partners with the aim of developing its business and (2) identify potential decision-makers and managers likely to contribute to the implementation of its strategy.

This agreement provides for payment to SM Conseil of fixed remuneration of €400,000 per annum, adjusted in line with the SYNTEC index. It does not provide for the payment of "success fees".

SM Conseil is chaired by Mr. Serge Michel, a non-voting director (censeur) on the Veolia Environnement Board of Directors.

NOTE 13 POST-CLOSING EVENTS

None.

NOTE 14 MAIN COMPANIES INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2017, Veolia Environnement Group accounted for a total of 1,569 companies.

The list of main subsidiaries has not significantly changed since December 31, 2016.

Statutory Auditors' Review Report on the condensed interim consolidated financial statements

This is a free translation into English of the statutory auditors' review report issued in French and is provided solely for the convenience of English speaking readers. This report should be read in conjunction with, and is construed in accordance with, French law and professional auditing standards applicable in France.

Period from January 1 to 30 June 2017

Following our appointment as statutory auditors by your Annual General Meetings and in accordance with article L. 451-1-2 III of the French Monetary and Financial Code ("Code monétaire et financier"), we hereby report to you on:

- the review of the accompanying condensed interim consolidated financial statements of Veolia Environnement for the period from January 1 to 30 June 2017;
- the verification of information contained in the half-yearly management report.

These condensed interim consolidated financial statements are the responsibility of your Board of Directors. Our role is to express a conclusion on these financial statements based on our review.

1. Conclusion on the financial statements

We conducted our review in accordance with professional standards applicable in France. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with professional standards applicable in France and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements are not prepared in all material respects in accordance with IAS 34 – standard of the IFRSs as adopted by the European Union applicable to interim financial information.

2. Specific verification

We have also verified the information given in the half-yearly management report in respect of the condensed interim consolidated financial statements subject to our review. We have no matters to report as to its fair presentation and consistency with the condensed interim consolidated financial statements.

Paris La Défense, July 28, 2017

French original report signed by

KPMG Audit Département de KPMG S.A.		ERNST & YOUNG et Autres	
Jean-Paul Vellutini	Karine Dupré	Gilles Puissochet	Xavier Senent

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CORPORATE GOVERNANCE

(CHAPTER 7 OF THE 2016 REGISTRATION DOCUMENT)

5.1 Members of the Board of Directors

5.1.1 MEMBERS OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

The Veolia Environnement Combined General Meeting of April 20, 2017 notably renewed the terms of office as director of Caisse des dépôts et consignations, represented by Mr. Olivier Mareuse, Mrs. Marion Guillou and Mr. Paolo Scaroni for a four-year period expiring at the end of the General Shareholders' Meeting that will be called to approve the financial statements for the fiscal year ending December 31, 2020.

The Board of Directors of the Company had seventeen members, including two Directors representing employees and six female directors as well as two non-voting members (*censeurs*) as of the filing date of this Update to the Registration Document.

	Independent	Date of first appointment	Expiry of current office
Antoine Frérot Chairman and Chief Executive Officer		May 7, 2010	2018 GSM
Louis Schweitzer Vice-Chairman and Senior Independent Director	✦	April 30, 2003	2019 GSM
Homaira Akbari	✦	April 22, 2015	2019 GSM
Jacques Aschenbroich	✦	May 16, 2012	2020 GSM
Maryse Aulagnon	✦	May 16, 2012	2019 GSM
Daniel Bouton	✦	April 30, 2003	2018 GSM
Caisse des dépôts et consignations, represented by Olivier Mareuse		March 15, 2012	2021 GSM
Isabelle Courville	✦	April 21, 2016	2020 GSM
Clara Gaymard	✦	April 22, 2015	2019 GSM
Marion Guillou	✦	December 12, 2012	2021 GSM
Pavel Páša (1) ✪		October 15, 2014	October 2018
Baudouin Prot	✦	April 30, 2003	2019 GSM
Qatari Diar Real Estate Investment Company, represented by Nabeel Mohammed Al-Buenain(2)	✦	May 7, 2010	2018 GSM
Nathalie Rachou	✦	May 16, 2012	2020 GSM
Paolo Scaroni	✦	December 12, 2006	2021 GSM
Guillaume Texier	✦	April 21, 2016	2020 GSM
Pierre Victoria (1) ✪		October 15, 2014	October 2018
Paul-Louis Girardot ▲	**N/A**	April 24, 2014	2018
Serge Michel ▲	**N/A**	April 21, 2016	2020

▲ Non-voting member (censeur) ✪ Director representing employees

✦ Independent pursuant to AFEP-MEDEF Code independence criteria, as assessed by the Board of Directors

N/A: not applicable

(1) Director representing employees, not taken into account when calculating independence percentages pursuant to Article 8.3 of the AFEP-MEDEF Code (see Chapter 7, Section 7.2.1.1 below)

(2) Mr. Nabeel Mohammed Al-Buenain replaced Mr. Khaled Al Sayed as the permanent representative of Qatari Diar Real Estate Investment Company on March 30, 2017.

The **four Board Committees** are now comprised as follows:

- **Accounts and Audit Committee:** Mr. Daniel Bouton (Chairman), Mrs. Homaira Akbari, Mr. Jacques Aschenbroich, Mrs. Nathalie Rachou and Mr. Pierre Victoria (Director representing employees).
- **Nominations Committee:** Mr. Louis Schweitzer (Chairman), Mrs. Maryse Aulagnon and Mr. Paolo Scaroni.
- **Compensation Committee:** Mr. Louis Schweitzer (Chairman), Mrs. Maryse Aulagnon, Mr. Daniel Bouton, Mrs. Clara Gaymard, Mrs. Marion Guillou and Mr. Pierre Victoria (Director representing employees).
- **Research, Innovation and Sustainable Development Committee:** Mr. Jacques Aschenbroich (Chairman), Mrs. Isabelle Courville, Mrs. Clara Gaymard, Mrs. Marion Guillou, Mr. Pavel Páša (Director representing employees) and Mr. Guillaume Texier.

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ADDITIONAL INFORMATION

(CHAPTER 8 OF THE 2016 REGISTRATION DOCUMENT)

6.1 Litigations

The most significant legal proceedings involving the Company or its subsidiaries are described hereinafter. In addition, tax audits and disputes are described in note 10.2 to the condensed interim consolidated financial statements for the six months ended June 30, 2017.

The description of the most significant legal, administrative or arbitration proceedings set forth in note 11 to the interim consolidated financial statements for the six months ended June 30, 2017 is incorporated by reference within this Chapter 6, Section 6.1. The main updates concerning these disputes, which are set forth in note 11 and reflect significant changes that have occurred up to the registration date of this document, are also described in this Chapter 6, Section 6.1.

The Company is not aware of any other current or threatened legal, administrative or arbitration proceedings which, during the past twelve months, may have had or have had a material adverse effect on the financial condition or profitability of the Company and/or the Group.

North America

United States - Flint

See chapter 4, section 4.1, note 11 to the condensed interim consolidated financial statements as of June 30, 2017, *supra*.

United States – WASCO and Aqua Alliance

Several current and former indirect subsidiaries of Veolia Eau in the United States [1] are defendants in lawsuits in the United States, in which the plaintiffs seek recovery for personal injuries and other damages allegedly due to exposure to asbestos, silica and other potentially hazardous substances. With respect to the lawsuits against Veolia Eau's former subsidiaries, certain of Veolia Eau's current subsidiaries retain liability and in certain cases manage the defense of the lawsuits. In addition, in certain instances, the acquirers of the former subsidiaries benefit from indemnification obligations provided by Veolia Eau or Veolia Environnement in respect of these lawsuits. These lawsuits typically allege that the plaintiffs' injuries resulted from the use of products manufactured or sold by Veolia Eau's current or former subsidiaries or their predecessors. There are generally numerous other defendants, in addition to Veolia Eau's current or former subsidiaries, which are accused of having contributed to the injuries alleged. Reserves have been booked for the possible liability of current subsidiaries in these cases, based on the nexus between the injuries claimed and the products manufactured or sold by these subsidiaries or their predecessors, the extent of the injuries allegedly sustained by the plaintiffs, the involvement of other defendants and the settlement history in similar cases. These reserves are booked at the time such liability becomes probable and can be reasonably assessed, and do not include reserves for possible liability in lawsuits that have not been initiated.

As of the date of update of this registration document, a number of such claims have been resolved either through settlement or dismissal. To date, none of the claims has resulted in a finding of liability.

During the ten-year period ended December 31, 2016, the average annual costs that the Company has incurred with respect to these claims, including amounts paid to plaintiffs, legal fees and expenses, have been approximately U.S.$815,000, after reimbursements by insurance companies.

(1) *Subsidiaries of the Aqua Alliance group or of WASCO (formerly Water Applications & Systems Corporation and United States Filter Corporation), the parent company of the former U.S. Filter group, most of whose businesses were sold to various buyers in 2003 and 2004.(*

Central and Western Europe

Romania

See chapter 4, section 4.1, note 11 to the condensed interim consolidated financial statements as of June 30, 2017, *supra*.

Lithuania

See chapter 4, section 4.1, note 11 to the condensed interim consolidated financial statements as of June 30, 2017, *supra*.

Northern Europe

United Kingdom – Waste – Sheffield

See chapter 4, section 4.1, note 11 to the condensed interim consolidated financial statements as of June 30, 2017, *supra*.

Italy

Siram / Polare

On April 3, 2012, the Italian Energy Services company, Siram, had its premises searched as part of a preliminary investigation of the research body, Polytechnic Laboratory of Research SCaRL ("Polare"), among others. Siram had in the past solicited research services from Polare, which gave rise to research tax credits. During the summer of 2012, Siram applied for a partial tax clearance procedure in respect of such research tax credits for an amount of €5.6 million.

Following two tax audits, Siram settled all of the amounts claimed by the Italian tax authorities in April 2016.

Concomitantly, in August 2012, the Venice civil court issued against Siram an injunction of payment of €2.8 million to Polare for allegedly unpaid receivables and interim provisional enforcement. At the end of August 2012, Siram was granted a suspension of this provisional enforcement and counterclaimed for the repayment of a substantial portion of the approximately €20 million in advance payments made to Polare (payments for services that were not provided).

Because of Polare's bankruptcy (*fallimento*), which was pronounced in July 2013, the proceedings relating to the objection to the payment injunction and those relating to Siram's counterclaim were separated. In its ruling of January 15, 2016, the Venice court upheld Siram's objection and revoked the payment injunction. On February 17, 2016, Siram's counterclaim was taken under consideration, but, by an order of February 29, 2016, the court ruled that it did not have sufficient technical information to address the substance of the dispute and appointed an expert, who issued its report at the end of 2016. On June 14, 2017, the court has reserved its judgment.

In addition, following an investigation opened in 2012 by the Milan public prosecutor, on June 4, 2015, the public prosecutor indicted natural persons representing the company for fraud, tax fraud (the fraudulent use of research tax credits) and false 2009 income tax declarations as well as Siram, as a legal entity, solely for fraud. On March 18, 2016, the judge of the preliminary hearing referred the natural persons and Siram before the Milan criminal court. Following a hearing held on July 14, 2017, the court rendered a first judgment on preliminary objections on July 20, 2017, and referred the case to September 15, 2017, to rule on the other ones.

Other sectors

Regional aids for road transport of passengers

See chapter 4, section 4.1, note 11 to the condensed interim consolidated financial statements as of June 30, 2017, supra.

Connex Railroad

On October 17, 2012, several insurance companies that had contributed to the compensation fund for victims of the September 2008 rail accident in Chatsworth, California, launched proceedings before the courts of Los Angeles County, California, against Connex Railroad LLC ("Connex") and Veolia Transportation, Inc., representing the rights of Connex North America, Inc. ("Transdev North America"), seeking repayment of an amount of $132.5 million. The Company considers this claim unfounded, and the defendant subsidiaries are seeking its dismissal.

On January 23, 2015 and June 23, 2015, the largest contributors to the victim compensation fund, which are also the most important claimants in the proceedings, have withdrawn from their action against Connex and Transdev North America so that the repayment amount of $132.5 million claimed in 2012 has been reduced to approximately $22 million.

On September 18, 2015, the Superior Court of California rejected the insurance companies' lawsuit for lack of evidence, which was upheld by a ruling on May 3, 2016 and served on May 24, 2016. On July 20, 2016, the insurers lodged an appeal against this decision.

The guarantee of the insurance companies AXA Corporate Solutions (“AXA”) and AIG within the framework of the Veolia group’s insurance program, from which Connex and Transdev North America benefit, is now being disputed by these insurance companies.

On July 30, 2015, AXA summoned the Company, in the presence of AIG, before the Paris commercial court in order to dispute the coverage of defense fees incurred in the United States by Connex and Transdev North America, as well as, where applicable, the coverage of any potential conviction of these companies in the context of the aforementioned proceeding. Suit has nevertheless not been filed in this proceeding against Connex and Transdev, from which AXA has claimed €100,000. No claim had been made against the Company. On January 27, 2016, the Company submitted its pleadings before the Paris commercial court to dispute the validity of the summons of July 30, 2015 and request its cancellation. On June 2, 2016, the court upheld this claim, and on June 23, 2016, AXA appealed against this decision.

On January 12, 2016, Connex and Transdev North America brought legal action against AXA before the Superior Court of California in order to request a referral before a jury and that AXA be ordered to pay compensatory and punitive damages and interest. Connex and Transdev North America have criticized AXA for having forced them to defend themselves alone in the aforementioned proceeding, in violation of its obligation to defend insured parties and its good faith obligation. On September 16, 2016, the Superior Court of California held that it had jurisdiction to hear the dispute.

On February 18, 2016, AXA had a new summons served on the Company and AIG to appear before the Paris commercial court and named Connex, Transdev North America and Transdev Group as codefendants. No claim had been made against the Company. AXA had requested that Transdev Group, Transdev North America and Connex be made to pay €100,000 in compensation for fees generated by their guarantee claims.

On April 20, 2017, Transdev North America Inc., Connex, Transdev Group and the Company reached a partial and confidential agreement on their dispute.

The three aforementioned proceedings (Paris court of appeal, Paris commercial court and the proceeding concerning Connex and Transdev North America against AXA in the United States) are now over, or about to be.

The only one still pending is the proceeding in the United States, concerning insurance companies against Transdev and Connex. Veolia Environnement is not a party to this proceeding.

6.2 Documents available to the public

The Company's press releases, annual registration documents, including historical financial information relating to the Company filed with the AMF and any related updates, are available on the Company's website at www.veolia.com/leeds/en/regulated-information. Copies of these documents may also be obtained from the Company's administrative headquarters at 30, rue Madeleine Vionnet, 93300 Aubervilliers.

All information disclosed to the public by the Company during the preceding twelve months in France or other EU member states, pursuant to any securities regulations applicable to the Company, is available on the Company's website at the address indicated above, as well as on the AMF's website at www.amf-france.org.

All regulated information published by the Company, pursuant to Article 221-1 *et seq.* of the AMF's General Regulations, is available at www.veolia.com/leeds/en/regulated-information.

Finally, the Company's Articles of Association, as well as the minutes of General Shareholders' Meetings, the Statutory Auditors' reports and all other corporate documents, may be consulted at the 30, rue Madeleine Vionnet, 93300 Aubervilliers.

6.3 Persons responsible for auditing the financial statements

6.3.1 STATUTORY AUDITORS

KPMG SA

Member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* (Versailles Regional Auditors' Association).

Represented by Mr. Jean-Paul Vellutini and Ms. Karine Dupré.

2, avenue Gambetta, Tour Eqho, 92066 Paris la Défense Cedex.

Company first appointed by the Combined General Meeting of May 10, 2007 and reappointed by the Combined General Meeting of May 14, 2013 for a six-year term that will expire at the end of the General Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2018.

Ernst & Young et autres

Member of the *Compagnie Régionale des Commissaires aux Comptes de Versailles* (Versailles Regional Auditors' Association).

Represented by Messrs. Xavier Senent and Gilles Puissochet.

1-2, place des Saisons, Paris- La Défense 1, 92400 Courbevoie.

Company first appointed on December 23, 1999 and reappointed by the Combined General Meeting of April 20, 2017 for a six-year term that will expire at the end of the General Shareholders' Meeting called to approve the financial statements for the year ending December 31, 2022.

6.3.2 DEPUTY STATUTORY AUDITORS[(1)]

KPMG Audit ID

2, avenue Gambetta, Tour Eqho, 92066 Paris la Défense Cedex.

Company first appointed by the Combined General Meeting of May 14, 2013 for a six-year term that will expire at the end of the General Shareholders' Meeting called to approve the financial statements for the year ended December 31, 2018.

[(1)] *The renewal of the term of office of Auditex was not presented to the General Shareholders' Meeting of April 20, 2017, in application of Article L823-1-I paragraph 2 of the French Commercial Code.*

6.4 Persons assuming responsibility for the Update to the Registration Document

6.4.1 PERSON RESPONSIBLE FOR THE UPDATE TO THE REGISTRATION DOCUMENT

Mr. Antoine Frérot, Chairman and Chief Executive Officer of Veolia Environnement.

6.4.2 DECLARATION BY THE PERSON RESPONSIBLE FOR THE UPDATE TO THE REGISTRATION DOCUMENT

I hereby certify that to the best of my knowledge and having taken all reasonable care to ensure that such is the case, the information contained in this Update is true and fair and does not contain any omission likely to affect its import.

I hereby certify that, to the best of my knowledge, the condensed interim consolidated financial statements for the half year ended June 30, have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and results of the Company and all consolidated companies, and that the interim management report contained in this Update provides a fair review of material events during the first six months of the year and their impact on the financial statements, the main transactions with related parties and a description of the principal risks and uncertainties for the remaining six months of the year.

I obtained an audit letter from the Statutory Auditors in which they indicated that they have verified the information regarding the financial position and financial statements contained herein, and have read the entire Update to the Registration Document.

Aubervilliers, July 31, 2017

Chairman and Chief Executive Officer

Antoine Frérot

6.5 Cross-reference tables

6.5.1 CROSS-REFERENCE TABLE FOR THE UPDATE TO THE REGISTRATION DOCUMENT

To facilitate the reading of this Update to the Registration Document, the following table identifies the main headings as required by Annex I of Commission Regulation (EC) no. 809/2004 of April 29, 2004 and the corresponding pages of the Registration Document where applicable.

Heading in Annex I of Commission Regulation (EC) no. 809/2004	Chapters / Sections of the Registration Document	Pages	**Chapters / Sections of the Update to the Registration Document**	**Pages**
1 – Persons responsible				
1.1 Persons responsible for the information	8.7	375	6.4	77
1.2 Statement by those responsible for the information	8.7	375	6.4	77
2 – Statutory Auditors				
2.1 Name and address of the issuer's auditors	8.6	374	6.3	76
2.2 Information on the resignation or removal of the auditors	N/A		N/A	
3 – Selected financial information				
3.1 Historical financial information	Key figures	5	N/A	
3.2 Interim financial information	N/A		1	3
4 - Risk factors	5	233	3.6	26
5 – Information about the issuer				
5.1 Company history and development	1.1	8	N/A	
5.1.1 Legal and commercial name	8.1.1	366	N/A	
5.1.2 Place of registration and registration number	8.1.4	366	N/A	
5.1.3 Date of incorporation and company term	8.1.3	366	N/A	
5.1.4 Registered office and legal form of the issuer, legislation under which the issuer operates, its country of incorporation, and the address and telephone number of its registered office	8.1.1 and 8.1.2	366	N/A	
5.1.5 Important events in the developments of the issuer's business	3.1	62	3.1 and 3.9	9 and 28
5.2 Investments				
5.2.1 Principal investments completed	3.3.2 and 4.1 Note 3.2	65, 110	3.3.2 and 4.1 Note 3.1	24 and 42
5.2.2 Principal investments in progress	3.3	81	3.3.2	24
5.2.3 Principal planned future investments	3.3	81	3.3.2	24
6 – Business overview				
6.1 Principal activities	1.3.1 and 1.4	14, 27	N/A	
6.2 Principal markets	1.3.2	19	N/A	
6.3 Exceptional events	N/A		N/A	
6.4 Dependence on patents, licenses, contracts and manufacturing processes	1.5.2	41	N/A	
6.5 Basis for any statements made by the issuer regarding its competitive position	1.3 and 1.4	14, 27	N/A	
7 – Organizational structure				
7.1 Brief description of the Group	1.4.1 and 8.4	27, 363	N/A	
7.2 List of issuer's significant subsidiaries	4.1 Note 15 and 4.2 Note 7.11	187, 226	4.1 Note 14	69
8 – Property, plant and equipment				
8.1 Principal property, plant and equipment	1.5.3 and 4.1	41, 142	N/A	

Heading in Annex I of Commission Regulation (EC) no. 809/2004	Chapters / Sections of the Registration Document	Pages	**Chapters / Sections of the Update to the Registration Document**	**Pages**
	Note 7.3			
8.2 Environmental issues that may affect the issuer's use of property, plant and equipment	1.6	42	N/A	
9 – Operating and financial review				
9.1 Financial condition	3.2 to 3.4 and 4.1	65 to 86, 94	3.2, 3.3 and 4.1	12, 24 and 29
9.2 Operating results	3.2.2 and 4.1 Note 5.2	66,119	3.2.2, and 4.1 Note 5.2	12 and 46
10 – Capital resources				
10.1 Information on the issuer's capital	4.1 and 4.1 Note 9	94,169	4.1 and 4.1 Note 8	29 and 58
10.2 Sources and amounts of cash flows	4.1 and 4.1 Note 8.1 to 8.1.3	94, 44 to 152	4.1 and 4.1 Note 7	29 and 53
10.3 Borrowing requirements and funding structure	2.1.7, 4.1 Note 8.1.1 and 5.2.2.1.3	56, 144, 244	2.1.3 and 4.1 Note 7	6 and 53
10.4 Restrictions on the use of capital resources	4.1 Note 8 and 5.2.2.2.3	144 ,246	N/A	
10.5 Anticipated sources of funds	3.3 and 4.1 Note 8	81, 144	N/A	
11 – Research and development, patents and licenses	1.5.1 and 1.5.2	39, 41	N/A	
12 – Information on trends				
12.1 Significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last fiscal year	3.6	87	3.1	9
12.2 Known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's prospects	1.2, 3.7, 3.9 and 4.1 Note 14	9, 87, 92, 186	3.5 and 3.7	26
13 – Income forecasts or estimates	N/A		N/A	
14 – Administrative, management and supervisory bodies and senior management				
14.1 Information concerning members of the Board of Directors and Executive Management	7.1 and 7.3	308, 357	5.1	71
14.2 Conflicts of interest	7.1.3	322	N/A	
15 – Remuneration and benefits				
15.1 Remuneration and benefits in kind	7.4.1 and 7.4.4	339,353	N/A	
15.2 Retirement or other similar benefits	7.4.2 and 7.4.5	348, 357	N/A	
16 – Board practices				
16.1 Terms of office of members of the Board of Directors	7.1.1 and 7.1.2	308, 322	5.1	71
16.2 Service agreements involving members of the Board of Directors	4.1 Note 13	186	3.4 and 4.1 Note 12	26 and 69
16.3 Information on the Audit and Compensation Committees	7.2.2.1 and 7.2.2.3	323, 335	5.1	71
16.4 Statement regarding corporate governance	7.2.1.1	323	N/A	
17 – Employees				
17.1 Number of employees	Key figures and 6.4.1	2, 285	N/A	
17.2 Shareholdings and stock options	7.4.3	350	N/A	
17.3 Arrangements providing for employee involvement in the share capital	6.4.3.4	294	N/A	

Heading in Annex I of Commission Regulation (EC) no. 809/2004	Chapters / Sections of the Registration Document	Pages	**Chapters / Sections of the Update to the Registration Document**	**Pages**
18 – Major shareholders				
18.1 Identification of major shareholders	2.2	58	2.2	8
18.2 Existence of different voting rights	2.2.1, 2.2.2 and 8.1.9	58, 59, 369	2.2	8
18.3 Control of the issuer	2.2	58	2.2	8
18.4 Arrangements which could lead to a change in control of the issuer	8.3	372	N/A	
19 – Related-party transactions	4.1 Note 13	186	4.1 Note 12	69
20 – Financial information concerning the assets and liabilities, financial position and income of the issuer				
20.1 Historical financial information	Key figures, 4.1 and 4.2	2, 94,195	1 and 4.1	3 and 29
20.2 Pro forma financial information	N/A		3.8	27
20.3 Financial statements	4.1 and 4.2	94, 195	4.1	29
20.4 Audit of historical annual financial information	4.1 and 4.2	94, 195	4.1	29
20.5 Date of most recent financial information	4	93	4.1	29
20.6 Interim and other financial information	N/A		4.1	29
20.7 Dividend policy	2.3 and 8.1.7	60, 367	2.3	8
20.8 Legal and arbitration proceedings	4.1 note 12 and 8.2	180, 370	4.1 Note 11and 6.1	63 and 73
20.9 Significant change in the financial or trading position	1.3 and 4.1 Notes 3.2	14, 110	4.1 Note 3.1	42
21 – Additional information				
21.1 Share capital				
21.1.1 Amount of subscribed share capital and authorized share capital not issued	2.1.1 and 2.1.4	50, 54	2.1.1	4
21.1.2 Shares not representing capital	2.1.5	55	N/A	
21.1.3 Shares in the issuer held by the issuer itself	2.1.3	51	2.2.1	8
21.1.4 Convertible securities, exchangeable securities or securities with subscription warrants	2.1.7, 3.9, 4.1 Note 8.1 and 7.4.3	56, 92, 144, 350	2.1.3 and 4.1 Note 7	6 and 53
21.1.5 Acquisition rights and obligations in respect of subscribed share capital not fully paid-up or any share capital increase	N/A		N/A	
21.1.6 Options over share capital of Group members	N/A		N/A	
21.1.7 Share capital history	2.1.6	55	N/A	
21.2 Memorandum and Articles of Association				
21.2.1 Corporate purpose	8.1.5	366	N/A	
21.2.2 Administrative, management or supervisory bodies	7.1 and 7.2	308, 323	5.1.1	71
21.2.3 Rights, preferences and restrictions attaching to shares	8.1.7 and 8.1.9	367, 369	N/A	
21.2.4 Changes to shareholder rights	8.1.12	370	N/A	
21.2.5 Conditions governing the manner in which general shareholders' meetings are called and conditions of admission	8.1.8	367	N/A	
21.2.6 Provisions that could delay, defer or prevent a change in control of the issuer	N/A		N/A	
21.2.7 Disclosure of the crossing of ownership thresholds	8.1.11	369	N/A	
21.2.8 Conditions governing changes in capital more stringent than required by law	N/A		N/A	

Heading in Annex I of Commission Regulation (EC) no. 809/2004	Chapters / Sections of the Registration Document	Pages	**Chapters / Sections of the Update to the Registration Document**	**Pages**
22 – Material contracts	8.3	372	N/A	
23 – Third party information and statements by experts and declarations of any interest	N/A		N/A	
24 – Documents available to the public	8.5	373	6.2	67
25 – Information on investments	1.4, 4.1 Note 15 and 4.2 Note 7.11	27, 187, 226	4.1 note 14	69

6.5.2 HALF-YEARLY FINANCIAL REPORT CROSS-REFERENCE TABLE

Pursuant to Article 212-13 of the AMF's General Regulations, this Update contains the half-yearly financial report information required by Article L. 451-1-2 of the French Monetary and Financial Code and Article 222-4 of the AMF's General Regulations.

Half-yearly Financial Report	Pages
1- Consolidated Financial Statements for the half-year ended June 30, 2017 .	29 to 69
2 – Interim management report	9 to 27
- Material events during the first six months of the year and their impact on the financial statements	9 to 26
- Description of the principal risks and uncertainties for the remaining six months of the year	26
- Main transactions with related parties	26 and 69
3 - Statement by the person responsible	77
4 - Statutory Auditors' Review Report on the condensed interim consolidated financial statements	70

2017 FINANCIAL REPORTING SCHEDULE

February 23, 2017
2016 Annual Results

April 20, 2017
General Shareholders' Meeting

May 4, 2017
Key figures at March 31, 2017

July 31, 2017
2017 First Half Results

November 7, 2017
Key Figures at September 30, 2017

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