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THE WHOLE
SYSTEM**

Annual report

Report of the Board of Directors

2017



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Presentation of the Company and its activities

1.1 Highlights of the year

In the course of fiscal 2017, Séché Environnement confirmed its strategy of internal and external growth on the hazardous waste (HW) and non-hazardous waste (NHW) markets, in France and in the rest of the world.

The Group showed itself to be particularly dynamic in its external growth, making financial investments worth over EUR 70 million, in France and other countries. In France, Séché Environnement acquired a cluster of three companies specializing in waste treatment and recovery from non-hazardous waste in the West of France. On the international plane, Séché Environnement made strategic acquisitions in the treatment of hazardous waste by landfill by purchasing SAN in Chile and Taris in Peru, and in the industrial services area, by purchasing the Spanish company Solarca, present in numerous regions of the world.

These acquisitions almost doubled the Group's revenue from businesses outside France, which at the end of 2017 accounted for over 10% of contributory revenue.

On its historical consolidation scope, the Group confirmed the successful orientation of its principal activities, in a market context buoyed up by increased industrial production, and sustained by the solidity of its local authorities businesses.

2017 was characterized at the beginning of the period by sustained growth in the HW division, reinforced by the Group's external acquisitions. In the second half, the Group's good level of activity bore comparison with a particularly strong base in 2016, notably in the HW division, while the NHW division once again enjoyed dynamic growth.

1.2 Hazardous waste (HW) division: strengthened positions in France and internationally

In France, in the area of recovery from waste, the Group's innovative bromine regeneration process confirmed its striking commercial success with French and international customers alike, and strong customer demand justified a significant extension to the regeneration plant's authorized capacity. This extended authorization will enable the Group to respond from 2018 onward to demand from a large German customer in the chemical sector.

In its waste treatment activities, Séché Environnement obtained an extension to its operating authorization for its HW landfill at Changé, which consolidates Séché Environnement's position on this highly strategic market well into and beyond the next decade.

Outside France, Séché Environnement has made several successive acquisitions in the area of HW treatment in Latin America and in industrial services elsewhere in the world.

1.2.1 In Latin America

In Latin America, Séché Environnement acquired two companies specializing in HW treatment: Soluciones Ambientales del Norte SA (SAN) in Chile, and Befesa Peru in Peru, which has been renamed Taris. Through these acquisitions, Séché Environnement gains for itself local solutions for treating and making safe hazardous

waste products, and appeals to a core target group of industrial customers in the mineral extraction and oil exploration sectors:

- in Chile, SAN specializes in the treatment and landfill of hazardous waste mainly from the mining industry. The company also provides sorting, treatment and recovery for non-hazardous waste from industrial sources. With its 52 employees, the company manages a hazardous waste landfill site with an authorized annual capacity of 40 Kt. SAN was set up in 2008 and is certified ISO 9001, ISO 14001 and OHSAS 18001;
- in Peru, Taris manages facilities for recovery and treatment of hazardous waste from the mining and energy sectors. It is the only company in Peru offering entirely integrated services for the recovery and treatment of hazardous waste, which are provided by means of its analytical laboratory, an incinerator, a water treatment unit, and a final waste landfill site with an authorized annual capacity of 55 Kt. Created in 2003, and with a workforce of 75 people, Taris is certified ISO 9001, ISO 14001 and OHSAS 18001. Following the Group's acquisition in 2005 of a 49% interest in the Peruvian company Kanay, which specializes in the treatment of infectious medical waste (IMW), these perfectly complementary acquisitions strengthen Séché Environnement's presence in Latin America on hazardous waste markets (treatment and services) and in its core target group of industrial customers.

1.2.2 On the international services market

Séché Environnement acquired 76% of the capital of the Spanish company Solarca, which provides specialist services in industrial maintenance by chemical cleaning. By taking a majority stake in Solarca, Séché Environnement strengthens its position in high-value-added services activities aimed at industrial customers, its core target group, especially in the chemicals, petrochemicals and energy sectors. Solarca occupies a strong position on a highly technical worldwide niche market with high barriers to entry, and is present mainly in Spain but also in other European

countries such as France, the UK and Portugal, and other regions of the world where its customers need support, such as the Middle East and Asia. Through this acquisition, the Group gains new bases from which to serve the international networks of its industrial customers in its target areas. The founding shareholder, Joan Enric Carreres, becomes a member of the Séché Environnement team and will continue to accompany the development of Solarca around the world. Séché Environnement holds an option to purchase the remainder of the share capital of Solarca, exercisable for 5 years.

1.3 Non-hazardous waste (NHW) division: innovation in circular economy markets, and strengthened presence in Western France

Séché Environnement confirmed its leadership in terms of innovation in circular economy markets, with the entry into service, in October 2017, of the first plant in France dedicated to heat recovery from solid recovered fuels (SRFs) at its Changé site. This heating plant, with a power rating of 22 MW, will provide hot water during the winter for the urban central heating network of the city of Laval, under a 20-year energy supply contract with the company LEN. This plant doubles the capacity of the Laval urban central heating network, and brings to an end its consumption of fossil fuels. To optimize heat recovery from SRFs, the heating plant will also be used in summer to cover the needs of the Déshyouest agricultural cooperative for the dehydration of fodder. The particularly innovative character of the project, and the exemplarity of its response to the imperatives of the energy transition, led to support from ADEME (the French Agency for the Environment and Energy Management) and aid from the latter's "waste" and "heat" funds.

In its treatment activities, Séché Environnement obtained an extension to its operating authorization for its non-hazardous waste treatment center at Changé, enabling this activity to continue well beyond the next decade.

In terms of its external growth, Séché Environnement made a key structural acquisition in Western France by purchasing three companies specializing in the management of non-hazardous

waste of industrial or domestic origin. This acquisition included several sites operated under public service delegation contracts, and enables Séché Environnement to extend its territorial network in Brittany and the Loire valley, while strengthening its local circular economy offerings in:

- materials recovery, at La Croix-Irtelle (Morbihan), Nivillac (Morbihan), Vallet (Loire-Atlantique) and Redon (Ille-et-Vilaine);
- energy recovery at the La Croix-Irtelle (Morbihan) ecosite, where Énergécie is dedicated to recovering electricity and hot water from biogas (cogeneration);
- treatment of final waste at La Croix-Irtelle (Morbihan), Hautes-Gayeulles (Ille-et-Vilaine), Bellevue at Saint-Flaive-des-Loups (Vendée), L'Étrollé aux Pineaux (Vendée) and La Chevrenière at Tallud-Sainte-Gemme (Vendée).

More marginally, the Group divested itself of most of its holding in LEN (Laval Énergies Nouvelles), reducing its interest in that company from 35% to 2%. This operation resulted in a net capital gain of EUR 1.2 million.

Lastly, at the end of the year Séché Environnement sold its inoperative Hungarian subsidiary Hungaropec. This operation had no significant impact on the financial statements for the year.



Presentation of the Company and its activities

1.4 Analysis and commentary on the activities of the year

1.4.1 Information on the activities and results of the Group

in M€

Extract from the consolidated income statement	2015	2016	2017
Revenue	460.9	478.3	534.5
Of which contributory revenue	440.0	460.1	511.9
EBITDA	88.1	89.1	98.1
% of revenue ¹	20.0%	19.4%	19.2%
Current operating income	40.6	34.4	39.7
% of revenue ¹	9.2%	7.5%	7.8%
Operating income	38.5	26.2	37.3
Net financial income	(12.1)	(10.7)	(13.6)
Taxes	(8.5)	(10.5)	(7.7)
NET INCOME FROM CONSOLIDATED COMPANIES	17.9	4.9	16.1
Share of income of affiliates	(0.7)	(0.7)	NS
NET RESULT OF DISCONTINUED OPERATIONS	(0.4)	(0.3)	(0.6)
TOTAL NET INCOME OF CONSOLIDATION SCOPE	16.9	3.9	15.5
Minority interests	NS	NS	0.1
Consolidated net income (Group share)	16.8	3.9	15.4

1: Percentages are calculated on contributory revenue², except where expressly stated otherwise.

2: Contributory revenue corresponds to published revenue minus IFRIC12 revenue and minus indemnities received by Séneral in respect of loss of business (net of variable costs saved on tonnages not incinerated), to cover the extra costs incurred to ensure continuity of contracted service to the public. IFRIC 12 revenue corresponds to investments in assets under public service delegation contracts (concessions), booked as intangible fixed assets, and as revenue according to the recommendations of the IFRIC 12 standard.

1.4.1.1 Activities in 2017

At December 31, 2017, Séché Environnement posted revenue of EUR 534.5 million, an increase of 11.8% on the revenue published at December 31, 2016 (EUR 460.9 million).

Published consolidated revenue includes "IFRIC 12 revenue" from investments in assets under public service delegation contracts (concessions) granted by local authorities, of EUR 3.1 million in 2017, versus EUR 4.2 million in 2016.

It also includes indemnities for lost sales and increased operating costs of EUR 19.4 million (versus EUR 13.9 million in 2016).

Restated to exclude revenue under IFRIC 12 and excluding indemnities for lost sales and increased operating costs, consolidated contributory revenue at December 31, 2017 amounted to EUR 511.9 million (against EUR 460.1 million a year earlier), an improvement of 11.3% on the year.

The above consolidated contributory revenue includes the full-year revenue of subsidiaries which entered the consolidation scope in 2017, which amounted to EUR 44.4 million. Net of scope effects, contributory revenue at December 31, 2017, amounted to EUR 467.5 million.

1.4.1.1.1 Breakdown of revenue by division

in M€

December 31	2015		2016		2017	
	in M€	in %	in M€	in %	in M€	in %
Hazardous waste (HW) treatment	265.7	57.8	296.5	62.0	325.9	61.0
Non-hazardous waste (NHW) treatment (excluding IFRIC 12 and indemnities)	174.3	37.8	163.6	34.2	186.0	34.8
TOTAL CONTRIBUTORY REVENUE	440.0	95.6	460.1	96.2	511.9	95.8
Revenue under IFRIC 12	6.6	1.3	4.2	0.9	3.1	0.6
Indemnities for lost sales and increased operating costs	14.3	3.1	13.9	2.9	19.4	3.6
TOTAL CONSOLIDATED REVENUE	460.9	100.0	478.3	100.0	534.5	100.0

In the course of 2017, marked improvements in the waste treatment and recovery businesses were achieved, resulting to a large extent from companies entering the consolidation scope during the period. In the historical scope, the divisions exhibited differing rates of progress. The hazardous waste (HW) division benefited from good performance in industrial markets, but the division's results over the full year suffered from comparison with a particularly healthy period in 2016, particularly toward the end of that year. The non-hazardous waste (NHW) division confirmed the solid standing of its markets over the year, and enjoyed a particularly dynamic period toward year-end, notably in decontamination services.

The hazardous waste (HW) division posted revenue of EUR 325.9 million at December 31, 2017, an increase of 9.9% over 2016. This revenue includes a scope effect of EUR 29.2 million brought about by the full-year contribution of the acquisitions made in 2017 (SAN in Chile, Taris in Peru, Solarca in the rest of the world). Restated without this scope effect, revenue at constant scope was slightly up (0.1%) at EUR 296.7 million, versus EUR 296.5 million in 2016:

- in France, the division achieved revenue of EUR 272.2 million, a slight decrease (– 1.2%) compared with revenue posted in 2016 (EUR 275.4 million). Over the period, the division enjoyed notable progress in its recovery activities (solvent regeneration, bromine recovery, etc.) and in its sorting and incineration activities, which benefited from a resurgence in industrial production. The slight overall decrease in revenue recorded for the division reflects a reduced contribution from services activities (notably decontamination) and final waste landfill, in comparison with the strong level of activity experienced at the end of 2016 by reason of certain spot contracts concerning polluted land at the end of 2016, and the integration of the Viviez site in the 4th quarter of 2016;

- outside France, revenue amounted to EUR 53.7 million at December 31, 2017, compared with EUR 21.1 million a year earlier. This increase takes account of the full-year contribution of companies entering the consolidation scope in 2017, of EUR 29.2 million.

At constant scope, revenue for the division was EUR 22.7 million, up + 16,6% in comparison with 2016. This strong increase is notably the result of good orientation of regeneration activities in Spain (Valls Quimica) and dynamic PCB markets in Argentina (Trédi Argentina).

The non-hazardous waste (NHW) division recorded contributory revenue of EUR 186.0 million, a rise of 13,7% compared with revenue achieved in 2016 (EUR 163.6 million). The activity of the division at December 31, 2017 includes a scope effect of EUR 15.2 million representing the full-year contribution of the Western France scope (formerly, Charier) and NHW businesses in Chile:

- in France, the division achieved contributory revenue of EUR 184.1 million, an increase of 12.6% in comparison with contributory revenue posted in 2016 (EUR 163.6 million). Aside from the scope effect (EUR 13.4 million), the division grew by 4.4% in 2017, with contributory revenue of EUR 170.8 million. On its historical scope, the division experienced a solid level of activity in all its businesses. While the beginning of the year was characterized by a slight reduction in volumes incinerated, as a result of the voluntary arbitrage at the Salaise 3 incinerator, decided in favor of HW, service activities performed particularly well at year-end, especially decontamination.
- outside France, the division recorded revenue of EUR 1.9 million, resulting from the entry into scope of the NHW activities of the subsidiary SAN in Chile.



Presentation of the Company and its activities

1.4.1.1.2 Breakdown of revenue by region

in M€		2015		2016		2017	
December 31							
	in M€	in %	in M€	in %	in M€	in %	
Subsidiaries in France	437.5	95.0	457.2	95.6	478.9	89.6	
Of which scope effects	1.0	NS	5.7	1.2	13.4	2.5	
International subsidiaries	21.5	5.0	21.1	4.4	55.6	10.4	
Of which scope effects	-	-	-	-	31.0	5.8	
TOTAL PUBLISHED CONSOLIDATED REVENUE	460.9	100.0	478.3	100.0	534.5	100.0	

At December 31, 2017, revenue recorded for subsidiaries outside France amounted to EUR 55.6 million, versus EUR 21.1 million a year earlier. This revenue figure includes EUR 31.0 million of revenue attributable to the international subsidiaries which entered scope in 2017:

- Taris (Peru): EUR 5.8 million;
- SAN (Chile): EUR 4.3 million;
- Solarca (rest of the world): EUR 20.9 million.

At constant scope, international revenue increased by 17.4% to EUR 24.6 million. The reasons for this increase are explained above in the analysis of revenue by division. Exchange effects were not significant during the period.

1.4.1.2 EBITDA

The Group's EBITDA for the year 2017 came out at EUR 98.1 million, at 19.2% of contributory revenue, an increase of EUR + 9.0 million on EBITDA earned by the Group in 2016 (EUR 89.1 million, or 19.4% of contributory revenue).

This increase is essentially explained by:

- improvements in operating profitability in the Group, at historical scope (EUR 1.6 million), brought about by:
 - an increase in operating profit margins (EUR 3.0 million) made possible by increased business activity;
 - changes in maintenance charges and the cost of repairs to thermal treatment plants (EUR – 0.9 million) and labor costs related to the organization of operating sites (EUR – 1.3 million);
 - an exceptional gain of EUR 0.8 million recorded by Séché Éco-industries when the tax administration abandoned its intended tax adjustment concerning property ownership tax;
- increased employment costs in support functions necessary for the accompaniment of the Group's development (EUR 1.9 million);
- the contribution of the new subsidiaries which entered scope in 2017 (EUR 9.4 million).

1.4.1.4 Current operating income

Operating profitability at the end of 2017 amounted to EUR 39.7 million (7.8% of contributory revenue), versus EUR 34.4 million (7.5% of contributory revenue) at the end of 2016. This increase in current operating income of EUR + 5.4 million is mainly attributable to:

- changes in amortization, in line with reductions in amortization of landfill cells, calculated on the volumes buried (EUR 0.8 million);
- a reduction in charges related to customer, HR and contractual risks (EUR 1.4 million);
- increases in employment costs for support functions, necessary to accompany the Group's development (EUR – 1.9 million);
- contributions to current operating income from the new consolidation scope (EUR + 3.7 million).

1.4.1.4 Operating income

Group operating income for 2017 amounted to EUR 37.3 million (7.3 % of contributory revenue). It consisted of:

- EUR + 36.1 million of current operating income from operations in the historical scope;
- EUR – 0.9 million of costs incurred in management and site reorganization to ensure the future development of the Group;
- EUR – 1.0 million of costs in connection with its business combination operations;
- EUR + 3.1 million of contribution to operating income of companies which entered scope in 2017.

The impact of the tax authorities' abandonment of their intended tax adjustment on Séché Eco-industries concerning an increase in property ownership tax was compensated for by the effects of sale and/or scrapping of certain fixed assets.

1.4.1.5 Net financial income

Net financial income for 2017 amounted to EUR – 13.6 million, compared with EUR – 10.7 million in 2015, an increase in the charge of EUR + 2.9 million. This was due to:

- an increase in the cost of average net financial debt of EUR + 2.3 million, the annualized interest rate remaining largely stable over the period at 3.26% (versus 3.23% in 2016);
- recognition of EUR – 0.8 million in exchange rate losses of companies which recently entered the consolidation scope.

1.4.1.6 Corporation tax

In 2017, the Group's tax charge was EUR – 7.7 million, versus EUR – 10.5 million the previous year. In 2016, it was impacted negatively to the extent of EUR 5 million following the staged reduction in the rate of French corporation tax from 34.43% to 28.92% by 2019, as provided for in the latest French Finance Act. Disregarding this one-time effect noted in 2016, the increase in tax charge of EUR + 2.2 million is due to the increased profitability of the Group.

1.4.1.7 Net income of consolidated companies

In consequence of the factors explained above, net income from consolidated companies amounted in 2017 to EUR 16.1 million, versus EUR 4.9 million in 2015.

1.4.1.8 Share of income of affiliates

The Group's share in income from affiliates arises mainly from its share in the net profit of Gerep, Sogad, LEN and Kanay.

in M€

	2015			2016			2017		
	Gerep	Sogad	Others	Gerep	Sogad	Others	Gerep	Sogad	Others
Current operating income	(0.3)	0.3	(1.2)	(0.7)	0.3	(1.5)	(0.2)	0.2	0.5
Financial income	NS	NS	(0.1)	NS	NS	(0.2)	NS	NS	(0.4)
Tax	NS	(0.1)	NS	-	(0.1)	0.3	-	(0.1)	(0.1)
Net income of affiliates (Group share)	(0.3)	0.2	(1.4)	(0.7)	0.2	(1.3)	(0.2)	0.1	NS
Share of net income of affiliates	(0.2)	0.1	(0.6)	(0.3)	0.1	(0.5)	(0.1)	0.1	NS
TOTAL share of net income of affiliates		(0.7)			(0.7)			NS	

1.4.1.9 Consolidated net income of the Séché Environnement Group

By reason of changes in the French simplified tax regime (RSI) on the one hand, and changes in the Group's share of net income of consolidated companies on the other, the Séché Group recorded net income from continuing operations for the year 2017 of EUR + 16.0 million. In 2016, net income from continuing operations was EUR + 4.2 million.

As a consequence of the Group's discontinuing its operations in Hungary, the result of these activities is recorded on a separate line of the income statement. In 2017, the result was a loss of EUR – 0.5 million, compared with a net loss of EUR – 0.3 million in 2016. These activities were divested at the end of the fiscal year 2017.

Consequently, total net income of companies within the consolidation scope came out in 2017 at EUR 15.4 million, compared with EUR 3.9 million in 2016.



Presentation of the Company and its activities

1.4.3 Balance sheet structure

in M€

Extract from consolidated balance sheet at Dec. 31	2015	2016	2017
Non-current assets	556	572	645
Current assets (excluding cash and cash equivalents)	177	201	179
Cash and cash equivalents	31	17	53
Assets held for sale	NS	NS	NS
Shareholders' equity (including minority interests)	244	240	247
Non-current liabilities	310	316	385
Current liabilities	210	233	245
Liabilities held for sale	NS	NS	NS

1.4.3.1 Non-current assets

Non-current assets consist primarily of fixed assets (tangible and intangible - including goodwill - and financial), and deferred tax assets.

Total non-current assets increased by EUR + 73.0 million, this increase being primarily attributable to:

- the acquisitions made during the first half of 2017, which increased non-current assets by:
 - increased goodwill subsequent to the 2017 acquisitions (EUR 31.3 million);
 - tangible and intangible fixed assets held by the companies acquired when those companies entered scope (EUR + 36,6 million);
 - other non-current assets, principally deferred tax assets related to tax loss carry-forwards held by those companies (EUR+ 0.5 million);

- other non-current assets, principally related to the reduction in the sums due by Eurométropole Strasbourg in indemnities concerning the incinerator (EUR – 2,2 million);
- tangible and intangible fixed assets (EUR + 10.3 million); investment flows over the period (EUR 60.8 million), were mainly compensated for by allocations to amortization (EUR – 45.6 million) and sales of fixed assets (EUR 4.8 million);
- non-current tax credits: EUR – 3.1 million, as deferred tax assets were used up;
- non-current financial assets and holdings in affiliates: EUR – 0.3 million.

1.4.3.2 Current assets (excluding cash and cash equivalents)

Current assets excluding cash and cash equivalents rose over the period to EUR 179.2 million, a decrease of EUR – 21.4 million compared with December 31, 2016 as a result of a sale of receivables at the end of the year.

1.4.3.3 Shareholders' equity

Changes in shareholders' equity (Group share) over the period break down over the year as follows:

in M€

	Group	Minority interests
SHAREHOLDERS' EQUITY AT JANUARY 1, 2017	239.6	0.2
Dividends paid	(7.4)	NS
Net earnings (Group share)	15.4	0.1
Foreign currency differences	(2.7)	(0.1)
Hedging instruments	0.2	-
Actuarial differences	0.4	-
Fair value of assets available-for-sale	(0.2)	-
Treasury stock	NS	-
Sale of stock without loss of control	(0.8)	0.3
Changes in scope	-	2.3
Other changes	(0.1)	-
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2017	244.4	2.8

1.4.3.4 Current and non-current liabilities

Current liabilities represent all liabilities with a maturity of less than one year. Non-current liabilities represent all liabilities with a maturity of more than one year. They break down as follows:

in M€

	2015			2016			2017		
	NC	C	Total	NC	C	Total	NC	C	Total
Hedging instruments	0.4	0.1	0.5	0.6	-	0.7	0.5	-	0.5
Provisions	13.2	1.8	15.0	16.5	6.6	23.1	18.9	2.4	21.3
Other liabilities	4.1	176.4	180.5	2.4	193.0	195.4	0.9	194.3	195.2
Tax due	-	2.4	2.4	-	0.2	0.2	-	0.8	0.8
TOTAL (EXCLUDING FINANCIAL DEBT)	17.7	180.7	198.4	19.5	199.9	219.4	20.3	197.5	217.8
Financial debt	292.1	28.9	321.0	296.7	33.1	329.8	365.2	46.8	412.0
TOTAL	309.8	209.6	519.4	316.2	233.0	549.2	385.5	244.3	629.8

NC : non-current - C : current

Current and non-current liabilities at year-end amounted to EUR 217.8 million, a variation of EUR – 1.6 million. This change principally reflects:

- the impact of newly acquired companies entering the consolidation scope (EUR + 10.0 million);
- a change in provisions principally concerning the write-back of a tax provision created in 2016 in connection with a property tax adjustment notified to Séché Environnement

but since abandoned by the authorities, and an increase in provisions for 30-year monitoring brought about by the renewal of prefectural operating permits (EUR – 2.7 million);

- other liabilities included in the supplier accounts payable line (EUR – 7.3 million).

Changes in the Group's net financial indebtedness are presented in section 1.4.4.2 of this report.



Presentation of the Company and its activities

1.4.4 Cash, financings and capital

1.4.4.1 Cash flow

In 2017, the Group recorded net cash flow of EUR + 37.3 million, compared with EUR – 15,1 million in 2016. The consolidated cash flow table for the Séché Environnement Group can be summarized as follows:

in M€	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2017
Cash flow from operating activities	41.1	51.5	112.1
Cash flow from investment activities	(49.3)	(53.8)	(128.0)
Cash flow from financing activities	0.3	(12.8)	53.2
Change in cash flow, continuing operations	(7.9)	(15.1)	37.3
Change in cash flow, discontinued operations	NS	NS	NS
CHANGE IN CASH FLOW	(7.9)	(15.1)	37.3

1.4.4.1.1 Net cash from operations

Over the period, cash flow generated by the Séché Group's operating activities amounted to EUR 112.1 million (versus EUR 51.5 million in 2015), an increase of EUR + 60.6 million. This change was due to the combined effects of:

- changes in WCR (a variation of EUR + 30.2 million over the year, an improvement of EUR + 46.3 million compared with the WCR change recorded in 2016):
 - in 2016, changes in WCR were negatively impacted by the increase in indemnities to be received from Eurométropole Strasbourg brought about by application of the asbestos

agreement. This had already been the case in 2015, but for larger amounts;

- conversely, in 2017, changes in WCR were positively impacted by the decrease in indemnities to be received from Eurométropole Strasbourg, and also as a result of the sale of certain receivables at the end of 2017.
- a net tax outflow of EUR – 1.4 million in 2017, compared with a net tax outflow in 2014 of EUR – 7.0 million, which therefore consumed a lesser amount of cash (EUR 5.6 million);
- an increase in cash flow generated by operations of EUR + 8.8 million, in line with variations in current operating income before non-cash charges and non-recurring charges.

1.4.4.1.2 Net cash paid out for investments

in M€	2015	2016	2017
Capital expenditure	49.5	56.5	60.8
Financial investments	0.9	1.3	0.7
INVESTMENTS BOOKED	50.4	57.9	61.5
Capital expenditure	43.1	51.4	57.1
Financial investments	0.6	0.8	0.8
Acquisition of subsidiaries - net cash cost	5.6	1.5	70.0
NET INVESTMENTS PAID OUT	49.3	53.8	127.9

The Group's capacity to self-finance its investments (excluding investments in concessions under public service delegation contracts, which are entirely financed by bank borrowings) is presented below:

in M€	2015	2016	2017
Cash flow and investments booked			
Cash flow (before taxes and financial expenses) (A)	75.7	74.5	83.3
CAPITAL EXPENDITURES (B)	49.5	56.5	60.8
HW	45%	51%	46%
NHW (excluding investments in concessions)	41%	42%	49%
Investments in concessions	14%	8%	5%
(A)/(B)	153%	132%	137%
FINANCIAL INVESTMENTS (C)	0.9	1.3	0.7

Investments in concessions under public service delegation contracts are financed by specific matched credit lines.

1.4.4.1.3 Financing flows

The Group's financing flows are those arise from its debt (new borrowings, loan repayments, interest payments) and from shareholder remuneration in the form of dividends. During the year, the Group subscribed to new loans in the amount of EUR 104.8 million, of which EUR 72.5 million were to finance external acquisitions.

1.4.4.2 Indebtedness and financing structure

The following table shows changes in the Group's net indebtedness over the last three years:

in K€	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2017
Bank loans (excluding non-recourse debts)	230.2	235.0	317.7
Non-recourse bank loans	30.9	32.9	32.9
Bonds	49.1	49.3	49.4
Finance lease debt	10.0	9.9	9.2
Miscellaneous financial debt	0.3	1.1	1.6
Short-term bank borrowings	0.2	1.6	1.2
Shareholdings in other companies	0.3	-	-
TOTAL FINANCIAL DEBT (CURRENT AND NON-CURRENT)	321.0	329.8	412.0
Cash and cash equivalents	(30.6)	(16.7)	(53.5)
NET FINANCIAL DEBT	290.4	313.1	358.5
<i>Of which less than one year¹</i>	<i>(1.7)</i>	<i>(16.4)</i>	<i>(6.7)</i>
<i>Of which more than one year</i>	<i>292.1</i>	<i>296.7</i>	<i>365.2</i>
NET BANK INDEBTEDNESS²	258.8	279.0	325.8

1: Cash and cash equivalent liabilities are considered to be of maturity less than one year.

2: Calculated according to the conditions of the banking contracts, which exclude certain types of financial debt from the definition of indebtedness.

At December 31, 2017, 76% of gross financial debt, after hedging is taken into account, is covered at a fixed rate (compared with 78% in 2016 and 72% in 2015).

The Group's net financial indebtedness at December 31, 2017 stood at EUR 358.5 million. Gross financial debt at December 31, 2017 stood at EUR 412.0 million, versus EUR 329.8 million a year earlier, an increase of EUR + 82.2 million, of which EUR + 10.3 million in respect of the debts taken over from the subsidiaries which entered the consolidation scope in 2017.

Over the period, the Group:

- obtained a dedicated credit line to finance its external acquisitions (EUR + 72.5 million);
- drew EUR + 32.3 million in bilateral credit lines to finance its industrial investments (of which EUR 1.3 million in leasing arrangements);
- borrowed EUR 3.5 million to finance the development of the activities of Solarca;
- devoted EUR – 34.4 millions to amortization of its debts.



Presentation of the Company and its activities

1.4.5 Financial statements for Séché Environnement SA ("the Company") and appropriation of earnings

1.4.5.1 Income statement for Séché Environnement SA

in K€				
	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2017	Change
Revenue	13 433	12 450	12 304	(146)
Operating income	642	(1 761)	(2 498)	(737)
Net financial income	21 573	18 638	10 861	(7 777)
Extraordinary items	(3 971)	(4 901)	(7 918)	(3 017)
Corporation tax (including tax consolidation)	9 055	7 498	7 843	345
NET INCOME	27 300	19 474	8 288	(11 186)

Net income of Séché Environnement SA for 2017 was EUR 8.3 million, a decrease of EUR – 11.2 million compared with the net income recognized a year ago (EUR 19.5 million). This change is mainly due to the following items:

- reduction in the amount of dividends received from Séché Environnement's subsidiaries (EUR – 3.5 million);
- allocations to provisions in respect of subsidiaries (EUR – 9.4 million);
- tax consolidation effects (EUR + 1.2 million).

1.4.5.2 Séché Environnement SA - Five-year financial summary

in €	2013	2014	2015	2016	2017
SHARE CAPITAL AT YEAR-END					
Share capital	1 726 974	1 726 974	1 726 974	1 571 546	1 571 546
Number of outstanding ordinary shares	8 634 870	8 634 870	8 634 870	7 857 732	7 857 732
OPERATIONS AND EARNINGS FROM OPERATIONS					
Revenue	13 578 188	13 578 188	12 792 381	13 432 560	12 304 289
Earnings before taxes, profit-sharing, amortization and provisions	(301 468 805)	9 564 728	23 214 822	19 000 414	9 670 887
Corporation tax	(10 741 295)	(9 969 076)	(9 055 475)	(7 497 925)	(7 843 492)
Employee profit-sharing for the year	-	-	-	-	-
Earnings after taxes, profit-sharing, amortization and provisions	(24 201 222)	(42 616 377)	27 300 155	19 474 371	8 288 347
Earnings distributed	8 145 346	8 203 126	7 464 845	7 464 845	
EARNINGS PER SHARE					
Earnings after taxes, profit-sharing, but before amortization and provisions	(33.67)	2.26	4.11	3.37	2.23
Earnings after taxes, profit-sharing, amortization and provisions	(2.80)	(4.94)	3.47	2.48	1.05
Dividend allocated per share ¹	0.95	0.95	0.95	0.95	0.95
EMPLOYEES					
Average headcount during the year ¹	25	28	27	28	27
Gross payroll cost	2 813 525	3 869 916	2 756 285	3 072 478	3 078 141
Amount paid to Social Security and for worker benefits	1 174 828	1 510 782	1 147 050	1 307 350	1 323 973

1: Subject to approval by the Annual General Meeting of April 27, 2018.



Presentation of the Company and its activities

1.4.6 Appropriation and distribution of earnings

In the resolutions submitted for their approval, shareholders are asked to approve the financial statements for 2017, and after noting the recognition of net income of EUR 8 288 347.44, to approve the following appropriation and distribution of earnings proposed by the Board of Directors:

- distribution of dividends of EUR 7 464 845.40 from the retained earnings account (of which the balance will thus become zero).
- allocation of EUR 823 802.04 to the retained earnings account, of which the balance will thus become EUR 12 936 949.20.

The dividend payment to be distributed for the year would therefore be set at EUR 0.95 per share. This dividend, deducted from the net income of the year, entitles French-resident individual shareholders to a 40% personal income tax reduction (i.e. EUR 0.38 per share). The coupon would be detached on July 3, 2018, and the dividend would be paid out on or after July 5, 2018.

1.4.7 Information on dividends

Dividends are paid annually at the time and places stipulated by the Annual General Meeting, in the nine months following the close of the previous fiscal year. No recovery of dividends can be demanded from shareholders, except in the event of the distribution of fictitious dividends or fixed or interim interest, which are prohibited by law. Dividends remaining unclaimed within five years of their allocation for payment are transferred to the State.

In conformity with the provisions of article 243 bis of the French Tax Code, we present below the dividends per share paid out for the past three fiscal years and the corresponding personal income tax reductions.

Fiscal year	Dividend	Personal income tax reduction
2015	0.95 €	-
2016	0.95 €	-
2017	0.95 €	-

1.5 Outlook for 2018 and beyond, and key events since the closing of accounts

1.5.1 Key events since the closing of accounts

We are aware of no significant event occurring after the closing of accounts likely to have a significant impact on the Group's assets, financial position or operating results.

As far as the Company is aware, there was no litigation, arbitration or exceptional event occurring after the closing likely to have, or to have had in the recent past, a significant effect on the financial position, earnings, business or assets of the Company or the Group.

1.5.2 Outlook for 2018

In 2018, Séché Environnement will further reinforce its drive to profitable growth based on the ramping up of its capacities and a selective investment and business development policy.

In France, Séché Environnement will maintain a moderate rate of growth based on the good ordering of its industrial markets (64% of contributory revenue) and recurrent business with its local authority customers. The Group will also take advantage of the ramping up of its capacities for waste treatment and recovery from waste (including bromine, the LEN contract at Laval, sorting platforms, etc.).

In its international businesses (11% of contributory revenue), the Group will continue the integration of its subsidiaries acquired at the beginning of the year, and will develop its activities in Latin America (SAN in Chile and Taris in Peru), while exploiting synergies with Solarca in the rest of the world. Elsewhere, the Group will work to optimize its operational levers by optimizing the availability of its facilities, controlling costs, and reviewing the efficiency of its industrial processes.

Overall, these objectives should make it possible to anticipate for 2018 modest growth in the Group's activities at constant scope, and a further increase in results, with EBITDA reaching EUR 100 million or more.

Given the near-completion of its large development projects (such as the furnace-boiler at Changé, and the energy recovery plant at La Gabarre), Séché Environnement is planning to reduce its industrial investment plan for 2018 within the existing scope, compared with the level attained in 2017. The Group therefore intends to generate positive cash flow to enable it to continue to reduce its indebtedness and to finance its development. Séché Environnement has therefore set itself a leverage objective (net financial debt/EBITDA) of the order of 3x.

Group organization, R&D and risk management

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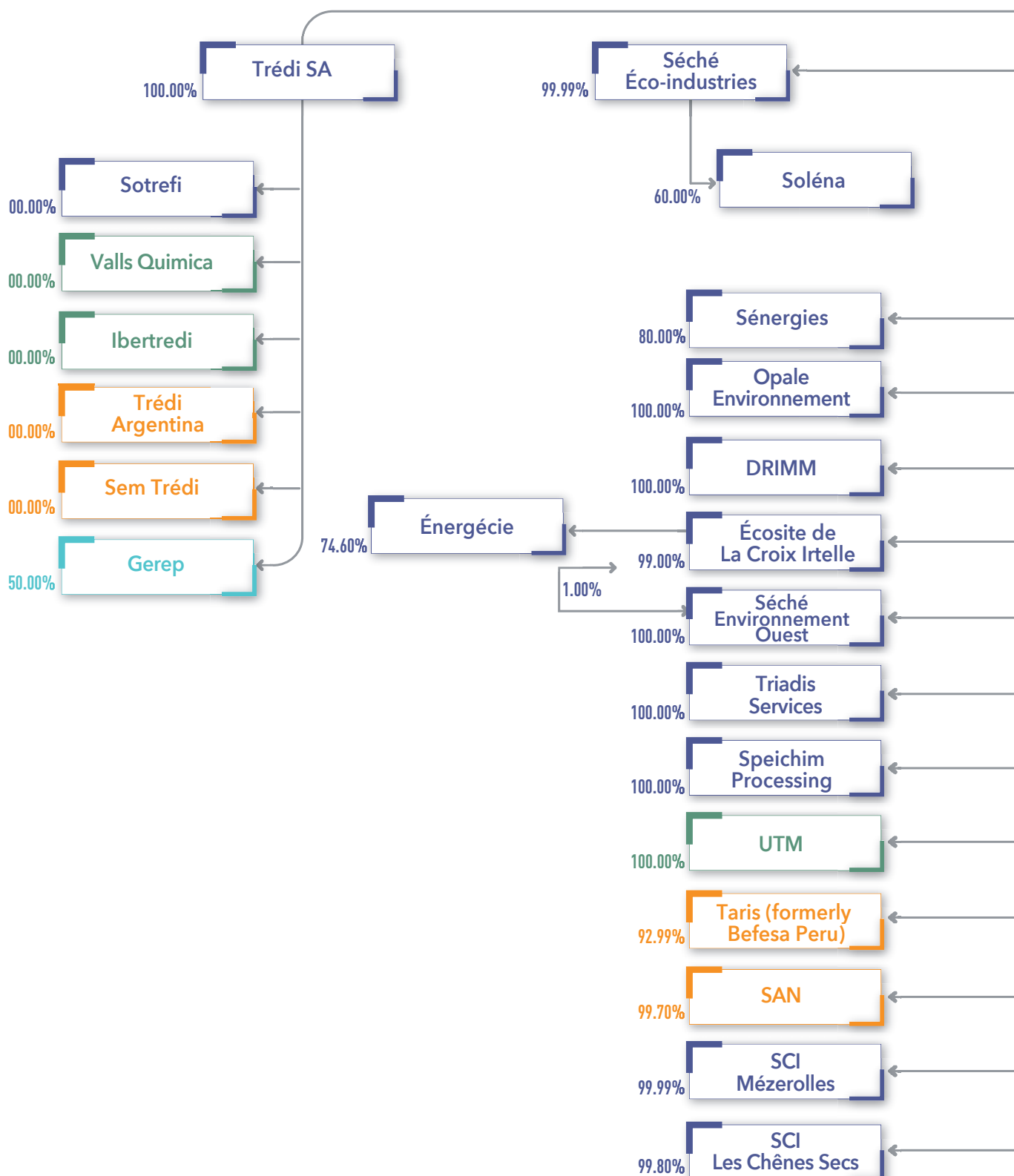
2.4 Evaluation of risks and risk management

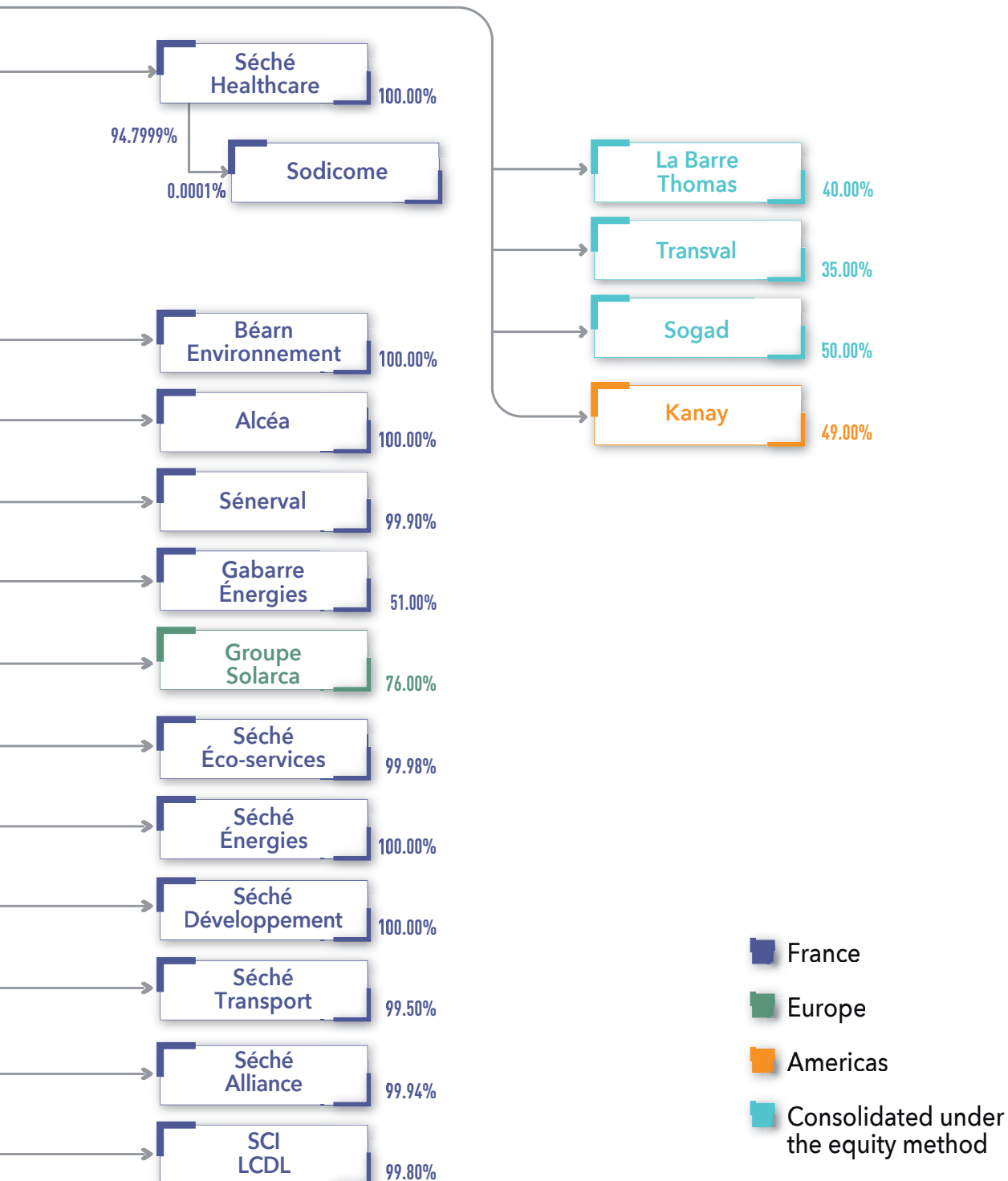
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2.1 Consolidation scope

Séché Environnement SA







Group organization, R&D and risk management

2.2 Research and development, patents and licenses, subsidies

2.2.1 Research and development, patents and licenses

The aim of the Group's multi-disciplinary approach to R&D and its practical applications is both continuous improvement of existing processes, and also the exploration of possible new lines of eco-development. This strong culture of innovation enables Séché Environnement to strengthen its performance but also to respond to major challenges the Group faces in the areas of the circular economy and the environment.

Through its research policy, Séché Environnement is heavily involved in the development of green, eco-innovative technologies in its activities, built and deployed around two major axes:

- the extraction of resources from waste, secondary raw materials and/or energy;
- keeping the environment safe from the potential ill-effects of final waste, and managing this process.

For many of these development projects, which have not yet reached the maturity necessary for them to find industrial application in the short term, the Group has benefited from tax credits for research projects for a cumulative total since 2009 of EUR 3.3 million, of which EUR 0.5 million for the fiscal year 2017.

No research and development expenses have been recorded as assets in the Group's accounts.

2.3 Key contracts

Séché Environnement maintains commercial relations with 13 340 customers representing 23 868 waste-producing sites. The Group does not consider itself to be in a situation of significant risk in respect of any contract in particular. The average unit value of a contract was around EUR 33 000 in 2017 (compared with around EUR 35 000 in 2016), with the ten largest customers representing 20% of contributory revenue (28% in 2016).

In the course of the past year, the Group earned 28% of its contributory revenue from local authorities, and 72% from industrial customers:

- on the local authorities market: contracts run in general for several years (usually 3 to 5 years), and are renewed automatically. They concern non-hazardous waste treatment and recovery from waste (polluted land, smoke residues from household waste incinerators, etc.);
- on the industrial market: contracts are in general spot or short term contracts of less than one year. They may concern hazardous or non-hazardous waste produced by these customers. In general, Séché Environnement aims to develop

more visible commercial relations with these types of customers, through its global offerings contracts and its outsourcing services which enable industrial customers to delegate to Séché Environnement the management of all aspects of their waste management. These multi-year contracts are concluded for periods of three to five years on average, and may be extended to 7 years or more depending on the characteristics of the mission. In 2017, global offerings contracts represented around 6% of contributory revenue.

The duration and value of these contracts vary according to their complexity and objects.

Whether the contracts are concluded with industrial customers or local authorities, they are always established under private law, except for the public service delegation (DSP) contracts managed by the Group:

- DSP contract for the delegated management of the Strasbourg-Sénervall incinerator: EUR 400 million over 20 years (2010-2030);
- DSP contract for the delegated management of the Nantes-Alcéa incinerator: EUR 144 million over 12 years (2012-2024).

2.4 Evaluation of risks and risk management

By the diversity of its business activities, its sites and its commercial offerings, the Group represents a portfolio of risks and opportunities of a financial, industrial and/or commercial nature, which may particularly be affected by any changes in the regulatory, economic or competitive environment in its various business areas.

Séché Environnement has therefore reviewed the risks which could have an unfavorable effect on its activities, its financial situation or its business results (or its capacity to achieve its objectives). The Group's analysis of the principal risks to which it considers itself to be exposed is presented below. The Group considers that it is exposed to no significant risks other than those presented hereafter.

2.4.1 Industrial and environmental risks

2.4.1.1 Regulatory context: sites classified for the protection of the environment (IPCE)

In order to forestall, reduce, and as far as possible, eliminate pollution caused by industrial activities, the European Union, in accordance with the "polluter pays" principle and to prevent pollution from occurring in the first place, has put in place a general regulatory framework covering the main industrial activities. This places emphasis on interventions at source and prudent management of natural resources, and takes account, as necessary, of economic circumstances and local specifics relevant to the place where the industrial activity is practiced. These EU directives are transposed into member states' national legislation.

EU directive 2010/75/EU on industrial emissions (IED) defines at the European level an integrated approach to the prevention and reduction of pollutant emissions from industrial and agricultural installations. It is the counterpart to directive 2012/18/UE dated July 4, 2012 on the control of major-accident hazards, often known as the Seveso 3 directive.

Taking several separate approaches to reducing emissions into the air, water or the soil separately would probably favor the transfer of pollutants from one environmental milieu to another, rather than protecting the environment as a whole. Therefore, directive 2010/75/EU prescribes an integrated approach to the reduction of emissions into the air, water or the soil, to waste management, to energy efficiency and to accident prevention. An approach of this kind should also contribute toward creating homogeneous competitive conditions across the EU, by harmonizing requirements for ecological conformity of industrial installations.

One of the pillars of IED is the use of Best Available Techniques (BAT) in order to forestall all types of pollution. It imposes on member states a duty to base the conditions required for authorizations on BAT performance. The directive provides for an exchange of information between member states, industry, non-governmental organizations for the protection of the environment and the European Commission, leading to the creation of reference documents called BREFs (Best available techniques REFERENCE documents).

BATs or BREFs are to be used as a reference for the competent authorities when drawing up the necessary conditions for authorizations, which will be imposed locally on operators by the prefectural authorities (articles L.515-28 and R.515-62 - I of the French law).

In particular, the emission limit values (ELV) defined in official texts granting operating authorizations must guarantee that, in normal operating conditions, emissions do not exceed the emission values associated with BATs (article R.515-67 of the French law).

When a previously authorized site is definitively closed down, IED imposes rehabilitation of the site. The operator must provide an assessment of the degree of pollution present in the soil and groundwater, and compare it with the initial state. In cases of significant pollution, the operator must restore the

site to a state at least similar to its initial state (articles L.515-30 et R.515-75 of the French law). This obligation applies in addition to the requirement to rehabilitate the site in view of its intended future use (article L.512-6-1 of the French law).

In France, the Group's waste treatment sites are classified (ICPE), requiring compulsory prefectural authorizations in order to operate. Most of these sites are classified Seveso and fulfil the prescriptions mentioned above. Outside France, sites are subjected to similar regulations, under the national laws of the countries concerned.

The objective of these regulations is to increase the technical performance of measures to limit pollutant emissions, either into the atmosphere or into aquatic milieus, and to ensure that they are permanently kept under control. Drastic norms prescribe maximum permissible levels of dust particles, heavy metals, nitrogen oxide, dioxins, etc., according to the technology employed (landfill or incineration).

2.4.1.2 Regulatory risks incurred

As regulations or case law evolve, the competent regulatory authorities have the power to modify the prescriptions which apply to the operation of an already authorized site. If the prescriptions are not complied with, or in the event of a failing on the part of the operator, the authorities have the power to impose sanctions in the form of administrative or judiciary measures against the operator. The range of sanctions goes from fines to suspension or withdrawal of the operating authorization. If that were to happen to the Group, it could adversely affect its image, activities, financial situation, results and outlook for the future.

As an example, according to French law n°76-663 dated July 19, 1976 relative to installations classified for the protection of the environment:

- article 14-2: municipalities concerned, or groups of them, or third parties, may refer an already issued operating authorization to the administrative court in a full remedy action, if the functioning of the installation causes nuisance or damage.

In this regulatory context, the Group is exposed to the risk that:

- legal and/or regulatory prescriptions could be tightened, which could lead to considerable costs and large investments, possibly threatening the profitability of the activity, inasmuch as the Group would not necessarily be able to pass on the extra costs on the prices it charges for treatment; note for example the generalization since 2014 of financial guarantees for classified sites;
- the conditions attached to operating authorizations could be hardened, and therefore the cost of compliance with increasingly demanding conditions could rise; similarly, administrative inspections could become more exacting and induce a greater risk of suspension or even withdrawal or non-renewal of operating authorizations;
- the time taken up by applying for renewal or modification of operating authorizations lengthens, and the costs of applying increase (as opposition to sites crystallizes on the part of neighbors and associations), without there being any guarantee that the application will succeed.

Group organization, R&D and risk management

2.4.1.3 Operational risks incurred

Séché Environnement's activities incur industrial risks in just the same way as most other industrial actors, with however a specific additional risk of pollution by reason of the very nature of the substances treated, which could seriously damage the environment or persons. These activities are closely regulated and require administrative authorization to be able to operate, and operators are frequently inspected by the competent authorities (DREALs - the regional government departments for the environment, land use and housing). All sites must comply with the regulatory requirements laid down in legislation and in operating authorizations, even when these requirements are tightened. The Group continuously adapts its working methods, from the design of procedures to their management in practice, in compliance with the strictest regulations. A regulatory audit department has been put in place to ensure compliance by all employees with the obligations imposed on the Group.

Nevertheless, the Group cannot disregard the risk of a possible industrial accident:

- the risk of an "accidental" pollution event is covered by the Group's civil liability and environmental damage insurance policies. However, those policies could be insufficient to cover the heavy costs of an exceptional accidental pollution event;
- the risk of "chronic" pollution (corresponding to the pollution which could be caused by a build-up of pollutants in excess of a critical threshold specific to each receptor), if it remained undetected despite the controls systematically carried out by the Group and by the authorities, could have an unfavorable impact on the results and financial situation of the Group, and endanger its operating authorization, at least temporarily.

2.4.1.4 Preventive and/or curative actions

All the Group's sites are classified for the protection of the environment (ICPE) and all have an impact reduction strategy in place in case of an incident. This strategy includes measures to protect employees, local populations and the environment should an incident occur. Depending on the size of the site and the regulations applicable, these measures are known as internal emergency plans, ETARE (listed establishment), POI (internal operations plans) or PPI (prevention and intervention plans). Safety audits are performed with insurance companies in particular, and verifications are carried out by the DREAL authorities. Simulation exercises are held with outside emergency services such as firefighters, with the objective of mutual instruction.

Whether "accidental" or "chronic" in origin, the Group implements the controls required to detect pollution of any kind generated by its activities. All sites enjoy organized supervision of all discharged waste products - whether liquid, solid or gaseous - and their impacts. Fauna and flora are regularly studied, either when authorizations are being extended or renewed, or at the request of the public authorities, or to satisfy the legitimate demands of local information and surveillance committees imposed on, or created on the initiative of the Group.

2.4.1.5 Risks related to climate change

Article 173 of the French law on climate change and green growth provides, in its paragraph 3, that companies shall publish information on the financial risks linked to climate change, and the measures undertaken by the company to reduce those risks by implementing a low-carbon strategy in all the components of its activities. This information is presented in Chapter 3.

Regulatory changes at the level of environment and fiscal legislation in France (Grenelle II, French law n°2015-992 dated August 17, 2015 on climate change and green growth, in Europe (climate and energy package) and internationally (multiplication of greenhouse gas (GHG) emission markets) do not appear to call for the inclusion of the waste management industry in an emission taxation mechanism. Séché Environnement therefore does not incur, as of today, any economic risk related to the taxation of GHG emissions.

The principal operational risks identified concern:

- intense bouts of very cold weather, which, if widespread and of long duration, could limit access to the Group's sites (if highways, roads and railroads were out of service, and/or if heavy goods vehicle movements were prohibited), leading to increased maintenance costs and excessive energy consumption and costs at incineration sites in order to achieve optimal operating conditions. The Group could be unable to pass on these extra costs in their entirety in its selling prices for treatment services, or in new productivity efforts;
- exceptional rainfall, which could also adversely affect the group's profitability by reason of the water management obligations placed on the group's IPCE sites (classified for the protection of the environment).

2.4.1.6 Civil and environmental responsibility risks

The areas of activity in which the Group operates present a considerable risk that the Group's civil and environmental responsibility may be called into play. The increase in legislative, regulatory and administrative prescriptions notably exposes the Group to increased responsibility risks, in particular regarding environmental responsibility, even in the case of assets which the Group no longer owns, or activities which the Group no longer exercises.

In this regard, regulations currently in force impose a duty to rehabilitate sites classified for the protection of the environment after their operation ceases, which makes it necessary to constitute provisions or to put in place financial guarantees.

As of the date of writing the present report, Séché Environnement has no knowledge of any pollution generated by its activities and/or for which the necessary measures have not been taken to ensure complete rectification of the problem.

2.4.2 Economic risks

2.4.2.1 Risks related to commercial markets

2.4.2.1.1 The macro-economic context

The economic environment

Séché Environnement operates principally on the European market, with operating sites in France and Spain rated A2, and in Germany rated A1, for country risk by COFACE, France's specialist export credit insurer. More recently, operating sites have been developed in Latin America (Peru and Chile, following Argentina and Mexico). The slowing of growth and indeed the episodes of recession which Europe has experienced since 2008 has led to a contraction in the volumes of industrial waste and changes in the consumption habits of private individuals, accentuated by regulatory demands (e.g. the 2015 French law on climate change and green growth, and the circular economy package currently under discussion at the European level).

The Group is constantly sensitive to changes in its economic environment. Such changes could be a source of opportunities, thanks to its technical waste management facilities and its global offerings, but they could also restrict the profitability of certain of the Group's activities, or even call into question the economic pertinence of certain past investments or increase the amount of adaptive investments to be made, and consequently to weigh on the financial capacity of the Group.

However, the wide range of Séché Environnement's commercial offerings, and the diversity of its industrial customer base, covering multiple sectors, in part limits this exposure.

Country risk

The Group draws more than 89% of its contributory revenue from subsidiaries operating in France, and 8.5% from those operating in the rest of Western Europe, where country risk is low.

Its international revenue comes essentially from Latin America, where the specific risks are:

- for subsidiaries in South America, which export toward the Group's treatment plants in France, the risk of not obtaining export authorizations and/or of having to ship the waste concerned through territorial waters traversed by authorized maritime transporters;
- in Argentina, rated B for country risk by COFACE, a drastic exchange control regime which makes it difficult to transfer funds from the Group's subsidiary;
- concerning Peru, rated A4 in January 2017, COFACE considers that the country's strengths give it strong potential for growth. Moreover, Peru is a member of the Pacific Alliance and has notable mineral, energy, agricultural and fishing resources.

The Peruvian state is only moderately indebted, and COFACE notes the independence of its central bank and the good state of health of its banks in general. Nevertheless, Peru remains dependent on sales of its raw materials and on Chinese demand, and presents seismic and climatological risks, and there are large regional disparities (poverty in the Andean and Amazonian regions).

- concerning Chile, favorably rated A3 in January 2017 by COFACE, which notes its many strengths such as its mineral resources (it is the world's leading producer of copper), and also its agricultural, fishing and forestry resources, the country enjoys a favorable business environment with good political and institutional stability. In spite of several free trade agreements, the economy remains vulnerable to external shocks, in particular the copper price and the level of Chinese purchasing. Seismic and climatological risks are also present.

Fluctuations in raw materials and energy prices

The Group is exposed to the fluctuation of energy prices (gas, diesel and other oil products), both at the level of consumption for its treatment plants and thermal recovery plants, but also at the level of the cost of treatment of high-calorific-value substances.

Moreover, in the area of dismantling transformers polluted with PCBs, for which materials recovery (copper, magnetic parts, scrap iron) is an essential component of profitability, the Group's results and its financial situation could be impacted by changes in raw materials prices.

To a lesser extent, the Group is also exposed, in its sorting and trading activities, to variations in secondary raw materials prices. In most cases, however, the Group is a service provider or sub-contractor, and is therefore unaffected by fluctuations in raw materials prices.

To a lesser extent, the Group is also exposed to variations in the prices of secondary raw materials from its sorting and trading activities. In most cases, the Group is a service provider, or acts as a sub-contractor, thus escaping the risk of price fluctuations.

2.4.2.1.2 Markets

Development operations

As its markets evolve, markets which are both competitive and subject to considerable regulatory constraints, the Group pursues a development strategy marked by dynamic organic growth, investments in new tools or solutions, and external growth operations which aim to profit from synergies of a geographic or line-of-business nature.

These development operations intrinsically carry certain risks:

- that the tools or solutions implemented, in many cases financed by debt, do not produce the profitability gains and cash flow in the time frame expected, and/or that their entry into service is delayed, or incurs greater costs than intended;

Group organization, R&D and risk management

- that external acquisitions, intended to be a source of new potential and synergies for the Group, do not produce a result of the magnitude and with the rapidity expected in the business plan on which they were based, thereby delaying, or indeed endangering, the Group's capacity to make profit from these activities, to develop synergies or to maintain its operating authorizations:
 - because costs or liabilities emerge which were not identified at the time of appraising the acquisition;
 - or that integrating new teams of people and their skills proves more difficult than envisioned, and results in a loss of key employees.

Execution of long-term contracts

Certain activities of the Group are the subject of long-term contracts: public service delegations, certain eco-services contracts and global offerings.

Public service delegation contracts stipulate the obligations incumbent on the contractor, among which are the absolute obligation to provide the public service delegated, even in the event of technical, labor force or economic problems. This contractual obligation can be a source of considerable expenditure which cannot necessarily be passed on, in whole or in part, to the delegating authority. Such a situation could weigh heavily on the results and financial situation of the entity holding the delegation contract and/or of the Group. Similarly, the delegating authority could, under certain legal or contractual conditions, unilaterally withdraw from the delegation contract, possibly without the Group being assured that the break of contract indemnity it would receive would be sufficient to cover the loss of profitability and the negative effects on the financial situation of the Group.

In the case of long-term contracts with private operators, such as eco-services and global offerings contracts, changes to operating conditions (compared with those which prevailed during negotiation and signing of the contracts) could be imposed, which could have a lasting effect on the profitability of the contract, whereas the contractual conditions could prevent the Group from recovering all or part of the lost profitability from its customers, or from disengaging from its commitments (breach of contract).

Market contractions

Further, certain regulatory constraints could impose on waste producers a deadline for the elimination of their waste, for example PCBs). That could lead to a contraction in the market after the regulatory deadline for elimination of the substance, and the Group could be obliged to incur switching costs as it moved to a replacement activity.

Competitive environment

The markets on which the Group operates (hazardous and non-hazardous waste) are characterized by real competitive pressures. The competitive environment is marked by the presence of a small number of large national and even international operators, who offer a wide range of treatment services, but also by the presence of certain small local players.

Regulatory changes on these markets, and also changes in consumer habits (to some extent as a result of those regulatory changes) are pushing all operators to broaden their treatment offerings, and to invest in new facilities or technical solutions to respond to their customers' growing and ever more complex needs.

The risk exists that this competitive pressure could impact unfavorably on prices, without the possibility of being able to recover lost revenue through productivity gains.

Similarly, there is a risk that the economic pertinence of certain facilities could be called into question, if it happened that such facilities became under-utilized, or no longer achieved the performance expected by the business plan which was the rationale for the original investment in them. All these risks could produce unfavorable effects on the financial situation and profitability of the Group.

2.4.2.2 Risks related to financial markets

The risks to which the Group is exposed by its activities are managed centrally at the level of the Group Finance Department. The management reporting and consolidation process enables any variances to be identified, and corrective actions to be undertaken as necessary.

Information concerning the evaluation and management of these risks, and more generally the information required by IFRS 7, is presented in Note 18 et seq. to the notes to the consolidated financial statements.

2.4.2.2.1 Interest rate risk

The Group's exposure to interest rate risk is mainly related to its financial indebtedness. Séché Environnement's corporate debt, before hedging, is subject to a variable rate of interest.

The table below presents the Group's net exposure to interest rate risk. The Group uses hedging instruments to cover itself against any rise in interest rates, and to optimize the cost of its debt. The instruments used include swaps, caps, floors and collars. Their use is managed directly by the Group Finance Department.

in K€				
	< 1 year	1 to 5 years	> 5 years	Total
Financial liabilities at fixed rates	20 317	115 545	44 004	179 866
Financial liabilities at variable rates	26 467	205 607	12	232 085
Financial assets	-	-	-	-
NET VALUE BEFORE HEDGING	46 784	321 152	44 016	411 952
Interest-rate hedging instruments	17 500	115 000	-	132 500
NET VALUE AFTER HEDGING	29 284	206 152	44 016	279 452

Interest-rate risk is analyzed on the basis of projected trends in financial debt on the credit conventions and maturities of interest-rate hedges:

- a 50 basis point decline in interest rates would have a negative impact on shareholders' equity of EUR 1.0 million;
- an instantaneous 100 basis point upward change in interest rates would have a negative impact of EUR 0.8 million on the Group's financial costs in 2017, based on its indebtedness at December 31 and its reimbursement profile at that date.

2.4.2.2.2 Exposure to exchange rate risk

The exchange rate risk to which the Group is exposed arises from:

- the conversion of contributions from foreign subsidiaries outside the euro zone to its balance sheet and income statement;

- bank debt financing, denominated almost exclusively in euros, of the investments of its foreign subsidiaries operating in local currencies (for those subsidiaries not considered as long-term foreign investments).

Given the geographies in which the Group operates, it does not consider that it is significantly exposed to exchange rate risk. To date, this risk is not the subject of specific hedging.

2.4.2.2.3 Liquidity

At December 31, 2017, the residual contractual maturities of the Group's financial liabilities broke down as follows:

in K€					
	Book value	Contractual cash flows	< 1 yr	1 to 5 yrs	> 5 yrs
Bank loans	400 005	433 383	51 350	333 233	48 800
Lease finance debt	9 192	9 299	2 767	6 250	283
Other financial debt	1 574	1 574	1 551	-	23
Short-term bank borrowings	1 181	1 181	1 181	-	-
Trade and other payables (incl. corporation tax debts)	186 656	186 656	185 795	860	-
Liabilities for renewal of assets included in concessions	9 333	9 333	-	-	-
TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES	607 940	641 426	242 644	340 343	49 106
Hedging instruments	493	493	14	478	-
TOTAL DERIVATIVE FINANCIAL LIABILITIES	493	493	14	478	-

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Bank loans consist essentially of the Group's corporate loans and two bond issuances. The contracts concerned include a commitment to respect two financial ratios based on the Group's consolidated financial statements. Compliance with these financial ratios is checked twice per year for the twelve-month periods

ending December 31 and June 30. Non-compliance with these ratios would constitute default and, in the case of most lenders, would render all debt immediately due.

The financial ratios to be complied with are as follows:

Ratio	Commitment
Net financial debt/equity	< 1.6
Net financial debt/EBITDA	< 3.7

The financial ratios to be complied with for the second bond issuance are as follows:

Ratios	Commitment
Net financial debt/equity	< 1.3
Net financial debt/EBITDA	< 3.7

The Group manages its financing centrally. A cash management report is prepared, with the aim of providing a regularly updated overview of the Group's short-, medium- and long-term financing requirements. Nearly all of the Group's financing is arranged centrally, as is the balancing of its sources of financing (banks, bond markets).

The Group has reviewed its liquidity risk profile and considers that it is in a position to be able to honor its due date commitments in the future.

2.4.2.2.4 Exposure to counterparty risk

Counterparty risk corresponds to the loss that the Group could suffer if one or more counterparties were to fail to fulfill their contractual obligations. It concerns loans and receivables at amortized cost (financial or operational) and short-term investments of excess cash.

At present this risk arises mainly from trade receivables.

The aged balance of loans and receivables at amortized cost at year-end stood as follows:

in K€					
	Net value C and NC	Of which not due	0-6 mths	Of which due 6 mths-1 yr	> 1 yr
Financial loans and receivables at amortized cost	8 743	8 743	-	-	-
Trade and other receivables	177 414	151 614	17 807	3 150	4 843
Other assets	31 464	30 808	145	12	499
TOTAL	217 620	191 165	17 952	3 161	5 342

C : current - NC : non-current.

The Group manages its counterparty risk by means of an active receivables collection policy operated at each of its French subsidiaries. This policy is operated using a centralized software program which issues formal reminders and provides real-time information on the various parties concerned. An analysis of

actual payment dates is monitored on a monthly basis, and any incidents are the subject of corrective actions.

The Group considers that it has no particular dependence on any one customer or supplier.

2.4.2.3 Risks related to the safety of goods and people

2.4.2.3.1 Legal risks

The activities of the Group expose it to risks of a legal nature, since it could be involved in judicial, administrative or arbitration procedures. The Group recognizes in its financial statements, in the form of provisions, any obligation toward other parties for which it considers that an outflow of resources could be necessary to extinguish the obligation. Séché Environnement believes that it manages its disputes prudently. However, it could happen that provisions are found to be insufficient in relation to the obligations which it could ultimately be called upon to honor. This type of situation could affect negatively the results and financial situation of the Group.

A centralized reporting system has been put in place to monitor major legal risks, involving the Legal Department and key members of general management. This aims to ensure that issues liable to affect the Group are known about as early as possible, and records actions taken or to be taken.

2.4.2.3.2 Information systems

Séché Environnement relies, for the operational and functional management of its activities, on its integrated, structured information systems. All the types of data they process are strategic for the group, whether regulatory, industrial, HR-related or financial.

Any breakdown or intrusion, whether accidental or malevolent in origin, and any failure on the part of a supplier of a strategic piece of software, for example, could significantly harm the Group's activities, image or profitability.

Generally speaking, the Group's IT architecture is managed centrally: every IT investment is pre-approved by the IT Department, which guarantees and controls the coherence of the Group's IT architecture and systems, as well as their security, availability, sustainability and integrity, whether dedicated to serving operational or financial needs.

The IT Department pays particular attention to the secure migration of systems toward regularly updated versions, and internal training in key skills on the most mission-critical missions required to support the activities of the Group.

The Group will comply with new European regulations on the protection of personal data (GDPR) as soon as it enters into force, on May 25, 2018.

2.4.2.3.3 Site security

Acts of vandalism against industrial sites in 2015 made clear the necessity of better defining how to manage the availability of potentially sensitive information, including on access, which could facilitate the perpetration of malevolent acts on sites classified for the protection of the environment

The French government has put in place an action plan which aims to strengthen the protection of classified sites against

malevolent acts.

2.4.3 HR and societal risks

2.4.3.1 HR

The Group's activities make use of plant and facilities which are becoming ever more diversified and technically complex. These call for specific technical and regulatory skills, regularly updated, to keep abreast of changes in needs and methods. The risk exists that the Group could lose certain skills and not be in a position to replace them rapidly, despite a policy of monitoring employees' evolving skills, key competencies and training achievements.

Moreover, the group's international growth requires new skill sets and greater mobility of personnel, especially among executives.

2.4.3.2 Health

The Group's activities expose its employees to the manipulation of substances potentially dangerous to their health (e.g. toxic waste, asbestos, PCBs) and to the use of technical tools or processes which could generate risks of accidents or occupational diseases.

The Group considers the safety of individuals as a priority, and therefore invests regularly in protective clothing and equipment, and in training, and continuously researches possible new forms of work organization to maximize safety at work. These measures are described in detail in Chapter 3. Their nature leads to extra costs for the Group which could weigh on the profitability of its activities.

Health and safety in the workplace require constant mobilization of all Séché Environnement employees so that they may appreciate the notion of risk in its widest form, and reflect jointly with management to gain further insights into risk and a shared vision of what is at stake, with a view to identifying actions to be undertaken in everyday working lives.

All sites have their own Health, Safety, Environment and Quality (HSEQ) Manager responsible for implementing Group policy at local level. All sites also have health, safety and working conditions committees (CHSCTs), in compliance with French legislation.

Under article L.4644-1 of the French Labor Code, which modifies the organization of supervisory and preventive health measures in the workplace, the Group appoints in each subsidiary concerned a worker representative for work-related risks. These representatives act in liaison with occupational medical staff with a view to increasing efficiency in terms of medical surveillance and complementary and multidisciplinary skills.

The group is conducting an analysis of jobs of an arduous nature and has put in place an action and monitoring plan with the following objectives:

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- reduction of multiple exposures to factors of arduousness;
- layout and adaptation of work stations
- improvements to working conditions, especially as regards how they are organized;
- developing skills, qualifications and access to training;
- keeping people in work and moving to counteract occupational exclusion.

2.4.3.3 Skills

Continuous improvement in the skills of its workforce remains at the heart of the Group's HR policy. An ambitious training program is in place to enable every employee to acquire the right attitude, culture and know-how, in an appropriate way.

Lifelong learning remains a major lever in the vocational accompaniment area. By this means, the Group aims to:

- contribute to the development of knowledge and skills;
- impart to employees the necessary know-how to enable them to give their best job performance in the professional activities they are called on to carry out;
- reinforce employees' professional know-how. The training plan, constructed on the basis of these orientations, takes account of the following types of needs:
 - collective, to respond to the changing stakes of the enterprise, which necessitate continuing adaptation of employees and their workplaces;
 - individual, by identifying their specific demands and acting on them, through the French individual training rights program. This includes both actions to adapt employees to their workplace and actions to keep them in work and to develop their skills.

Further, Séché Environnement contributes to the training of rising generations by developing privileged relations in the framework of exchanges between industry and higher education, in particular by means of temporary secondments of certain executives, enabling them to give lectures or teach classes.

2.4.3.4 Risk of industrial disputes

In a general economic context which remains uncertain, it could happen that eventual difficulties in understanding the inflexion of Group strategy, with the organizational changes entailed by it, could lead to a situation where dialog and negotiation no longer play their part in regulating industrial relations. The Group is exposed to that risk, and therefore industrial action, in the form of strikes, stoppages, protests etc. could cause disturbance to the Group's activities, and have a negative impact on the Group's financial situation and results.

2.4.4 Risks related to non-respect of ethical rules

The Group is particularly attentive to the sharing and respecting of ethical values. Compliance with the values expressed in the Code of Behavior and Actions is essential, both in relations internal to the enterprise, and in relations with customers, suppliers, the authorities, neighbors and, more generally, external stakeholders.

To this end, the Group has been a signatory since 2013 to the 10 principles of the United Nations Global Compact, and reports its progress annually to the UN General Secretariat in New York. These progress reports are peer-reviewed, and led in 2013 to the "advanced" level of recognition for Séché Environnement.

Concerning the fight against corruption and insider influence, the Group has taken steps to ensure its conformity with the French "Sapin 2" Law which entered into force in June 2017. Some of these are in progress, others are nearing finalization.

The countries where Séché Environnement's operations are located are rated by Transparency International in its Corruption Perceptions Index, covering the public sectors of 176 countries.

69% of the 176 countries appearing in the Corruption Perceptions Index 2016 are rated less than 50, on a scale from 0 (perceived as being highly corrupt) to 100 (perceived as being very clean).

	Score/100	Rank/176	% of Group revenue
Germany	81	10	0.5
France	69	23	89.1
Chile	66	24	0.8
Spain	58	41	7.9
Argentina	36	95	0.3
Peru	35	101	1.1
Mexico	30	123	0.1

Séché Environnement's average score is 68, a central value similar to that for France.

2.4.5 Risk prevention and cover

2.4.5.1 Resources devoted to prevention

Séché Environnement has for many years proclaimed its maturity on these sensitive subjects, which form part of the wider endeavor which is its sustainable development policy.

This is a process involving:

- permanent regulatory monitoring, which leads the Group to set itself, as far as possible, a more restrictive level of stringency, concerning both conditions of acceptance and treatment of waste, and the design and conservation of its various sites;
- certification of its treatment sites (ISO 9001 - 14001 - OHSAS 18001), following implementation of procedures and operating modes chosen to maximize control of activities which may have an influence on safety and the environment, as detailed in the Group's HSEQ policy manuals adapted to the characteristics of each site;
- internal regulatory audits, carried out by an independent, qualified team reporting directly to Operations Management Department;
- a Sustainable Development Charter, widely distributed to key players in the Group, in addition to its pre-existing environmental, safety and quality charters;
- the Code of Behavior and Actions, issued to all employees, explaining the requirements flowing from the 7 Commitments made by the Group (and in the process of revision, to include the recent stipulations of the 'Sapin 2' Law);
- the integration of sites into their ecological, economic and human environment, a constant concern evidenced by the presence of ecologists who permanently monitor this.

Their contacts with near neighbors and civic society in general enable the Group to measure the validity of its efforts in this area. The Company prides itself on giving all the Group's stakeholders comparative data, year on year, on all the fundamental parameters related to its sustainable development policy.

2.4.5.2 Policy on insurance cover

2.4.5.2.1 Insurance policies

Séché Environnement is insured by prominent, well-known insurance companies, within a global framework covering all subsidiaries in which it holds, directly or indirectly, at least 50% of the voting rights and/or the share capital, and which are managed by the Group. The terms and conditions of this insurance program are reviewed and adjusted annually, in negotiations conducted in the best interests of the Group.

The principal policies are:

- property damage and operating losses insurance, with a maximum guarantee of EUR 15 million, depending on the value of each site, and any limits or sub-limits to guarantee extensions;
- civil liability insurance, including environmental damage liability insurance, with a guarantee ceiling for all types of damage and per period of insurance of EUR 75 million, and limits and sub-limits to guarantee extensions. The environmental responsibilities deriving from the transposition into French law of European Directive 2004/35/CE dated April 24, 2001, have been included in the civil responsibility policy. Higher maximum guarantees have been subscribed to for MSWIs (municipal solid waste incinerators) under public service delegation contracts, as required under the terms of those contracts;



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- contractor's all risk and/or assembly and testing insurance, to cover industrial building operations carried out by companies of the Group;
- financial loss consequent on gross negligence on the part of the employer is covered up to a limit of EUR 10 million per period of insurance;
- other policies cover the vehicle park and employees traveling on company or Group business;
- business travel abroad is also covered.

2.4.5.2.2 Cost of insurance cover

The total amount of premiums paid in fiscal 2017 was EUR 6.2 million, versus EUR 6.6 million in 2016 and EUR 6.6 million in 2015. The cost of premiums was charged to the subsidiaries covered by means of an allocation key.

2.4.5.2.3 Insurance audits, feedback from experience, training

Safety audits are carried out with insurance companies. Inspections by the authorities (DREAL) and accident simulations are organized with external emergency services such as firefighters, with a view to mutual training.

2.4.6 Crisis communication

Crises arise when an enterprise or organization finds itself in an exceptional, abnormal situation. This takes the form of an unscheduled but tangible upheaval in its activities, such as a fire or strike action, and/or of a calling into question of habitual frames of reference. This leads to a process of destabilization which can involve or mobilize multiple stakes and stakeholders, often difficult to identify in advance.

The crisis lies outside the normal operating frameworks of the organization or enterprise (or of one of its sites). It is an unusual situation, characterized in part by its instability, and obliges management to adopt temporarily specific modes of governance, before being able to return to business as usual.

The Group has set up at general management level an emergency room which can be activated in the event of a crisis, to mobilize resources as necessary to restore people and property to safety, and to ensure a rapid return to orderly existence. The emergency room will also manage communications fully transparently.

A crisis alert mechanism is used to activate the crisis management chain of command and specific resources, and to receive feedback from the experience of implementation:

- in a situation of prevention, by site-by-site analyses:
 - initiating reflection on risks;
 - favoring prevention and communication.

- in a situation of cure, in support of operational managers in the part of the business where the crisis arose:
 - helping them to stand back from the crisis;
 - providing assistance in terms of communication;
 - bringing the Group dimension to bear on the local analysis of the problem;
 - maintaining permanent liaison with top management.

2.4.7 Disputes and exceptional events

Any significant disputes and exceptional events affecting Sécché Environnement are described in Note 5.4 in Chapter 4 of this report (Financial statements at December 31, 2017).

Other than those mentioned in Note 5.4, there are no government, legal or arbitration procedures, including any procedures of which the Company is aware, which are pending or threatened, and/or likely to have or, during the last twelve months, to have had significant impacts on the financial situation or the profitability of the Company and/or the Group.

However, the possibility cannot be excluded that new legal procedures may be brought in future against the Group, which could be of such a nature as to affect unfavorably its results and financial situation.

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3.1 Principles of reporting methodology¹

3.1.1 Scope

3.1.1.1 Definition of legal data collection scope

The consolidation scope consists of the parent company Séché Environnement SA and its majority-controlled French subsidiaries which were fully consolidated at December 31, 2017.

The rules concerning movements in and out of scope are determined with reference to the scope definitions set out in the IFRS reference system and the standards IFRS 5 and IFRS 10. The consolidation scope for environmental reporting is updated every quarter in line with the consolidation for accounting purposes undertaken by the Group's consolidation department. HR and environmental data are collected on an annual basis for the calendar year.

In 2017, Séché Environnement Ouest and Écosite de La Croix Irtelle (formerly the environment branch of Charier BTP), acquired at the end of March 2017, entered the consolidation scope retroactively at January 1, 2017. Séché Healthcare and Sodicode, both acquired in 2016, also entered the consolidation scope at January 1, 2017.

Almost all the Group's subsidiaries in France operate on classified sites (ICPE) requiring compulsory authorizations in order to operate. 17 of these sites are classified Seveso or Seveso high threshold. No subsidiary has an average headcount in excess of 500, and since their activities are consolidated into the overall reporting of Séché Environnement, information on individual sites is not provided.

3.1.1.2 Reference regulatory texts

Séché Environnement has been listed on Euronext Paris since 1997 and therefore publishes extra-financial performance indicators according to a series of regulatory instruments:

- article 116 of the French Commercial Code, which requires listed companies to publish HR, environmental and societal indicators (since 2002);
- articles L.225-102-1 and R.225-104 to R.225-105-2 of the French Code of Commerce of Law no. 2010-788, instituted by article 225 of Law n° 2010-788 dated July 12, 2010, on the national commitment to the environment, and its applicatory Decree of 2012 including societal indicators;
- Decree n°2016-1138 dated August 19, 2016, which adds provision for the reformulation of items relative to the circular economy², plus an item on food waste³ and a broader definition of the measurement of climate change impacts⁴;
- Ordinance n°2017-1180 dated July 19, 2017, and Decree n°2017-1265 dated August 9, 2017, giving effect to the

European directive dated October 22, 2014 on the publication of non-financial information. These instruments will be applicable to Séché Environnement from its fiscal year 2018 onward (i.e. periods beginning after September 1, 2017); however, the Group has already reclassified its indicators for fiscal 2017 according to the new plan.

3.1.1.3 Specific scopes for environmental indicators

The scope for environmental data, unlike that for HR data, is defined for Séché Environnement as all sites classified for the protection of the environment (IPCE) operated by the Group and for which the Group holds a prefectural authorization, whether directly or via a subsidiary. This rule, based on responsibility toward the State authorities, has applied since 2013.

In the case of public service delegation contracts (DSP), or concessions, environmental data:

- are in principle reported together with those for Séché Environnement when the subsidiary holding the concession contract is the legal entity to which prefectural authorization was granted, as is the case for Alcéa, Sénerval and Gabarre Énergie (Guadeloupe); the latter two cases are however exceptional:
 - Sénerval, which operates the Strasbourg incinerator, and Eurométropole, which owns it, together attempted for two years to carry out a program of asbestos removal and repairs at the same time, while maintaining a partial level of activity at the site. After two years of difficulties, Eurométropole decided in June 2016 to close the site completely for two and a half years from the end of summer 2016 until February 2019. The Sénerval site having been at a standstill during the last two fiscal years, its environmental data (but not its HR data⁵) are not pertinent. Consequently, and by way of derogation, its environmental data (air, water, energy, greenhouse gases, waste) for 2014 through 2017 are not consolidated.
 - Gabarre Énergie (held 51%) which only provides energy recovery from the biogas produced by the non-hazardous waste landfill facility owned by the local authority which holds the main prefectural authorization.
- are not consolidated when the prefectural authorizations for these sites are in the name of the local authorities concerned, as is the case for the Scherwiller composting site operated by Séché Eco-industries.

For the same reason, customers' industrial sites on which Séché Eco-services operates are not included in the environmental reporting scope for Séché Environnement, since they are included in the reporting scope of the companies in question, which are themselves the respective holders of the prefectural authorizations.

1: Reporting principles are explained in a specific, detailed note on procedures which can be obtained on request to the Sustainable Development Department of Séché Environnement, by e-mailing dd@groupe-seche.com. 2: article 70 of Law n°2015-992 dated August 17, 2015 on the energy transition for green growth. 3: article 4 of Law n°2016-138 dated February 11, 2016 on the struggle against food waste. 4: article 173 of Law n° 2015-992 dated August 17, 2015, on the energy transition for green growth. 5: The employees of Sénerval have worked part-time since September 26, 2016. The French State pays them a compensatory allowance for the duration of this period of part-time work up to a ceiling of 1 000 hours per employee per year. This arrangement must be renewed until the incinerator re-enters service.

3.1.1.4 The special case of international subsidiaries

Development of its international businesses is one of the Group's strategic axes. Sites located outside France (around 11% of revenue and 18% of employees) undergo a reduced data collection process because of their (still) relatively low weight in the Group, or because they only recently entered the consolidation scope (acquisitions of less than a year ago), and the difficulty of consolidating data from regulatory contexts which are different from that in France. The most significant indicators (headcount, energy, water) are given as a complement to the data for France.

Acquisitions made during the year concerned Taris (Peru) and SAN (Chile), with their waste treatment activities (landfill, incineration, materials recovery, etc.) and Solarca (Spain) which provides environmental services to industrial customers.

In recent years, decontamination services have been provided outside France's national frontiers, in the absence of proper local structures, mainly financed internationally by FAO, UNEP, etc. This work led to the importing into France of waste, once it had been made safe, to be treated in France. The environmental impacts of this and the employees concerned are included in the France scope.

3.1.2 Reference systems used

3.1.2.1 Correspondence with Sustainable Development Goals (SDGs)

On January 1, 2016, the 17 Sustainable Development Goals of the 2030 Agenda for Sustainable Development - adopted in September 2015 by world leaders at a historic summit meeting of the United Nations - entered into force. With these objectives, world leaders recognize that the elimination of poverty must be accompanied by strategies to reinforce economic growth and to respond to a range of societal needs, among which are education, health care, social protection and the ability to work, while at the same time combating climate change and protecting the environment.

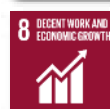
These goals encompass the 10 principles of the Global Compact, which emerged some fifteen years ago and to which Sécché Environnement subscribed as early as 2003 (gaining the "advanced" label in 2014). With the advent of SDGs, the international community has imparted a new thrust to sustainable development. What is now at stake is their implementation, and what should be the role of civil society.

Some of the 17 SDGs have a universal vocation, going far beyond the framework of business activities and responsibilities. More precisely, in the case of Sécché Environnement and its activities related to the circular economy, principally in France, its choice of SDG goals - and therefore its direct involvement - is concentrated on two areas of influence:

Integration of objectives common to all economic actors:



SDG 5 : gender equality



SDG 8 : decent work and economic growth



SDG 9 : industry, innovation and infrastructure



SDG 10 : reduction of inequalities



SDG 11 : sustainable cities and communities

Specific targets particularly relevant to Sécché Environnement:



SDG 6 : clean water and sanitation



SDG 7 : affordable and clean energy



SDG 12 : responsible production and consumption



SDG 13 : climate action



SDG 15 : life on land

3.1.2.2 Voluntary frames of reference

Sécché Environnement uses as its frames of reference nationally and/or internationally recognized standards or regulations:

- For commitments and management:
 - OECD guiding principles;
 - ILO (International Labor Organization) conventions;
 - ISO 26000 standard on social responsibility for businesses and organizations;
 - Principles of the United Nations Global Compact⁶;
 - French "Sapin 2" law on transparency, the fight against corruption, and modernization of the economy;

6: The United Nations Global Compact brings together businesses, organizations, United Nations agencies, the world of work and civil society around 10 universally recognized principles concerning human rights, international labor standards, the environment and the fight against corruption. These principles provide a road map for organizations intending to drive forward their social responsibility agenda and to support the 17 Sustainable Development Goals of the United Nations. The Global Compact is the most significant international initiative promoting voluntary commitment in the sustainable development area, bringing together more than 14 000 participants (of which 10 000 are companies) in 160 countries.

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- Sustainable Development Goals (SDGs)⁷ of the United Nations Development Program.
- for management:
 - ISO 90001 for the certification of production quality;
 - ISO 14001 for environmental management;
 - ISO 50001 for energy management;
 - OHSAS 18001 standard for the management of occupational health and safety;
 - MASE (manual of enterprise safety improvement) certification for integrated management in chemical environments;
 - Ecocert biodiversity management system;
 - Ecocert climate management system;
 - Ecocert and the European ECOLABEL, for compost (at the Vallet site in Western France).
- for reporting:
 - Global Reporting Initiative GRI3 guidelines;
 - French Labor Code HR data reporting guidelines;
 - E-PRTR environmental indicators;
 - the BEGES greenhouse gas (GHG) accounting methodology as defined by article 75 of French Law no. 2010-788, based on a specific calculation method developed for the ECO₂ Initiative Group.

3.1.2.3 Measurements

3.1.2.3.1 Types of indicator

The indicators used by the Group can be categorized into three levels:

- “structural” or “stock” data from documentary sources (for example, land areas or the number of collective bargaining agreements concluded);
- “simple operational” indicators based on direct measurements, which break down into two sub-categories:
 - standardized flows according to official measurement protocols, recognized in particular by the French authorities in the context of reports on sites classified for the protection of the environment (ICPE) (for example, for pollutant flows);
 - measures defined by the Group on its own initiative, for example the use of lichens to measure air quality, measurements of biodiversity richness, etc.
- “complex” indicators derived from calculations involving the choice of certain assumptions and perimeters, conversion factors, consolidation protocols, etc., concerning energy, GHGs or carbon accounting, for example.

3.1.2.3.2 Origin of data

The HR data presented is drawn from the Human Resources Department database according to the definitions in current use in France, in particular for the compilation of HR data reports for the legal entities required to file them. They correspond to the

regulatory declarations made to various administrative bodies and welfare organizations.

The environmental data in this report are extracted from declarations (including those made electronically for the European Pollutant Emission Register) provided regularly by the Group's industrial sites to the competent government authorities (DREAL, regional health authorities, water agencies) which oversee and regulate them. These data are derived from measurements carried out either internally (self-audits) or by certified organizations.

The economic data in this report are taken from accounting information drawn up according to professional standards currently in force, and are certified by the statutory auditors. Accounting data relating to environmental aspects in the individual and consolidated financial statements of the companies concerned are presented according to Recommendation no. 2003-r02 dated October 21, 2003 of the Conseil National de la Comptabilité (French national council for accounting standards).

3.1.2.3.3 Consolidation methods

Consolidation of entities and sites is carried out in a manner similar to that for financial data, i.e. full consolidation by adding together elementary data for each site, for those sites which were within the scope for the whole year.

Where entities or sites entered the scope in the course of the year:

- HR data reflecting the situation at year-end (e.g. breakdown of employee numbers by age, type, job title, category, etc.) are fully consolidated;
- their environmental flow indicators (consumption, outflows, etc.) and HR indicators (training hours, remuneration distributions, etc.) are not taken into account, since data covering a period of less than 12 months are not significant.

3.1.2.3.4 Comparability

The results of these environmental measurements have been regularly recorded for several years by means of an environmental reporting software package called Tennaxia, and are monitored both site by site and at national level. Data capture and consolidation methods correspond to the same definitions over the whole of this period.

Calculation of GHG emissions underwent a change in 2015 to comply with parameter changes in the Bilan Carbone® system in line with the 5th report of the Intergovernmental Panel on Climate Change (IPCC).

Since emission factors must be regularly updated in the priority database to be used in France for regulatory GHG emission reports in France, i.e. the Base Carbone®, ECO₂ Initiative has designed for Séché Environnement a specific and entirely original tool dedicated to its needs.

⁷The 17 Sustainable Development Goals (SDGs) adopted in September 2015 by 193 member states of the United Nations constitute an action plan for peace, humankind, the planet and prosperity, requiring implementation of multi-actor partnerships. They aim to transform society by eradicating poverty and ensuring a fair transition toward sustainable development.

Compatibility of the Séché Environnement method with reference methods

	Regulatory method	Bilan Carbone V8® of October 16, 2017	GHG Protocol (EpE) ⁸	ISO 14064
Gases taken into account	■ ■	■ ■	■ ■	■ ■
Operational scope	■ ■		■ ■	■ ■
Calculation rules	■ ■	■ ■	■	■
Emission factors	■ ■	■ ■	■ ■	■ ■
Classification of emissions	■ ■		■	■

Compatibility: ■ ■ perfect ■ partial

This new tool enables:

- dynamic consultation of the Base Carbone® for updating the tool. The version of Base Carbone integrated into the 2015 model is version 14⁹ dated December 22, 2017;
- a method of calculating uncertainties in emissions numbers, in accordance with IPCC recommendations;
- a method of calculating uncertainties in emissions numbers, in accordance with IPCC recommendations;
- calculation methods bearing solely on emissions categories 1 and 2 as defined in the regulatory method.

Concerning emissions of contaminants into the air or water, since 2015 Séché Environnement has applied in its entirety the Order dated December 26, 2012, which requires all facilities classified for the protection of the environment (IPCE) to declare all emissions into air or water of contaminants listed in Annex II of the Order in excess of the thresholds defined in it. However, declarations on the release of dangerous substances into water are mandatory for certain sites.

3.1.2.4 Materiality

The environmental indicators considered pertinent, given the nature of the Group's activities, are those prescribed in the prefectural authorizations to operate granted to Group companies.

Certain reporting errors or inaccuracies in previous years (especially in environmental indicators) may be detected during completion of the reporting for the current year, in particular concerning certain environmental indicators. A materiality threshold of 5% of the value of the indicator concerned is observed by default for adjustments to data from past years identified during the year under review. A commentary is provided for any corrections above this threshold.

In the particular case of the BEGES GHG emissions figure, an indicator resulting from several complex calculations, an uncertainty coefficient is applied to correct for possible errors from elementary data sources:

- 1%: data captured by means of legally controlled measurements (metrology test);
- 10%: data from invoices;

- 30%: data obtained through calculation or extrapolation;
- 80%: data which are unavailable, and therefore estimated.


Concerning biodiversity indicators, beyond the particular protected status accorded to certain areas (Natura 2000, ZNIEFF, Important Bird Areas, etc.), the Group has for several years deployed programs to monitor various species or groups of fauna on these sites, especially avifauna and amphibians, being species which are bio-indicators of air and run-off water quality. The counting protocols are derived from the participatory science work carried out by the French National Museum of Natural History in its national inventory of natural heritage (INPN) program.

3.1.2.5 Traceability

Numerous controls may be implemented according to need, from the data capture stage onward, to avoid keying errors and to facilitate traceability by means of a range of functionalities which manage the processes of data collection and validation of the quality of information captured in reports: controls at source, approvals, data "locking", management of alerts, management of justification requests, etc.

Environmental data are approved internally by the Group's Director of Laboratories, before being included in the Group's reporting via the Tennaxia tool, and before being sent as final data to the administrative authorities under the European Pollutant Emission Register (EPER). Declarations made by operators are then approved by the appropriate inspection departments (such as DREAL, DDASS, police authorities, water police, nuclear safety authority, etc.) for the site concerned. These mandatory declarations under the control of the administrative authorities form the basis of the Group's environmental reporting.

3.1.2.6 Transparency - data audits

In compliance with the Order prescribing the detail of the audit method instituted under Law no. 2010-788, Séché Environnement has appointed KPMG to carry out the audit of its HR, environmental and societal indicators presented in the present chapter of the Annual Report since 2013. From 2014 onward, KPMG verifies, to a reasonable level of assurance, certain selected indicators marked by the symbol .

8: the quantification protocol for greenhouse gas emissions from waste management initiated in 2006 by a number of French operators in this sector and the association EpE (Enterprises for the Environment). This protocol aims to harmonize quantification, reporting and verification practices for GHG emissions generated and avoided by waste treatment activities. Since its inception it has been updated several times. The most recent critical review is that carried out by the World Resource Institute (WRI) which, with the World Business Council for Sustainable Development (WBCSD), initiated the GHG Protocol, the most widely internationally recognized method for carbon accounting. The French quantification protocol was awarded a WRI label in 2013 and is recognized as an international voluntary frame of reference for carbon reporting in the waste management sector. 9: <http://www.bilans-ges.ademe.fr/fr/accueil/>

Corporate HR, environmental and social responsibility data

3.2 HR data

3.2.1 Employment

3.2.1.1 Employment policy

Employment policy is based principally on:

- stable employment and fostering employee loyalty;
- respect for diversity;

- safety in the workplace;
- continuing education;
- time management.

In 2017, the group strengthened its recovery from waste activities by the acquisition of the environment division of the Charier group in Western France (47 employees).

3.2.1.2 Employment structure

3.2.1.2.1 Worldwide headcount by geographical region

December 31	2015	2016	2017
Séché Environnement SA (parent company)	26	30	21
Fully consolidated French subsidiaries	1 760	1 784	1 861
SUB-TOTAL, FRANCE SCOPE	1 786	1 814	1 882
Foreign subsidiaries, Europe	68	72	205
Foreign subsidiaries, Americas	25	24	210
TOTAL FULLY CONSOLIDATED SCOPE	1 879	1 910	2 296
Foreign subsidiary (equity method)		59	212
TOTAL	1 879	1 969	2 509

3.2.1.2.2 Headcount at year-end

By category and gender

Dec. 31, France in headcount units	M	2015 W	TOTAL	M	2016 W	TOTAL	M	2017 W	TOTAL
Executives	279	105	384	292	120	412	309	124	433
Supervisors	351	105	456	367	114	481	383	107	490
Clerical	127	148	275	122	152	274	118	171	289
Workers	634	37	671	607	40	647	631	38	669
TOTAL HEADCOUNT UNITS	1 391 ✓	395 ✓	1 786 ✓	1 388 ✓	426 ✓	1 814 ✓	1 441 ✓	440 ✓	1 881 ✓
% men/women	77.9	22.1		76.5	23.5		76.6	23.4	

M: men - W: women

Outside France, headcount at December 31, 2017 was 627 units, of which 85% were men; 9% were executives, 15% supervisors, 17% clerical and 59% workers.

By type of contract and gender

December 31 In headcount units	2015		TOTAL	2016		TOTAL	2017		TOTAL
	M	W		M	W		M	W	
Permanent contracts	1 331	374	1 705	1 341	396	1 737	1 388	406	1 794
Fixed-term contracts	60	21	81	47	30	77	53	34	87
TOTAL HEADCOUNT UNITS	1 391	395	1 786	1 388	426	1 814	1 441	440	1 881
% fixed-term/total headcount	4.3	5.3	4.5	3.4	7.0	4.2	3.7	7.7	4.6

M: men - W: women

Of the 87 fixed-term contracts in 2017, 4 were of the "initiative emploi" type (CIE) and 26 were employees on sandwich courses.

Age distribution

December 31, 2017	Men	Women	TOTAL
< 26 years	63 ✓	31 ✓	94 ✓
from 26 to 29 years	96 ✓	37 ✓	133 ✓
from 30 to 34 years	168 ✓	51 ✓	219 ✓
from 35 to 39 years	225 ✓	75 ✓	300 ✓
from 40 to 44 years	223 ✓	66 ✓	289 ✓
from 45 to 49 years	248 ✓	91 ✓	339 ✓
from 50 to 54 years	211 ✓	54 ✓	265 ✓
from 55 to 62 years	194 ✓	35 ✓	229 ✓
63 years and above	13 ✓	- ✓	13 ✓
PROPORTION OF SENIORS (> 45 YEARS)	46.4%	41.1%	45.2%
AVERAGE AGE	43 YEARS	41 YEARS	43 YEARS

3.2.1.2.3 Average headcount in FTE (full-time equivalents)

Dec. 31, France In headcount units	2015		TOTAL	2016		TOTAL	2017		TOTAL
	M	W		M	W		M	W	
Full-time equivalents	1 381 ✓	381 ✓	1 762 ✓	1 386 ✓	413 ✓	1 799 ✓	1 426 ✓	423 ✓	1 849 ✓
Monthly average	1 332 ✓	386 ✓	1 717 ✓	1 402 ✓	414 ✓	1 816 ✓	1 430 ✓	435 ✓	1 865 ✓

M: men - W: women

Outside France, the average monthly headcount in 2017 was 607 employees.

Corporate HR, environmental and social responsibility data

3.2.1.3 Workforce changes over the year

3.2.1.3.1 Recruitments by type of contract and gender

When salaried persons are employed for specific periods, this is principally to replace staff members who are absent for short periods (23% of fixed-term contracts) or to respond to temporary business needs (59% of fixed-term contracts).

in headcount units	2015			2016			2017		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Permanent contracts	-	-	-	-	-	-	-	-	-
Outside recruitments	-	-	-	-	-	-	140	33	173
Transfers	-	-	-	-	-	-	21	6	27
Conversion from fixed-term to permanent contracts	-	-	-	-	-	-	24	8	32
TOTAL PERMANENT RECRUITMENTS	150	34	184	137	46	183	185	47	232
Fixed-term contracts	-	-	-	-	-	-	-	-	-
Temporary business needs	43	17	60	63	30	93	47	11	58
Redundancies	5	8	13	6	3	9	7	16	23
Sandwich courses	-	-	-	-	-	-	8	7	15
State-aided contracts	-	-	-	-	-	-	2	-	2
TOTAL FIXED-TERM CONTRACTS	48	25	73	69	33	102	64	34	98
Total in headcount units	198	59	257	206	79	285	249	81	330
TOTAL IN UNITS	198 ✓	59 ✓	257 ✓	206 ✓	79 ✓	285 ✓	249 ✓	81 ✓	330 ✓
% men/women	77.0	23.0		72.3	27.7		75.5	24.5	

M: men - W: women

3.2.1.3.2 Departures by reason and gender

France in headcount units	2015			2016			2017		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Resignations	24	7	31	23	7	30	29	11	40
Retirements	17	1	18	14	-	14	18	2	20
Transfers	7	1	8	16	12	28	21	6	27
End of fixed-term contracts	13	14	27	93	23	116	30	21	51
End of project-based fixed-term contract	-	-	-	-	-	-	7	1	8
End of secondment	-	-	-	-	-	-	1	-	1
Individual dismissals	22	5	27	23	2	25	14	8	22
Redundancies	-	-	-	5	-	5	1	-	1
Negotiated departures	14	9	23	19	2	21	18	7	25
Departures during trial period	2	1	3	7	-	7	7	2	9
Deaths ¹	1	1	2	6	-	6	3	-	3
Transfers away	-	-	-	-	-	-	23	1	24
Other	-	-	-	2	3	5	-	-	-
Conversion fixed-term to permanent contracts	-	-	-	-	-	-	24	8	32
TOTAL IN HEADCOUNT UNITS	100	39	139	208	49	257	196	67	263
% men/women	72	28		81	19		75	25	

M: men - W: women

1: In 2016, 2 deaths occurred in the workplace; the other deaths occurred in the private sphere.

In the international scope, in 2017, 797 employees were recruited and there were 571 departures, these high numbers resulting from project contracts. One employee death was reported in 2017, unrelated to work, but which occurred in the workplace (heart attack).

3.2.1.3.3 Length of service distribution

December 31, 2017, France	Men	Women	TOTAL
< 1 year	133	43	176
from 1 to 5 years	373	121	494
from 6 to 10 years	217	59	276
from 11 to 15 years	215	71	286
from 16 to 20 years	222	69	291
from 21 to 25 years	126	39	165
from 26 to 30 years	80	26	106
> 30 years	75	12	87
AVERAGE LENGTH OF SERVICE	12.2 YEARS	11.7 YEARS	12.1 YEARS

3.2.1.4 Remuneration and changes in remuneration

3.2.1.4.1 Overall employment cost

in K€	2015	2016	2017
Gross wage bill	70 422	73 719	75 191
Employer SS contributions	34 172	33 619	35 164
OVERALL EMPLOYMENT COST	104 594	107 338	110 356

3.2.1.4.2 Profit-sharing schemes in France

in K€	2015	2016	2017
Total profit-sharing reserves	1 697	1 797	1 392
NUMBER OF BENEFICIARIES	844	876	800
Total amount distributed	45	415	451
NUMBER OF BENEFICIARIES	177	893	891

The Group does not distribute free shares or attribute stock options.

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3.2.1.4.3 Distribution of remuneration of permanent staff (12 months) in France, by gender

K€ or headcount units						
2015	Men		Women		TOTAL	
	K€	Units	K€	Units	K€	Units
≤ 0.8 x SS ceiling (≤ 30 432 €)	8 307	306	2 370	92	10 676	398
> 0.8 x SS ceiling (> 30 432 €)	9 508	325	2 702	80	12 210	405
> 1.0 x SS ceiling (> 38 040 €)	8 559	206	1 845	45	10 404	251
> 1.2 x SS ceiling (> 45 648 €)	8 133	162	1 273	25	9 405	187
> 1.5 x SS ceiling (> 57 060 €)	3 516	53	1 075	16	4 591	69
> 2.0 x SS ceiling (> 76 080 €)	8 406	75	1 195	10	9 602	85
TOTAL	46 429	1 127	10 460	268	56 889	1 395

SS (Social Security) ceiling = EUR 38 040

K€ or headcount units						
2016	Men		Women		TOTAL	
	K€	Units	K€	Units	K€	Units
≤ 0.8 x SS ceiling (≤ 30 902 €)	9 743	348	3 798	103	13 541	451
> 0.8 x SS ceiling (> 30 902 €)	10 989	317	2 663	69	13 652	386
> 1.0 x SS ceiling (> 38 628 €)	8 003	191	1 709	40	9 712	231
> 1.2 x SS ceiling (> 46 354 €)	7 803	152	1 762	31	9 565	183
> 1.5 x SS ceiling (> 57 942 €)	3 848	57	1 294	18	5 142	75
> 2.0 x SS ceiling (> 77 256 €)	9 184	80	1 102	9	10 287	89
TOTAL	49 570	1 145	12 328	270	61 898	1 415

SS (Social Security) ceiling = EUR 38 628

K€ or headcount units						
2017	Men		Women		TOTAL	
	K€	Units	K€	Units	K€	Units
≤ 0.8 x SS ceiling (≤ 31 382 €)	9 743	348	3 798	103	13 541	451
> 0.8 x SS ceiling (> 31 382 €)	10 989	317	2 663	69	13 652	386
> 1.0 x SS ceiling (> 39 228 €)	8 003	191	1 709	40	9 712	231
> 1.2 x SS ceiling (> 47 074 €)	7 803	152	1 762	31	9 565	183
> 1.5 x SS ceiling (> 58 842 €)	3 848	57	1 294	18	5 142	75
> 2.0 x SS ceiling (> 78 456 €)	9 184	80	1 102	9	10 287	89
TOTAL	61 085	1 165	15 917	285	77 002	1 450

SS (Social Security) ceiling = EUR 39 228

3.2.2 Organization of work

3.2.2.1 The working week

The official working week is 35 hours in France. Outside France, working time is 40 hours per week in Germany, Spain and

Argentina, and for executives in Mexico and Peru. It is 48 hours per week for field personnel in Mexico and Peru.

3.2.2.2 Organization of working time in France

3.2.2.2.1 Part-time employment

Number of contracts at Dec. 31	M	2015 W	TOTAL	M	2016 W	TOTAL	M	2017 W	TOTAL
At employee's request	1	56	57	6	58	64	11	53	64
Imposed by employer	3	1	4	1	2	3	-	-	-
Therapeutic reasons	-	-	-	-	-	-	-	2	2

M: men - W: women

3.2.2.2.2 Shift work (indicator modified in 2017)

Employees at Dec. 31 working in shifts	M	2015 W	TOTAL	M	2016 W	TOTAL	M	2017 W	TOTAL
2 shifts	-	150	150	80	90	170	-	-	-
3 shifts	-	36	36	2	37	39	-	-	-
> 3 shifts	-	285	285	-	279	279	-	-	-
3x8	-	-	-	-	-	-	60	3	63
5x8	-	-	-	-	-	-	224	3	227
2x7	-	-	-	-	-	-	110	29	139
3x7	-	-	-	-	-	-	4	-	4
TOTAL	-	471	471	82	406	488	398	35	433
% shift workers/total			26.4			26.9			23.0

3.2.2.2.3 Overtime

Number of overtime hours	2015	2016	2017
Overtime hours worked and paid	40 584	40 277	40 745
% Overtime/theoretical total hours	1.4	1.2	1.5

Overtime remains limited, at around 1.5% of total theoretical hours. The preference accorded to stable employment with limited recourse to overtime forms part of the Group's policies

on risk management and safety promotion, based on competent, responsible and motivated employees trained on the job.

3.2.2.2.4 Temporary employment, by reason

Average headcount (FTE)	2015	2016	2017
Average headcount (FTE)	78	78	59
Replacement of absentee workers	94	119	112
TOTAL	171	197	171

Temporary work agency contracts (9.1% of headcount) are well suited to short periods of uncertain duration, or for the replacement of permanent staff members during vacations.

35% of temporary work agency contracts are to replace staff members absent for short periods, while 65% are due to increased workloads.

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3.2.2.3 Absenteeism in France

3.2.2.3.1 Number of days of absence

Number of days	2015	2016	2017
TOTAL FOR THE WHOLE GROUP	29 680	33 427	37 756
<i>Monthly average per employee</i>	17.3	18.4	20.2

The calculation method has been changed to take account of the specifics of certain sites in terms of the number of days worked. The new formula is: number of calendar days divided

by 365.25 times average monthly headcount. As a result of this change, the average number of days worked in 2015 changed from 16.6 to 17.3.

3.2.2.3.2 Absenteeism rate, by reason

% of theoretical number of days worked	2015	2016	2017
Sickness	3.62	4.09	3.49
<i>Of which occupational diseases</i>	0.09	0.17	0.15
Maternity leave	0.34	0.34	0.31
Workplace accidents	0.68	0.54	0.25
Family and other events	0.78	0.80	1.49
TOTAL	5.42	5.77	5.54

Only data for 2017 were calculated according to the new formula.

3.2.3 Health and safety

3.2.3.1 Health and safety conditions in the workplace

3.2.3.1.1 Organization

All sites have their own Health, Safety, Environment and Quality (HSEQ) Manager responsible for implementing policy at local level. All sites also have health, safety and working conditions committees (CHSCTs), in compliance with the requirements of French legislation.

Under article L.4644-1 of the French Labor Code, which modifies the organization of supervisory and preventive health measures in the workplace, the Group appoints in each subsidiary concerned a worker representative for work-related risks. These representatives act in liaison with occupational medical staff.

3.2.3.1.2 Exposure to chemical risk

The Group's Health & Safety teams draw up for each site, with the help of the local Health, Safety, Environment and Quality (HSEQ) Committee and the site manager, a note summarizing all known (and missing) data on controlling the exposure of

operatives to this risk. Initiated in 2014, this deployment has not yet covered all situations. The summary notes, once finalized, are presented to the health, safety and working conditions committee (CHSCT). They provide an overview of all measures undertaken, statically and dynamically, and take account of:

- dangers identified on the site in terms of chemical risks related to the presence of waste and/or products or substances treated on the site;
- work situations involving exposure to chemical risks, and the results of measurements carried out in the workplace ambience;
- organizational and preventive measures taken at the site, and precautions taken;
- biological monitoring processes agreed upon with the occupational physician, where appropriate.

One of the key steps in the method is identifying areas where waste to be treated and waste generated may be deposited, treated, stored or moved. A map of the site is drawn up, and work situations with a potential exposure to the risk are pinpointed, taking due note of the areas mentioned above, the degree of hazard presented per phase of danger by each type of waste, and the rules governing the functioning of the site. This third stage leads to a classification of work situations by area.

3.2.3.1.3 Safety training

Specific training modules are provided in the management and optimization of safety behaviors, with the aim of reducing the incidence of risky behavior liable to lead to industrial injuries. Management communicates regularly with workers in special on-the-ground sessions, emphasizing the appropriateness or otherwise of the safety measures implemented in the workplace. The objective is to put in place any corrective measures needed and to ensure that experience is transferred.

3.2.3.1.4 OHSAS 18001 certifications

The Group's activities are to a large extent certified OHSAS 18001. Reasoning in terms of tonnage treated on the sites concerned according to activities (the most relevant measure) leads to the following coverage rates:

Landfill	Incineration	Total tonnage
100%	90%	94%

All sorting platforms are certified OHSAS 18001.

3.2.3.1.5 Expenditure on safety

in K€	2015	2016	2017
Expenditure for the supply of workers' clothing and individual protection	2 477	2 666	1 878

The decrease recorded for 2017 is due to the implementation of a new purchasing policy, and not to any reduction in the effective means of protection in use.

3.2.3.2 Workplace accidents and occupational illnesses

3.2.3.2.1 Workplace accidents

In 2017 in France 53 workplace accidents with absence from work involving employees and temporary personnel were recorded, leading to the loss of 2 263 working days. 57 accidents without absence from work were recorded.

Frequency rate with absence from work	2015	2016	2017
FR1 - Employees	15.0	18.1	12.5
FR1 - Employees + temporary personnel	16.1	19.4	14.6

Severity rate	2015	2016	2017
SR - Employees	1.2	1.05	0.72
SR - Employees + temporary personnel	1.2	0.95	0.72

3.2.3.2.2 Occupational diseases

For the year 2017, 8 cases of musculoskeletal disorder were submitted for recognition, but there were no cases of chronic pathologies and no applications for recognition of inexcusable

fault on the part of the employer, either during the period of employment or thereafter.

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3.2.4 Industrial relations (in France)

3.2.4.1 Management of conflicts

Only one legal action was brought against the Group in 2017. There were no formal notifications or mentions in reports from the labor inspectorate.

3.2.4.2 Organization of industrial dialog

Séché Environnement is very attached to the quality of its industrial dialog, since the improvement of individual and collective performance requires a strong involvement on the

part of all employees, and their espousal of corporate objectives. To achieve this, the Group calls on:

- the intelligence and initiative of the men and women who work for it;
- their individual mobilization on a daily basis;
- responsiveness on the part of all, and cohesion in the actions they undertake.

Negotiations are conducted in conformity with regulations and agreements, in particular the collective bargaining agreements applicable within the Group.

3.2.4.2.1 Collective bargaining agreements

% of headcount	2015	2016	2017
Union des Industries Chimiques (UIC)	35	35	34
Waste activities	49	49	50
FG3E	8	7	7
Road transportation	4	4	5
Public works	4	3	3
Metalworking		2	1
TOTAL HEADCOUNT FRANCE	100	100	100

3.2.4.2.2 Employee representation

Labor unions

Number of labor union delegates	2015	2016	2017
TOTAL	21	22	19

Non-labor-union representation

Number of members	2015	2016	2017
Works councils	29	28	28
Central works councils	10	7	9
Individual staff delegates	23	23	25
Hygiene, safety and working conditions committees (for sites > 50 employees)	50	31	46

3.2.4.3 Summary of collective agreements

Changes in the legislation occurred in 2017, with certain aspects remaining uncertain during the year (for example, the revised definition of "arduous"). Among these changes, the "generational contract" ceased to be mandatory, and a new "right to disconnect" was introduced.

The subjects dealt with tend to reflect trends in regulatory change, and the sectors affected by official collective bargaining agreements. At the end of January 2018, subjects discussed during the year included:

- forward-looking management of jobs and skills (covering 86% of the labor force);

- agreements on jobs of an arduous nature (including psychosocial risks):
 - the "jobs of an arduous nature" account has been converted into a preventive measures account. The following factors: vibrations, postures, carrying of heavy weights, exposure to chemical agents, are from now on managed as part of the process of recognition of work-related diseases if the induced disability rate exceeds 10%. 19 operators who have been concerned by these factors for the last two years no longer have to make mandatory declarations;
 - arduous jobs concerned 16% of the workforce in 2017 (versus 18% in the previous year), or 323 employees, of whom 86% because of their work in alternating shifts, required to maintain the functioning of furnaces 24/7 which therefore involves night-time working;
 - improvements in working conditions at sorting centers, leading to a reduction from 30 last year to 24 workers performing repetitive tasks.
- agreements on professional equality:
 - 96% of the labor force are covered
 - there is no regulatory need for the other 4% are covered since they work in structures of fewer than 50 employees;
- profit-sharing agreements: 95%;
- "right to disconnect": all Group structures have either a Charter or an Agreement;
- management of handicapped workers (100% of the labor force is covered by an agreement at Group level);
- company and/or employee agreements, etc. depending on local conditions;
- non-mandatory: 37% of employees are covered by "generation contracts".

3.2.5 Training

3.2.5.1 Training policies implemented

3.2.5.1.1 Training policies

An ambitious training program is an absolute necessity to enable a company to attain its corporate social responsibility objectives. Such programs must enable each employee to acquire an attitude, a culture and know-how in multiple areas.

All employees must carry out their activities in compliance with health, safety and environmental requirements, but also understand their own role in the organization, and be able to measure the impact of their actions on themselves, on others and on the work itself, in a spirit of cooperation and fostering transversality.

Skills development programs enable organizations to plan how employees will acquire the necessary know-how for them to attain strategic objectives in an ever-changing professional environment. A better informed, better qualified workforce strengthens the human capital of the enterprise, and contributes to employees' job satisfaction, and helps improve their performance.

Lifelong learning aims to contribute to the development of knowledge and skills, enabling each citizen to adapt to a constantly evolving labor market, and to make an active contribution, whatever the business sector or the post occupied. For workers nearing retirement age, trust, and the quality of workplace relations, are particularly enhanced when they can count on the support of the organization as they embark on this period of transition.

3.2.5.1.2 Budgets allocated

in K€ and %

France	2015	2016	2017
Value	1 648	1 759	1 782
As a % of total employment costs	2.3	2.4	2.4

Each Group company defines its training plans at the level of local structures, together with works committees, as prescribed

by French law. To ensure full account is taken of job and activity specifics, there is no single Group policy document.

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3.2.5.1.3 Subjects of training

% of budgets spent	2015	2016	2017
Environment, quality, safety	55	48	49
Health	6	9	6
Job-specific	26	24	27
Management and communication	7	13	15
Administrative, HR	5	4	2
Other	1	2	2

The Group trains its employees in approved training institutions, and in parallel develops its own training modules internally with the aid of specially trained staff members.

What is original about this process is the integrated nature of the instruction provided. Compulsory regulatory training (for example, for heavy equipment drivers, or crane hands), because of its repetitive character, risks seeming "disconnected" from everyday realities, and bringing about a general demotivation on the part of the employees concerned. These types of training are therefore integrated, as far as possible, into broader subject areas. As an illustration, an employee receiving training as a handling

machine driver may also receive training on the subject of waste product wrapping, labeling and landfill.

Enhancement of employees' awareness of corporate social responsibility issues is aided, among other things, by presentations of the CSR Report to various Group sites. The objective is to enable all employees to attend such presentations at least once every five years. In 2017, 288 employees attended presentations of the 2016 CSR Report (versus 242 the preceding year), representing mobilization of 13.1% of the France headcount at December 31, 2016.

3.2.5.2 Total number of training hours in France

3.2.5.2.1 Training modules taught

Number of employees or hours	2015	2016	2017
Number of training modules taught	3 676	3 880	3 514
Number of employees trained	1 369	1 413	1 305
Number of hours taught	29 855	32 338	30 656

3.2.5.2.2 Breakdown of trainees, by category

Number	2015			2016			2017		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Supervisors	1 201	147	1 348	1 178	205	1 383	1 028	150	1 078
Clerical	265	148	413	320	217	537	323	165	488
Workers	1 276	64	1 340	1 061	76	1 137	1 003	55	1 058
TOTAL	3 159	517	3 676	3 143	737	3 880	2 910	604	3 514
% men/women	85.9	14.1		81.0	19.0		82.2	18.8	

M: men - W: women

3.2.5.2.3 Number of employees trained

Number	2015			2016			2017		
	M	W	TOTAL	M	W	TOTAL	M	W	TOTAL
Executives	162	69	231	213	87	300	223	87	310
Supervisors	315	75	390	327	85	412	304	64	368
Clerical	110	84	194	104	109	213	90	89	179
Workers	524	30	554	450	38	488	423	25	448
TOTAL	1 111	258	1 369	1 094	319	1 413	1 040	265	1 305
% men/women	81.2	18.8		77.4	22.6		79.7	20.3	

M: men - W: women

3.2.5.2.4 Breakdown of training hours taught

Nombre	2015			2016			2017		
	H	F	TOTAL	H	F	TOTAL	H	F	TOTAL
Executives	4 559	1 530	6 089	5 512	1 875	7 387	5 087	2 146	7 232
Supervisors	8 817	718	9 535	8 943	1 185	10 128	8 146	891	9 037
Clerical	1 649	872	2 521	2 810	1 235	4 045	2 795	794	3 589
Workers	11 392	318	11 610	10 129	649	10 659	10 442	356	10 798
TOTAL	26 417	3 438	29 855	27 394	4 944	32 338	26 470	4 186	30 656
% men/women	88.5	11.5		84.7	15.3		86.3	13.7	

M: men - W: women

3.2.6 Equality of treatment

3.2.6.1 Measures taken to promote male/female equality

The Group usually recruits locally, and intends to strive further to maintain balance in the following key areas:

- gender: in an industry where complete gender parity is not achievable because of the arduous nature of certain jobs, the Group offers equality of opportunity (for example: 25.0% of executives and supervisors are women, while 23.4% of its employees in general are women);
- generation: the age distribution is balanced, with an average employee age of 43 years and employees over the age of 45 representing 45.2% of all employees;

- experience: the length of service distribution is well balanced, at around an average of 12 years.

96% of all employees are covered by a workplace equality agreement. The other 4% are not covered by such an agreement because they work in structures of fewer than 50 employees, where such agreements are not mandatory.

3.2.6.2 Measures taken to promote employment of handicapped persons

100% of employees work in a structure which has concluded an agreement on handicapped workers. The Group has signed an agreement with the French organization AGEFIPH (Fund Management Organization for the Professional Integration of People with Disabilities) under which Sèche Environnement commits to undertaking various actions on all Group sites with a view to recruiting handicapped persons and to maintaining current handicapped members of staff in employment.

Number	2015	2016	2017
In-company	61	64	67
Sub-contractors	7	7	95
TOTAL	68	71	76

Corporate HR, environmental and social responsibility data

3.3 Environmental data

3.3.1 General policy on environmental matters

3.3.1.1 Organization for environmental evaluation and certification

3.3.1.1.1 General policy

Séch  Environnement's reason for existing is based on one simple and irrefutable observation: the resources of the planet are becoming ever more scarce, while we seek increasingly to raise our standard of living, and simply because there are too many of us in the world. From this grew the desire to run a more circular economy, in which, ideally, the waste products of some become the resources of others. That is what S     Environnement applies itself to doing, by recycling as raw materials whatever lends itself to this, or by recovering the energy contained in waste material.

Working methods related to extracting value from waste are constantly evolving, and require innovation and investment in increasingly elaborate technologies. Above all, it must not be forgotten that a fraction of waste may contain dangerous substances which must be managed with great care, and this is therefore another key aspect of the Group's work.

All S     Environnement sites are officially classified "IPCE" (for the protection of the environment), and respect the stipulations of the prefectural authorization needed to operate each site (volume and nature of waste to be treated, standards for atmospheric emissions and water-borne effluents, etc.)

The traceability of waste throughout the recovery and treatment process, and the observance of environmental standards, are controlled by the authorities.

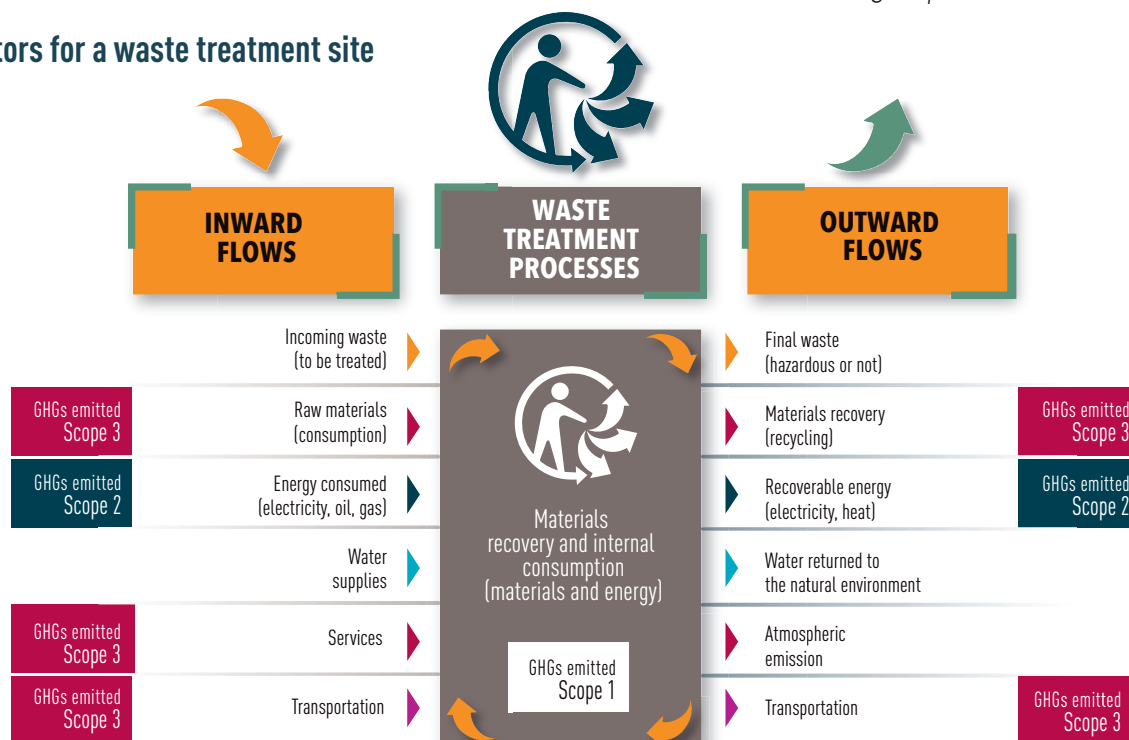
Thus it is part of the very nature of S     Environnement to adapt its industrial facilities to reduce their impact on the environment, as soon as new regulations prescribe new maximum or minimum values. These measures are undertaken under the control of the regional environmental authorities (the DREALs) using a broad range of measuring techniques for physico-chemical and biological measurements, such as biodiversity, or measuring air quality using lichens. The Group's objective is to treat waste in the interests of the planet, while respecting regulatory standards.

S     Environnement cannot however set absolute environmental objectives for itself, since the Group's emissions and effluent depend on the quality and mix of the waste products it receives from its customers for treatment. This is particularly true for industrial waste, which tends to be more heterogeneous.

NB:

This means that the Group is unable to commit to an absolute level of performance in terms of atmospheric emissions of sulfur, for example, since such emissions depend on the volume and sulfur content of the waste received from its customers for treatment. Another example illustrates the complete dependence of the Group on the nature of the waste received from its customers for treatment, making it impossible for the Group to limit through proactive policies the amount of final waste it produces. Final waste is almost non-existent in the case of incineration of liquid waste, but, at the other extreme, in the case of decontamination of polluted land, the same weight of pollutant will remain as final waste at the end of the process. On average, the mass of clinker produced is about 20% to 30% of the mass of waste entering the process.

Indicators for a waste treatment site



3.3.1.1.2 Internal organization

The Group's operating units are specialized according to the type of waste which they have to "put back on the right path", with a view to the best possible recovery of value from it - technically, economically and environmentally, as intended under the circular economy concept. Its industrial facilities are designed for this purpose, preferring techniques that can maximize value recovery, while ensuring greater safety.

With the coming into being of the circular economy concept, all must agree on the idea of a society in which recognizes waste as a resource to be mobilized. This also requires there to be a place where this activity can be pursued, somewhere compatible with the places where waste is generated and secondary raw materials and recovered energy can be utilized. This leads to the idea of proposing to economic actors the integration of these activities into a local industrial ecology such as INSPIRA in the French Auvergne-Rhône-Alpes region.

The objective is to demonstrate that these activities contribute to local development (for example, Séché Environnement supplies electricity and, locally, thermal energy, to industrial installations and urban heating networks), but also contributes to solving wider problems such as climate change. Thus, Séché Environnement is certified by Ecocert for its climate management system.

Unlike household waste, from which value is recovered as close as possible to where the waste is generated, hazardous waste products are directed toward a small number of highly specialized sites, where value can be recovered in safe conditions. Products such as solvents, which can be regenerated, or bromine, which can be extracted from certain residues and returned to the chemical industry to be re-used, require highly technological, dedicated plants to which they can be sent for treatment.

This array of facilities is complemented upstream by a national network of platforms which enable the regrouping, identification and sorting of waste, with the aim of being as close to the producers of waste as possible and of directing waste toward the most appropriate plant.

The extensive know-how is exported by the Group to its hazardous waste treatment subsidiaries in countries such as Germany, Spain, Mexico, Argentina, and more recently, Peru and Chile. Moreover, combining its facilities in France with its decontamination know-how makes it possible for the Group to cover all five continents in the context of large international calls for tender for decontamination or pollution treatment projects undertaken by organizations such as the United Nations, the Food and Agriculture Organization or the European institutions.

3.3.1.1.3 ISO 14001, MASE and ISO 50001 certifications

ISO 14001 certification, even though it is not so "original" or so much a mark of competitive difference as before, remains and will continue to remain a prior necessity for all Séché Environnement sites, and a mark of recognition of their environmental excellence. Almost all the Group's industrial activities are certified ISO 14001

(99.3% of tonnage treated). Only transportation is not so certified, since the ISO 14001 standard does not deal with this activity, which instead adheres to other reference systems such as Charte CO₂ for transportation, which aims to reduce greenhouse gas emissions in that sector, as well as other environmental performance criteria.

As certifications are renewed, the 2015 version is applied. In 2018, Trédi will evolve toward an activity-based, multi-site certification, as is already the case for other subsidiaries such as Triadis Services, Speichim Processing and Séché Environnement Ouest.

Two of the Group's incineration sites are certified ISO 50001 for their energy management: Béarn Environnement and Alcéa. In 2015, mandatory energy audits were carried out at Séché Eco-industries (Changé), and Séché Eco-services and Trédi (Salaise, Saint-Vulbas and Strasbourg), in conformity with Decree no. 2014-1393 dated November 24, 2014. Implementation of the improvement plans which flowed from these audits is in progress.

3.3.1.1.4 Information policy

Regulatory level

Local environmental policies are monitored and discussed in local information and site monitoring committees known as CSS which bring together industry, the authorities, local council members, local associations and residents, etc. At these meetings, environmental results are presented annually, in addition to the returns made to the regional environmental authorities (DREALs, France's regional environment, territorial planning and housing authorities)

Open sites policy and site visits

Opening its sites to customers is not only a process for getting to know each other, it is the expression of Séché Environnement's desire for transparency, and part of its corporate culture. It is also a prime way of giving information to and educating the public, in which Séché Environnement can demonstrate the pride of its employees at their workplace, showing the resources that waste may still contain, provided it has been properly sorted at the appropriate stage.

Visitors are invited to discover the methods and concrete actions implemented in order to protect health, the environment in general, and biodiversity, especially on landfill sites. These are often located in rural areas, which lend themselves best to these demonstrations.

In 2017, more than 11 110 visitors were welcomed, 93% of them to non-hazardous waste sites, despite the regulatory restrictions placed on Seveso sites, and despite France's current anti-terrorist measures. Open day events add further to these values.

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New communications technologies

Séché Environnement uses a palette of communications tools to target its stakeholders (employees, associations, institutions, etc.) through the internet: corporate website, CSR website, blog and Facebook. In addition, an extranet for customers and a wealth of electronic documentation are available.

3.3.1.2 Resources devoted to preventing environmental risks and pollution

3.3.1.2.1 Organization

All Group sites are classified for the protection of the environment, and therefore hold internal operations plans (POIs) and prevention and intervention plans (PPIs) related to their geographical locations.

Safety audits are performed with insurance companies in particular, and verifications are carried out by the DREAL authorities. Simulation exercises are held with outside emergency services (SDIS, fire and rescue service) with the objective of mutual instruction.

The Group has set up at general management level an emergency room which can be activated in times of crisis, to mobilize resources as necessary to restore people and property to safety, and to ensure a rapid return to orderly existence. The emergency room will also manage communications fully transparently.

3.3.1.2.2 Illustrations

We give below a few examples of measures taken which go beyond technical requirements:

- **noise:** management of itineraries and timings of truck and heavy equipment movements, and fitting of sound-proofing hoods on certain types of technical installation such as motors;
- **dust:** water sprinkling and/or the planting of shrubs to prevent dust fly-off; gas washing and electrostatic precipitators for incinerator emissions;
- **odors:** working in the windward direction on limited surfaces, covering sites with an active carbon filter at nights and on weekends, and masking odors from the storage of household waste; for incinerator pits, closed buildings equipped with air extractors.

3.3.1.3 Provisions and guarantees for environmental risks

3.3.1.3.1 Ordinary activities

As of the date of writing the present report, Séché Environnement has no knowledge of any pollution generated by its activities and/or for which the necessary measures have not been taken to ensure complete rectification of the problem.

3.3.1.3.2 Supplemental expenses

Environmental expenses are defined as supplemental expenses incurred for the prevention, reduction or repair of damage caused, or liable to be caused, to the environment by the company's activities. Provisions for 30-year monitoring and site rehabilitation are included in these expenses, which are related to:

- elimination of waste products and efforts undertaken to limit quantities of waste produced;
- initiatives to combat ground, surface water and underground water pollution;
- preservation of air quality and of the climate;
- noise reduction;
- protection of biodiversity and landscapes.

Only supplemental expenses identifiable as such can be taken into account. For example, construction of a waste water treatment facility would count as an environmental expense. However, maintenance costs incurred over the following years would lose their environmental character, while supplemental expenses incurred to increase the sewage treatment capacity beyond its initial level would be considered to be environmental expenses.

The following are excluded from the scope of this definition:

- fines and penalties;
- expenses whose prime objective is not the protection of the environment;
- expenses which could have a positive influence on the environment, but whose primary objective is to satisfy other needs, such as to improve profitability, hygiene or safety in the workplace (for example, new sorting centers).

Eco-investments correspond to capital expenditure on projects for the protection of the environment (including methods, techniques, processes or equipment, or parts of these), provided that the objective is to collect, treat, monitor, control, reduce, prevent, or eliminate pollutants and/or pollution and/or any other deterioration of the environment resulting from the ordinary activities of the company.

CHANGES IN PROVISIONS FOR ENVIRONMENTAL EXPENSES AND RISKS							OPERATING EXPENSES	INVESTMENTS	TOTAL EXPENDITURE
in K€	Jan. 1, 2017	Allocations	Write-backs used	Write-backs not used	Other changes	Dec. 31, 2017	Non-provisioned expenses	Capital expenditure	Dec. 31, 2017
Eurostat classification									
By category									
Protection of ambient air and the climate	-	-	-	-	-	-	-	578	578
Waste water management	-	-	-	-	-	-	-	122	122
Waste management	-	-	-	-	-	-	-	45	45
Protection and cleansing of soil, underground water and surface water	-	-	-	-	-	-	-	93	93
Actions to combat noise and vibrations	-	-	-	-	-	-	17	-	17
Protection of biodiversity and the landscape	-	4	-	-	(12)	-	18	21	39
Protection against radiation	-	-	-	-	-	-	-	-	-
Research and development	-	-	-	-	-	-	28	-	28
Other activities for the protection of the environment	9 264	2 484	979	2	44	18 829	84	22	2 588
TOTAL	9 264	2 484	979	2	32	10 799	119	909	3 510
By type of action									
Pre-treatment, treatment and elimination	-	-	-	-	-	-	14	246	259
Measurements and controls	-	-	-	-	-	-	-	307	307
Recycling, recovery	-	4	-	-	(12)	-	21	122	143
Prevention of pollution	9 264	2 494	979	2	44	18 839	74	393	2 959
TOTAL	9 264	2 494	979	2	32	18 839	109	761	3 362

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3.3.2 Pollution

3.3.2.1 Measures to prevent, reduce or remedy emissions into air, water or the ground

3.3.2.1.1 Quality of water returned to the natural environment

It goes without saying that Séché Environnement, because of its activities and the way it is organized, never voluntarily discharges any chemical substance, oil or hydrocarbons into the natural environment. No accidental discharge has been observed in

recent years. The principal sources of discharges into the aquatic environment are, after treatment:

- leachates from landfill, which are relatively pure, and are partially re-used in stabilization;
- physico-chemical treatment facilities;
- wet treatment of exhaust gases from incinerators.

The aquatic environment receives discharges via special waste water treatment facilities into fast-moving watercourses (e.g. the discharge from Salaise at 100 cubic meters per hour into the Rhône river, which flows at an average rate of 3.7 million cubic meters per hour). No discharges are made into sensitive areas or milieus.

in tonnes/yr

Contaminants	2015	2016	2017
Soluble salts	6 414 ✓	7 334 ✓	7 902 ✓
Total metals	0.3 ✓	0.3 ✓	0.3 ✓
AOX and EOX	1.3 ✓	0.7 ✓	< declaration threshold ✓

3.3.2.1.2 Impact of atmospheric emissions

in tonnes/yr

Emissions according to the declaration thresholds of the Order dated December 26, 2012	2015	2016	2017
Nitrogen oxides in tonnes of NO ₂	374 ✓	377 ✓	489 ✓
Sulfur dioxide in tonnes of SO ₂	207 ✓	152 ✓	109 ✓
Hydrochloric acid in tonnes of HCl	7.1 ✓	6.9 ✓	7.8 ✓
Dust in tonnes	4.0 ✓	7.3 ✓	4.6 ✓
Dioxins and furans in grams	0.1430 ✓	0.0876 ✓	0.2738 ✓

The dioxins and furans figure for 2016 has been modified to correct a material data capture error (published value for 2016: 0.3184 grams). The increase in 2017 is temporary and exceptional, and related to a one-time technical problem which has now been resolved, but which influenced certain measurement campaigns.

Incineration plants discharge gaseous effluents and dust particles, the cleaning of which is checked very carefully. The principal gases checked for are hydrochloric acid (HCl), sulfur dioxide (SO₂) because of their acidifying power, carbon monoxide (CO) and nitrogen oxides (NO_x), a source of eutrophication.

3.3.2.2 Taking account of all forms of activity-specific pollution, notably noise and light pollution

See also § 3.3.1.2 Resources devoted to preventing environmental risks and pollution.

The Group's Health & Safety department produces briefing notes on the management of exposure to noise. These notes have been extended to all sites concerned. They take account of:

- results of instantaneous measurements of noise levels;
- dynamic measurements (dosimetry).

Each note sets out the preventive measures to be adopted at each site to ensure effective protection of all employees, visitors and external contractors.

Risk assessment is based on updated measurements performed on site, regulations currently in force and the Group's national recommendations. As for other risks, assessments are carried out by means of mapping in the first instance, then, where appropriate, by dosimetry. These analyses lead to a classification of associated "work situation/geographical area" pairs.

The Group does not use any particular light source, and is not the subject of any particular measure in this regard.

3.3.3 The circular economy

3.3.3.1 The involvement of Sécché Environnement in the circular economy

The circular economy is central to Sécché Environnement's existence and constitutes its core business. Its involvement is explained else where in this Report (see above § 3.3.1).

3.3.3.2 Waste prevention and management

3.3.3.2.1 Prevention, recycling, re-use and other forms of recovery from, and elimination of, waste

Sécché Environnement's business being waste treatment, the Group produces final waste which is merely what remains after treatment of the 2 309 million tonnes of waste it receives from its customers.

Similarly, and with the same reservations as to the nature and volume of waste received for treatment, Sécché Environnement sets itself the priority of recovering energy and/or materials where possible (for example, chromic acid baths, or sludge containing metals such as nickel, zinc or molybdenum).

The success of materials recovery depends on the quality of the sorting carried out beforehand on the waste received from customers, to enable recycling. The quality of sorting by the waste producer is of the greatest importance, but lies outside the Group's influence. To optimize its own sorting operations, especially the sorting of used packaging, the Group has built a number of non-hazardous waste sorting platforms, introducing a high degree of automation and state-of-the art technologies such as optical sorting and ballistic sorting. The Group's initial investments in facilities to manufacture solid recovered fuel (SRF) for sale form part of this reasoning in terms of materials recovery. This activity was launched in the 4th quarter of 2017.

Hence, Sécché Environnement does not itself generate waste, but rather treats waste, extracting value from it, reducing its volume and concentrating its hazardous character into "waste waste" or final waste which is then placed in secure landfill, insulated from any possible contact with the biosphere.

Statistics in this connection are based on the European system, which distinguishes between recycling (R) and disposal (D). This concerns only waste from operations, and no longer includes volumes of materials recovery carried out on behalf of customers (solvent regeneration, sorting of household waste, etc.).

in Kt

Recovery from waste (criterion R)	2015	2016	2017
Recovery from hazardous waste	14.5	13.2	22.5
Recovery from non-hazardous waste	162.0	230.6	211.2
TOTAL	176.5	243.8	233.7

in Kt

Waste production in thousands of tonnes (criterion D)	2015	2016	2017
TOTAL HAZARDOUS WASTE	124.8	125.5	120.5
<i>Of which redirected to another Group site</i>	92.0	83.8	83.6
TOTAL NON-HAZARDOUS WASTE	161.1	37.8	21.7
<i>Of which redirected to another Group site</i>	32.3	34.4	18.9

Outside France in 2017, the Group produced 2 035 tonnes of metals from decontamination activities, and returned to circulation some 21 570 tonnes of solvents after purification.

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3.3.3.2.2 Actions to combat food waste

The Group has no activities related to the production, sale or consumption of foodstuffs, and therefore is not concerned by the reporting obligation instituted by article 173 of the French Energy Transition Law.

3.3.3.3 Sustainable use of resources

3.3.3.3.1 Water supply and consumption, according to local constraints

Water policy

In addition to water consumed for sanitation and cleaning purposes, certain treatment techniques consume significant quantities of water. This is notably the case for purification systems associated with the wet treatment of exhaust gases from incinerators, and the stabilization of final waste before landfill. Significant programs aimed at achieving savings and improving recycling have been implemented in recent years, leading to a constant reduction in water drawn for consumption.

Water is taken either from water mains or watercourses, or by pumping it from wells, none of which is situated in a RAMSAR-protected wetlands area.

The quantity of water drawn from the water table is not significant in relation to ground water reserves (less than 5%), and there is no risk that the level of these reserves will be caused to fall.

Most ground water is drawn at Saint-Vulbas (Ain) and Salaise (Isère) from non-fossil reserves maintained there in large quantities by Alpine run-off.

In the absence of an industrial water supply, drawing water from the water table in this way has a lesser environmental impact than taking it from a drinking water supply network, where the water would have been previously treated to make it fit for human use, whereas this is not necessary for industrial use.

Concerning the management of water (rainwater and water from treatment processes), working areas are watertight, and water is collected and treated on site. Most of the treated water will be re-used on site, either as process inputs (for stabilization), or for washing trucks, cleaning the site or watering garden areas.

Aside from water used for sanitation, certain sites are self-sufficient (such as Changé) or return greater quantities to the natural environment than they consume (for example, the physico-chemical plant at Hombourg).

Part of the water discharge occurs as water vapor from thermal processes. Discharges of water in liquid form from the Group's facilities are made after the water has been treated, and its quality has been checked in terms of the different chemical substances it may contain. The parameters used concern, among others, heavy metals, chemical oxygen demand (COD) and suspended matter.

Origin of water consumed and returned to the natural environment

in thousands of m³

Origin of water consumed	2015	2016	2017
By source of supply			
Extracted from water table	2 954	2 739	2 527
Taken from drinking water networks	458	406	510
Other (surface run-off, distilled water purchased)	167	157	125
TOTAL WATER CONSUMPTION	3 579	3 302	3 162
<i>Proportion extracted from water table</i>	<i>82.5%</i>	<i>82.9%</i>	<i>80.0%</i>
By use			
Incineration	3 400	3 174	3 017
Other uses	179	128	145
TOTAL WATER CONSUMPTION	3 579	3 302	3 162
<i>Water recycled from treatment processes (sourcing avoided)</i>	<i>151</i>	<i>163</i>	<i>149</i>
Water returned to the natural environment			
RETURNED VIA A WASTE WATER TREATMENT FACILITY	2 388	2 204	2 177
<i>Relative to consumption</i>	<i>66.7%</i>	<i>66.7%</i>	<i>68.9%</i>
NET CONSUMPTION (CONSUMPTION - RESTITUTION)	1 191	1 098	985

Outside France, water consumption was only some 43 thousand cubic meters, around 1.4% of the Group's consumption in France.

3.3.3.3.2 Consumption of raw materials and measures taken to improve efficiency in their use

The activities which consume the most raw materials as a proportion of tonnage of waste treated are landfill and stabilization, followed by physico-chemical treatment and incineration. Consumption of raw materials depends on the nature of the waste to be treated (reactive or "chemical" products) and the nature of work to be performed (construction

of landfill cells, building works, etc.) Part of the Group's raw materials needs are covered by internal recycling: waste products, once sorted and treated, can constitute raw materials for the Group's own activities.

The list of raw materials comprising "consumption" has been widened to include products entering into the calculation of GHG emissions, in anticipation of a possible future move by the Group to scope 3.

in Kt

Consumption	2015	2016	2017
Raw materials purchased (chemicals)	31	31	31
Raw materials purchased (for building works)	85	124	120
TOTAL RAW MATERIALS PURCHASED	117	155	151
Raw materials recovered from recycling (chemicals)	4	8	-
Raw materials recovered from recycling (building works)	119	93	148
TOTAL RAW MATERIALS USED	240	256	303
% recovered from waste (chemicals)	11.4%	20.5%	-
% recovered from waste (for building works)	58.3%	42.9%	50.1%

Production and consumption of energy

in GWh/year

	2015	2016	2017
ENERGY PRODUCTION	644, ☑	655,1 ☑	689,9 ☑
External sales of energy	549,2 ☑	568,6 ☑	600,6 ☑
Internal production and consumption	95,1 ☑	86,5 ☑	89,2 ☑
Energy purchases	210,0 ☑	216,5 ☑	225,4 ☑
ENERGY CONSUMPTION	305,1 ☑	303,0 ☑	314,7 ☑
Energy self-sufficiency	211% ☑	216% ☑	219% ☑

Future trends are related to the volume and mix of waste received from customers for treatment.

Outside France, energy consumption was of the order of 34 GWh, around 11% of the Group's consumption in France.

3.3.3.3.4 Land use

A team of ecologists has been active since 1994 ensuring integration of landfill sites into the surrounding landscape. Overall plans are drawn up to preserve sensitive ecological areas, such as wetlands in particular, and simulations are carried out to facilitate exchanges with local residents. During ongoing operations, this team works to ensure a good natural balance, planting local species of trees and plants. It checks that sites are in good order using scientific indicators (IBGN biotic index,

bird counting according to the methods of the French National Museum of Natural History, amphibian counting, etc.).

The countryside is monitored by means of a dashboard which points up the extent of surfaces as seen from outside the site, showing natural areas, industrial facilities, temporarily visible waste, etc.

A survey carried out using the methods of France's National Biodiversity Strategy revealed 1 344 hectares of land in use by the Group at December 31, 2015.

3.3.4 Climate change

3.3.4.1 Ecocert Climate Commitment certification

In 2015, Séché Environnement received the Ecocert Climate Commitment certification, the first time a company in its industrial sector was certified in this way for all its sites.

Climate Commitment certification is an initiative of Ecocert Environnement, an inspection and certification body specializing in the area of the environment and sustainable development, and committed to the fight against climate change and to responding to the following concerns:

- the quality, monitoring and verification of GHG accounting, and actions to reduce and compensate for GHG emissions;
- recognition of a holistic approach to the fight against climate change
- structuring communications on initiatives undertaken in relation to GHGs;
- the need for recognition by an independent body of the efforts exerted.

Ecocert's Climate Commitment management system (SMEC) certification is granted provided that an external audit has shown that a company complies with SMEC principles. It is based on the following reference systems:

Approach	Standard	Methods and tools	Database
System of managing environment-related matters	ISO 14001 ISO 14004 ISO 14010		
Publication of environmental concerns	ISO 14020 ISO 14021 ISO 14024 ISO 14025		
Inventory of GHG emissions – structural approach	ISO 14064 ISO 14065 ISO 14067	GHG protocol Bilan Carbone® "Grenelle" Law article 75 GHG accounting PAS 2050	(ADEME) - Base Carbone®
Life cycle analysis	ISO 14040 ISO 14044	(ADEME) - Bilan Produit BP X30	Eco Invent GaBi

The Climate Commitment frame of reference evaluates the consistency, pertinence and efficiency of actions undertaken by an organization to reduce its carbon footprint. The procedure is based on:

- regular measurement of GHG emissions by the organization, to enhance awareness of its own impact on the climate, and to determine how dependent it is on changes in energy prices;
- progressive reductions in GHG emissions. This lies at the heart of the method. Once it has measured its GHG emissions, the organization implements various actions to reduce them, such as eco-design, energy efficiency, alternative modes of transportation, processes and modes of sourcing, etc., and increasingly sensitizes all stakeholders to the need to act according to their responsibilities.

3.3.4.2 Accounting for significant sources of GHG

3.3.4.2.1 Carbon and GHG accounting (scopes 1 and 2)

Article 75 of French Law no. 2010-788 dated July 12, 2010, requires companies to account for greenhouse gas (GHG) emissions under the BEGES system. Séché Environnement began calculating its GHG emissions several years ago. Since 2011, it has applied the regulatory BEGES carbon accounting methods based on Bilan Carbone® V7, initiated by ADEME, the French agency for energy use and the environment, and now managed by the Association Bilan Carbone®. The reference period for the first GHG report conducted under these arrangements was fiscal 2011.

In compliance with regulations, the operating scope includes all sites likely to emit GHGs directly or indirectly in connection with energy use, i.e. categories or scopes 1 (GHG emissions from

either fixed or moveable sources which are controlled by the corporate entity) and 2 (GHG emissions from the production of electricity, steam or heat, imported and consumed by the corporate entity for the benefit of its own operations).

The carbon cycle is a bio-geo-chemical cycle resulting from complex exchanges between the atmosphere, the oceans, living matter and mineral substances.

The short-term biomass carbon cycle

While it grows, biomass assimilates carbon by photosynthesis. Later, its natural degradation through putrefaction in the form of CO₂ and CH₄ naturally releases the carbon stored earlier: this is the short, or biogenic carbon cycle. In this natural, balanced cycle, the impact on the greenhouse effect of biogenic CO₂ is considered to be close to zero.

Consequently, it is generally admitted that carbon originating in biomass (biodegradable matter, cardboard, organic household waste, etc.) and reemitted as CO₂ during waste treatment, has little or no impact on the greenhouse effect. The global warming potential (GWP) of CH₄, however, is much greater, and often attributable to human activity, for example the partly anaerobic landfill of waste, and must therefore be taken into account.

The very long-term fossil carbon cycle

The carbon contained in fossil matter was trapped in cycles of several million years in "geological reservoirs", practically with hardly any exchange with the atmosphere over numerous millennia. Burning fossil fuels or matter containing carbon of fossil origin, such as plastics, throws the "natural" carbon cycle out of balance, by injecting massive quantities of CO₂ and CH₄ into the atmosphere, adding net carbon to the atmosphere on a time scale of the order of 100 years.

As a result:

Carbon of fossil origin contributes, on this time scale, to increasing the concentration of CO₂ in the atmosphere and has a decisive impact on climate change.

Biogenic carbon must be quantified separately, since it is considered not to have an impact on climate change. In the case of waste treatment, biogenic carbon comes from the fermentable component of waste.

in Kt eqCO₂

GHG emissions for scopes 1 + 2	2015	2016	2017
Bilan Carbone - fossil carbon	558.1	552.2	540.1
Bilan Carbone - biogenic carbon	299.4	284.7	299.5
BILAN CARBONE® - TOTAL	857.6	836.9	839.6
Uncertainty of the Bilan Carbone measure	54.9	53.1	52.9

It should be noted for 2017, in comparison with previous years:

- a widening of the consolidation scope as a result of external growth operations;
- the extension of calculation of NO_x emissions to the Drimm, Opale Environnement, SEI La Dominelais, SEI Le Vigeant, SEO Ecosite and La Croix Irtelle landfill sites. The total incidence for these 5 sites is 48 tonnes NO_x or 1 955 t CO₂e (0.36% of total emissions for scopes 1 and 2).

3.3.4.2.2 Scope 3 GHG emissions

To determine significant GHG emissions generated by the activities of the company, notably by the use of the products and services which it consumes, under the terms of article 173 of the French Energy Transition Law, the Group has made use of a study conducted jointly by the Group and ECO₂ Initiative.

Products or services purchased

The principle items identified in scope 3 emissions (item 9) concern purchased materials which engendered emissions of 85 Kt CO₂e/uncertainty: 20 Kt CO₂e (20%).

The public works raw materials used mainly for the construction of its landfill sites (such as clay or pebbles) and cementitious binders for the inerting of hazardous waste contributed 65 Kt CO₂e/uncertainty: 13 Kt CO₂e (21%). In this calculation of the impact of public works raw materials, those created by recycling waste products treated by the group are not included. The impact of their production is already counted in scopes 1 and 2.

Raw materials of the chemical type are essentially reactive substances used for the treatment of smoke from incinerators, or effluents from wastewater facilities or physico-chemical treatments. The tonnages supplied of soda, lime, nitrogenous acids, etc., are recorded annually by weight as received; however, it is impossible to define quantities of active ingredients (as, for example, in the case of the dilution of liquid products) which vary considerable from one supplier to another. The uncertainty is therefore greater.

In the Bilan Carbone® method, only four emissions factors corresponding to purchasing lines (hydrochloric acid, sulfuric acid, lime, soda) have been identified, and, as stated above, with uncertainties as to their concentration rate. The hypothesis therefore tends to overstatement, because of the dilution of

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some of these substances. However, these four lines cover 55% of the weight of chemical raw materials. Results were extrapolated for the remaining 45%, with a higher uncertainty factor for the extrapolated part (100%).

Overall, chemical raw materials are estimated to emit 20 Kt CO₂e//uncertainty: 15 Kt CO₂e (73%).

Waste and end-of-life of products sold

The Group does not sell products, therefore this item is not relevant. One may, however, consider recycled secondary raw materials such as metals (and in particular, copper) as representing GHG emissions avoided.

Transportation by third parties

All transportation operations using Séché Environnement's own resources give rise to GHG emission calculations at the level of scope 1 (consumption of diesel fuel by vehicles - see below).

It is very difficult to know precisely the nature of all trucks, truck movements and load factors when waste is transported in trucks chartered by customers. Estimates have been attempted by analyzing movements of waste within the Group and comparing them with transportation - scope 1 figures, for the reasons given above. Integrating upstream and combustion emissions suggests that these scope 3 items represent less than 5 KteqCO₂ with uncertainty of nearly 3 KteqCO₂, and is therefore not particularly pertinent.

3.3.4.2.3 GHG gases avoided and reduced

Principle

Atmospheric emissions from the treatment of waste depend on the type of waste and the process employed. For example:

- landfill with production of methane: the regulations provide only for the flaring off of methane produced, in order to reduce its global warming potential, which is 28 times greater than carbon dioxide. The Group recovers this methane by producing electricity and steam: the reduction is the same, but the Group avoids GHG emissions because of this energy production, which would otherwise have necessitated consumption of a fossil fuel. Since the carbon concerned here is biogenic carbon, under the Bilan Carbone® method these emissions avoided will no longer be accounted for as such;
- incineration with production of energy: first and foremost, the Group possesses smoke treatment equipment which is compliant with regulations. Energy production gives rise to a certain quantity of GHG emissions avoided. R&D efforts have also made it possible to reduce other GHG emissions such as nitrogen oxides by injecting urea into the smoke treatment process, and by capturing the CO₂ present in smoke by means of membrane techniques which have recently been patented;
- recycling of industrial gases: certain industrial gases used in refrigeration in particular (such as R134a) are recycled. In this case, the difference between "emissions caused by production of new R134a" and "emissions caused by production of recycled R134a" is included under GHGs avoided.

in Kt eqCO₂

GHGs avoided	2015	2016	2017
GHGs avoided for scopes 1 and 2 by energy recovery, not including own energy consumption	75.3	78.1	80.7
GHGs avoided for scope 3 by recycling of R134a gas	0.9	3.1	2.5

Since 2015, the Group also recycles certain refrigeration gases (regeneration of R134a).

Emissions reduced by the treatment of industrial gases with high global warming potential

Emissions are reduced by the treatment of gases such as CFCs, halons, sulfur hexafluoride (SF₆) with a very high global warming potential (23 900 times that of CO₂). The calculation method was refined in 2016, and previous fiscal years were recalculated.

in Kt eqCO₂

GHGs reduced	2015	2016	2017
GHGs reduced excluding industrial gases treated	3 578	4 002	2 638

The reduction of the tonnages of gases treated in 2017 compared with the two previous fiscal years is 20%. Among these gases, alkanes represented 31% in 2017, versus around 14% previously. However, no database exists for their global warming potential,

therefore, they were not included among GHGs avoided. The increase in their proportion is the major factor explaining the reduction in GHGs avoided calculated in 2017.

3.3.4.3 Measures to adapt to the consequences of climate change - transportation

Although transportation does not constitute a major factor in GHG emissions of scope 3, the Group is nevertheless attentive with a view to implementing a plan to reduce them. This is expressed at three levels:

3.3.4.3.1 The French transporters' "Objectif CO₂" program

Séché Environnement is a member of the "Objectif CO₂" commitment program initiated by the French road haulage industry. The second period of the commitment began in 2013 (with GHG emissions of 81.2 gCO₂ per tonne-kilometer) and ended at the end of 2015 with the value down to 56.8, a reduction of 30%. A new protocol was put in place during the first half of fiscal 2017.

3.3.4.3.2 Choice of vehicles and driver training

The vehicle park is undergoing progressive renewal with the acquisition of a fleet of Euro 6 tractors and trucks offering complete exhaust gas regeneration, i.e. no GHG emissions at all. The fuel saving with these vehicles is around 4 to 6 liters per 100 kilometers (39 to 59 miles per US gallon), according to their mode of use.

These new vehicles are also fitted with high-performance safety systems and driving aids:

- automatic safety distance while driving, with regulator;
- audio alarm in the driver's cab if a continuous road marking line is crossed (to ward against driver drowsiness or lack of vigilance);
- predictive driving: the vehicle is linked to a satellite which adapts its speed and gear to the configuration of the road ahead, even before the driver can see it;
- heated, pneumatic driving seat with three adjustable positions for lumbar region comfort.

These vehicles give feedback to the driver in real time on driving performance (consumption, braking, etc.), enabling self-evaluation of eco-friendly driving achievements.

3.3.4.3.3 The choice of multi-modal transportation

The decision to transfer transportation of goods from highways to railroads is made a priority as early as possible, but the constraints related to infrastructure are considerable.

Séché Environnement has moved a significant part of its transportation of clinker produced at Salaise-sur-Sanne and shipped to Changé (850 km, 528 miles) to railroads, using a specific freight link for sealed containers. These are conveyed on wagons by a railroad operator to an authorized transit center at Longuefuye, south of Laval, before local delivery by road to the landfill site at Changé (around 30 km, or 19 miles). However, this regular traffic was suspended for around six months from August 2017 to end January 2018 on the Sablé to Château

Gontier line while the infrastructure received a significant safety upgrade (financed by the region, the French state, SNCF Réseau and Pays de Château Gontier at a cost of EUR 1.6 million). Traffic was scheduled to restart in February 2018 with one 36-container train per week. Other regular routes by railroad or river to various group sites are planned according to market needs, using many container types from the simplest to isotanks for liquids.

3.3.5 Protection of biodiversity: measures taken to preserve or restore biodiversity

3.3.5.1 Biodiversity preservation and management policy

Taking full account of biodiversity is a major stake and priority for Séché Environnement, and part of its very identity.

By virtue of its activity, and in general terms, Séché Environnement is convinced that the conservation of biodiversity will be a major stake in future decades. Its own activities put the Group in permanent contact with nature, both on its own sites and elsewhere, through its relationships with its neighbors and its role as a land occupier. Its activity is not so much dependent on its surroundings, as having a potential impact on them.

Identification and value analysis of a milieu by means of an appraisal of its biodiversity should enable organizations to reconcile closely their management of so-called natural spaces with that of spaces used for industrial or domestic purposes, especially for activities with a large "appetite" for land use.

This makes it necessary to identify the various environmental pressures acting on these areas, including outside those classified Natura 2000 and/or regional natural parks. Biodiversity lies at the heart of all human activity, and its preservation must therefore be integrated into all human activity as an intrinsic part of it, as are water and air emissions from industrial processes.

The eco-compatibility of plants, the choice of seeds, differentiated land management and the restoration of wetlands are among the factors contributing to protecting biodiversity at the Group's sites. The results from monitoring, particularly from the STOC program to monitor avifauna populations, in collaboration with the French National Natural History Museum, are testimony to the effectiveness of the measures adopted over many years. In line with our aim of continuous improvement, new ecosystem monitoring programs for other fauna groups are currently being implemented.

The link which unites Séché Environnement with the biodiversity surrounding its sites is all the stronger because, as a significant landowner, the Group is able to implement coherent actions for the preservation and monitoring of animal and plant species. The fruits of these actions go beyond the neighborhoods of its own sites because of the exchanges which take place between one territory and another by means of so-called ecological corridors.

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The process can be summarized in a few points:

- preservation of areas of heritage significance identified at the design stage of the project;
- implementing measures to monitor the maintenance of biodiversity;
- non-dissociation of landscapes and biodiversity, which means integrating into landscape or renaturation programs those elements which can contribute to enriching biodiversity, paying particular attention to choice of plants, shrubs, trees, and seeds (preferably endogenous);
- management methods suitable for application in natural areas, especially using differentiated tools to determine resources and timing for the maintenance of protected natural areas and nearby areas (late mowing, ecological engineering of ponds and watercourses, conservation of dead trees etc.) Pastoralism can be useful in policies of this kind, for example using highland cattle to maintain wetlands, or ditch-dwelling goats of a disappearing local species to clear undergrowth from hilly areas which are inaccessible to humans.

An action program carrying the quality mark of the French National Biodiversity Strategy (SNB) has been implemented by the Group on 15 sites. Under this program, numerous actions related to biodiversity have been set up, either through art (exhibitions of naturalist art), culture (naturalist outings with site employees), education (collaborative project with schools) and exploring local sites with naturalist associations.

3.3.5.2 Ecocert Environnement certification

3.3.5.2.1 Biodiversity management system certification

In 2015, Séché Environnement received the Ecocert Biodiversity Commitment certification, the first company to be certified in this way, and for all five of its landfill sites. This certification defines and structures a framework for responding to the demands and expectations concerning biodiversity in the ISO 14001 and ISO 26000 standards, the extra-financial aspects of the Global Reporting Initiative (GRI) and other regulatory texts, including article 225 of the French "Grenelle 2" Law on the environment.

The seven characteristics of the Biodiversity Commitment are:

- it is a universal quality mark, adaptable to all types of organization across the world (small or large businesses, local authorities, territories, natural parks, conservation areas, etc.);
- it takes into consideration both local and global biodiversity as it is impacted throughout the organization's value chain, on territories directly or indirectly related to its activities;
- it aims to increase awareness of the role of organizations with respect to biodiversity, and their dependence on it;
- it involves all stakeholders, to connect the organization with its territory for the purpose of sharing information and capitalizing on experience;

- it is centered around measurement of the biodiversity footprint, through regular evaluation of the pressures on biodiversity exerted by the activities of the organization, rather than being focused on a biodiversity inventory at a particular moment in time. This approach promotes the resiliency of ecosystems and contributes to strengthening the robustness of their ecological functions;
- it aims to avoid and reduce pressure on biodiversity at the operational level of the organization, anticipating impacts from the outset of the project design phase, without losing sight of opportunities to make ecological adjustments to infrastructures;
- it drives organizations toward continuous improvements in their management and conservation of biodiversity, enabling each organization to first analyze itself, then to grow in maturity and, on a day-to-day basis, to act increasingly on suitable levers to reduce the pressures on ecosystems, while at the same time generating positive outcomes on local territories.

3.3.5.2.2 Double certification by Ecocert: climate commitment and biodiversity

These two quality labels, awarded by Ecocert, bear witness to the manner in which Séché Environnement has placed these two issues, the climate and biodiversity, at the heart of its business model and its corporate governance. They illustrate the Group's efforts to measure its impacts in terms of GHG emissions, consumption of natural resources, prevention of pollution, management of habitats and ecological continuities, and management of invasive species. They are also a testimony to the value of the plan to reduce these pressures on natural milieus through a process of continual improvement.

3.3.5.3 Commitment to the National Biodiversity Strategy (SNB)

Séché Environnement subscribes to France's National Biodiversity Strategy (SNB). Its commitment was recognized by the Ministry for Ecology, Sustainable Development and Energy in January 2014, marking the launch of implementation of the Group's three-year action plan.

The Group's commitment is fourfold:

1. Place actions in favor of biodiversity in a continuum of space and time, stimulating progress widely throughout the subsidiaries of the Group;
2. Make biodiversity a cause that will bring people together within the Group;
3. Use biodiversity as a lever to invigorate stakeholders and customers;
4. Develop people's interest in preserving biodiversity by means of an artistic or cultural approach.

3.3.5.3.1 Results after three years of the SNB commitment program

General

At the end of 3 years of Séché Environnement's SNB commitment program, the results are positive, with a total of 387 actions in favor of biodiversity spread over the four commitments, 14 Group sites and most of its business areas:

1. Commitment 1 made it possible to list existing biodiversity examples on and around the Group's sites, and to put in place conservation measures adapted to each case;
- 2-3. Commitments 2 and 3 aim to encourage awareness of and sharing on biodiversity. They have been well adopted by all sites, where they have led both to the creation of an internal working group on biodiversity and federating events, and externally to new links with partners and customers;

4. Commitment 4 aimed at opening up to culture, through unusual links to the world of art, while emphasizing the importance of biodiversity.

For Séché Environnement, the SNB has proved itself to be:

- a tool to get biodiversity better known, followed, and preserved on the Group's sites;
- a remarkable conduit for internal cohesion;
- an effective lever to mobilize stakeholders and customers;
- a cross-cutting tool developed on the scale of the whole Group, creating links among subsidiaries;
- a factor which reveals a desire to conserve biodiversity on all sites under the SNB commitment program.

5 incineration sites					2014				2015				2016			
Commitments	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
TRÉDI Saint-Vulbas	-	X	X	-	-	X	X	X	X	X	X	X	X	X	X	X
TRÉDI Salaise	-	X	X	-	X	X	X		X	X	X	X	X	X	X	X
ALCÉA	X	X	X	-	X		X	X	-	-	-	-	-	-	-	-
BÉARN	-	X	X	-	-	X	X	X	X	X	X	X	X	X	X	X
TRÉDI Strasbourg	X	X		-	X	X	-	-	X	X	X	X	X	X	X	-

3 industrial units					2014				2015				2016			
Commitments	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
SPEICHIM PROCESSING	X	X	X	-	X	X	X	-	X	X	X	X	X	X	X	X
TRIADIS SERVICES	X	X	X	-	X	X	X	-	X	X	X	X	X	X	X	X
TRÉDI Hombourg	X	X	X	-	X	X	X	-	X	X	X	X	X	X	X	-
SPEICHIM PROCESSING Saint-Vulbas	-	X	X	-	-	X	X	X	X	X	X	X	X	X	X	X

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6 final waste landfill sites					2014				2015				2016			
Engagements	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
SEI Changé	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
SEI La Dominelais	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
DRIMM	X	X	X		X	X	X		X	X	X		X	X	X	X
OPALE	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X
ISDND La Gabarre	X	X	X													
SEI Le Vigeant	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

6 final waste landfill sites					2014				2015				2016			
Engagements	1	2	3	4	1	2	3	4	1	2	3	4	1	2	3	4
Percentage of sites having performed at least one biodiversity action under the commitment corresponding to all 15 sites	73	100	93	20	87	87	87	53	87	87	87	73	87	87	87	73

Actions implemented for Commitment 1

Commitment 1 covers actions in the field to draw up lists of existing situations. The following achievements were recorded, site by site, in 2014-2016:

- biodiversity "inventories" to help conserve existing biodiversity around the Group's facilities. 8 studies were carried out between 2014 and 2016 (Hombourg, Beaufort, Changé, Strasbourg, Montech, Salaise, SPP Saint-Vulbas, La Bistade);
- floral gardens or grasslands have been planted on all 14 sites;
- different management actions have been implemented, such as allowing goats and cattle to graze (Changé, Hombourg, La Dominelais);
- ponds have been created or restored at 5 sites (Hombourg, La Dominelais, Changé, Strasbourg and Montech);
- insect hotels, nesting boxes and bird feeders have been put in place on around 10 sites;
- monitoring of biodiversity indicators (amphibians, birds, bats) continues at landfill sites (Changé, Montech, Le Vigeant, La Bistade);
- a new bat monitoring protocol has been implemented with the French National Museum of Natural History at Hombourg and La Dominelais, in addition to the 4 sites already monitored.

Advantages and difficulties noted for Commitment 1

The inventories of fauna, flora and biodiversity drawn up for 8 sites constitute a corpus of knowledge and data which make it possible to adjust operational management decisions and projects according to the ecological potential of each site. These inventories can also provide a subject of conversation for internal awareness building on the conservation of local biodiversity.

The actions in the field were made possible by the three-year SNB commitment program. To optimize their responses, those involved had to take the time to adjust their biodiversity management proposals to the characteristics of their site. In certain cases, it was necessary to wait for the results of the inventory exercise, or adapt to operational constraints. Nevertheless, the results were positive, because of the diversity of responses and the number of actions implemented over the three-year period. Indeed, certain sites were able to implement certain actions concurrently, such as planting gardens or grasslands and creating ponds, insect hotels, nesting boxes, bird feeders and flowered meadows, while monitoring biodiversity and engaging in pastoralism.

The objective of these operations was to foster and increase biodiversity. Progress was significant, in particular through the biodiversity actions put in place on sites with smaller areas.

Outlook and priority actions, in the context of extending the SNB commitment

It is envisioned that as the SNB commitment is renewed, indicators will be added to analyze the effectiveness of the improvements already carried out, and to create similar inventories on other sites where this has not yet been done.

Actions implemented for Commitment 2

Commitment 2 aims to promote internal communication on biological diversity. Here are some examples of communications intended to sensitize internal audiences to biodiversity issues on operating sites:

- integration of biodiversity within the ISO 14001 system, at sites with internal communication system in place (Hombourg, Béarn);
- implementation of Ecocert "Biodiversity Commitment" certification on 5 Ségé Environnement Group landfill sites in 2015, with creation of a biodiversity policy;
- sensitization to biodiversity within existing information meetings, such as Health, Safety and the Environment meetings (Le Vigean, La Dominelais);
- suggestions boxes for ideas about biodiversity (Hombourg, Béarn Environnement);
- awareness building on various aspects of nature, using light-hearted quizzes (La Dominelais, Salaise);
- employee excursions to attend events on the theme of nature, either already organized by associations, or requested by designated personnel on around ten sites;
- National Biodiversity Strategy working groups on the theme of biodiversity (SPP, Trédi Saint-Vulbas, Salaise) and the initiative of a biodiversity day in a regional club open to employees;
- creativity moments such as "Land Art" workshops during lunch hours (SPP Saint-Vulbas);
- internal monthly magazine on the subject of biodiversity (Trédi and SPP Saint-Vulbas in 2016).

Advantages and difficulties noted for Commitment 2

This commitment, to promoting internal communication on biodiversity, and building public awareness of it, was relatively easy to implement rapidly.

This dynamic, creating a unifying theme internally on the subject of biodiversity, was very positive, both in raising awareness and advancing the necessity of preserving biodiversity, but also bringing together employees of different sites.

As part of the commitment, several entities of the Group in the Rhône-Alpes area came together to form a "Rhône-Alpes committee" to pool their actions. For example, some of the Group's ecology experts provided a day's training in the benefits of conserving biodiversity, on June 18, 2015, at the Salaise site, as part of the launch of the Rhône-Alpes SNB working groups.

The "Rhône-Alpes committee" was also the creator of a powerful moment, the Biodiversity day held in May 2011 with the participation of stakeholders and employees of their three sites.

A further unifying feature internally was the "A Tree for the Climate" grass-roots action organized by the whole Group in 2016.

Similarly, various day-long events organized for those involved by the SNB steering committee provided a welcome opportunity to learn and share. There have been many of these events over the three years of SNB Commitments since the launch day in 2014, the halfway day event in 2015 and the 3-year review at the beginning of 2017.

Outlook and priority actions, in the context of extending the SNB commitment

The three-year review made clear the need to be more dynamic in feedback from experience and exchanging information among subsidiaries.

With the renewal of the commitment, it is envisioned that a digital tool will be put in place to facilitate communication and exchanges between subsidiaries and the steering committee

Actions implemented for Commitment 3

Commitment 3, which aims to foster links with stakeholders, has been particularly well adopted by all sites, and has led to new links with stakeholders:

- contacts and new partnerships with local associations active in the protection of the environment;
- publication by different sites of articles on biodiversity on the Ségé Environnement blog, to communicate on actions carried out (already a dozen or so articles);
- site visits including presentations of the National Biodiversity Strategy on large panels seen by visitors;
- communication of our National Biodiversity Strategy commitments in the CSR reports for 2014, 2015 and 2016;
- partnerships with schools for actions such as insect hotels, information panels and gardens;
- biodiversity responses to calls for commercial tenders;
- biodiversity days open to employees, with outside speakers (Trédi Salaise, Trédi Saint-Vulbas and SPP Saint-Vulbas), and communication in the press;
- taking part in the "A tree for the Climate" operation (as part of the Ecocert "Biodiversity Commitment" certification exercise, on 5 landfill sites in 2015).

Advantages and difficulties noted for Commitment 3

The Commitment 3 incitement to foster links with stakeholders has helped to generate new partnerships. Actions have been set up with local associations active in protection of the environment, councilors, schools, artisans and artists in local links to each site. These new links help to weave a network and anchor the sites



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more firmly in their localities. Also, these actions have been covered favorably by local press and internet media, and have featured in the group's annual CSR reports and presentations.

All in all, within this commitment, 14 sites are communicating today on the SNB, particularly through site visits during which the way biodiversity is taken into account is presented.

Partnerships with schools remains a communication vehicle of particular interest, enabling the conservation of biodiversity to be brought to the attention of a broad public. Subjects are worked on by teachers and students together, which leads to greater awareness of the chosen subjects.

For example, building insect hotels leads students to understand insects, their habitats and their reproductive cycles. Knowledge of the milieus in which they live leads to the ability to make special arrangements for them. That can lead, in turn, to a discussion of how spaces should be maintained and managed, differently from other spaces, to favor biodiversity.

Outlook and priority actions, in the context of extending the SNB commitment

Develop new, innovative projects to maintain and widen the links between the Group and its stakeholders.

Actions implemented for Commitment 4

Commitment 4 consists of finding partnerships on the themes of art, heritage and biodiversity, and setting up actions on these themes. Some examples of actions linking art, heritage and biodiversity follow:

- sponsorship of a festival of films and photographs featuring animals
- a photo competition for employees on biodiversity, with the promise of publication of the best entries;
- partnership with an art college on biodiversity and art;
- encouraging employees to visit exhibitions on art and biodiversity;
- exhibitions of land art, plant sculptures, and other works on the theme of nature, creating links between operational sites and a local artist.

Advantages and difficulties noted for Commitment 4

This cultural commitment made it possible to create unexpected links. However, it turned out to be the most difficult commitment to put in place because of its "distance" from the core activity of certain subsidiaries. The commitments took longer to implement concretely, but the wealth of projects demonstrates the value of the subject.

The responses and actions were very varied:

- partnership with a photo exhibition (Festimages 53) and an animal film festival (Ménigoute 72);
- links with local artists such as LEB, Qiang Ma, Virginie Morel, in Mayenne;

- links with schools, such as the Grand Blottereau horticultural high school in Nantes ;
- with the Garonne et Canal plastic arts association (Tarn-et-Garonne);
- with an artist for the Béarn Environnement site;
- with Lydie Georges, an artistic mediator qualified in the history of contemporary art and the plastic arts from the "Tous land artistes" association, at the "Biodiversité" Day held by the "Rhône-Alpes committee" in the Ain department in May 2016.

Outlook and priority actions, in the context of extending the SNB commitment

Lack of sensitivity to, or interest in, the domain of art could have been an obstacle to its deployment on all sites. Also, this commitment requires a research phase which takes time and/or knowledge of the subject on the part of the organizer or communicator. Therefore, a new Commitment 4 will be created, to develop awareness of how biodiversity depends on the actions of ordinary life.

3.3.5.3.2 Why 4 SNB commitments for Séché Environnement

Interconnectedness of the 4 commitments chosen

In general, concrete implementation of the commitments showed how the subjects of the 4 commitments chosen overlap. Clearly, an action in the field in favor of biodiversity (Commitment 1) can also be adapted into a unifying axis for employees (Commitment 2) and/or serve to create a partnership with stakeholders (Commitment 3).

Commitment 4 (art and biodiversity) enables a link to be made with employees or with stakeholders (Commitment 3) by opening up to the world of art, to raise awareness of the importance of biodiversity. These bridges and connections must be kept, and further developed in the choice of future actions so that each action becomes a unifying force, internally and externally.

Effectiveness of actions undertaken

This first engagement of the Group in the SNB saw its participation in 12 of the 20 national objectives set by the Ministry (1, 2, 3, 4, 5, 6, 7, 9, 11, 18, 19, and 20).

Internally, the SNB was deployed progressively, action by action, to attract gradually the interest of employees, in particular through Commitment 3 (make biodiversity a cause that will bring people together within the Group). As the SNB commitments are renewed, a new Commitment 4 will include global themes to encourage working on, and thinking about, biodiversity in our everyday lives.

Those involved in the process were able to create an internal dynamic across the subject of biodiversity which did not exist before in these activities. Initiatives were taken internally to create working groups and workshops. Some internal articles and quizzes on biodiversity were even created on certain sites.

The SNB commitment process was integrated into an Ecocert biodiversity commitment action plan to reinforce actions undertaken in favor of biodiversity, and to include them in the system of continuous improvement.

The SNB commitment program has revealed within the Group a need to communicate on the conservation of resources in general, biodiversity being for Séché Environnement both a priority objective but also, and above all, the basis of its development, integrating respect for both the land and for living things.

As far as its external effects are concerned, these can be seen at daily site visits, during which the biodiversity and the SNB commitments are explained. The public does not necessarily know about SNB, so the Group must take on a teaching role, explaining what this State-led strategy consists of, and giving precise examples of how actions have been implemented on Séché Environnement sites.

3.4 Commitments to society

3.4.1 Commitments to sustainable development

3.4.1.1 Redistribution of revenue

in M€

	2015	2016	2017
Employees (wage bill and employer charges)	108.5	113.5	127.2
Suppliers	248.2	258.1	278.0
Shareholders (dividends)	7.2	7.2	7.2
Financial establishments	12.0	10.7	13.6
State and local authorities	38.5	37.6	41.5
Value retained by the enterprise	45.6	51.2	67.0
TOTAL REVENUE	460.9	478.3	534.5

3.4.1.2 Impact of the Group's activities on employment and local development

3.4.1.2.1 Links to the local community - employees' places of residence

With its national coverage of treatment and landfill sites in various regions of France, Séché Environnement contributes to the development of these areas, both by local recruitment of the majority of its employees, and by indirect job creation.

% of employees	2015	2016	2017
% living < 50 km from the workplace	86	92	95

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3.4.1.2.2 Local taxation: economic contribution to the local economy

	2015	2016	2017
in K€	5 044	6 276	5 276
IN LOCAL JOBS EQUIVALENT	115	143	120

3.4.1.2.3 Cooperation with educational establishments

Work placements (internships) for > 1 month

	2015	2016	2017
TOTAL	39	45	90

Apprenticeship tax paid

in K€	2015	2016	2017
Payments	2015	2016	2017
TOTAL	478	528	421

Contributions to education and teaching

The Group opens its sites to customers, elected representatives, local residents, associations and school groups. Visitors are invited to discover the means implemented and the concrete actions carried out to protect public health, the environment in general, and biodiversity, especially on landfill sites which, being situated in rural areas, tend to be the most appropriate for this purpose.

Also, the Group continues to develop privileged relationships with higher education establishments in a framework of exchanges between industry and universities.

3.4.1.3 Impact of the Group's activities on neighboring populations

3.4.1.3.1 Awareness of the impacts of its activities

As the main sites of the Group are officially designated for the protection of the environment (ICPE), their prefectural operating authorizations require them to convene site monitoring committees (CSS) under the control of the authorities. These committees are tripartite bodies for dialog, bringing together industry, citizens (local residents, associations, etc.) and the authorities. When prefectural authorizations come up for review, exhaustive impact statements are made available to local residents, daily dialog is initiated and public meetings make it possible to answer questions from interested parties.

Public inquiries held in the course of 2017 concerned Opale Environnement at Sainte-Marie-Kerque, and DRIMM at Montech.

3.4.1.3.2 Indirect effects on the local economy

Employee purchasing power fuels local economies. The same is true for recourse to subcontracting for activities that are remote from the core business of the Group (such as security, cleaning and maintenance, among others). Indirect job creation in local communities should be added to these direct effects, in the transport, hotel and restaurant services which the Group regularly uses, although it is difficult to quantify these.

Finally, the fact that a region has a waste treatment unit in its area of influence is an asset for its industrialization policy: the plant is an essential part of its infrastructure, in the same way as the development of industrial land, the availability of utilities (energy, water and industrial gases) or connections to communication networks.

3.4.1.4 Relations and dialog with stakeholders

3.4.1.4.1 Dialog with stakeholders

Séché Environnement elected as early as 2003 to belong to the United Nations Global Compact, of which it is now an Advanced Level member. More recently, the Group has formalized its ten commitments according to its own personality, its activities and its own context, in the form of its corporate-level Sustainable Development Charter, its site-level HSEQ policies and its Code of Behavior and Actions at basic individual employee level.

In January 2015, Séché Environnement signed up to the guiding principles for constructive dialog with stakeholders, developed at the initiative of the Comité 21 under the auspices of the French Ministry for ecology. The Group sees the issues at stake in its dialog with stakeholders from two angles:

- strategic: as an understanding of how the company and its markets are changing, constantly interacting with the whole of its ecosystem;
- operational: based on its local roots and concrete application of its operating authorization.

3.4.1.4.2 Forums for national or supranational dialog

Séché Environnement carries out its activities in a spirit of partnership, or at least complementarity, with major active non-governmental organizations (NGOs), especially in the fields of protection of the environment and the preservation of public health:

- professional organizations: UIC (union of chemical industries), FNADE (national federation of decontamination and environmental activities), FEAD (the European Federation of Waste Management and Environmental Services), SYPRED (professional body for recycling and the elimination of hazardous waste), etc.
- environmental organizations: LPO (French League for the Protection of Birds), EpE (Enterprises for the Environment), FNE (France Nature Environnement), etc.
- societal organizations: Comité 21, the Orée association, etc.
- scientific organizations: FRB (Foundation for Research on Biodiversity), MNHN (National Museum of Natural History), RECORD (a cooperative network for research into waste and the environment), etc.
- sources of new ideas: MEDEF (French employers' federation);
- financial organizations: Middlednext (the independent French association representing listed SMEs and midcaps), etc.

3.4.1.4.3 Analysis of stakeholders and the materiality of stakes by Comité 21

In-depth stakeholder relations are guided by Comité 21, which combines the necessary independence, relation-building capacity and legitimacy gained from 15 years of relationships with 450 members grouped into four "colleges" (businesses, local authorities, associations and foundations, and teaching, training and research establishments).

Comité 21 is recognized for its ability to build concertation between enterprises and stakeholders. For Séché Environnement, its intervention includes documentary analysis and interviews of a panel of stakeholders, with three objectives:

- identify any stakeholders or stakes which may have been overlooked;

- judge the relevance of proposed responses to particular stakeholder issues;
- consolidate the Company's extra-financial communication in this area, especially with regard to application of article 225 of the French Commercial Code.

3.4.1.4.4 Stakeholder and stake mapping

The relationship between an industrial corporation and its environment and stakeholders, i.e. all those who for whatever reason feel impacted (not only those who are impacted) by its activities, changes over time from a "right to know" situation to a straightforward "right to participate" attitude, resulting in "pressures" which stakeholders may exert on the corporation.

The stakes as seen by stakeholders can be grouped into four main categories:

- economic development;
- workplace involvement;
- integration into local ecosystems;
- symbiosis with society.

ECONOMIC DEVELOPMENT

Stakes

- Ensure the Group's longevity, through controlled growth and long-term profitability
- Provide customers with a global treatment and recovery service for their waste, in compliance with standards and regulations, in a safe, traceable and transparent manner, and respecting people and places on a daily basis

Principal stakeholders concerned

Customers	<i>Expectations and/or requirements</i>	<ul style="list-style-type: none"> ■ Good quality/price ratio for the service provided ■ Regulatory compliance ■ Operating authorizations valid and in force ■ Transparency of impacts on the environment and society
	<i>Type of influence</i>	<ul style="list-style-type: none"> ■ Referencing as supplier (responsible purchasing) ■ Contracts
	<i>Representative talking partners</i>	<ul style="list-style-type: none"> ■ Customers ■ Purchasing analysts (internal or EcoVadis) ■ Responsible suppliers mediator ■ ObsAR (Observatory of responsible purchasing) ■ Suppliers and sub-contractors ■ Media
Financial community, shareholders, insurers	<i>Expectations and/or requirements</i>	<ul style="list-style-type: none"> ■ Profitability and financial equilibrium ■ Reduced exposure to industrial risks ■ Anticipation and control of environmental risks and their financial impacts ■ Regulatory information
	<i>Type of influence</i>	<ul style="list-style-type: none"> ■ Analysis and ratings on ethical and responsibility criteria ■ Investments in SRI funds ■ Insurance premiums
	<i>Representative talking partners</i>	<ul style="list-style-type: none"> ■ Ratings agencies (Vigeo, Ethifinance, etc.) ■ Banks' SRI analysts ■ Customs ■ Insurers
Local populations	<i>Expectations and/or requirements</i>	<ul style="list-style-type: none"> ■ Direct job creation ■ Development of indirect activities in the worker catchment area
	<i>Type of influence</i>	<ul style="list-style-type: none"> ■ Attractiveness of the company to new workers ■ Support during applications for operating authorization
	<i>Representative talking partners</i>	<ul style="list-style-type: none"> ■ Local elected representatives ■ Chambers of commerce, clusters, Pôle Emploi ■ Trade associations, employers' federation

Risks

- Losing customers
- Financial loss (penalties)
- Reduction in number or loss of investors
- Rejection of activities by local populations
- Complaints

Responses provided

- Regular financial communication
- Signature of the Responsible Suppliers' Charter
- Compliance with regulations currently in force ensured by the PROGRESS team in conjunction with administrative authorities, and organization of site audits
- ISO 9001, 14001, 50001, and OHSAS 18001 certifications
- Transparency of operations (site visits, insurers' audits, public inquiries, inspections etc.);
- Investments to prevent pollution, on-site measurements and controls on and near sites.

Indicators and/or modes of monitoring progress versus expectations

- Quarterly financial reports
- Rate of certification cover of operations
- Number of violations for harm done to the environment
- Number of site visits
- Statistics on recruitments, training activities and internships.

WORKPLACE EXPECTATIONS

Stakes

- Encourage, while respecting diversities, the professional development of Group employees, through adequate recruitment and training policies
- Be attentive to employees' health and safety conditions in the workplace

Principal stakeholders concerned

Employees (management, executives, workers)	<i>Expectations and/or requirements</i>	<ul style="list-style-type: none"> ■ Compliance with working conditions ■ Environmental safety for sites and workers ■ Regulatory information
	<i>Type of influence</i>	<ul style="list-style-type: none"> ■ Prime communications vehicle for publics close to the Company, therefore important for its reputation ■ Eventual industrial action ■ Attractiveness to new recruits; workforce stability
	<i>Representative talking partners</i>	<ul style="list-style-type: none"> ■ Labor union delegates and/or employee representatives ■ Health, safety and working conditions committees ■ Employee committees



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WORKPLACE EXPECTATIONS

Principal stakeholders concerned

Employers, labor unions, public authorities	<i>Expectations and/or requirements</i>	<ul style="list-style-type: none"> ■ Regulatory compliance ■ Anticipation and control of environmental risks and their financial impacts ■ Regulatory information
	<i>Type of influence</i>	<ul style="list-style-type: none"> ■ Labor negotiations
	<i>Representative talking partners</i>	<ul style="list-style-type: none"> ■ Labor unions ■ DIRECCTE, medical authorities

Risks

- Strikes
- Increase in occupational accidents
- Increase in occupational diseases
- Increase in absenteeism
- Downgrading of working conditions
- Poor skills fit
- Regulatory non-compliance

Responses provided

- Sustainable Development Charter, Code of Behavior and Actions, HSEQ Charter
- Whistle-blower's charter for employees
- Training policy including awareness programs when CSR reports are published
- Safety organization on sites and management of accidents (cause analysis and feedback from experience)

Indicators and/or modes of monitoring progress versus expectations

- Number and severity rate of occupational accidents (FR1 and SR)
- Absenteeism rate
- Analysis of training (volumes, subjects, budget, employees receiving training).
- Analysis of arduous nature of jobs, and associated progress plans
- Monitoring and analysis of occupational illnesses

INTEGRATION INTO LOCAL ECOSYSTEMS

Stakes

- Contribute to safeguarding biodiversity and natural milieus, by playing a role in the reduction of GHGs and working to preserve natural resources, especially through energy recovery from waste
- Preserve the biological, hydrogeological and physical milieus in which the Group operates
- Act to prevent the potential effects on neighbors

Principal stakeholders concerned

Neighbors	<i>Expectations and/or requirements</i>	<ul style="list-style-type: none"> ■ Information about the life of the Group, through site visits (Note the NIMBY syndrome – waste must be treated, but not near me) ■ Respect for local biodiversity and landscapes around sites ■ Control of nuisances (noise, air quality, water effluents, etc.)
	<i>Type of influence</i>	<ul style="list-style-type: none"> ■ Taking part in public inquiries when applying for operating authorizations, CSS, site visits ■ Providing expertise through environmental NGOs ■ Media
	<i>Representative talking partners</i>	<ul style="list-style-type: none"> ■ Organizations for the protection of nature, e.g. LPO (French League for the Protection of Birds), France Nature Environnement, etc. ■ Associations with societal aims, e.g. Entreprises pour l'Environnement, Orée, etc. ■ Scientific organizations, e.g. National Museum of Natural History, French Foundation for research into biodiversity, etc.

Risks

- Rejection of activities, complaints, demonstrations
- Degradation of the environment and natural milieus
- Erosion of biodiversity

Responses provided

- Careful listening to neighbors, to be aware of their thoughts and requirements (Mr or Mrs Neighbor)
- Dialog with neighbors with a view to site landscaping and the integration of Group activities into natural milieus and landscapes
- Preservation of sensitive ecological areas: water recycling, controls on water effluents, limits on activities in protected areas
- Inventories of fauna and flora together with environmental associations, related to the participatory sciences developed by the National Museum of Natural History
- Recognition by the Ministry for Ecology of the Group's commitment to the National Biodiversity Strategy
- Playing an active part in the work of associations and scientific researchers

INTEGRATION INTO LOCAL ECOSYSTEMS

Indicators and/or modes of monitoring progress versus expectations

- Monitoring the richness of biodiversity (inventory of fauna and flora)
- Actions taken under the National Biodiversity Strategy (SNB)
- Ecocert environmental certifications (climate and biodiversity)
- Visual impact and integration studies of sites in their local landscapes
- Health risk studies, and monitoring of their milieu-specific indicators (interpretation of states)
- Energy, GHGs, raw materials and water consumption accounting
- Number of partnership events or local sponsorships
- Public inquiries, where relevant
- Site monitoring committee (CSS) reports

SYMBIOSIS WITH SOCIETY

Stakes

- Establish transparent relationships of trust with all economic and social actors in contact with sites
- Achieve a positioning among actors in economic and social development in areas where sites have been established (local industrial ecology).

Principal stakeholders concerned

Public authorities, councilors, administrative bodies	<i>Expectations and/or requirements</i>	<ul style="list-style-type: none"> ■ Operating authorization in order ■ Attention paid to observations ■ Local economic development
	<i>Type of influence</i>	<ul style="list-style-type: none"> ■ Sovereign authority ■ Issuance of operating authorizations ■ Environmental police
	<i>Representative talking partners</i>	<ul style="list-style-type: none"> ■ Administrative authorities (DREAL) ■ Local councilors ■ Jointly managed utilities ■ Water agencies
NGOs and associations	<i>Expectations and/or requirements</i>	<ul style="list-style-type: none"> ■ Respect for biodiversity, air and soils ■ Regulatory compliance ■ Actions that go beyond regulatory requirements
	<i>Type of influence</i>	<ul style="list-style-type: none"> ■ Alerting the media and public opinion ■ Speaking out in public inquiries
	<i>Representative talking partners</i>	<ul style="list-style-type: none"> ■ Global Compact ■ Associations with societal aims, e.g. Entreprises pour l'Environnement, Orée, Comité 21, etc. ■ Organizations for the protection of nature, e.g. LPO (French League for the Protection of Birds), France Nature Environnement, etc. ■ Local associations

SYMBIOSIS WITH SOCIETY

Risks

- Regulatory non-compliance
- Official warnings, withdrawal of operating authorization
- Rejection of activities
- Erosion of biodiversity

Responses provided

- Regulatory compliance is ensured by PROGRES department and/or the HSEQ network, working with the authorities
- Verification of regulatory compliance by internal and external audits
- Ecocert Climate Management and Biodiversity Management certifications
- Organization of site visits and Open Days
- Commitment to the United Nations Global Compact
- Participation in the participatory science programs of the French National Natural History Museum
- Membership of scientific organizations such as, for example, the French League for the Protection of Birds (LPO), professional bodies such as the French national federation of decontamination activities and environment, and environmental think-tanks such as EpE
- Sponsorship actions linked to biodiversity
- Speaking on public, university and school occasions, or similar

Indicators and/or modes of monitoring progress versus expectations

- Number of site visits and visitors
- Number of actions under the SNB commitment program
- Number of speaking opportunities (lectures, publications, etc.)

3.4.1.5 Sponsorship policy

3.4.1.5.1 Environmental

Séché Environnement is one of the 18 signatories to the Strategy Committee Charter of France's National Museum of Natural History.

Séché Environnement's sponsorship policy is based on its core know-how area, protection of the environment and of biodiversity in particular. Each sponsorship action has a link to a current event in the life of the Group, and is an opportunity to take a step back with respect to everyday business life and to enter upon a phase of deeper reflection about the general context of its activity.

In this way, four successive sponsorship actions have taken place with the National Museum of Natural History:

- renovation of the historic hothouses of the Jardin des Plantes, Paris (2007-2020);
- support of a research program investigating marine biodiversity in Brittany (2009-2010);

- refurbishment of the manatee pond at the Paris Zoo (2013-2016);

- renovation of the Museum of Mankind, Paris (2015-2016).

All these actions exemplify the overall framework of the Group's sponsorship efforts, to which may be added other "peripheral" actions, which contribute individually to events produced by associations. These environmental sponsorship programs correspondent to Commitment 3 (fostering links with stakeholders) and more especially Commitment 4 (establishing partnerships on the themes of art, heritage and biodiversity) of the commitments undertaken under the National Biodiversity Strategy (SNB).

Sharing the exchanges brought about by these partnerships with all Group employees enables Commitment 2 (bring people together within the Group) to be fulfilled. This is done by sponsoring skills, or the time spent by Group employees on preparing papers or articles for publication in association journals.

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3.4.1.5.2 Cultural

Séché Environnement has assigned to itself the objective of promoting sustainable modes of consumption through sponsorship actions that act as examples of good behavior. In this way, Trédi entered into an agreement with the Festival des Nuits de Fourvière to dress all its team members in fair-trade cotton uniforms, and to support home sorting of household waste, as part of a cultural and environmental sponsorship action which has also enabled Group employees to learn more about the world of the theater.

Similarly, the Group takes part in various regional music festivals.

3.4.1.5.3 Scientific

Séché Environnement supports a doctoral thesis at the Nantes School of Mining on the subject of energy and environmental process engineering, and modeling the dry treatment of incinerator smoke using filtration by porous media associated with injection of adsorbents.

3.4.2 Sub-contractors and suppliers

Point no. 3 of the Code of Behavior and Actions issued by the Group to all employees contains the following instructions:

"Articulate clearly to customers and suppliers the Group's corporate social responsibility policy, and how it promotes sustainable development both in terms of production methods and in terms of modes of consumption."

Séché Environnement strives to go beyond simply satisfying its customers' elementary needs for waste management, by providing them with:

- guarantees of the proper execution of the tasks entrusted to the Group, as the customer has a right to expect (management of the environmental impact of its activity, in compliance with regulations in force, and managing all risks);
- services at a cost compatible with the general economic environment;
- but also, as a promoter of sustainable development, help in managing waste positively, as opposed to the frequent initial reaction that waste is a constraint, by offering them an opportunity to take an active role in protecting the environment in all its social and societal aspects, thus contributing to the protection of health and nature in general.

Together with its suppliers, Séché Environnement applies a responsible purchasing policy based on principles essentially derived from the following considerations:

- production methods and modes of consumption absolutely must reduce the environmental and societal risks which today weigh on the planet;
- purchases are an important lever with which to extend and generalize good sustainable development practices, by involving the entire value chain, including suppliers;
- our responsible purchasing policy must favor a global cost approach.

In this spirit, Séché Environnement develops partnering relationships to optimize the cost/benefit ratio of each operation."

No bad practice has been detected over the period.

in K€	2015	2016	2017
TOTAL SUB-CONTRACTING EXPENSE	88 420	92 713	105 692
% sub-contracting/revenue	19.2	20.2	20.6

3.4.3 Good business practice

3.4.3.1 Consumer health and safety

Séché Environnement treats the inherently dangerous nature of waste entrusted to it. As a participant in the circular economy, part of the Group's business includes selling secondary raw materials, whose characteristics enable them to cease to be considered as "waste", provided that the product or substance:

- can normally be used for defined purposes;
- can be traded on a market;
- can be required to possess certain defined technical characteristics related to its intended use (precise specifications);

- complies with laws and regulations applicable to the products;
- globally, does not produce effects harmful to the environment or human health.

Concerning this last point, the taking into account of consumer safety and security, Trédi and Speichim Processing signed in 2015 the worldwide Responsive Care Charter¹¹, a joint commitment of the worldwide chemical industry to safe, lifelong management of chemical products, and the promotion of their role in improving the quality of life and their contribution to sustainable development.

11: International Council of Chemical Associations.

3.4.3.2 Influence strategies and representations of interests

3.4.3.2.1 Transparency of actions

Séché Environnement does not practice isolated lobbying actions. The Group expresses itself through the professional structures of which it is a member. The person in charge is the Group Public Affairs Director, reporting directly to general management.

Representations of interests have been declared to the French High Authority for Transparency in Public Life (<https://www.hatvp.fr/en/>).

3.4.3.2.2 Representation of interests to stakeholders

Séché Environnement shares its experience within professional associations and think tanks whose interests coincide with the Group's activities. The advanced technical nature of many subjects requires a high degree of specialization.

Professional associations to which Séché Environnement belongs, active in HW: ■ ■ and NHW: ■

	Valoénergie	Materials recycling	Elimination of transportation	France	Europe RoW
2ACR		■ ■ ■			
Association Alliance Chimie Recyclage				●	
CEWEP					
Confederation of European Waste-to Energy Plants	■				UE
ESRG					
European Solvent Recycler Group		■ ■			UE
EURITS					
European Union for Responsible Incineration and Treatment of Special Waste	■ ■			■ ■	UE
FEAD					
European Federation of Waste Management and Environmental Services	■	■ ■ ■		■ ■ ■	UE
FNADE					
Fédération Nationale des Activités de la Dépollution et de l'Environnement	■	■		■ ■ ■	●
FNSA					
Fédération Nationale des Syndicats de l'Assainissement et de la Maintenance Industrielle				■ ■	●
HWE					
Hazardous Waste Europe	■ ■	■ ■		■ ■	RoW
I GEDEDIM					
Initiative de Gestion des Déchets Diffus Spécifiques				■ ■	●
PEN					
International POPs Elimination Network (Stockholm convention)				■ ■	RoW
SNAD					
Syndicat National des Activités du Déchet				■ ■ ■	●
SVDU					
Syndicat National du Traitement et de la Valorisation des Déchets Urbains et Assimilés	■			■	●
SYPREL					
Syndicat Professionnel pour le Recyclage et l'Élimination des Déchets dangereux	■ ■	■ ■		■ ■	●
SYRES/FEDERC					
Syndicat des Recycleurs de Solvants		■ ■		●	
UIC					
French Union of chemical industries		■ ■		●	

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The subjects treated are highly technical and necessitate the intervention of experts. The objective of this work is to decipher complexity and make it understandable to our talking partners, whatever their background, without however misrepresenting it, so that they can form their own considered opinions, and take informed decisions.

This work is essential if the Group is to communicate clearly and in an informed manner to decision-makers, to establish a transparent and lasting dialog in view of future regulatory activity which will foster sustainable growth while preserving the environment.

3.4.3.2.3 Acting as a source of propositions and taking up public positions

Since regulatory changes stem largely from consultations between national and European authorities, industry organizations representing the environmental sector take part in various working groups set up to draft future regulations.

These industry organizations make known and defend their positions to public authorities and elected representatives, bringing to the debate their expert knowledge and technical skills, while positioning themselves as a source of new ideas in a spirit of transparency and dialog with all stakeholders as they strive toward sustainable development.

The principal public positions defended in 2017 were the following:

Subject/forum	Professional organizations mobilized	Public positions defended
France		
Regional waste management plans	SYPRED	Writing and evaluation of regional waste management plans
Energy recovery from NHW/Ministry of Ecology	FNADE, SVDU	Incineration and SRFs
Eco-industries and investments in the future/Ministry of Ecology, French Enterprise Department, ADEME	FNADE, SYPRED	CSF Eco-industries working group on industrial recovery from waste
Circular economy/Ministry of Ecology	FNADE, SYPRED	Circular economy road map
Post-catastrophe management/local authorities, industry	GEIDE post-catastrophe	Publication of prevention guides, for individuals local authorities, industrial corporations, including impact studies of flooding of Paris
Ministry of Ecology, ADEME, ecological organizations	FNADE, SYPRED	Consultative committees and approvals committees for the approval of various eco-organizations
Status of waste/Ministry of Ecology	SYPRED, SYRES	Committee member
ASPRODET conference	ASPRODET	Emission of hazardous substances in water
AMORCE	AMORCE	
SYPRED conference	SYPRED	40th anniversary of IPCEs
AFITE conference	AFITE	
ASTEE	ASTEE	Waste working group
Europe and rest of the world		
European Commission	FEAD, HWE, EURITS, ESG, CEWEP	Changes in framework directives, and the circular economy package
European Commission Joint Research Center	FEAD, HWE, EURITS, ESG	Working group on BREF on waste treatment
European Commission Joint Research Center	FEAD, HWE, EURITS, CEWEP	Working group on BREF on waste incineration
PEN COP9 working group, Geneva	HWE	Working group on persistent organic pollutants (POPs) (including PCBs)
Minamata COP1 convention, Geneva	HWE	Management of mercury

3.5 Information on the fight against corruption: actions undertaken to prevent corruption

Point no. 7 of the Code of Behavior and Actions issued by the Group to all employees contains the following instructions:

"Ethics, integrity and legality in commercial relations are all related.

No employee may accept from a competitor, customer or supplier of the Group, or offer to them, any remuneration, gift or other advantage. Only gifts or invitations within acceptable limits according to common usage and anti-corruption laws may be tolerated. On no account may an employee solicit a gift or invitation.

It is prohibited to pay, offer or accept to pay bribes, or to grant undue advantages, directly or via an intermediary, to a public service agent or private person in any country with the intention of obtaining favorable treatment or of influencing the outcome of a negotiation in which the Group has a stake. Such practices are contrary to the law and international conventions on the fight against corruption in most countries.

Ethics and integrity require of all employees total probity in their working practices. All employees must avoid any situation which might give rise to a conflict between the interests of the Group and their own personal interests or those of their families. No employee may hold an interest in a supplier or customer company except by means of quoted shares purchased in the context of a share portfolio, and in compliance with rules prohibiting the use of privileged information. It is likewise prohibited to work for an existing or potential competitor, customer and/or supplier without the agreement of the Group."

No bad practice has been detected over the period.

Concerning the fight against corruption and insider influence, the Group has taken measures to comply with the new French "Sapin 2" Law, which entered into force in June 2017. Some of these are in progress, others are nearing finalization.

3.6 Actions in support of human rights

3.6.1 Promotion and respect of ILO conventions

3.6.1.1 Freedom of association and the right to collective bargaining

The Group considers itself concerned by the respect of human rights in all their diverse forms (collective bargaining, prohibition of forced or compulsory or child labor, respect of indigenous peoples, etc.) However, it does not regard itself as highly confronted by or exposed to these risks, since the Group's operations are mainly located in France, where all salaried employees are covered by a collective bargaining agreement, and where union and employee representative meetings take place under regulations governing industrial relations, and where application of the law prohibits any behavior contrary to human dignity.

3.6.1.2 Abolition of discrimination in employment and the workplace

The Group will not allow the practice of discrimination of any kind, whether based on race, color, creed, gender, sexuality or anything else, whether in the areas of recruitment or appointments, or during the execution or at the termination of the work contract.

Séché Environnement is committed to respecting employees' private lives, and has never been the subject of a complaint of any kind in this respect, either from employees or third parties.

3.6.1.3 Abolition of child labor and elimination of forced or compulsory labor

Séché Environnement refuses to countenance child labor and forced or compulsory labor, either directly or through the intermediary of sub-contractors working at or on the Group's sites and facilities. The Group does not purchase supplies or investments from or in countries which do not respect this ethic. Given the geographies in which the Group is active, it is not significantly exposed to these risks.



Corporate HR, environmental and social responsibility data

3.6.2 Other actions in favor of human rights

3.6.2.1 Neutrality in public life

The Group's position is expressed in Point 4 of its Code of Behavior and Actions, which was updated in 2013:

Séché Environnement, as a key participant in society, strictly respects political, religious and philosophical neutrality:

- The Group refuses to contribute financially to candidates, elected representatives or political parties;
- Any employee may of course take part individually in political life, outside the workplace and outside working hours, but no employee may make use of the Group's image in support of his or her commitment;
- The Group restricts its participation to the financing of associations or foundations, or to sponsoring operations under current legislation, provided that such operations respect the framework of values and priorities defined by the Group."

3.6.2.2 Ethics alert mechanism

The Group has put in place an ethics alert mechanism which can be accessed by any employee (Point no. 8 of the Code of Behavior and Actions):

"The ethics alert mechanism enables any employee, in case of difficulty in interpreting the rules given in the Code of Behavior and Actions, or in case of doubt as to their application in a particular situation which might call into question the Group's responsibility or bring it or its image or reputation into disrepute, to refer the matter directly to the Director of Sustainable Development.

Its scope is limited to acts contrary to laws and regulations, or likely to cause serious damage to the functioning of society in general, or concerning the local community to which the originator of the alert belongs.

Alerts must be originated by an identified employee, and may be protected by a confidentiality agreement. In all cases, the act of originating an alert imposes a heavy responsibility on, and engages the ethics of, the originator. Alerts can only function on the basis of factual information communicated in good faith."

Corporate HR, environmental and social responsibility data

3.7 Correspondence between article 225, ISO26000, GRI3 - Global Compact and SDGs

ARTICLE 225 OF THE FRENCH "GRENELLE 2" LAW

FRAME OF REFERENCE

HR information	GRI 3	ISO 26000	Global Compact	SDGs
PROMOTION AND COMPLIANCE WITH ILO CONVENTIONS				
Respect of freedom of association and the right to collective bargaining	HR5 LA4 and LA5		#3	#8 and #10
Abolition of discrimination in employment and occupation	HR4 LA13 and LA14		#6	#8 and #10
Abolition of forced or compulsory labor	HR6 and HR7			#8 and #10
Effective abolition of child labor	HR6			
Environmental information	GRI 3	ISO 26000	Global Compact	SDGs
GENERAL POLICY ON THE ENVIRONMENT				
Organization of the enterprise to take account of environmental questions. Where appropriate, evaluation or certification procedures concerning the environment	Management approach Management approach	6.5.1 et 6.5.2 6.5.1 et 6.5.2	#7, #8 and #9 #7, #8 and #9	
Training and information of employees in the protection of the environment				
Resources applied to prevention of environmental risks and pollution	EN30			
Amount of provisions and guarantees for environment-related risks (except risk of damage)	EN28 and EC2			
POLLUTION				
Measures to prevent, reduce or remedy emissions into the air, water or soil, likely to seriously affect the environment	EN22, EN23 and EN24 EN22, EN23 and EN24	6.5.3	#7, #8 and #9 #7, #8 and #9	
Taking account of noise pollution and all other forms of pollution specific to an activity	EN25			
CIRCULAR ECONOMY				
I/ Avoidance and management of waste				
Measures to avoid, recycle and eliminate waste	EN22	6.5.4	#7, #8 and #9	
Actions to combat food waste				
II/ Sustainable use of resources				
Local sourcing and consumption of water, according to local constraints	EN8, EN9 and EN21	6.5.5 6.5.5	#7, #8 and #9 #7, #8 and #9	
Raw materials consumption, and measures taken to improve their efficiency in use	EN1 and EN10		#7, #11 and #12	
Energy consumption and measures taken to improve energy efficiency and foster the use of renewable energies	EN3 to EN7		#7, #11 and #12	
Land use			#7, #11 and #12	
CLIMATE CHANGE				
Greenhouse gas (GHG) emissions	EN16, EN17, EN19 and EN20	6.5.5	#7, #8 and #9	#13
Adaptation to the consequences of climate change	EN18 and EC2			
PROTECTION OF BIODIVERSITY				
Measures taken to conserve and develop biodiversity	EN 11 to 15 and EN25	6.6.6	#7, #8 and #9	#15

Scope	Paragraph	Title	Policies and indicators published
France	3.2.8.1	Freedom of association and collective bargaining	General policy Number of labor union delegates and employee representatives
France	3.2.8.2	Policy for the abolition of discrimination	Number of meetings for workplace dialog
France	3.2.8.3	Policy for the abolition of discrimination	
Scope	Paragraph	Title	Policies and indicators published
France	3.3.1	General policy on the environment	General policy
France	3.3.5	Double Ecocert quality mark	Ecocert climate management system quality mark Ecocert biodiversity management system quality mark Coverage rate of ISO14001 and MASE certifications
France	3.2.6.1	Training policy	
France	3.2.6.1.2	Training subjects	
France	3.3.1.3	Resources applied to risk prevention	
France	3.3.1.4	Amount of provisions	Table of supplemental expenses related to the reduction or repair of damages caused by the enterprise
France	3.3.2.3	Atmosphere	Net atmospheric and dust emissions
France	3.3.2.1	Water	Net quantity of water returned to the environment
France	3.3.1.3	Resources applied to prevention of risks and pollution	
France	3.3.3.2	Raw materials consumed	Table of waste production (hazardous and non-hazardous)
	3.3.3.3	Prevention, recycling	Table of recovery from waste (hazardous and non-hazardous)
	3.3.3.2.2		
France	3.3.3.3	Water	Water management policy
France	3.3.3.3		Net water consumption (by activity)
France	3.3.3.3		Origin of water supplies
France	3.3.2.2	Materials consumed	Table of consumption of raw materials Table of recovery of raw materials from waste
France	3.3.2.6	Energy	Table of energy production and consumption Measures taken in favor of energy savings
France	3.3.2.4	Land use	
France	3.3.4	Climate change	Ecocert climate management system quality mark Table of GHG emissions, scopes 1 and 2 Table of GHG emissions avoided (energy recovery) Table of GHG emissions reduced (treatment of industrial gases)
France	3.3.4.4	Adapting transportation	Examples of adaptations (transportation)
15 sites in France	3.3.5	Protection of biodiversity	National Biodiversity Strategy (SNB) Ecocert biodiversity management system quality mark Inventories of flora and fauna

Corporate HR, environmental and social responsibility data

ARTICLE 225 OF THE FRENCH "GRENELLE 2" LAW

FRAME OF REFERENCE

HR information	GRI 3	ISO 26000	Global Compact	SDGs
PROMOTION AND COMPLIANCE WITH ILO CONVENTIONS				
Respect of freedom of association and the right to collective bargaining	HR5 LA4 and LA5		#1 TO #6	
Abolition of discrimination in employment and occupation	HR4 LA13 and LA14		#3	#8 and #10
Abolition of forced or compulsory labor	HR6 and HR7		#6	#8 and #10
Effective abolition of child labors	HR6			#8 and #10
Environmental information	GRI 3	ISO 26000	Global Compact	SDGs
GENERAL POLICY ON THE ENVIRONMENT				
Organization of the enterprise to take account of environmental questions. Where appropriate, evaluation or certification procedures concerning the environment	Management approach Management approach	6.5.1 and 6.5.2 6.5.1 and 6.5.2	#7, #8 and #9 #7, #8 and #9	
Training and information of employees in the protection of the environment				
Resources applied to prevention of environmental risks and pollution	EN30			
Amount of provisions and guarantees for environment-related risks (except risk of damage)	EN28 and EC2			
POLLUTION				
Measures to prevent, reduce or remedy emissions into the air, water or soil, likely to seriously affect the environment	EN22, EN23 and EN24 EN22, EN23 and EN24	6.5.3	#7, #8 and #9 #7, #8 and #9	
Taking account of noise pollution and all other forms of pollution specific to an activity	EN25			
CIRCULAR ECONOMY				
I/ Avoidance and management of waste				
Measures to avoid, recycle and eliminate waste	EN22	6.5.4	#7, #8 and #9	
Actions to combat food waste				
II/ Sustainable use of resources				
Local sourcing and consumption of water, according to local constraints	EN8, EN9 and EN21	6.5.5 6.5.5	#7, #8 and #9 #7, #8 and #9	
Raw materials consumption, and measures taken to improve their efficiency in use	EN1 and EN10		#7, #11 and #12	
Energy consumption and measures taken to improve energy efficiency and foster the use of renewable energies	EN3 to EN7		#7, #11 and #12	
Land use			#7, #11 and #12	
CLIMATE CHANGE				
Greenhouse gas (GHG) emissions	EN16, EN17, EN19 and EN20	6.5.5	#7, #8 and #9	#13
Adaptation to the consequences of climate change	EN18 and EC2			
PROTECTION OF BIODIVERSITY				
Measures taken to conserve and develop biodiversity	EN 11 to 15 and EN25	6.6.6	# 7, # 8 and # 9	#15

Scope	Paragraph	Title	Policies and indicators published
France	3.2.8.1	Freedom of association and collective bargaining	General policy Number of labor union delegates and employee representatives
France	3.2.8.2	Policy for the abolition of discrimination	Number of meetings for workplace dialog
France	3.2.8.3	Policy for the abolition of discrimination	
Scope	Paragraph	Title	Policies and indicators published
France	3.3.1	General policy on the environment	General policy
France	3.3.5	Double Ecocert quality mark	Ecocert climate management system quality mark Ecocert biodiversity management system quality mark Coverage rate of ISO14001 and MASE certifications
France	3.2.6.1	Training policy	
France	3.2.6.1.2	Training subjects	
France	3.3.1.3	Resources applied to risk prevention	
France	3.3.1.4	Amount of provisions	Table of supplemental expenses related to the reduction or repair of damages caused by the enterprise
France	3.3.2.3	Atmosphere	Net atmospheric and dust emissions
France	3.3.2.1	Water	Net quantity of water returned to the environment
France	3.3.1.3	Resources applied to prevention of risks and pollution	
France	3.3.3.2	Raw materials consumed	Table of waste production (hazardous and non-hazardous)
	3.3.3.3	Prevention, recycling	Table of recovery from waste (hazardous and non-hazardous)
	3.3.3.2.2		
France	3.3.3.3	Water	Water management policy
France	3.3.3.3		Net water consumption (by activity)
France	3.3.3.3		Origin of water supplies
France	3.3.2.2	Materials consumed	Table of consumption of raw materials Table of recovery of raw materials from waste
France	3.3.2.6	Energy	Table of energy production and consumption Measures taken in favor of energy savings
France	3.3.2.4	Land use	
France	3.3.4	Climate change	Ecocert climate management system quality mark Table of GHG emissions, scopes 1 and 2 Table of GHG emissions avoided (energy recovery) Table of GHG emissions reduced (treatment of industrial gases)
France	3.3.4.4	Adapting transportation	Examples of adaptations (transportation)
15 sites in France	3.3.5	Protection of biodiversity	National Biodiversity Strategy (SNB) Ecocert biodiversity management system quality mark Inventories of flora and fauna



Corporate HR, environmental and social responsibility data

ARTICLE 225 OF THE FRENCH "GRENELLE 2" LAW

FRAME OF REFERENCE

Information on commitments to society in favor of sustainable development	GRI 3	ISO 26000	Global Compact	SDGs
TERRITORIAL, ECONOMIC AND SOCIETAL IMPACTS OF THE COMPANY'S ACTIVITIES				
Contribution to local employment and regional development EC9	EC8 and 6.8.5			France
On neighboring or local populations	EC1 and EC6	6.8		
RELATIONS WITH PERSONS OR ORGANIZATIONS WITH AN INTEREST IN THE COMPANY'S ACTIVITIES				
Conditions of dialog with those persons or organizations		5.3.3		
Partnership or sponsorship actions	EC1	6.8.9		
SUB-CONTRACTING AND SUPPLIERS				
Taking account of societal and environmental considerations in purchasing policy	EC6, HR2 HR5 to 7	6.6.6	# 1 and # 2	
Proportion of sub-contracting and account taken of CSR in relations with suppliers and sub-contractors		6.6.6	# 1 and # 2	
Fair practice				
Actions to prevent corruption in all its forms	S02 à 4 - S07 and 8	6.6.3	# 10	
Measures taken in favor of consumers' health and safety	PR1 and PR2	6.7.4		
OTHER ACTIONS IN SUPPORT OF HUMAN RIGHTS	HR	6.3	# 1 and 2	#8

Scope	Paragraph	Title	Policies and indicators published
3.4.1 France	3.4.1.2	Territorial, economic and societal impact Sub-contracting and suppliers	Redistribution of revenue table Table of contributions to the local economy Cooperation with educational establishments
France	3.4.1 3.4.1.2	Territorial, economic and societal impact Sub-contracting and suppliers	Opening sites to visitors (site visits and Open Days) Percentage of employees living less than 50 km from the workplace Recourse to local sub-contractors
France	3.4.4	Relations with stakeholders	Signing up to Comité 21 guidelines Relations with large environmental and societal NGOs
France	3.4.3	Sponsorship policy	Stakeholder and stakes mapping Site monitoring committees (CSS) Local partnerships with associations for the protection of nature Sponsorship events with the French National Museum of Natural History
France	3.4.2.1	Commercial relationships	Responsible purchasing policy with suppliers
France	3.4.2.2 3.4.2.1	Sub-contracting and suppliers Good business practice	Table of recourse to sub-contracting
Rest of world	3.4.5.2	Prevention against corruption	Code of Behavior and Actions
Rest of world	3.4.2.3 3.4.5.1	Consumer safety Influence strategies and representation of interests	Signature by Trédi of the Responsible Care® Global Charter Policy
Rest of world	3.4.5.3	Other actions in support of human rights	Ethics alert mechanism



Corporate HR, environmental and social responsibility data

3.8 Report of one of the Statutory Auditors, designated independent third party, on the consolidated HR, environmental and societal information presented in the management report

Year ended December 31, 2016

To the Shareholders,

In our capacity as Statutory Auditor of Séch  Environnement SA, appointed as Independent Third Party, accredited by the COFRAC under number 3-1049, we hereby present to you our report on the consolidated HR, environmental and societal information (hereinafter the "CSR Information") for the year ended December 31, 2017, presented in the management report. This report has been prepared in accordance with article L.225-102-1 of the French Commercial Code.

RESPONSIBILITY OF THE COMPANY

The Board is responsible for preparing the company's management report including CSR Information in accordance with the provisions of article R.225-105-1 of the French Commercial Code and with the guidelines used by the company (hereinafter the "Guidelines"), summarized in the management report and available on request from the company's head office.

INDEPENDENCE AND QUALITY CONTROL

Our independence is defined by regulations, the French code of ethics governing the audit profession and the provisions of article L.822-11-3 of the French Commercial Code. We have also implemented a quality control system comprising documented policies and procedures for ensuring compliance with the codes of ethics, professional auditing standards and applicable law and regulations.

RESPONSIBILITY OF THE INDEPENDENT THIRD PARTY

On the basis of our work, it is our responsibility to:

- attest that the required CSR Information is presented in the management report or, in the event that any CSR Information is not presented, that an explanation is provided in accordance with the third paragraph of article R.225-105 of the French Commercial Code (Statement of completeness of CSR Information);
- express an opinion with limited assurance that the CSR Information, taken as a whole, is presented fairly, in all material respects, in accordance with the Guidelines (opinion on the fair presentation of the CSR Information);
- express, at the request of the Company, and outside the scope of the accreditation, an opinion with reasonable assurance that the elements of CSR information selected by the Company and identified by the sign ☒ in Chapter 3 on HR, environmental and societal indicators of the management report are presented fairly, in all material respects, in accordance with the Guidelines (opinion with reasonable assurance on the fair presentation of a selection of CSR Information).

However, it is not our responsibility to pronounce on the compliance with the relevant legal provisions applicable if necessary, in particular those provided for by article L.225-102-4 of the French Commercial Code (vigilance plan) and Law no. 2016-1691 dated December 9, 2016, known as the "Sapin 2" anti-corruption act.

Our work was performed by a team of six people between December 2017 and February 2018 and took around four weeks. We were assisted by our specialists in Corporate Social Responsibility.

We performed the procedures described below in accordance with professional auditing standards applicable in France, with the Order dated May 13, 2013 determining the manner in which the independent third party should carry out his work, with the professional doctrine of the Compagnie Nationale des Commissaires aux Comptes relative to this intervention, and, concerning our opinion on the fair presentation of CSR Information, with the international standard ISAE 3000.

1. Statement of presence of CSR Information

Nature and scope of the work

On the basis of interviews with the individuals in charge of the relevant departments, we reviewed the Company's sustainable development strategy with respect to the social and environmental impact of its activities and its societal commitments and, where applicable, any initiatives or programs it has implemented as a result.

We compared the CSR Information presented in the management report with the list provided in article R.225-105-1 of the French Commercial Code.

For any consolidated information that was not disclosed, we verified that the explanations provided complied with the provisions of article R.225-105, paragraph 3, of the French Commercial Code.

We verified that the CSR Information covers the consolidation scope, i.e. the Company, its subsidiaries as defined by article L.233-1 and the entities it controls as defined by article L.233-3 of the French Commercial Code, within the limitations set out in the methodological information presented in paragraph 3.1 of the management report.

Conclusion

Based on these procedures and taking into account the limitations mentioned above, we attest that the management report includes the required CSR Information.

2. Reasoned opinion on the fairness of the CSR Information

Nature and scope of the work

We conducted around ten interviews with the people responsible for preparing the CSR Information in the departments in charge of collecting the information and, where appropriate, with those responsible for internal control and risk management procedures, in order to:

- assess the suitability of the Guidelines in terms of their relevance, completeness, reliability, impartiality and understandability, taking into account best practice, where appropriate;
- verify that a data collection, compilation, processing and control procedure has been implemented to ensure the completeness and consistency of the CSR Information and review the internal control and risk management procedures used to prepare the CSR Information.

We determined the nature and scope of our tests and controls according to the nature and importance of the CSR Information with respect to the characteristics of the Company, the social and environmental impact of its activities, its sustainable development strategy and best practice in the industry.

With regard to the CSR Information that we considered to be the most important, and which are listed in the following table:

- at parent entity level, we consulted documentary sources and conducted interviews to substantiate the qualitative information (organization, policies, actions), we performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and consolidation of the data. We also verified that the data was consistent by cross-checking it with other information in the management report;
- at the entity level, for a representative sample of entities selected on the basis of their activity, their contribution to the consolidated indicators, their location and risk analysis, we conducted interviews to verify that the procedures were followed correctly, and to identify any omissions; and we performed tests of details, using sampling techniques, in order to verify the calculations made and reconcile the data with the supporting documents. The selected sample represents 82% of headcount, considered to be a magnitude characteristic of the HR information presented, and between 85% and 87% of the quantitative environmental information, considered to be a magnitude characteristic of the environmental information presented.

For the other consolidated CSR information, we assessed its consistency based on our understanding of the company.

We also assessed the relevance of explanations given for any information that was not disclosed, either in whole or in part.

We believe that the sampling methods and sample sizes used, based on our professional judgment, were sufficient to enable us to provide limited assurance; a higher level of assurance would have required us to carry out more extensive work. Due to the use of sampling techniques and other limitations intrinsic to the operation of information and internal control systems, we cannot completely rule out the possibility that a material irregularity has not been detected.

Conclusion


Based on our work, we did not identify any material anomalies likely to call into question the fact that the CSR Information, taken as a whole, is presented fairly in accordance with the Guidelines.





Corporate HR, environmental and social responsibility data

3. Reasonable assurance report on the fair presentation of a selection of CSR Information


Nature and scope of the work

Concerning the elements of CSR information selected by the Company and identified by the sign , we undertook work of the same nature as that described in paragraph 2 above for the CSR Information considered the most important, but in a more in-depth manner, in particular in relation to the number of tests

The sample selected represents 82% of headcount and between 47% and 97% of environmental information presented and identified by the sign .

We consider that this work allows us to express a reasonable assurance opinion on the information selected by the Company and identified by the sign .

Conclusion

We consider that this work allows us to express a reasonable assurance opinion on the information selected by the Company and identified by the sign .

Paris La Défense and Nantes, March 1, 2018

KPMG SA

Anne Garans

Partner

Sustainability Services

Franck Noël

Partner

Financial data at December 31, 2017

4.1 Consolidated financial statements at December 31, 2017

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4.2 Auditors' report on the consolidated financial statements
at December 31, 2017

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Financial data

at December, 31 2017

4.1 Consolidated financial statements at Dec. 31, 2017

4.1.1 Statement of the consolidated financial situation

in K€

	Dec. 31, 2015	Dec. 31, 201	Dec. 31, 2017	Note
Goodwill	231 457	233 403	264 727	1.1
Intangible fixed assets included in concessions	48 637	49 947	49 618	
Other intangible fixed assets	12 021	13 055	16 213	1.2
Property, plant and equipment	174 011	187 260	230 213	2.1
Investments in affiliates	3 135	2 885	2 888	3
Non-current financial assets	8 601	8 469	9 457	4
Hedging instruments - non-current assets	-	-	-	4.3
Other non-current assets	37 972	44 926	41 515	4
Deferred non-current corporation tax assets	-	-	1 229	
Deferred tax assets	40 067	31 862	28 788	6
NON-CURRENT ASSETS	555 902	571 807	644 648	
Inventories	11 339	11 560	12 195	
Trade and other receivables	140 341	159 549	136 533	
Corporation tax receivables	963	4 081	1 123	
Current financial assets	868	761	827	
Hedging instruments - current assets	3	-	-	4.3
Other current assets	23 201	24 638	28 477	4
Cash and cash equivalents	30 640	16 732	53 459	4.1.3
CURRENT ASSETS	207 356	217 321	232 613	
Assets held for sale	352	437	-	
TOTAL ASSETS	763 610	789 565	877 262	
Share capital	1 572	1 572	1 572	8
Additional paid-in capital	90 805	74 061	74 061	9
Reserves	134 816	160 076	153 385	10
Net income (Group share)	16 822	3 908	15 353	
Shareholders' equity (Group share)	244 014	239 617	244 370	
Minority interests	(288)	151	2 832	
TOTAL SHAREHOLDERS' EQUITY	243 726	239 769	247 202	
Other equity	146	162	245	
Non-current financial debt	292 138	296 691	365 167	4.2.1
Hedging instruments - non-current liabilities	436	637	478	4.3
Employee benefits	3 804	5 190	5 554	5.3
Deferred tax liabilities	-	-	199	6
Other non-current provisions	9 300	11 259	13 221	5
Other non-current liabilities	4 093	2 439	860	4.2.2
NON-CURRENT LIABILITIES	309 771	316 217	385 480	
Current financial debt	28 939	33 092	46 784	4.2.1
Hedging instruments - current liabilities	144	22	14	4.3
Current provisions	1 828	6 632	2 408	5
Taxes payable	2 377	249	814	
Other current liabilities	176 326	192 987	194 315	4.2.2
CURRENT LIABILITIES	209 614	232 981	244 335	
Liabilities held for sale	352	437	-	
TOTAL LIABILITIES	763 610	789 565	877 262	

4.1.2 Consolidated income statement

in K€

	Note	2015	2016	2017
REVENUE	12	460 910	478 257	534 464
Other business income		6 855	6 953	9 448
Transfers of expenses		3 999	2 770	1 215
Purchases used for operational purposes		(66 962)	(66 435)	(66 627)
Other external expenses		(169 662)	(181 396)	(211 715)
Taxes other than on income		(38 498)	(37 557)	(41 486)
Employee benefits expenses		(108 536)	(113 526)	(127 221)
EBITDA	13	88 106	89 066	98 077
Expenses for rehabilitation and/or maintenance of sites included in concessions		(9 705)	(10 405)	(10 722)
Other net operating expenses		(1 849)	(1 923)	(238)
Net allocations to provisions	14.2	(329)	(1 480)	(1 793)
Net allocations to amortization	14.3	(35 643)	(40 902)	(45 608)
CURRENT OPERATING INCOME	14.1	40 580	34 356	39 715
Income on sales of fixed assets		(281)	36	(2 893)
Impairment of assets		-	(66)	(142)
Consolidation scope variation effects		(626)	(698)	(1 015)
Other operating income and expenditure		(1 145)	(7 432)	1 675
OPERATING INCOME	15	38 528	26 196	37 340
Income from cash and cash equivalents		423	312	127
Gross financial borrowing costs		(11 879)	(10 299)	(12 410)
COST OF NET FINANCIAL DEBT		(11 456)	(9 987)	(12 284)
Other financial income	16.2	822	4 473	1 071
Other financial expenses		(1 482)	(5 229)	(2 387)
FINANCIAL INCOME	16.1	(12 116)	(10 742)	(13 599)
Corporation tax	17	(8 472)	(10 531)	(7 663)
INCOME OF CONSOLIDATED COMPANIES		17 940	4 922	16 078
Share of income of affiliates		(664)	(694)	(36)
NET INCOME FROM CONTINUING OPERATIONS		17 277	4 228	16 042
Income from discontinued operations		(417)	(330)	(546)
TOTAL NET INCOME OF CONSOLIDATION SCOPE		16 860	3 898	15 496
<i>Of which minority interests</i>		38	10	(144)
<i>Of which attributable to equity holders of the parent</i>		16 822	3 908	15 353
Net earnings per share		2.05 €	0.50 €	1.97 €
Diluted earnings per share		2.05 €	0.50 €	1.97 €

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4.1.3 Statement of net income and profits and losses directly recognized in equity

in K€	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2017
Items not included in the income statement (A)			
Actuarial differences	(904)	(562)	673
Tax effects	307	180	(224)
SUB-TOTAL (A)	(597)	(381)	449
Items included in the income statement (B)			
Foreign currency differences	(324)	(271)	(2 739)
Change in fair value of financial hedging instruments	571	(80)	279
Change in fair value of available-for-sale financial assets	(153)	(239)	(196)
Share of profits and losses booked directly under shareholders' equity of affiliates consolidated under the equity method	-	-	-
Tax effects	(196)	27	(96)
SUB-TOTAL (B)	(102)	(563)	(2 751)
SUB-TOTAL OF PROFITS AND LOSSES BOOKED DIRECTLY UNDER SHAREHOLDERS' EQUITY	(700)	(944)	(2 302)
NET INCOME FOR THE PERIOD	16 860	3 898	15 496
NET INCOME AND PROFITS AND LOSSES BOOKED DIRECTLY UNDER SHAREHOLDERS' EQUITY	16 158	2 954	13 136
<i>Of which attributable to equity holders of the parent company</i>	<i>16 122</i>	<i>2 964</i>	<i>13 050</i>
<i>Of which attributable to minority interests</i>	<i>36</i>	<i>(11)</i>	<i>86</i>

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4.1.4 Statement of changes in consolidated shareholders' equity

	Share capital	Additional paid-in capital	Number of shares held as treasury stock	Consolidated reserves and net income
in K€	Note 8	Note 9		Note 10
SHAREHOLDERS' EQUITY AT DEC. 31, 2014, RESTATED	1 727	121 486	(3 461)	146 472
Profits and losses booked directly in equity	-	-	-	-
Net income at December 31, 2015	-	-	-	16 822
NET INCOME AND PROFIT AND LOSSES BOOKED DIRECTLY IN EQUITY	-	-	-	16 822
Dividends paid	-	-	-	(7 413)
Treasury stock	-	-	74	-
Other changes	(155)	(30 680)	-	7 413
SHAREHOLDERS' EQUITY AT DEC. 31, 2015	1 572	90 805	(3 387)	163 294
Profits and losses booked directly in equity	-	-	-	-
Net income at December 31, 2016	-	-	-	3 908
NET INCOME AND PROFIT AND LOSSES BOOKED DIRECTLY IN EQUITY	-	-	-	3 908
Dividends paid	-	-	-	(7 412)
Treasury stock	-	-	51	-
Other changes	-	(16 744)	-	16 744
SHAREHOLDERS' EQUITY AT DEC. 31, 2016	1 572	74 061	(3 336)	176 533
Profits and losses booked directly in equity	-	-	-	-
Net income at December 31, 2017	-	-	-	15 353
NET INCOME AND PROFIT AND LOSSES BOOKED DIRECTLY IN EQUITY	-	-	-	15 353
Dividends paid	-	-	-	(7 413)
Treasury stock	-	-	(19)	-
Other changes	-	-	-	(866)
SHAREHOLDERS' EQUITY AT DEC. 31, 2017	1 572	74 061	(3 355)	183 607

Profits and losses booked directly in equity	TOTAL attributable to equity holders of the parent	Total attributable to holders of minority interests	TOTAL shareholders' equity
(7 569)	258 654	131	258 785
(700)	(700)	(2)	(701)
-	16 822	38	16 859
(700)	16 122	36	16 158
-	(7 413)	(55)	(7 467)
-	74		74
-	(23 422)	(400)	(23 823)
(8 270)	244 014	(288)	243 726
(944)	(944)	(1)	(944)
-	3 908	(10)	3 898
(944)	2 964	(11)	2954
-	(7 412)	(19)	(7 431)
-	51	-	51
-	-	469	469
(9 213)	239 617	151	239 769
(2 302)	(2 302)	(58)	(2 360)
-	15 353	144	15 496
(2 302)	13 050	86	13 136
-	(7 413)	(31)	(7 444)
-	(19)	-	(19)
-	(866)	2 626	1 761
(11 516)	244 370	2 832	247 203

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4.1.5 Consolidated statement of cash flows

in K€

	2015	2016	2017
INCOME OF CONSOLIDATED COMPANIES	17 940	4 922	16 078
Dividends received from companies consolidated by the equity method	95	47	113
Elimination of income and expenses with no cash impact or not related to operating activities:			
Amortization and provisions	36 711	44 239	43 731
Net capital gains on disposals	281	3 864	3 307
Deferred taxes	3 993	8 163	3 738
Other income and expenses	2 014	1 388	1 080
CASH FLOW FROM OPERATING ACTIVITIES	61 034	62 624	68 048
Corporation tax	4 478	2 368	3 925
Cost of gross financial debt before long-term investments	10 155	9 506	11 443
CASH FLOW FROM OPERATING ACTIVITIES before taxes and financing costs	75 667	74 498	83 416
Change in working capital requirement	(31 758)	(16 092)	30 195
Tax paid	(2 761)	(6 955)	(1 431)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	41 148	51 451	112 179
Cost of acquisition of fixed assets	(48 233)	(53 740)	(58 789)
Proceeds from disposals of fixed assets	5 177	2 314	1 731
Outflows for acquisitions of financial investments	(1 135)	(1 438)	(919)
Inflows from disposals of financial investments	532	620	73
Net cash outflows for acquisitions of subsidiaries	(5 923)	(1 516)	(70 916)
Net cash inflows from disposals of subsidiaries	276	-	826
NET CASH FLOW FROM INVESTMENT ACTIVITIES (B)	(49 306)	(53 760)	(127 993)
Dividends paid to equity holders of the parent	(7 413)	(7 412)	(7 413)
Dividends paid to minority shareholders of consolidated companies	(55)	(19)	(31)
Capital increases in cash	-	-	-
Treasury stock movements	(23 320)	58	-
Changes in other shareholders' equity	-	-	71
Borrowings	190 024	33 128	106 920
Repayment of borrowings	(145 955)	(29 683)	(34 438)
Interest paid	(13 011)	(8 871)	(12 028)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	271	(12 798)	53 081
TOTAL CASH FLOW FOR THE PERIOD, CONTINUING OPERATIONS (A) + (B) + (C)	(7 888)	(15 107)	37 268
NET CASH FLOW FROM DISCONTINUED OPERATIONS	(5)	(2)	(7)
TOTAL CASH FLOW FOR THE PERIOD	(7 893)	(15 110)	37 261
Cash and cash equivalents at beginning of year	38 630	30 453	15 185
Of which in continuing operations	38 614	30 443	15 178
Of which in discontinued operations	15	10	7
Cash and cash equivalents at end of year	30 453	15 185	52 278
Of which in continuing operations ¹	30 443	15 178	52 278
Of which in discontinued operations	10	7	-
Effect of changes in foreign exchange rates	(283)	(158)	(167)
Of which in continuing operations	(283)	(158)	(167)
Of which in discontinued operations	-	-	-

1: Of which: Cash and cash equivalents
Short-term bank borrowings (current financial debts)

30 640
(197)

16 732
(1 554)

53 459
(1 181)

4.1.6 Notes to the consolidated financial statements at December 31, 2017

4.1.6.1 Accounting principles and methods

Point 1 - Accounting standards

Since January 1, 2005, the Group's consolidated financial statements have been prepared in accordance with IFRS as adopted in the European Union through EU Regulation 1606/2002 of July 19, 2002, which instituted the IFRS reporting framework.

When drawing up the financial statements at December 31, 2017, the Group applied the standards for which application was mandatory as of January 1, 2017, namely:

- amendments to IAS 12 on recognition of deferred tax assets for unrealised losses;
- amendments to IAS 7 on improvements to the information provided in notes to financial statements concerning cash flows.

Application of these standards did not have any significant impact on the Group's consolidated financial statements.

The Group did not elect to anticipate application of any other standards due to become mandatory after January 1, 2017, but for which early application was permissible.

Concerning standards whose application becomes mandatory on January 1, 2018, the Group:

- is currently evaluating what impact application of IFRS 9 and IFRS 16 might have on its consolidated financial statements, but does not as yet have any results in terms of numbers;
- has identified all types of services sold by the Group and the contractual conditions of those sales. It emerges from this analysis that application of IFRS 15 would not have any significant impact on how Group's net income is recognized, and therefore application of that standard would have no significant impact on the Group's consolidated financial statements.

The financial statements were approved by the Board of Directors of Séché Environnement on February 28, 2018, and will be submitted for approval to the next Annual General Meeting. Financial data is presented in euros rounded to the nearest thousand. The financial statements have been prepared on the historical cost basis, except for derivative instruments which are recognized at fair value.

In order to prepare consolidated financial statements in accordance with IFRS, management is required to exercise its judgment and make estimates and assumptions that impact the application of the Group's accounting policies and the amounts of assets and liabilities, and income and expenses. The estimates and underlying assumptions are based on past experience and other factors considered reasonable under the circumstances. They serve as the basis for any judgment

required for determining the book value of assets and liabilities when such amounts cannot be obtained directly from other sources. Due to the inherent uncertainty of any such valuation processes, estimates and underlying assumptions are continuously reviewed. Actual future results from these operations may differ from these estimates. The estimates made by the Group primarily concern the recoverable amount of tangible and intangible assets and the recognition of provisions (particularly, provisions for employee benefits). Point 9.4 in these notes to the financial statements outlines the key assumptions made by management to estimate the recoverable value of tangible and intangible assets, whereas Point 15.4 outlines those used to estimate provisions for employee benefits.

The accounting standards mentioned in the following notes were applied in the preparation of the financial statements at December 31, 2017.

Point 2 - Consolidation scope and consolidation method

The consolidation scope of Séché Environnement includes the consolidating parent company Séché Environnement SA and all the companies it controls, directly or indirectly, exclusively or jointly, or over which it exercises significant influence, and whatever their legal form. Subsidiaries are consolidated as of the effective date on which control was taken and until the date on which control was lost. In determining control and in compliance with the provisions of IAS 27, potential voting rights attached to financial instruments – which, if exercised, may provide Séché Environnement or its subsidiaries with a voting right – are taken into consideration.

Companies over which the Séché Group exercises exclusive control, either directly or indirectly, are fully consolidated. In compliance with IFRS 10, control requires exposure or rights to variable returns and the ability to affect those returns through power over an investee.

In conformity with IFRS 11, the Group classifies each of its interests in partnerships either as a joint arrangement, or as a joint venture, depending on the parties' rights to the assets and obligations for the liabilities relating to the arrangement. When determining this, the Group takes account of the structure and form of the arrangement, the legal form of the distinct vehicle, the terms agreed by the parties in the contractual arrangement, and, where appropriate, other facts and circumstances. Having examined these new measures, the Group has concluded that it is involved only in joint ventures. Therefore, accounting data concerning these are consolidated by the equity method, in accordance with IFRS 11.

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Point 3 - Major transactions and comparability

In the course of the fiscal year 2017, the Group acquired, directly or indirectly:

- 100% of the stock of Écosite de La Croix Irtelle;
- 75% of the stock of Énergiecie (held by Écosite de La Croix Irtelle);
- 100% of the stock of Séché Environnement Ouest (formerly Charier-DV);
- 92% des titres de Taris (formerly Befesa Peru);
- 100% of the stock of SAN;
- 76% of the Solarca sub-group.

All these acquisitions, carried out in the first quarter of 2017, entered the consolidation scope as of January 1, 2017.

Also, Séché Environnement sold its interests in:

- Hungaroproc, classified as assets held for sale and therefore with no impact on income;
- Moringa, resulting in a loss on sale of EUR 0.5 million;
- Laval Énergie Nouvelle, resulting in a gain on sale of EUR 1.1 million.

These acquired and sold companies are fully consolidated. They represent less than 5% of the balance sheet total and the operating income of the Group. Therefore, the financial statements for 2016 and 2015 have not been restated to take account of these operations.

Point 4 - Conversion method

Séché Environnement's consolidated financial statements are presented in euros (EUR).

Point 5 - Conversion of transactions in foreign currencies

Transactions in foreign currencies are converted into euros at the exchange rate in effect on the transaction date. At the closing of the accounts, all assets and liabilities denominated in foreign currencies are converted at the exchange rate in effect on the closing date. Translation differences arising from this conversion are booked in the income statement.

Any current account advance made to a subsidiary abroad which is an integral part of the Group, when such advance is not expected or likely to be repaid in the foreseeable future, is considered as a net investment by the Group in that activity abroad. For this reason, and in application of IAS 21, exchange differences attributable to such advances are booked as translation differences directly under shareholders' equity. When withdrawn from net investment, they are booked under income.

Point 6 - Conversion of the financial statements of foreign subsidiaries

The accounts of foreign subsidiaries are drawn up in the operational currency of each company.

In the Group's consolidated financial statements, balance sheet items are converted at the exchange rate in effect at the closing

date. Income statement and cash flow statement items are converted using the average exchange rate for the year.

Foreign currency differences booked on both the balance sheet (difference between closing rates of the previous year and those applicable to the current year) and the income statement (difference between average rates and closing rates) are booked as follows:

- for the Group share, in consolidated shareholders' equity, under translation differences;
- for the third-party share, under minority interests.

Point 7 - Sector information

The CODM (chief operating decision maker) has access to financial data for each legal entity. These legal entities variously provide waste treatment services for hazardous (HW) and non-hazardous waste (NHW), for a highly diversified customer base consisting of local authorities and industrial companies, in a variety of industrial facilities, under a single regulatory framework, principally in France.

It should be noted that no single type of customer or treatment corresponds to a particular type of waste. No specific type of waste, waste treatment or customer corresponds to a particular legal entity. The offers made by the Group to its customers take account of this diversity in the nature of waste products and in methods for dealing with them. The continuing integration of the Group's activities serves increasingly to underline this fact.

Therefore performance evaluations and allocations of the Group's resources made by the CODM are based on the analysis of performance indicators which are undifferentiated in terms of legal entity, and which present the same economic characteristics across all legal entities.

Indeed, the Group considers itself as operating in a single sector, that of waste management.

Point 8 - Changes in accounting and accounting valuation methods

Point 8.1 - Changes in accounting methods

The Group did not implement any changes in the accounting principles and methods applied.

Point 8.2 - Changes in accounting valuation methods

The Group did not implement any changes in accounting valuation methods.

Point 9 - Tangible and intangible fixed assets

Point 9.1 - Goodwill

Goodwill is the difference between the purchase price of the Group's stake in an entity, and the fair value of that entity's net assets, liabilities, and identifiable potential liabilities at the date of acquisition. The fair value of acquired assets and liabilities can be corrected or adjusted during the 12 months following the acquisition, and goodwill will then be reassessed retrospectively.

If the recorded fair value of assets, liabilities, and identifiable potential liabilities exceeds the purchase price, the difference is immediately recognized as income.

If additional shares are purchased in a subsidiary which is already fully consolidated, no additional goodwill is recorded: such operations are considered as transactions between shareholders, and are therefore booked under shareholders' equity.

The value of goodwill is reassessed at least once a year, and whenever there is an indication of impairment. In such cases, the difference between book value and recoverable value is recognized as an operating expense, under impairment of assets, and is irreversible.

Point 9.2 - Other intangible fixed assets

The Group's other intangible fixed assets, booked as assets in conformity with IAS 38, consist mainly of:

- potential or actual operating rights; these represent the value paid out for a site in view of its intrinsic properties which make it particularly suitable for landfill operations;
- the intangible rights recognized in application of IFRIC 12 relative to concession arrangements (public service delegation contracts). The intangible assets recognized under this heading represent the right of the operator to charge the public for use of the infrastructure;

- development costs: these correspond to studies relating to technological innovation or improvements in the efficiency of facilities, safety and environmental protection. They are booked as assets when they meet the recognition criteria prescribed by IAS 38;

- patents and software.

Intangible assets with identifiable useful lives are amortized over their useful life expectancies.

Intangible assets with indefinite useful lives are reassessed for impairment under the procedure described in Point 9.4 of the present note on the accounting principles applied.

Point 9.3 - Property, plant and equipment

Property, plant and equipment are carried at their historical purchase or production cost, or at the cost of their constitutive components on their arrival in the Group, less cumulative amortization and any impairment recognized. When the components of property, plant and equipment have different useful lives, they are booked as separate assets.

The book value of property, plant and equipment is not revalued. Amortization is determined on a straight-line basis according to the useful life of each component of property, plant or equipment.

Amortization is calculated based on the book value of the asset, where appropriate net of residual value.

Property, plant and equipment	Amortization period (in years)
Buildings	5 to 25 years
Complex plant	1 to 20 years
Other equipment	1 to 25 years

Assets which are the subject of finance leases are restated on the balance sheet, in accordance with IAS 17, and outstanding lease payments are recorded as financial liabilities based on the original value of the assets:

- such assets are amortized according to the duration and method applied to equivalent goods owned by consolidated companies;
- the debt thus recognized is amortized according to a schedule that determines the interest expense over a given period using the implicit interest rate set in the contract, applied to the capital remaining due at the start of the period;
- deferred taxes resulting from this restatement are recognized in the Group's financial statements according to the recognition principles for deferred taxes outlined in Point 17 of the present note on the accounting principles applied.

Point 9.4 - Recoverable value of tangible and intangible fixed assets

Tangible and intangible fixed assets must be subjected to impairment tests in certain circumstances:

- for intangible fixed assets with indefinite useful lives, and for intangible fixed assets in progress, impairment testing is performed at least once a year;
- for other fixed assets, testing is performed whenever there is an indication of impairment.

Fixed assets (tangible and intangible) subjected to impairment tests are grouped into cash-generating units (CGUs), i.e. groups of similar assets which generate independent cash flows:

- in France, due to the ever-increasing integration of the Group's activities, the development of its global offering, and consequently the nature of intra-Group transactions and flows, Séché Environnement deems it appropriate to consider all its activities in France as constituting one single CGU;

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- outside France, the interdependence of flows in the Group's international businesses is penalized by increasingly demanding regulations which complicate cross-border flows between the countries where the Group operates. For this reason, the Group has deemed it appropriate to consider that it has six CGUs outside France, representing the six countries in which it operates: Spain, Mexico, Argentina, Chile, Peru and Germany.

When the recoverable value of a CGU is lower than its book value, an impairment is recognized. Recoverable value corresponds to the higher of value in use, and fair value minus cost of sale.

Value in use is determined on the basis of estimated discounted cash flows. It should be noted that:

- estimated cash flows are calculated based on the consolidated business plans of each CGU, covering a period of 3 fiscal years excluding the current fiscal year, with years 4 and 5 being projected as identical to year 3. Like budgets, these business plans are drawn up based on the most accurate operational information available regarding past experience and trends

in markets and techniques, and are reviewed by Group management to ensure consistency with existing strategy and the resulting investment policy;

- a terminal value is calculated for the sixth year, using year 5 flows on the basis of an annual perpetual growth rate. On the Europe scope, the annual perpetual growth rate used was 0.2%. In 2016 and 2015, the annual perpetual growth rate used was 1.53%. On the other scopes, the annual perpetual growth rate used was 1.67% in 2017 and 1.53% in 2016 and 2015;
- a single discount rate for the Europe scope, and a specific discount rate per country for operations outside Europe. These discount rates are after-tax rates applied to after-tax cash flows. They reflect current market estimates of the average cost of capital in each country, including in Europe, where the Group operates. Their use results in the same recoverable values as those calculated by applying pre-tax rates to pre-tax cash flows (as recommended by IAS 36).

WACC	2015	2016	2017
Europe	-	-	5.51%
Argentina	5.46%	5.15%	13.73%
Mexico	-	-	16.36%
Chile			8.93%
Peru			13.51%

Goodwill impairment is not reversible, and is recorded as an operating loss under impairment of assets. Impairment of property, plant and equipment is reversible, and is also recorded in operating income, under impairment of assets.

Point 10 - Public service delegation (concession) contracts

The Group is developing the portion of its business carried out as a concessionaire of public services. The contracts concerned are currently held by Béarn Environnement, Sénerval and Alcéa.

These contracts provide for transfer by the grantors of the right to operate certain dedicated infrastructures in exchange for remuneration:

- these infrastructures are either placed at the disposal of the operator free of charge, and may be improved by the operator while the contract is in force, or they may be constructed and then operated by the operator;
- the assets conceded must be employed in priority to the benefit of the activities conceded by the grantor authority (without any guarantee of volume or minimum remuneration). These contracts generally provide also for payment of a commission or indemnity to the authority, based on the results derived from business from other users of the service;

- the contracts also normally provide for the transfer to the grantor authority at the end of the concession of the assets conceded, under agreed conditions;
- the remuneration of the services provided may be subject to a price revision clause, usually based on movements in industrial price indices. When revenue from construction activities is clearly identifiable as such, and is distinct from revenue from use of the assets, the revision clauses concerning revenue from construction activities are closely correlated with changes in the cost of financing construction work;
- these contracts also generally provide for an obligation to maintain and repair the assets conceded.

Concession contracts are accounted for according to the interpretation IFRIC 12 "Service concession arrangements", published in November 2006, and mandatory since January 1, 2010:

- infrastructures received free of charge from the grantor are not booked as assets in the balance sheet;

■ the right to operate the infrastructures is recognized in the balance sheet, either as a financial asset if analysis of the contract concludes that the operator has an unconditional right to receive cash from the grantor, or as an intangible asset if analysis of the contract concludes that the operator should be considered as receiving from the grantor a right to charge users of the public service. Intangible assets recognized under the latter case are amortized on a straight-line basis over the useful life of the infrastructures generating the right;

■ the construction or upgrading of existing infrastructures is booked at fair value in the income statement, according to IAS 11, and revenues from operating the services are booked according to IAS 18 as stated in Point 18 "Accounting treatment of revenues" of this note;

■ costs of maintenance and repair are booked under expenses. They may be booked as accrued charges if there exists a time lag between the contractual commitment and its realization.

The main features of the various contracts in operation are as follows:

Contracts	Type of service	Duration	Price revision clause	Contractual revision of contract	Renewal option	Cancellation option
Béarn	Construction Operation	Until 2019	Annual, according to index	No	No	Yes
Sénerval	Construction Operation	Until 2030	Monthly, according to index	No	No	Yes, in case of serious failure, or in public interest
Alcéa	Construction Operation	Until 2024	Annual, according to index	No	No	Yes

In the case of the Béarn contract, a codicil (no. 19) was signed on March 4, 2014 between the Company and SMTD limiting the duration of the contract to 20 years, in conformity with the ruling of the Conseil d'Etat in the "municipality of Olivet" case.

The Sénerval contract has been the subject of several codicils since November 7, 2014, when DIRECCTE, the regional competition and employment authority, closed down the plant after asbestos was detected in all the furnaces during renovation work. These codicils prescribe the responsibility of the local authority, as owner of the plant, for the extra costs and loss of business suffered by the operator during the closure period. This resulted in the payment of direct indemnities and an increase in the proportionate fee charged. Correspondingly, a receivable is recognized over the residual duration of the contract. The local authority decided on September 3, 2016, to cease incineration activities for 29 months to allow the removal of the asbestos. The terms of the indemnity due to the operator are prescribed by codicil no. 7, signed in December 2016.

Point 11 - Public subsidies

The subsidies booked by the Group are mainly related to assets. These investment subsidies are booked in the balance sheet as other current liabilities under deferred income. Their carrying

value is determined by the rate of amortization of the asset to which they are linked, and is booked under other operating income.

Any operating subsidies received are booked directly as revenue, under other operating income.

Point 12 - Financial instruments

Financial instruments used by the Group include:

- non-derivative financial assets: assets available for sale, loans and receivables, cash and cash equivalents;
- non-derivative financial liabilities: borrowings and other financings, current bank loans, operating debts;
- hybrid or derivative financial instruments: convertible bonds, subscription options, cash flow hedging instruments.

These are booked by the Group according to the principles laid down in IAS 39: they are initially booked at fair value, plus directly attributable transaction costs in the case of those instruments not booked at fair value through the income statement.

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Point 12.1 - Non-derivative financial assets

Available-for-sale financial assets

Available-for-sale financial assets comprise mainly:

- shares in non-consolidated companies, whose fair value is determined by taking into account the last known Group share in shareholders' equity;
- other securities not meeting the definition of other financial assets, i.e. for the Group, other investments.

Any changes in the fair value initially recorded are booked directly in shareholders' equity, except where a prolonged or significant reduction in fair value is recognized (i.e. a reduction of more than 30% over a period of six consecutive months).

When these financial assets are sold, the amounts booked in shareholders' equity are restated as income.

Loans and receivables

This category includes receivables on non-consolidated equity investments, loans, deposits and guarantees, as well as customer accounts receivable and other operating receivables (fiscal, social, and other).

This asset category is recorded at fair value when initially booked (which in most cases corresponds to their nominal value), then at their amortized cost (under the effective interest rate method) minus any impairment.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, sight deposits, term deposits and liquid investments in marketable securities. Callable overdrafts, which are an integral part of the Group's cash management policy, represent a portion of cash and cash equivalents for the purposes of the statement of cash flows.

Cash equivalents are predominantly comprised of money market SICAVs (open-ended mutual funds). They are recorded at fair value, and any changes in fair value are recorded as income.

Term deposits are available at any time, with a minimum guaranteed remuneration for each successive six-monthly tranche. Repayment on demand before maturity is possible without penalty. Interest receivable on these deposits is calculated for the period between the subscription date and the maturity date.

Point 12.2 - Non-derivative financial liabilities

The financial liabilities of the Group are recorded initially at their fair value less transaction costs, then at their amortized cost according to the effective interest rate method.

Point 12.3 - Derivative instruments

Hedging instruments

In order to manage its exposure to interest rate risk, the Group uses financial instruments that are listed on organized, over-the-counter markets with high-quality counterparties.

The Group mainly uses interest rate swaps, swaptions, caps, floors and collars to hedge the interest rate risk incurred on its financing commitments:

- swaps are used by the Group to switch from a variable rate to a fixed rate of interest. Gains or losses from these interest rate swaps used to hedge financial liabilities are booked symmetrically to any gains or losses from the liabilities hedged. The differential between interest payable and the interest receivable is booked as interest income or expense over the life of the liabilities hedged;
- swaptions are used by the Group to switch optionally from a variable rate to a fixed rate. When the option is exercised, the accounting principles governing swaps apply;
- caps, floors and collars are used to limit the risk of interest rate fluctuations in either direction on variable rate debt. Gains or losses from these instruments are booked symmetrically to any gains or losses arising from the liabilities hedged.

With respect to the hedging instruments used to hedge cash flows, the Group measures its derivative instruments at fair value:

- for derivative instruments eligible for hedge accounting, the effective portion of the hedging derivative's gain or loss is directly recorded under equity (re-booked on the income statement when the transaction takes place);
- for derivative instruments eligible for hedge accounting, the ineffective portion of the hedging derivative's gain or loss is recorded in the income statement.

Point 13 - Treasury stock

Treasury stock is recorded as a reduction in shareholders' equity. Profits and losses resulting from the sale of treasury stock, and related dividends, net of tax, are booked directly to shareholders' equity.

Point 14 - Inventories

In compliance with IAS 2, inventories are valued at the lower of cost and net realizable value. Net realizable value represents the estimated selling price in the ordinary course of business, minus the anticipated costs of completing the sale.

Point 15 - Provisions

Provisions are booked to the balance sheet when the Group has a present obligation (legal or implied) vis-à-vis a third party, and it is likely that the Group will have to draw on resources representing future economic benefits in order to extinguish that obligation.

A provision is booked to the Group's financial statements only on the condition that the amount of the resources outflow necessary to meet the obligation can be measured in a reliable fashion. In the absence of a reliable estimate, and/or where the Group believes it has strong and relevant arguments in its favor with regard to a contentious claim, no provision is booked. Any such information is presented in the section on disputes and exceptional events in the present notes to the consolidated financial statements.

The main provisions booked by the Group relate to thirty-year monitoring costs, site decontamination and various other risks and disputes.

Point 15.1 - Provisions for thirty-year monitoring

The European Parliament adopted a new European Directive on April 26, 1999 relating to the landfill of waste. Under this Directive, all costs related to the use of landfill sites must be included in the price for eliminating waste using this method, including installation and operation of the site, financial guarantees, site decommissioning and maintenance.

Furthermore, a French regulation dated September 9, 1997 requires long-term monitoring over 30 years of all facilities operating after June 14, 1999.

Accordingly, the Group books provisions for the thirty-year monitoring of its final waste landfill sites. These are determined authorization by authorization, and are constituted over the duration of their operation, pro rata to each site's estimated life expectancy. Costs are estimated for each authorization according to the circular of the French Ministry for the Environment dated April 23, 1999, the site's operating methods, and any specific requirements stipulated by the Prefect. These estimated costs are subject to a detailed review every three years, when financial guarantees are renewed. Thirty-year monitoring provisions covering more than 12 months are recalculated using an appropriate financial discount rate.

Point 15.2 - Provisions for site decontamination

Séché Environnement's activities can generate two different types of pollution: "accidental" or "chronic". In either case, the Group implements the controls required to detect pollution of any kind generated by its activities. In addition to organized supervision of all discharged waste products and their impacts, the Group has also implemented an impact reduction plan to respond to any accidental incidents.

Provisions for site decontamination are booked once the Group is aware of a case of contamination and has been required to decontaminate the site by the relevant authorities (e.g. DREAL – the regional government department for the environment, land use and housing). Based on all available sources of information to date, Séché Environnement has no knowledge of any pollution resulting from the Group's activities

Point 15.3 - Provisions for other risks and disputes

These are booked on the basis of the most likely assumptions.

In particular, in the event of a tax audit, the amount of the adjustment notified (or in the process of being notified) by the tax authorities is not the subject of a provision if both the company in question and the Group consider that the points raised are unfounded, or that its own position is reasonably likely to prevail in the course of the dispute with the authorities.

Point 15.4 - Employee benefits

Post-employment benefits consist of the Group's commitments in respect of end-of-career payments to retiring or departing employees, and medals for long service.

Group commitments for long-service medals, an official French institution, are recorded as non-current provisions.

The Group's accumulated end-of-career commitments at the closing date of the period, minus assets managed externally, are accounted for in the form of provisions. If the accumulated total of end-of-career payments made exceeds the amount of the commitment at the balance sheet date, an accrued expense for the difference is recorded in the financial statements.

In the case of those subsidiaries consolidated by the equity method (Gerep and Sogad), the commitment is recognized in the form of provisions.

Regardless of the nature of the commitment (end-of-career payment or long-service medals), and whatever the accounting treatment used to recognize the commitment (expense or provision), the commitment is calculated on the basis of actuarial evaluations using the prospective, or projected unit credit method, taking into account:

- statistical data drawn from the TPF 2005 generational mortality table;
- a turnover rate for each activity and social-occupational category determined on the basis of the historical data to which the Group has access, and a salary reassessment rate based on seniority, expected career profile, maintenance of purchasing power and collective bargaining agreements.

	2015	2016	2017
Turnover	between 3% and 7%	between 3% and 7%	between 3% and 7%
Reassessment of salaries	between 2% and 3%	between 2% and 3%	between 1% and 3%

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- a discount rate of 1.21% (versus 1.25% in 2016 and 1.83 % in 2015);
- an inflation rate of 1.15% (versus 1.20% in 2016 and 1.35% in 2015);
- a retirement age for executives of 67 years at the initiative of the company, and for non-executives of 65 years at their own initiative. The amount of the commitment is determined inclusive of social security contributions.

Actuarial variances are recorded under shareholders' equity, in accordance with amended IAS 19.

Point 16 - Borrowing costs

Interest on loans is booked under expenses in the fiscal year in which it was accrued, with the following exceptions:

- borrowing costs directly attributable to the purchase, construction or production of assets requiring a long preparation period before being able to be used or sold are incorporated directly into the costs of the assets;
- costs directly attributable to the establishment of financing or re-financing arrangements are deducted from the loan in question and recycled through the income statement using the effective interest rate method.

Point 17 - Corporation tax

Point 17.1 - Tax consolidation

The Group first adopted its tax consolidation regime on January 1, 2000. The option for the tax consolidation regime was renewed on January 1, 2005 for a further five-year period, and is renewable automatically for further periods of five years. All French commercial companies in which Séché Environnement owns at least a 95% interest come under the scope of this regime.

Point 17.2 - Deferred taxes

In general, deferred taxes are computed on the timing differences that may exist between the book value of assets and liabilities and their tax base. They are calculated company by company using the liability method of tax allocation. In accordance with IAS 12, no deferred taxes are booked for the timing differences generated by goodwill, for which amortization is not deductible for tax purposes.

The net balance of deferred taxes is determined based on the situation of each tax entity. A deferred tax asset is booked only if the Company has a reasonable assurance of recovering the amount over the next few years, having due regard to the prospects for its activities and the tax regulations in force.

Point 18 - Accounting treatment of revenue

Revenue from the sale of goods is recognized under revenue from ordinary activities where:

- the majority of the risks and benefits associated with the ownership of said goods have been transferred to the buyer;

- the Group is no longer involved in the management of the goods, and no longer maintains effective control thereof;
- transaction costs incurred or likely to be incurred relative to the transaction can be measured in a reliable fashion.

Revenue from sales is recognized as follows:

- for the sale of services (the major part of the Group's activity), in compliance with IAS 18, i.e. at the time of completion of the service, and when it is probable that any related economic benefits will flow to entities of the Group.
- for construction contracts, in accordance with IAS 11, based on the percentage of completion method defined by that standard. The percentage of completion is measured on the basis of the amount of work actually completed. When it seems likely that the total cost of the contract will exceed the total amount of revenue, a loss on completion for the total difference is booked for the period.

Revenue received from the Group's activities governed by mandates is recorded net of the expenses incurred by these same activities.

Revenue received from the Group's ordinary activities in the framework of public service concession contracts is booked according to interpretation IFRIC 12, and explained in Point 10 of the present note.

Point 19 - Financial items on the income statement

Point 19.1 - Income from cash and cash equivalents

Income from cash and cash equivalents mainly covers income from financial instruments held by the Group (convertible bonds), net of any provisions recorded, and income from the sale of cash equivalents, net of any impairment of cash equivalents booked as assets.

Point 19.2 - Financial borrowing costs

Gross financial borrowing costs include interest accrued on loans, calculated at the effective interest rate, and the cost of hedging interest rates on these same loans.

Net financial borrowing costs correspond to gross financial borrowing costs, minus income from cash and cash equivalents.

Point 19.3 - Other financial income and expenses

Other financial income and expenses correspond to income from loans and financial receivables, dividends paid by non-consolidated companies, foreign exchange gains, accretion of provisions and impairments on financial assets.

4.1.6.2 Consolidation scope

4.1.6.2.1 Parent company

Séché Environnement

A French limited liability company (Société Anonyme) with share capital of EUR 1 571 546

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4.1.6.2.2 Consolidated subsidiaries

Company name	Siren registration number		% holding	Consolidation method
Alcéa	Changé (France)	751 380 569	100.00	Full
Béarn Environnement	Pau (France)	393 439 203	100.00	Full
Drimm	Montech (France)	339 278 871	100.00	Full
Écosite de La Croix Irtelle	Changé (France)	444 698 641	100.00	Full
Énergécie	Changé (France)	523 490 332	74.60	Full
Gabarre Énergies	Les Abymes (France)	820 626 000	51.00	Full
IberTrédi Medioambiental	Barcelona (Spain)		100.00	Full
Opale Environnement	Calais (France)	332 359 637	100.00	Full
Sabsco Asia	Singapore		76.00	Full
Sabsco Limited	Kent (United Kingdom)		76.00	Full
Sabsco Malaysia	Petaling Jaya (Malaysia)		76.00	Full
Séché Alliance	Changé (France)	556 850 279	99.94	Full
Séché Développement	Changé (France)	813 605 839	100.00	Full
Séché Éco-services	Changé (France)	393 307 053	99.98	Full
Séché Éco-industries	Changé (France)	334 055 183	99.99	Full
Séché Énergies	Changé (France)	808 420 541	100.00	Full
Séché Environnement Ouest	Changé (France)	392 585 279	100.00	Full
Séché Healthcare	Changé (France)	812 631 679	100.00	Full
Séché Transports	Changé (France)	391 918 885	99.50	Full
Sénergies	Changé (France)	306 919 535	80.00	Full
SCI LCDL	Changé (France)	410 629 752	99.80	Full
SCI Les Chênes Secs	Changé (France)	397 475 138	99.80	Full
SCI Mézerolles	Changé (France)	340 493 840	99.99	Full
Sem Trédi	(Mexico)		100.00	Full
Sotrefi	Étupes (France)	315 669 218	100.00	Full
Sénerval	Strasbourg (France)	519 253 355	99.90	Full
Singapour MTT	Singapore		76.00	Full
Sodicome	Saint-Gilles (France)	431 912 620	94.80	Full
Solena	Viviez (France)	823 197 322	60.00	Full
Solarca SL	La Selva Del Camp (Spain)		76.00	Full
Solarca Castilla	Puertollano (Spain)		76.00	Full
Solarca France	Marseille (France)		71.03	Full
Solarca Portugal	Setubal (Portugal)		76.00	Full
Solarca Qatar	Doha (Qatar)		37.24	Full
Solarca Russie	Moscou (Russia)		76.00	Full
Solarca USA	La Porte, Texas (USA)		76.00	Full
Soluciones Ambientales Del Norte	(Chile)		100.00	Full
Speichim Processing	Saint-Vulbas (France)	389 218 850	100.00	Full
Taris (ex Befesa Pérou)	(Peru)		92.99	Full
Trédi Argentina	Buenos Aires (Argentina)		100.00	Full
Trédi SA	Saint-Vulbas (France)	338 185 762	100.00	Full
Triadis Services	Étampes (France)	384 545 281	100.00	Full
UTM	Lübeck (Germany)		100.00	Full
Valls Quimica	Valls (Spain)		100.00	Full
Gerep	Paris (France)	320 179 559	50.00	Equity
Kanay	Lima (Peru)	13038686	49.00	Equity
La Barre Thomas	Rennes (France)	392 583 563	40.00	Equity
SAEM Transval	St Georges-les-Baillargeaux (France)	539 131 698	35.00	Equity
Sogad	Le Passage (France)	322 323 783	50.00	Equity

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4.1.6.2.3 Non-consolidated subsidiaries

At December 31, 2017, a number of companies recently acquired in the Solarca scope were not included in the consolidation scope, by reason of their inactivity:

in K€				
Company name	% held by Group	Shareholders' equity	Latest profit or loss	Fair value of holding
Solarca Chile	100.00 %	1	(3)	NS
Solarca Maroc	100.00%	12	16	NS
Solarca Italie	100.00%	NC	NC	NS
Solarca South Africa	100.00%	NC	NC	NS

4.1.6.3 Explanatory notes to the financial statements

4.1.6.3.1 Notes to the balance sheet

Note 1 - Intangible fixed assets

Note 1.1 Goodwill

Goodwill breaks down by CGU as follows:

in K€						
	France	Germany	Spain	Chile	Peru	TOTAL
GROSS VALUE						
DEC. 31, 2015	246 978	3 582	6 790	-	-	257 350
Changes in consolidation scope	1 946	-	-	-	-	1 946
Increases	-	-	-	-	-	-
Decreases	-	-	-	-	-	-
DEC. 31, 2016	248 924	3 582	6 790	-	-	259 297
Changes in consolidation scope	8 331	-	5 771	3 104	16 869	34 074
Increases	-	-	-	-	-	-
Decreases	-	-	-	-	(1 181)	(1 181)
Exchange rate variations	-	-	-	(131)	(1 439)	(1 570)
DEC. 31, 2017	257 255	3 582	12 562	2 973	14 249	290 620
IMPAIRMENTS						
DEC. 31, 2015	(20 220)	-	(5 674)	-	-	(25 894)
Changes in consolidation scope	-	-	-	-	-	-
Increases	-	-	-	-	-	-
Decreases	-	-	-	-	-	-
DEC. 31, 2016	(20 220)	-	(5 674)	-	-	(25 894)
Changes in consolidation scope	-	-	-	-	-	-
Increases	-	-	-	-	-	-
Decreases	-	-	-	-	-	-
Exchange rate variations	-	-	-	-	-	-
DEC. 31, 2017	(20 220)	-	(5 674)	-	-	(25 894)
NET VALUE						
DEC. 31, 2015	226 758	3 582	1 117	-	-	231 457
Changes in consolidation scope	1 946	-	-	-	-	1 946
Increases	-	-	-	-	-	-
Decreases	-	-	-	-	-	-
DEC. 31, 2016	228 705	3 582	1 117	-	-	233 403
Changes in consolidation scope	8 331	-	5 771	3 104	16 869	34 074
Increases	-	-	-	-	-	-
Decreases	-	-	-	-	(1 181)	(1 181)
Exchange rate variations	-	-	-	(131)	(1 439)	(1 570)
DEC. 31, 2017	237 035	3 582	6 888	2 973	14 249	264 727

In the absence of indications of impairment losses, impairment tests are performed annually, at December 31. As a result of the impairment test carried out in 2017 (using the methods described in these notes to the consolidated financial statements, under accounting principles and valuation methods - recoverable value of tangible and intangible fixed assets), it was not necessary to book any impairment.

The most sensitive assumptions made in the evaluation of impairment tests are the discount rate and the perpetual growth rate on the one hand, and the revenue growth rate on the other. A 0.5 basis point increase in the discount rate would have the effect of understating the fair value of all of the Group's goodwill by EUR 67 million.

Such a decrease would not lead the Group to recognize an impairment. A 0.2 point decrease in the perpetual growth rate would have the effect of understating the fair value of all of the Group's goodwill by EUR 21.4 million. A 1 point decrease in the annual revenue growth rate in the first three years of the business plan would have the effect of understating the fair value of all of the Group's goodwill by EUR 14.7 million, and would not lead the Group to recognize any impairment of goodwill.

Furthermore, the discount rate sensitivity analysis did not reveal any probable scenario under which the recoverable value of any CGU would fall below its net book value.

Note 1.2 Table of changes in other intangible fixed assets

in K€

	Software, patents	Intangible fixed assets included in concessions	Other intangible fixed assets	TOTAL
GROSS VALUE				
DEC. 31, 2015	8 824	54 496	15 861	79 182
Increases (investments)	947	4 240	970	6 157
Disposals (sale or scrap)	(287)	-	-	(287)
Other changes	105	-	(42)	64
DEC. 31, 2016	9 590	58 736	16 790	85 116
Increases (investments)	969	3 101	3 627	7 697
Disposals (sale or scrap)	(479)	-	(1 313)	(1 792)
Other changes	433	-	1 680	2 113
DEC. 31, 2017	10 512	61 837	20 784	93 134
AMORTIZATION				
DEC. 31, 2015	(8 054)	(5 860)	(4 607)	(18 520)
Allocations	(868)	(2 929)	(33)	(3 831)
Write-backs	287	-	-	287
Other changes	(46)	-	-	(46)
DEC. 31, 2016	(8 681)	(8 789)	(4 640)	(22 110)
Allocations	(931)	(3 430)	(544)	(4 906)
Write-backs	469	-	13	482
Other changes	(227)	-	(542)	(768)
DEC. 31, 2017	(9 370)	(12 219)	(5 713)	(27 303)
IMPAIRMENTS				
DEC. 31, 2015	(4)	-	-	(4)
Allocations	-	-	-	-
Write-backs	-	-	-	-
Other changes	-	-	-	-
DEC. 31, 2016	(4)	-	-	(4)
Allocations	-	-	-	-
Write-backs	4	-	-	4
Other changes	-	-	-	-
DEC. 31, 2017	-	-	-	-
NET VALUE				
DEC. 31, 2015	767	48 637	11 255	60 658
Increases (investments)	79	1 310	937	2 326
Disposals (sale or scrap)	-	-	-	-
Other changes	60	-	(42)	18
DEC. 31, 2016	905	49 947	12 150	63 002
Increases (investments)	37	(329)	3 083	2 791
Disposals (sale or scrap)	(7)	-	(1 300)	(1307)
Other changes	206	-	1 139	1 345
DEC. 31, 2017	1 142	49 618	15 071	65 831

No intangible fixed assets were generated internally.

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Note 1.3 Breakdown of other changes in other intangible fixed assets

in K€ Net value	Software, patents	Intangible fixed assets included in concessions	Other intangible fixed assets	TOTAL
Business combinations	111	-	1 495	1 606
Translation differences	-	-	2	2
Other changes	95	-	(358)	(263)
TOTAL AT DEC. 31, 2017	206	-	1 139	1 345
Business combinations	12	-	-	12
Translation differences	-	-	-	-
Other changes	48	-	(42)	6
TOTAL AT DEC. 31, 2016	60	-	(42)	18

In 2017, other changes consist principally of companies entering the consolidation scope, 2016 and reclassifications from one account to another.

In 2016, they consisted mainly of reclassifications from one account to another.

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Note 2 - Tangible fixed assets: property, plant and equipment

Note 2.1 Table of changes in property, plant and equipment

in K€	Land	Buildings	Technical facilities	Transport. equipment
GROSS VALUE				
DEC. 31, 2015	30 818	159 879	348 904	16 426
Increases (investments)	408	5 393	20 538	954
Disposals (sale or scrap)	(30)	(5 736)	(8 782)	(1 325)
Other changes	(22)	12 512	7 709	86
DEC. 31, 2016	31 175	172 048	368 369	16 141
Increases (investments)	1 762	3 024	19 096	617
Disposals (sale or scrap)	(763)	(14 920)	(8 199)	(1 980)
Other changes	1 094	32 971	28 929	5 979
DEC. 31, 2017	33 268	193 123	408 196	20 757
AMORTIZATION				
DEC. 31, 2015	(4 889)	(131 472)	(288 635)	(13 757)
Allocations	(536)	(10 615)	(17 848)	(1 370)
Write-backs	6	5 734	8 654	1 189
Other changes	-	43	(11)	(171)
DEC. 31, 2016	(5 420)	(136 309)	(297 840)	(14 110)
Allocations	(571)	(10 731)	(20 546)	(1 628)
Write-backs	24	14 140	6 443	2 339
Other changes	-	(11 598)	(10 123)	(4 770)
DEC. 31, 2017	(5 967)	(144 498)	(322 067)	(18 168)
IMPAIRMENTS				
DEC. 31, 2015	(299)	-	(63)	-
Allocations	-	-	(55)	-
Write-backs	-	-	35	-
Other changes	-	-	-	-
DEC. 31, 2016	(299)	-	(83)	-
Allocations	-	-	(131)	-
Write-backs	-	-	12	-
Other changes	-	-	-	-
DEC. 31, 2017	(299)	-	(202)	-
NET VALUE				
DEC. 31, 2015	25 629	28 407	60 206	2 669
Increases (investments)	(128)	(5 222)	2 636	(416)
Disposals (sale or scrap)	(24)	(1)	(93)	(136)
Other changes	(22)	12 555	7 698	(85)
DEC. 31, 2016	25 456	35 738	70 445	2 031
Increases (investments)	1 191	(7 707)	(1 580)	(1 011)
Disposals (sale or scrap)	(738)	(780)	(1 744)	360
Other changes	1 094	21 374	18 806	1 209
DEC. 31, 2017	27 002	48 625	85 926	2 589

NOTE 2.2 Breakdown of other changes in property, plant and equipment

2017				
Business combinations	634	14 004	10 057	1 225
Translation differences	(17)	(35)	5	(9)
Other changes	476	7 405	8 745	(7)
TOTAL AT DEC. 31, 2017	1 094	21 374	18 806	1 209
2016				
Business combinations	-	-	111	5
Translation differences	(31)	(25)	(32)	(3)
Other changes	10	12 580	7 619	(87)
TOTAL AT DEC. 31, 2016	(22)	12 555	7 698	(85)

Most of the other changes in 2017 consist principally of companies entering the consolidation scope, new fixed assets entering service, and reclassifications from one account to another.

Fixtures and fittings	Office equipment/furniture	Fixed assets under construction	Fixed assets under finance leases	TOTAL
62 164	7 960	26 808	16 526	669 484
2 675	1 162	18 766	472	50 368
(371)	(367)	(101)	(90)	(16 802)
2 063	114	(23 818)	1 753	398
66 531	8 870	21 655	18 661	703 449
3 364	1 101	22 796	1 306	53 066
(138)	(399)	(1)	(621)	(27 020)
18 100	1 472	(25 430)	79	63 196
87 858	11 043	19 019	19 426	792 690
(42 509)	(7 090)	-	(6 413)	(494 766)
(3 776)	(627)	-	(2 301)	(37 073)
369	361	-	90	16 402
(43)	-	-	158	(24)
(45 961)	(7 356)	-	(8 466)	(515 462)
(3 862)	(902)	-	(2 465)	(40 705)
73	366	-	161	23 545
(2 462)	(1 186)	-	1 129	(29 010)
(52 212)	(9 078)	-	(9 640)	(561 631)
-	-	(344)	-	(707)
-	-	-	-	(55)
-	-	-	-	35
-	-	-	-	-
-	-	(344)	-	(727)
-	-	-	-	(131)
-	-	-	-	12
-	-	-	-	-
-	-	(344)	-	(846)
19 654	870	26 464	10 112	174 011
(1 102)	536	18 766	(1 829)	13 240
(2)	(6)	(101)	-	(365)
2 020	114	(23 818)	1 912	374
20 570	1 513	21 310	10 196	187 260
(498)	198	22 796	(1 159)	12 230
(65)	(33)	(1)	(460)	(3 463)
15 638	287	(25 430)	1 209	34 186
35 646	1 965	18 675	9 785	230 213
2 269	266	4 651	821	33 928
2	(2)	8	13	(35)
13 367	22	(30 090)	374	293
15 638	287	(25 430)	1 209	34 186
281	21	53	-	472
-	(1)	-	-	(92)
1 739	93	(23 871)	1 912	(6)
2 020	114	(23 818)	1 912	374

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Note 3 - Investments in affiliates

Note 3.1 Summary of investments in affiliates

The investments in affiliates held by the Group are as follows:

in K€	% held by Group	Shareholders' equity	Latest profit or loss	Net book value of holding
La Barre Thomas	40%	286	(24)	114
Kanay	49%	(269)	102	2 421
Transval	35%	76	(16)	28
Gerep	50%	(4 729)	(233)	-
Sogad	50%	251	1 985	326
TOTAL AT DEC. 31, 2017				2 888

Note 3.2 Changes to investments in affiliates

Changes in investments in affiliates held by the Group break down as follows:

in K€	Value at Dec. 31, 2015	Value at Dec. 31, 2016	Net income	Change in fair value through equity	Translation differences	Dividends	Change in consolidation scope	Other changes	Value at Dec. 31, 2017
La Barre Thomas	141	124	(9)	-	-	-	-	-	114
Kanay	2 633	2 364	51	-	15	-	-	(10)	2 421
Laval Énergie Nouvelle	-	-	(21)	-	-	-	21	-	-
Transval	36	35	(8)	-	-	-	-	-	28
Gerep	-	-	(116)	-	-	-	-	116	-
Sogad	324	362	68	9	-	(113)	-	-	326
TOTAL	3 135	2 885	(36)	9	15	(113)	21	107	2 888

Note 3.3 Financial information on affiliates

A summary of financial information on affiliates is provided below:

in K€	La Barre Thomas	Kanay	Transval	Gerep	Sogad
Date of most recent financial information known	Dec. 31, 2017	Dec. 31, 2017	Dec. 31, 2017	Dec. 31, 2017	Dec. 31, 2017
% held	40%	49%	35%	50%	50%
Non-current assets	12	5 583	-	1 119	594
Current assets	1 306	3 974	168	565	1 790
Shareholders' equity	286	(269)	76	(4 729)	251
Non-current liabilities (excl. shareholders' equity)	-	3 898	-	5 173	602
Current liabilities	1 032	5 927	92	1 241	1 531
Revenue	3 211	8 856	164	2 344	4 078
EBITDA	(21)	933	(16)	(162)	447
Current operating income	(24)	680	(16)	(244)	2 049
Operating income	(24)	680	(16)	(230)	2 049
Net income	(24)	102	(16)	(233)	1 985

Note 3.4 Transactions with affiliates

The Group did not carry out any significant transactions with its affiliates.

Note 4 - Financial instruments

in K€

	NC	2015 C	TOTAL	NC	2016 C	TOTAL	NC	2017 C	TOTAL
Available-for-sale financial instruments	1 655	-	1 655	1 436	-	1 436	1 541	-	1 541
Financial loans and receivables at amortized cost	6 946	868	7 814	7 033	761	7 794	7 916	827	8 743
FINANCIAL ASSETS	8 601	868	9 469	8 469	761	9 230	9 457	827	10 283
Trade and other receivables	34 520	140 341	174 861	43 082	159 549	202 631	40 881	136 533	177 414
Other current assets (incl. corporation tax receivables)	3 452	24 165	27 617	1 843	28 719	30 562	1 864	29 600	31 464
LOANS AND RECEIVABLES AT AMORTIZED COST	37 972	164 505	202 478	44 926	188 268	233 194	42 745	166 133	208 877
Hedging instruments - assets	-	3	3	-	-	-	-	-	-
Other instruments at fair value by the income statement	-	-	-	-	-	-	-	-	-
FINANCIAL ASSETS AT FAIR VALUE BY THE INCOME STATEMENT	-	3	3	-	-	-	-	-	-
Cash and cash equivalents	-	30 640	30 640	-	16 732	16 732	-	53 459	53 459
TOTAL FINANCIAL ASSETS	46 574	196 017	242 591	53 394	205 761	259 155	52 201	220 418	272 620
Financial debts	292 138	28 939	321 077	296 691	33 092	329 783	365 167	46 784	411 952
Hedging instruments - liabilities	436	144	580	637	22	659	478	14	493
Other liabilities	4 093	178 703	182 796	2 439	193 235	195 674	860	195 129	195 989
TOTAL FINANCIAL LIABILITIES	296 667	207 786	504 453	299 767	226 349	526 116	366 506	241 927	608 433

NC: non-current - C: current

Non-current financial assets principally consist of the amounts due to S nerval by Eurom tropole Strasbourg in respect of codicils 4, 5, 6 and 7 of the public service delegation contract. These amounts will be receivable over the remaining duration of the delegation contract once the facilities concerned have re-entered service, expected in February 2019.

Note 4.1 Financial assets

Note 4.1.1 Available-for-sale financial assets

Available-for-sale financial assets consist of:

- equity investments in non-consolidated companies, in connection with an ongoing liquidation process;
- securities treated as financial assets (mainly the Group's investment in Emertec funds).

Their net value breaks down as follows:

in K€

	Dec. 31, 2015	Dec. 31, 2016	Changes in FV through equity	Acquisitions	Other changes	Disposals/repayments	Dec. 31, 2017
Solarca Maroc	-	-	-	9	-	-	9
Solarca Italie	-	-	-	-	-	-	-
Solarca Chile	-	-	-	7	-	-	7
Others	-	-	-	4	-	-	4
TOTAL NON-CONSOLIDATED INVESTMENTS	-	-	-	20	-	-	20
�mertec	1 402	1 164	(171)	-	-	-	993
Other securities	253	272	(25)	170	130	-	548
TOTAL OTHER INVESTMENTS	1 655	1 436	(196)	170	130	-	1 541
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	1 655	1 436	(196)	170	130	-	1 541

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Note 4.1.2 Loans and receivables at amortized cost

Loans and receivables consist of:

■ financial loans, deposits and bonds of indemnity of a financial nature received, booked under financial assets (current and non-current);

■ trade receivables and other debtors;

■ other current and non-current assets.

in K€

	NC	2015 C	TOTAL	NC	2016 C	TOTAL	NC	2017 C	TOTAL
Deposits and bonds of indemnity	2 037	190	2 227	2 582	59	2 641	3 408	43	3 451
Loans	1 343	73	1 416	1 274	97	1 371	1 471	104	1 575
Operating receivables from concessions	3 566	606	4 172	3 177	606	3 782	3 036	680	3 716
FINANCIAL LOANS AND RECEIVABLES	6 946	868	7 815	7 033	761	7 794	7 915	827	8 743
Trade receivables and other debtors	34 520	140 341	174 861	43 082	159 549	202 631	40 881	136 533	177 414
State	-	16 014	16 014	-	15 942	15 942	-	17 599	17 599
Corporation tax receivables	-	963	963	-	4 081	4 081	1 230	1 123	2 353
Prepaid accounts	-	1 246	1 246	-	1 955	1 955	-	2 071	2 071
Social security receivables	-	514	514	-	323	323	-	397	397
Receivables from disposal of fixed assets	-	930	930	-	1 818	1 818	-	2 106	2 106
Other receivables	3 452	4 411	7 864	1 843	3 945	5 789	634	5 935	6 569
Current accounts receivable	-	87	87	-	654	654	-	369	369
Other current assets	3 452	24 165	27 617	1 843	28 719	30 562	1 864	29 600	31 464
OPERATIONAL LOANS AND RECEIVABLES	37 972	164 505	202 478	44 926	188 268	233 194	42 745	166 133	208 877
LOANS AND RECEIVABLES AT AMORTIZED COST	44 919	165 373	210 292	51 958	189 029	240 987	50 660	166 960	217 620

NC: non-current - C: current

On December 26, 2017, the Group sold, without recourse, receivables of EUR 22 978 thousand, with accompanying insurance.

Depreciation and impairment on loans and receivables at amortized cost break down as follows:

in K€

	2015			2016			2017		
	Gross	Impairment	Net TOTAL	Gross	Impairment	Net TOTAL	Gross	Impairment	Net TOTAL
Loans and financial receivables	9 725	(1 910)	7 815	10 042	(2 248)	7 794	11 050	(2 307)	8 743
Trade receivables and other debtors	178 538	(3 678)	174 861	206 605	(3 974)	202 631	182 236	(4 822)	177 414
Other assets	27 736	(119)	27 617	30 647	(85)	30 562	31 472	(8)	31 464
LOANS AND RECEIVABLES AT AMORTIZED COST	215 999	(5 707)	210 292	247 294	(6 307)	240 987	224 758	(7 138)	217 620

Note 4.1.3 Financial assets at fair value by the income statement

in K€

	NC	2015 C	TOTAL	NC	2016 C	TOTAL	NC	2017 C	TOTAL
Hedging instruments - assets	-	3	3	-	-	-	-	-	-
FINANCIAL ASSETS AT FAIR VALUE BY THE INCOME STATEMENT	-	3	3	-	-	-	-	-	-

NC: non-current - C: current

Hedging instruments

Hedging instruments are put in place by the Group as part of its policy for managing interest rate risk, and are analyzed in Note 4.3.

Note 4.1.4 Cash and cash equivalents**in K€**

	2015	2016	2017
Cash	17 209	9 498	48 293
Cash equivalents	13 431	7 234	5 165
TOTAL	30 640	16 732	53 459

Cash equivalents correspond to SICAVs (open-ended mutual funds).

Income from the sale of mutual funds amounted to EUR 0.01 million and was booked in the income statement under income from cash and cash equivalents.

Note 4.2 Financial liabilities**Note 4.2.1 Financial debts****Changes in debt****in K€**

	Dec. 31, 2015			Dec. 31, 2016			Dec. 31, 2017		
	NC	C	TOTAL	NC	C	TOTAL	NC	C	TOTAL
Financial debt liabilities	236 994	26 559	263 553	241 205	28 503	269 708	310 277	42 390	352 667
Effective interest rate impact	(1 813)	(666)	(2 478)	(1 202)	(610)	(1 813)	(1 192)	(877)	(2 069)
BANK LOANS	235 182	25 894	261 075	240 003	27 892	267 895	309 085	41 513	350 598
Bonds outstanding	50 000	-	50 000	50 000	-	50 000	50 000	-	50 000
Effective interest rate impact	(686)	(194)	(879)	(484)	(202)	(686)	(335)	(258)	(593)
BONDS	49 314	(194)	49 121	49 516	(202)	49 314	49 665	(258)	49 407
Finance leases	7 607	2 302	9 910	7 149	2 712	9 861	6 395	2 797	9 192
Other financial debt	35	739	774	23	1 135	1 158	23	1 551	1 574
Short-term bank borrowings	-	197	197	-	1 554	1 554	-	1 181	1 181
TOTAL	292 138	28 939	321 077	296 691	33 092	329 783	365 167	46 784	411 952

NC: non-current - C: current

Changes in debt over the year can be analyzed as follows:

in K€	Dec. 31, 2015	Dec. 31, 2016	Increases/ decreases (cash flow effect)	Increases/ decreases (without cash flow effect)	Changes in scope	Amortized cost	Translation differences	Other changes	Dec. 31, 2017
Bank loans	261 075	267 895	106 920	(31 311)	7 325	(256)	22	4	350 598
Bonds	49 121	49 314	-	-	-	93	-	-	49 407
Finance leases	9 910	9 861	1 306	(3 092)	784	-	14	319	9 192
Other financial debt	774	1 158	-	398	17	-	-	-	1 574
Short-term bank borrowings	197	1 554	(2 596)	-	2 185	-	37	-	1 181
TOTAL	321 077	329 783	105 630	(34 005)	10 311	(163)	72	323	411 952

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at December, 31 2017

Debt table

At December 31, 2017, Group debt broke down as follows:

in K€					
Type of rate (before hedging)			Amount	Maturity	Hedging
Other bank loans	Variable		24 901	< 1 year	Debt contracted at a variable interest rate Interest rate hedge of EUR 132.5 M
			204 892	1 to 5 years	
			12	> 5 years	
	Fixed	between 0% and 6%	16 612	< 1 year	
			60 458	1 to 5 years	
43 723			> 5 years		
TOTAL			350 598		
Bonds	Variable		-	< 1 year	
			-	1 to 5 years	
			-	> 5 years	
	Fixed	between 3% and 5%	(258)	< 1 year	
			49 665	1 to 5 years	
-			> 5 years		
TOTAL			49 407		
Finance leases	Variable		385	< 1 year	
			715	1 to 5 years	
			-	> 5 years	
	Fixed	between 0% and 6%	2 412	< 1 year	
			5 422	1 to 5 years	
258			> 5 years		
TOTAL			9 192		
Other miscellaneous financial debt	Variable		-	< 1 year	
			-	1 to 5 years	
			-	> 5 years	
	Fixed		1 551	< 1 year	
			-	1 to 5 years	
23			> 5 years		
TOTAL			1 574		
Short-term bank borrowings	Variable		1 181	< 1 year	
TOTAL				411 952	
Of which current		46 784	< 1 year		
Of which non-current		365 167	> 5 years		

Finance lease agreements

in K€	Net book value	TOTAL minimum future payments				TOTAL sub-lease payments
	Dec. 31, 2017	TOTAL	< 1 yr	1 - 5 yrs	> 5 yrs	
Land	31	6	3	2	-	-
Buildings	1 839	1 103	387	716	-	-
Technical facilities, equipment and industrial plant	5 840	5 890	1 803	3 927	161	-
Transportation equipment, vehicles	2 075	2 301	574	1 605	122	-
Fixtures and fittings	-	-	-	-	-	-
Office equipment and furniture	-	-	-	-	-	-

in K€	Net book value	TOTAL minimum future payments				TOTAL sub-lease payments
	Dec. 31, 2017	TOTAL	< 1 yr	1 - 5 yrs	> 5 yrs	
Land	31	5	3	2	-	-
Buildings	1 839	1 084	383	701	-	-
Technical facilities, equipment and industrial plant	5 840	5 754	1 787	3 816	151	-
Transportation equipment, vehicles	2 075	2 244	569	1 559	116	-
Fixtures and fittings	-	-	-	-	-	-
Office equipment and furniture	-	-	-	-	-	-

Most of the Group's finance lease agreements are lease financing agreements with option to purchase. 12% of the agreements (as a percentage of the associated debt) are at variable interest rates (before factoring in any interest rate hedges).

Note 4.2.2 Financial liabilities at fair value by the income statement

Financial liabilities at fair value by the income statement correspond to the derivative instruments used for hedging put in place by the Group to manage its interest rate risk. They are analyzed in Note 4.3.

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Note 4.2.3 Other liabilities at amortized cost

in K€									
	NC	2015 C	TOTAL	NC	2016 C	TOTAL	NC	2017 C	TOTAL
Trade payables	3	79 915	79 918	23	92 476	92 499	23	94 577	94 600
Debts on acquisition of fixed assets	752	10 291	11 043	510	12 783	13 292	448	10 204	10 652
Advance payments received	-	3 766	3 766	-	8 257	8 257	-	4 992	4 992
Social security and related payments	-	25 671	25 671	-	24 013	24 013	-	26 246	26 246
State (excluding corporation tax)	2 638	33 141	35 779	1 362	32 670	34 033	-	32 164	32 164
Corporation tax	-	2 377	2 377	-	249	249	-	814	814
Current account credit balances	-	-	-	-	17	17	-	272	272
Other debts	699	913	1 613	544	830	1 374	389	783	1 171
Liabilities for replacing assets in concessions	-	9 874	9 874	-	9 966	9 966	-	9 333	9 333
Prepayments	-	12 754	12 754	-	11 975	11 975	-	15 743	15 743
OTHER LIABILITIES	4 093	178 703	182 796	2 439	193 235	195 674	860	195 129	195 989

NC: non-current – C: current

Note 4.3 Financial hedging instruments

in K€									
	NC	2015 C	TOTAL	NC	2016 C	TOTAL	NC	2017 C	TOTAL
Hedging instruments - assets	-	3	3	-	-	-	-	-	-
Hedging instruments - liabilities	436	144	580	637	22	659	478	14	493

NC: non-current – C: current

The financial instruments used by the Group are for hedging cash flows related to its financing. These instruments, which are traded on organized markets, are managed by the Group's Finance Department.

in K€						
	2015		2016		2017	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Swaps	50 000	(367)	30 000	(363)	30 000	(198)
Collars	45 000	(209)	65 000	(307)	102 500	(303)
Hybrid instruments	-	-	-	-	-	-
TOTAL	95 000	(576)	95 000	(659)	132 500	(493)

At December 31, 2017, the maturity of the cash flow hedging instruments was as follows:

in K€				
	< 1 year	1 - 5 years	> 5 years	TOTAL
Swaps	10 000	20 000	-	30 000
Collars	7 500	95 000	-	102 500
Instruments mixtes	-	-	-	-
TOTAL	17 500	115 000	-	132 500

The gains and losses booked in equity over the period amounted to EUR 0.3 million, and the cumulative total at December 31, 2017 of gains and losses booked in equity amounted to EUR – 0.3 million.

The ineffective portion of this hedging booked as income in 2017 was EUR 0.1 million.

No part of shareholders' equity was recycled and booked in income for the period.

Note 5 - Current and non-current provisions**Note 5.1 Changes in current and non-current provisions**

in K€

	2015	2016	Other changes	Impact on equity	Allocations	Write-back used	Write-backs unused	2017
Employee benefits ¹	3 804	5 190	213	(665)	562	273	(19)	5 554
Other non-current provisions ²	9 300	11 259	376	-	1 733	(147)	-	13 221
NON-CURRENT PROVISIONS	13 104	16 450	588	(665)	2 295	126	(19)	18 775
Provision for litigation	1 124	1 815	-	-	137	(562)	(196)	1 193
Provision for other risks	-	-	-	-	13	-	-	14
Provision for waste to be treated	157	147	-	-	20	(32)	-	135
Provision for other costs	547	4 670	89	-	744	(4 436)	(3)	1 065
CURRENT PROVISIONS	1 828	6 632	89	-	914	(5 030)	(199)	2 408
TOTAL	14 932	23 082	678	(665)	3 209	(4 904)	(218)	21 183

1: Provisions for end-of-career payment and long-service medal commitments are calculated according to the method described in the accounting principles and methods section of this report.

2: Including provision for 30-year monitoring period.

Note 5.2 Breakdown of other changes

in K€

	Business combinations	Translation differences	Other changes	TOTAL
Employee benefits	216	(3)	-	213
Other non-current provisions	690	-	(315)	376
NON-CURRENT PROVISIONS	906	(3)	(315)	588
Provision for litigation	-	-	-	-
Provision for other risks	-	-	-	-
Provision for waste to be treated	-	-	-	-
Provisions for other costs	146	-	(56)	89
CURRENT PROVISIONS	146	-	(56)	89
TOTAL	1 052	(3)	(371)	678

Other movements correspond essentially to companies entering the consolidation scope.

Note 5.3 Post-employment benefits - end-of-career payments and long-service medals

The only benefits offered to Group employees consist of long-service medals and post-employment benefits in the form of end-of-career payments to retiring or departing employees.

Post-employment benefits - end-of-career payments

The Group's total commitment (however managed) changed as follows:

in K€

	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2017
AMOUNT OF COMMITMENT AT BEGINNING OF YEAR	10 087	11 190	12 001
Cost of services rendered during the year	618	705	774
Interest credited over the year	217	201	152
Payments made over the year	(490)	(580)	(295)
Acquisition/sale of subsidiaries	34	26	199
Actuarial gains (losses)	724	458	(571)
Other (scope changes, translation differences)	-	-	-
AMOUNT OF COMMITMENT AT END OF YEAR	11 190	12 001	12 259
<i>Of which outsourced</i>	<i>8 099</i>	<i>7 582</i>	<i>7 587</i>
<i>Of which provisioned</i>	<i>3 091</i>	<i>4 419</i>	<i>4 672</i>

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Changes in the fair value of funds invested to hedge the commitment were as follows:

in K€	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2017
FAIR VALUE OF ASSETS HEDGED AT BEGINNING OF YEAR	8 565	8 155	7 692
Contributions paid in	-	-	-
Amounts paid out	(490)	(580)	(276)
Expected return on investments	156	149	96
Management costs	(30)	(29)	(27)
Acquisition/sale of subsidiaries	68	-	-
Actuarial gains (losses)	(114)	(4)	207
FAIR VALUE OF ASSETS HEDGED AT END OF YEAR	8 155	7 692	7 692

If the value of the funds invested exceeds the amount of the commitment, an item of accrued expense is recorded. In the inverse case, a provision is booked. The analysis is made company by company. At December 31, 2017, the following were recognized:

- provisions of EUR 4 672 thousand;
- accrued expenses of EUR 105 thousand.

Hedging assets break down as follows:

	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2017
Diversified investments	76%	76%	76%
Monetary investments	24%	24%	24%

The following should be noted:

- when the Group took over management of the household waste incinerator and its workforce at Lescar, the Group also took over commitments in respect of the past services of those same employees. In view of the amount represented by these commitments, they were booked directly in the income statement;
- when the Group took over management of the Nantes incinerator and its workforce, the Group also took over

commitments in respect of the past services of those same employees. In application of amended IAS 19, these were recorded in the income statement.

Long-service medal commitments

The Group's commitments in respect of long-service medals evolved as follows:

in K€	Dec. 31, 2016	Dec. 31, 2017
AMOUNT OF COMMITMENT AT BEGINNING OF YEAR	713	772
Cost of services rendered during the year	32	33
Interest credited over the year	12	9
Payments made over the year	(59)	(68)
Acquisition/sale of subsidiaries	-	19
Actuarial gains (losses)	73	117
Other (scope changes, translation differences)	-	-
AMOUNT OF COMMITMENT AT END OF YEAR	772	882

Note 5.4 Disputes and exceptional events

There are no government, legal or arbitration procedures, including any procedures of which the Company is aware, which are pending or threatened, and/or likely to have or, during

the last twelve months, to have had significant impacts on the financial situation or the profitability of the Company and/or the Group.

Note 6 - Deferred taxes

The analysis of deferred taxes by type is as follows:

in K€

	2015	2016	2017
Employee profit-sharing	589	475	481
Social solidarity contribution	174	167	203
Paid leave	653	661	695
Capital gain on insurance claims	(1 014)	(448)	(149)
Capital gain on insurance claims	48 215	40 162	34 704
Deferred amortization and regulatory provisions	(6 338)	(6 427)	(5 157)
Finance leases	(1 095)	(985)	(747)
Internal income	142	116	278
Provisions for end-of-career payments	1 115	1 536	1 604
Restated provisions for thirty-year monitoring	(1 242)	(1 254)	(952)
Harmonization of amortization	369	324	309
Fair value of hedging instruments	198	227	170
Industrial repairs and maintenance	-	(1 730)	(2 651)
Other temporary differences	(1 699)	(962)	(198)
TOTAL	40 067	31 862	28 590
<i>Of which deferred tax assets</i>	<i>40 067</i>	<i>31 862</i>	<i>28 788</i>
<i>Of which deferred tax liabilities</i>	<i>-</i>	<i>-</i>	<i>(199)</i>

Tax loss carry-forwards correspond to:

- deficits which arose before fiscal consolidation. Their activation is decided on a subsidiary-by-subsidiary basis according to the business plan of each;
- the deficits recognized in the tax consolidation group for 2012 and 2013, related to the provisioning of the Group's entire stake in HIME. Recognition of this tax credit as an asset was enabled by the fact that the tax consolidation group was able to recover this credit within a reasonable period of time. The amount of this tax credit takes account of the expected

fall in the corporation tax rate in France, from 34.43% to 25% by 2022;

- the deficit recorded for Valls Quimica as a result of the provision for its tax dispute, given that the sum involved was deemed in its business plan to be recoverable. Apart from this exception, any tax losses incurred by foreign subsidiaries are not carried forward.

At December 31, 2017, the amount of deferred tax assets not carried forward relative to qualifying deficits was EUR 5.9 million.

Changes in deferred tax assets over the fiscal year can be analyzed as follows:

in K€

	Deferred tax assets	Deferred tax liabilities	Net
BALANCE AT DECEMBER 31, 2015	40 067	-	40 067
Net income	(8 163)	-	(8 163)
Changes in fair value by shareholders' equity	215	-	215
Changes in consolidation scope and other changes	54	312	(258)
Translation differences	-	-	-
Compensation of deferred taxes among subsidiaries in the tax consolidation scope	(106)	(106)	-
Compensation of deferred tax assets and deferred tax liabilities	(205)	(205)	-
BALANCE AT DECEMBER 31, 2016	31 862	-	31 862
Net income	(3 738)	-	(3 738)
Changes in fair value by shareholders' equity	(327)	-	(327)
Changes in consolidation scope and other changes	730	-	730
Translation differences	63	-	63
Compensation of deferred taxes among subsidiaries in the tax consolidation scope	(419)	(419)	-
Compensation of deferred tax assets and deferred tax liabilities	618	618	-
BALANCE AT DECEMBER 31, 2017	28 788	199	28 590

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Note 7 - Off-balance sheet commitments

Note 7.1 Off-balance sheet commitments arising from current operations

in K€	2015	2016	2017
Loans ceded before maturity (bills, Dailly Act)	-	-	-
Sureties	67 704	90 565	133 413
Financial guarantees ¹	37 135	52 183	82 810
Other guarantees	30 569	38 382	50 604
Secured guarantees	-	-	-
Tangible and intangible assets pledged as collateral	-	-	-
Securities pledged as collateral	-	-	-
Arising from partner's responsibilities in property companies	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS RELATED TO CURRENT OPERATIONS	67 704	90 565	133 413

1: This concerns sureties of EUR 82 million granted to a financial institution during the setting up of financial guarantees extended by it under the Ministerial Order of February 1, 1996.

Note 7.2 Off-balance sheet commitments given or received in connection with Group debt

in K€	2015	2016	2017
Business loans ceded	1 428	1 537	-
Sureties and letters of intent	36 964	32 862	55 075
Secured guarantees	11 194	-	-
Tangible and intangible assets pledged as guarantees and collateral	11 194	-	-
Securities pledged as guarantees and collateral	-	-	-
Mortgages	-	-	-
Borrowing commitments received	3 591	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS RELATED TO DEBT	53 177	34 399	55 075

As part of its asset financing, the Company signed commitments not to sell its shareholdings in Sénergies, Séché Eco-industries and Mézerolles.

All the above-mentioned off-balance sheet commitments are covered by balance sheet debt, with the exception of a EUR 0.8 million guarantee.

In the case of public service delegation concession contracts, Séché Environnement makes guarantees to the granting authorities in respect of proper execution of the contracts.

Note 7.3 Other off-balance sheet commitments

The current breakdown of the Group's off-balance sheet commitments does not exclude any significant commitment as defined by current accounting standards.

4.1.6.3.2 Notes to the table of changes in shareholders' equity

Note 8 - Breakdown of share capital

Share category	Number	Par value
1 - Shares comprising the share capital at the start of the year	7 857 732	EUR 0.20
Capital decrease (by share cancellation)	-	
2 - Shares comprising the share capital at the end of the year	7 857 732	EUR 0.20
Of which shares with single voting rights	5 341 211	
Of which shares with double voting rights	2 516 521	

Note 9 - Additional paid-in capital

This line is made up exclusively of additional paid-in capital from the different capital increases, net of charges:

in K€

Capital increase of November 27, 1997	11 220
Capital increase of December 19, 1997	112
Capital increase of October 1, 2001 (to pay for Alcor shares)	10 795
Capital increase of July 5, 2002 (to pay for Trédi shares)	192 903
Charges on additional paid-in capital	(1 578)
Issuance of 596 408 share subscription warrants in favor of Caisse des Dépôts et Consignations on December 12, 2006	10 908
Exercise of share subscription warrants by Caisse des Dépôts et Consignations on April 24, 2007	74 718
Payout of dividends on June 10, 2014	(8 148)
Charge on share premium account on April 25, 2014	(169 445)
Payout of dividends on June 10, 2015	(8 203)
Charge on share premium account on April 28, 2015	790
Cancellation by Séché Environnement of its own shares on June 17, 2015	(23 268)
Charge on share premium account on April 28, 2016	(16 744)
TOTAL	74 061

Note 10 - Breakdown of consolidated reserves**in K€**

	Dec. 31, 2015	Dec. 31, 2016	Increases	Decreases	Dec. 31, 2017
Legal reserve	173	173	-	-	173
Regulatory reserves	-	-	-	-	-
Retained earnings	(42 616)	52	12 061	-	12 113
Other reserves	6 037	-	-	-	-
SUB-TOTAL - LEGAL AND REGULATORY RESERVES	(36 407)	225	12 061	-	12 286
Consolidated reserves (excluding translation differences)	174 306	163 206	-	(16 014)	147 192
TOTAL RESERVES (EXCLUDING TRANSLATION DIFFERENCES)	137 899	163 431	12 061	(16 014)	159 478
Translation differences	(3 083)	(3 355)	-	(2 739)	(6 093)
TOTAL RESERVES (INCLUDING TRANSLATION DIFFERENCES)	134 816	160 076	12 061	(18 753)	153 385

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Note 11 - Information on treasury stock

By virtue of the authorizations granted by the Annual General Meetings of April 27, 2017 and April 28, 2016 the Board of Directors ordered in 2017 the repurchase of a certain number of its own shares under a liquidity contract concluded with an

independent organization. Funds totaling EUR 1.4 million were made available to that organization for the repurchase of 4 862 shares. At December 31, 2017, the results of these share buybacks conducted over the whole of 2017 broke down as follows:

Number of shares held as treasury stock ¹	57 938
Percentage of shares held as treasury stock	0.74%
Net book value of shares held as treasury stock (EUR)	1 705 112
Market value of shares held as treasury stock at December 31, 2017 (EUR) ²	1 733 505

1: Including shares acquired under previous share buyback programs.

2: On the basis of the closing price of the Séché Environnement share in the month of December 2017, i.e. EUR 29.92.

4.1.6.3.3 Notes to the income statement

Note 12 - Revenue from ordinary activities

Note 12.1 Breakdown of revenue by type

in K€	2015	2016	2017
REVENUE	460 910	478 257	534 464
Of which sales of goods	65 724	58 384	66 737
Of which sales of services	395 186	419 873	467 727
OTHER BUSINESS INCOME	6 855	6 953	9 448
TRANSFERS OF EXPENSES	3 999	2 770	1 215
REVENUE FROM ORDINARY ACTIVITIES	471 764	487 981	545 127

Note 12.2 Breakdown of revenue by type of waste

in K€	2015	2016	2017
HW treatment	265 686	296 520	325 920
NHW treatment	195 224	181 737	205 443
Of which revenue under IFRIC 12	6 581	4 225	3 101
REVENUE FROM ORDINARY ACTIVITIES	460 910	478 257	534 465

Note 13 - Earnings before interest, taxes, depreciation and amortization (EBITDA)**Note 13.1 Breakdown of EBITDA**

in K€	2015	2016	2017
REVENUE FROM ORDINARY ACTIVITIES	471 764	487 981	545 127
<i>PURCHASES USED FOR OPERATIONAL PURPOSES</i>	<i>(66 962)</i>	<i>(66 435)</i>	<i>(66 627)</i>
Stored purchases	(38 298)	(38 103)	(40 831)
Non-stored purchases	(28 664)	(28 332)	(25 796)
<i>EXTERNAL EXPENSES</i>	<i>(169 662)</i>	<i>(181 396)</i>	<i>(211 715)</i>
Sub-contracting	(102 970)	(105 623)	(120 205)
Rental expenses	(17 479)	(18 568)	(20 954)
Maintenance and repairs	(16 073)	(20 789)	(25 283)
Insurance	(6 837)	(6 903)	(7 016)
Other external expenses	(26 303)	(29 513)	(38 258)
<i>TAXES OTHER THAN ON INCOME</i>	<i>(38 498)</i>	<i>(37 557)</i>	<i>(41 486)</i>
<i>EMPLOYEE BENEFIT EXPENSES</i>	<i>(108 536)</i>	<i>(113 526)</i>	<i>(127 221)</i>
Employee costs	(106 518)	(111 488)	(124 936)
Profit-sharing schemes	(2 109)	(1 999)	(2 281)
Contributions towards end-of-career payments	91	(39)	(4)
Remuneration in shares	-	-	-
EBITDA	88 106	89 066	98 077

External services purchased mainly concern sub-contracting (transportation, upstream activities and disposal).

Note 13.2 - Simple rental agreements

in K€	TOTAL minimum future payments, discounted (non-cancelable contracts)				Expenses for the year (non-cancelable contracts)	TOTAL sub-lease payments
	TOTAL	< 1 yr	1 - 5 yrs	> 5 yrs		
Intangible fixed assets	155	14	56	85	59	-
Land	1 716	211	824	682	303	-
Buildings	5 469	1 070	2 928	1 471	1 779	-
Technical facilities, equipment and industrial plant	18 447	2 685	9 167	6 595	6 475	-
Transportation equipment, vehicles	433	266	167	-	936	-
Fixtures and fittings	-	-	-	-	-	-
Office equipment and furniture	120	60	60	-	93	-

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Note 14 - Current operating income

Note 14.1 Breakdown of current operating income

in K€	2015	2016	2017
EBITDA	88 106	89 066	98 077
<i>COST OF RENEWAL OF ASSETS INCLUDED IN CONCESSIONS AND REHABILITATION OF TREATMENT SITES</i>	<i>(9 705)</i>	<i>(10 405)</i>	<i>(10 722)</i>
<i>OTHER OPERATING INCOME AND EXPENSES</i>	<i>(1 849)</i>	<i>(1 923)</i>	<i>(238)</i>
Other operating expenses	(1 937)	(2 060)	(560)
Other operating income	88	137	322
<i>NET ALLOCATIONS TO PROVISIONS</i>	<i>(329)</i>	<i>(1 480)</i>	<i>(1 793)</i>
Allocations to provisions	(3 099)	(4 220)	(2 416)
Write-backs of provisions	2 770	2 740	624
<i>NET ALLOCATIONS TO AMORTIZATION</i>	<i>(35 643)</i>	<i>(40 902)</i>	<i>(45 608)</i>
Allocations to amortization	(35 643)	(40 902)	(45 608)
Write-backs of amortization	-	-	-
CURRENT OPERATING INCOME	40 580	34 356	39 715

Note 14.2 Net allocations to provisions

in K€	2015	2016	2017
Net allocations to provisions for 30-year monitoring	(246)	(1 263)	(1 068)
Net allocations to current assets	342	(167)	(85)
Net allocations to other operating provisions	(425)	(50)	(640)
TOTAL	(329)	(1 480)	(1 793)

Note 14.3 Net allocations to amortization

in K€	2015	2016	2017
Net allocations to intangible fixed assets	(3 379)	(3 831)	(4 906)
Net allocations to tangible fixed assets	(32 255)	(37 062)	(40 694)
Amortization to be allocated	(9)	(9)	(9)
TOTAL	(35 643)	(40 902)	(45 608)

Note 15 - Operating income

in K€

	2015	2016	2017
CURRENT OPERATING INCOME	40 580	34 356	39 715
REASSESSMENT OF FIXED ASSETS	-	-	-
INCOME ON DISPOSAL OF FIXED ASSETS	(281)	36	(2 893)
Disposals of intangible fixed assets	(117)	-	(1 311)
Disposals of property, plant and equipment	(247)	36	(2 213)
Disposals of consolidated investments	84	-	631
IMPAIRMENT OF ASSETS	-	(66)	(142)
Impairment of goodwill	-	-	-
Impairment of other intangible fixed assets	-	-	-
Impairment of property, plant and equipment	-	(66)	(142)
BUSINESS COMBINATION EFFECTS ¹	(626)	(698)	(1 015)
OTHER ²	(1 145)	(7 432)	1 675
OPERATING INCOME	38 528	26 196	37 340

1: The amounts recorded on the business combinations effects line refer:

- in 2015, to expenditure incurred to cement the business combination consisting of Séché-Kanay, Séché-Sodicome and Séché-Moringa in 2015;
- 2016, to expenditure incurred to study placing the business combinations of Séché Environnement subsidiaries in the waste activities sector of the Charier group;
- in 2017, to the funds committed to implement the grouping together of certain subsidiaries of Séché Environnement and the waste treatment activities of the Charier group, Taris (formerly Befesa Peru), SADN and Solarca SL.

2: The amounts recorded on the "other" line concern principally:

- in 2015, the costs incurred by the Group for the management of the Strasbourg-Sénerval public service delegation contract, rendered complex by the presence of asbestos in the facilities conceded;
- in 2016:
 - EUR – 0.7 million corresponding to the additional operating costs incurred by Sénerval during industrial action at the site between March 21, 2014 and June 12, 2014, which paralyzed the Strasbourg plant, while the company was obliged to continue to perform its public service

obligation to treat waste from the Strasbourg urban community and surrounding local authorities;

- EUR – 4.1 million in respect of the contested tax reassessment on Séché Eco-industries concerning landfill cells which had been assessed for property tax. This reassessment is contested by the company for the portion of the reassessment which concerns completely filled cells, and 50% of the reassessment is contested in respect of cells used for non-hazardous waste;

- EUR – 2.1 million of expenses made or committed to concerning a performance plan to optimize management functions;

■ in 2017:

- EUR – 0.3 million of extra costs incurred by the Group for the management of the Strasbourg-Sénerval public service delegation contract, rendered complex by the presence of asbestos in the facilities conceded;
- EUR – 1.4 million of expenses made or committed to concerning the performance plan to optimize management functions;
- EUR – 3.4 million corresponding to the net write-back of a provision concerning the contested amount of property tax reassessed on Séché Éco-industrie.

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Note 16 - Net financial income

Note 16.1 Breakdown of net financial income

in K€	2015	2016	2017
Income from cash and cash equivalents	423	312	127
Gross financial borrowing costs	(11 879)	(10 299)	(12 410)
Other financial income and expenses	(660)	(755)	(1 315)
TOTAL	(12 116)	(10 742)	(13 599)

in K€	2015	2016	2017
Financial liabilities at amortized cost	(10 857)	(9 857)	(11 920)
Gain (loss) on hedging instruments	(1 022)	(442)	(491)
COST OF GROSS FINANCIAL DEBT	(11 879)	(10 299)	(12 410)

In 2016, the cost of gross financial debt evolved principally under the influence of a reduction in financial charges as a result of a reduced average cost of debt, following the refinancing operations of 2014 and 2015.

In 2017, the cost of gross financial debt increased in line with higher financial costs incurred as a result of increased average net financial debt over the period.

Note 16.2 Breakdown of other financial income and expenses

in K€	2015	2016	2017
Foreign exchange gain (loss)	(64)	(46)	(765)
Net gain (loss) on the sale of financial fixed assets	-	-	(21)
Net impairment on financial assets	(397)	(540)	(491)
Other financial income and expenses	(198)	(170)	(38)
TOTAL	(660)	(755)	(1 315)

The foreign exchange loss was essentially due to unrealized positions on Group prepayments to its international subsidiaries which do not meet the definition of net investments under

IAS 21. To date, the Group holds no instruments or other means of hedging against foreign exchange risk.

Note 17 - Taxes

in K€	2015	2016	2017
Corporation tax payable	(4 478)	(2 368)	(3 925)
Deferred tax	(3 993)	(8 163)	(3 738)
TOTAL TAX EXPENSE	(8 472)	(10 531)	(7 663)

The transition from the theoretical tax at the statutory tax rate to the actual rate of tax paid can be analyzed as follows:

in K€	2015	2016	2017
THEORETICAL TAX AT CURRENT STATUTORY TAX RATE	(9 986)	(5 256)	(8 110)
Change in tax rate applicable to parent company ¹	(105)	(5 130)	4
Differences in tax rates applicable to subsidiaries	971	164	340
Unrecognized tax assets	(213)	(1 224)	(1 105)
Use of previous losses not previously carried forward	-	327	8
Definitively non-taxable income and expenses	862	587	1 200
TOTAL TAX EXPENSE	(8 472)	(10 531)	(7 663)

1: The tax rate (excluding social security contributions) on profits is 33.33%. Including social security contributions levied on profits, the Group's tax rate is 34.16%.

Within the tax consolidation group headed by Séché Environnement, which includes all French subsidiaries more than 95%-held, directly or indirectly, by Séché Environnement, tax savings of EUR 7.6 million were achieved.

The lowering of the French corporation tax rate, from 34.43% to 25.00% (not including social security contributions levied on profits), voted as part of the French Finance Act for 2018, has no impact on the Group's net income at December 31, 2017.

4.1.6.3.4 Financial risk management

Note 18 - Financial instruments at fair value

Financial instruments break down as follows in terms of their different levels of fair value assessment:

in K€				
2017				
	Level 1	Level 2	Level 3	TOTAL
Available-for-sale securities	-	993	548	1 541
Hedging instruments	-	-	-	-
Other financial assets at fair value by the income statement	-	-	-	-
FINANCIAL ASSETS	-	993	548	1 541
Financial debts	-	411 952	-	411 952
Instruments de couverture	-	493	-	493
Other financial liabilities at fair value by the income statement	-	-	-	-
FINANCIAL LIABILITIES	-	412 444	-	412 444

For comparison purposes, the breakdown in terms of fair value of the Group's financial instruments for the last two fiscal years was as follows:

in K€				
2016				
	Level 1	Level 2	Level 3	TOTAL
Available-for-sale securities	-	1 164	273	1 436
Hedging instruments	-	-	-	-
Other financial assets at fair value by the income statement	-	-	-	-
FINANCIAL ASSETS	-	1 164	273	1 436
Financial debts	-	329 783	-	329 783
Hedging instruments	-	659	-	659
Other financial liabilities at fair value by the income statement	-	-	-	-
FINANCIAL LIABILITIES	-	330 442	-	330 442

in K€				
2015				
	Level 1	Level 2	Level 3	TOTAL
Available-for-sale securities	-	1 402	253	1 655
Hedging instruments	-	3	-	3
Other financial liabilities at fair value by the income statement	-	-	-	-
FINANCIAL ASSETS	-	1 403	253	1 658
Financial debts	-	321 077	-	321 077
Hedging instruments	-	580	-	580
Other financial liabilities at fair value by the income statement	-	-	-	-
FINANCIAL LIABILITIES	-	321 657	-	321 657

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Available-for-sale securities

- quoted securities valued at their stock exchange closing price are considered to be of level 1;
- non-quoted securities whose fair value can be determined on the basis of observable data, such as valuation by an independent expert, are considered to be of level 2;
- non-quoted securities whose fair value can be determined on the basis of a valuation model (such as discounted cash flow, multiples, etc.) are considered to be of level 3.

Hedging instruments

The fair value of the hedging instruments used by the Group (swaps, collars, swaptions, hybrid instruments) is determined by reference to a valuation model using observable data (interest rates, in particular) and is therefore considered to be of level 2.

Financial debts

The fair value of financial debts can be determined on the basis of observable data (interest rates) and is considered to be of level 2.

Note 19 - Exposure to credit risk

Credit risk is the risk of financial loss incurred by the Group in the event that a customer or counterparty to a given asset were to fail to meet its contractual obligations.

At present this risk arises essentially from trade receivables.

The Group manages the credit risk associated with trade receivables by means of an active receivables collection policy operated at each of its French subsidiaries. This policy is operated using a centralized software program which issues formal reminders and provides real-time information on the various parties concerned. An analysis of actual payment dates is monitored on a monthly basis, and any incidents are the subject of corrective actions.

The Group's maximum exposure to credit risk is the book value of its financial assets. At the close of the year, maximum credit risk exposure broke down as follows:

in K€									
	NC	2015 C	TOTAL	NC	2016 C	TOTAL	NC	2017 C	TOTAL
Available-for-sale financial assets	1 655	-	1 655	1 436	-	1 436	1 541	-	1 541
Financial loans and receivables at amortized cost	6 946	868	7 814	7 033	761	7 794	7 916	827	8 743
FINANCIAL ASSETS	8 601	868	9 469	8 469	761	9 230	9 457	827	10 283
Trade and other receivables	34 520	140 341	174 861	43 082	159 549	202 631	40 881	136 533	177 414
Other current assets (incl. corporation tax credits)	3 452	24 165	27 617	1 843	28 719	30 562	1 864	29 600	31 464
Loans and receivables at amortized cost	37 972	164 505	202 478	44 926	188 268	233 194	42 745	166 133	208 877
Hedging instruments - assets	-	3	3	-	-	-	-	-	-
Other instruments at fair value by the income statement	-	-	-	-	-	-	-	-	-
Financial assets at fair value by the income statement	-	3	3	-	-	-	-	-	-
Cash and cash equivalents	-	30 640	30 640	-	16 732	16 732	-	53 459	53 459
TOTAL FINANCIAL ASSETS	46 574	196 017	242 591	53 394	205 761	259 155	52 201	220 418	272 620
Derivative portion of convertible bonds	-	-	-	-	-	-	-	-	-
TOTAL	46 574	196 017	242 591	53 394	205 761	259 155	52 201	220 418	272 620

NC: non-current – C: current

Revenues, expenses, income and impairments recognized as financial assets in the financial statements for 2017 were almost exclusively related to marketable securities.

Note 20 - Exposure to counterparty risk

Counterparty risk corresponds to the loss that the Group could suffer if one or more counterparties were to fail to fulfill their contractual obligations. It concerns loans and receivables

at amortized cost (financial or operational) and short-term investments of excess cash.

The aged balance of loans and receivables at amortized cost at year-end stood as follows:

in K€		2017			
	Net value (C and NC)	Of which not due	0 - 6 mths	Of which due 6 mths - 1 yr	> 1 yr
Financial loans and receivables at amortized cost	8 743	8 743	-	-	-
Trade and other receivables	177 414	151 614	17 807	3 150	4 843
Other assets	31 464	30 808	145	12	499
TOTAL	217 620	191 165	17 952	3 161	5 342

The aged balance of loans and receivables at amortized cost at the end of the preceding two fiscal years was as follows:

in K€		2016			
	Net value (C et NC)	Of which not due	0 - 6 mths	Of which due 6 mths - 1 yr	> 1 yr
Financial loans and receivables at amortized cost	7 794	7 794	-	-	-
Trade and other receivables	202 631	181 396	14 673	2 357	4 205
Other assets	30 562	29 644	11	12	895
TOTAL	240 987	218 834	14 685	2 369	5 100

in K€		2015			
	Net value (C et NC)	Of which not due	Of which due 0 - 6 mths	Of which due 6 mths - 1 yr	> 1 yr
Financial loans and receivables at amortized cost	7 814	7 814	-	-	-
Trade and other receivables	174 861	147 322	19 432	4 306	3 801
Other assets	27 617	27 440	-	-	177
TOTAL	210 292	182 576	19 432	4 306	3 978

In the Group's opinion, it is not exposed to any significant counterparty risk.

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Note 21 - Exposure to liquidity risk

Liquidity risk is the risk that the Group may have difficulty honoring its debts at their maturity.

The Group manages its financing centrally. A cash management report is prepared, with the aim of providing a regularly updated

overview of the Group's short-, medium- and long-term financing requirements. Nearly all of the Group's financing is arranged centrally, as is the balancing of its sources of financing (capital markets, banks).

At December 31, 2017, the residual contractual maturities of the Group's financial liabilities broke down as follows:

in K€					
Dec. 31, 2017	Book value	Contractual cash flows	< 1 yr	Of which due 1 - 5 yrs	> 5 yrs
Bank loans	400 005	433 383	51 350	333 233	48 800
Lease finance debt	9 192	9 299	2 767	6 250	283
Other financial debt	1 574	1 574	1 551	-	23
Short-term bank borrowings	1 181	1 181	1 181	-	-
Trade and other payables (incl. corporation tax debts)	186 656	186 656	185 795	860	-
Liabilities for renewal of assets included in concessions	9 333	9 333	-	-	-
TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES	607 940	641 426	242 644	340 343	49 106
Hedging instruments	493	493	14	478	-
TOTAL DERIVATIVE FINANCIAL LIABILITIES	493	493	14	478	-

For comparison purposes, the residual contractual maturities of the Group's financial liabilities in 2016 and 2015 were as follows:

in K€					
Dec. 31, 2016	Book value	Contractual cash flows	< 1 yr	Of which due 1 - 5 yrs	> 5 yrs
Bank loans	317 209	351 734	35 982	266 027	49 724
Lease finance debt	9 861	10 263	2 876	6 829	558
Other financial debt	1 158	1 158	1 135	-	23
Short-term bank borrowings	1 554	1 554	1 554	-	-
Trade and other payables (incl. corporation tax debts)	185 708	185 708	183 269	2 439	-
Liabilities for renewal of assets included in concessions	9 966	9 966	9 966	-	-
TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES	525 457	560 383	234 782	275 295	50 305
Hedging instruments	659	659	22	637	-
TOTAL DERIVATIVE FINANCIAL LIABILITIES	659	659	22	637	-

in K€					
Dec. 31, 2015	Book value	Contractual cash flows	< 1 yr	Of which due 1 - 5 yrs	> 5 yrs
Bank loans	310 196	350 517	34 140	244 505	71 873
Lease finance debt	9 910	10 517	2 525	7 100	892
Other financial debt	774	774	739	-	35
Short-term bank borrowings	197	197	197	-	-
Trade and other payables (incl. corporation tax debts)	179 287	179 287	175 194	4 093	-
Liabilities for renewal of assets included in concessions	9 874	9 874	9 874	-	-
TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES	510 238	551 166	222 669	255 698	72 800
Hedging instruments	580	580	144	436	-
TOTAL DERIVATIVE FINANCIAL LIABILITIES	580	580	144	436	-

Ratios prescribed by the credit covenant and bond issuance agreement

The Group's credit covenant signed on May 12, 2015 and one of its bond issuance agreements include a commitment to respect two financial ratios based on the Group's consolidated financial statements. Compliance with these financial ratios is checked twice per year for the twelve-month periods ending December 31 and June 30.

Non-compliance with these ratios would constitute default and, in the case of most lenders, would render all debt immediately due.

Following the acquisitions made in 2017, the limits of the financial ratios were raised for a period of 12 months. At June 30, 2018, the limits to be complied with will be those which were applicable in 2016.

Ratio applicable in	2015	2016	2017
Net financial debt/equity	< 1.4	< 1.4	< 1.6
Net financial debt/EBITDA	< 3.5	< 3.5	< 3.7

The above assumes the following, on a consolidated basis:

- net financial debt means the aggregate of all financial debt as reported in the consolidated financial statements of Séché Environnement under the heading of bank loans and other financial debt, less cash and cash equivalents and investments in mutual funds, as indicated in the Group's consolidated financial statements, with the exception of non-recourse financings. "Non-recourse financings" refers to any financing arranged to finance the acquisition, deficit, operation, upkeep or maintenance of an asset or project where the entity to whom the debt is due has no recourse to any member of the Séché Group for the payment of any sum relative to such financing, and where reimbursement results essentially from the financial flows deriving from operation of the asset or project in question;
- equity means the totality of the shareholders' equity (Group share);
- EBITDA means consolidated operating income before deduction of all net allocations to amortization and provisions and other operating income and charges.

At December 31, 2017, the Group's bank gearing stood at 1.33 and bank-debt-to-earnings at 3.32, both ratios lying within the required range.

Ratios of the second bond issuance agreement

The second bond issuance agreement also includes a commitment to respect the same two financial ratios calculated on the basis of the Group's consolidated financial statements. Compliance with these financial ratios is checked twice per year for the twelve-month periods ending December 31 and June 30. Non-compliance with these ratios would constitute default and, in the case of most lenders, would render all debt immediately due.

Following the acquisitions made in 2017, the limits of the financial ratios were raised for a period of 12 months. At June 30, 2018, the limits to be complied with will be those which were applicable in 2016.

Ratio applicable in	2015	2016	2017
Net financial debt/equity	< 1.1	< 1.1	< 1.3
Net financial debt/EBITDA	< 3.5	< 3.5	< 3.7

on the understanding that, on a consolidated basis,

- net financial debt means the aggregate of all financial debt as reported in the consolidated financial statements of Séché Environnement under the heading of bank loans and other financial debt, less cash and cash equivalents and investments in mutual funds, as indicated in the Group's consolidated financial statements, with the exception of non-recourse financings. "Non-recourse financings" refers to any financing arranged to finance the acquisition, deficit, operation, upkeep or maintenance of an asset or project where the entity to whom the debt is due has no recourse to any member of the Séché Group for the payment of any sum relative to such financing, and where reimbursement results essentially from the financial flows deriving from operation of the asset or

project in question;

- equity means the totality of the shareholders' equity (Group share), with the exception of the fair value of the hedging instruments used to hedge flows related to HIME;
- EBITDA means consolidated operating income before deduction of all net allocations to amortization and provisions and other operating income and charges, with the exception, where appropriate, of the EBITDA of the HIME-Saur Group.

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Note 22 - Exposure to interest rate risk

Séché Environnement's corporate debt, before hedging, is subject to a variable rate of interest.

The Group uses hedging instruments to cover itself against any rise in interest rates, and to optimize the cost of its debt. The instruments used include swaps, caps, floors and collars. Their use is managed directly by the Group Finance Department.

Interest-rate risk is analyzed on the basis of projected trends in financial debt on the credit lines and maturities of interest-rate hedges:

- a 50 basis point decline in interest rates would have a negative impact on shareholders' equity of EUR 1.0 million;
- an instantaneous 100 basis point upward change in interest rates would have a negative impact of EUR 0.8 million on the Group's financial costs in 2017, based on its indebtedness at December 31 and its reimbursement profile at that date

The exchange rate risk to which the Group is exposed arises from:

- the conversion of contributions from foreign subsidiaries outside the euro zone to its balance sheet and income statement. However, this risk is increasingly limited thanks to the Group's ongoing efforts to refocus on its European activities in the euro zone;
- bank debt financing, denominated almost exclusively in euros, of the investments of its foreign subsidiaries operating in local currencies (for those subsidiaries not considered as long-term foreign investments).

Changes in foreign exchange income break down as follows:

Note 23 - Exposure to exchange rate risk in K€

	2015	2016	2017
Foreign exchange income, Europe	(132)	52	(498)
Foreign exchange income, Americas	67	(98)	(120)
Foreign exchange income, rest of the world	-	-	(147)
TOTAL	(64)	(46)	(765)

To date, this risk is not the subject of specific hedging at Group level.

4.1.6.3.5 Breakdown by geographical area

Note 24 - Breakdown of ordinary activities by geographical area

in K€	2015	2016	2017
France	448 391	466 798	491 294
Europe (outside France)	20 396	19 670	34 568
Outside Europe	2 977	1 512	19 265
TOTAL REVENUE FROM ORDINARY ACTIVITIES	471 764	487 981	545 127

Note 25 - Non-current assets by geographical area

in K€

December 31, 2017	France	Europe (outside France)	Outside Europe	TOTAL
Goodwill	237 035	10 470	17 222	264 727
Intangible fixed assets included in concessions	49 618	-	-	49 618
Other intangible fixed assets	14 845	967	400	16 213
Property, plant and equipment	207 433	8 315	14 465	230 213
Non-current financial assets	8 668	67	722	9 457
Shareholdings in affiliates	467	-	2 421	2 888
Other non-current operating assets	42 744	-	-	42 744
Deferred tax assets	27 486	821	481	28 788
TOTAL NON-CURRENT ASSETS	588 297	20 640	35 711	644 648

in K€

December 31, 2016	France	Europe (outside France)	Outside Europe	TOTAL
Goodwill	228 705	4 699	-	233 403
Intangible fixed assets included in concessions	49 947	-	-	49 947
Other intangible fixed assets	13 052	3	-	13 055
Property, plant and equipment	183 421	3 265	574	187 260
Non-current financial assets	8 454	15	-	8 469
Shareholdings in affiliates	521	-	2 364	2 885
Other non-current operating assets	44 926	-	-	44 926
Deferred tax assets	31 001	860	-	31 862
TOTAL NON-CURRENT ASSETS	560 027	8 842	2 938	571 807

in K€

December 31, 2015	France	Zone Europe (outside France)	Outside Europe	TOTAL
Goodwill	226 758	4 699	-	231 457
Intangible fixed assets included in concessions	48 637	-	-	48 637
Other intangible fixed assets	12 016	5	-	12 021
Property, plant and equipment	170 206	3 141	665	174 011
Non-current financial assets	8 587	15	-	8 601
Shareholdings in affiliates	501	-	2 633	3 135
Other non-current operating assets	37 972	-	-	37 972
Deferred tax assets	38 818	1 249	-	40 067
TOTAL NON-CURRENT ASSETS	543 495	9 109	3 298	555 902

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4.1.6.3.6 Earnings per share

The earnings per share figure presented at the foot of the income statement is the ratio of the net income attributable to shareholders of the parent company, to the weighted average number of shares making up the share capital of the parent company which were in circulation over the period, i.e. 7 800 062.

The Group has no dilutive instruments, therefore diluted EPS is equal to net EPS.

4.1.6.3.7 Dividends

In fiscal 2017, Séché Environnement paid out EUR 7 413 279.40 in dividends, or EUR 0.95 per share, regardless of the type of share. Dividends concerning treasury stock were booked in additional paid-in capital in the amount of EUR 51 566.00.

The Board of Directors resolved on February 28, 2018, to propose to the Annual General Meeting a dividend payout of EUR 7 464 845.40, or EUR 0.95 per share.

4.1.6.3.8 Transactions with related parties

The Group maintains relations with the following related parties:

- non-consolidated Group subsidiaries and affiliates: the Group maintains no significant relations with these related parties;
- members of the Board of Directors and the Executive Committee: their remuneration and benefits of all kinds are presented in the section below.

4.1.6.3.9 Remuneration of senior management

Remuneration of the senior officers and directors breaks down as follows:

in €	2015	2016	2017
Short-term benefits	1 403 014	1 311 342	1 315 313
Post-employment benefits	-	-	-
Share-based payments	-	-	-
TOTAL	1 403 014	1 311 342	1 315 313

4.1.6.3.10 Key events since the closing of accounts

We are aware of no significant event occurring after the closing of accounts likely to have a significant impact on the Group's assets, financial position or operating results.

As far as the Company is aware, there was no litigation, arbitration or exceptional event occurring after the closing likely to have, or

to have had in the recent past, a significant effect on the financial position, earnings, business or assets of the Company or the Group.

4.1.6.3.11 Fees of the statutory auditors

Fees paid by the Group to its statutory auditors and members of their networks were as follows:

	KPMG		RSM Ouest Audit	
	2017	2016	2017	2016
Auditing assignments				
Statutory audit, examination of individual and consolidated accounts, certification of accounts				
Séché Environnement	108	109	110	108
Fully consolidated subsidiaries	258	229	175	178
Services other than certification of accounts				
Séché Environnement	355	169	-	-
Fully consolidated subsidiaries	-	3	-	-
SUB-TOTAL 1	722	510	285	286
Other services rendered by the auditors' networks to fully consolidated subsidiaries				
Legal, tax and corporate	-	-	-	-
Other	1	-	-	-
SUB-TOTAL 2	1	-	-	-
TOTAL	723	510	285	286

4.2 Auditors' report on the consolidated financial statements at December 31, 2017

Year ended December 31, 2017

To the General Meeting of Shareholders of Séché Environnement SA

OPINION

In compliance with the engagement entrusted to us by your General Meetings of Shareholders, we have audited the accompanying consolidated financial statements of Séché Environnement SA, for the year ended December 31, 2017, as published with the present Report.

We certify that the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2017 and of the results of the operations of the consolidated entities for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

The audit opinion expressed above is consistent with our report to the Audit Committee.

BASIS FOR OPINION

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described herein in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of the present report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2017 to the date of our report, and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) no. 537/2014 or in the French code of ethics (Code de Déontologie) for statutory auditors.

Justification of assessments - Key Audit Matters

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de Commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period, as well as how we addressed those risks.

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

RECOGNITION OF REVENUE

Risk identified

As indicated in the section on accounting principles and methods, under Point 18, revenue from the sale of goods is recognized where:

- the majority of the risks and benefits associated with the ownership of said goods have been transferred to the buyer;
- the Group is no longer involved in the management of the goods, and no longer maintains effective control thereof;
- transaction costs incurred or likely to be incurred relative to the transaction can be measured in a reliable fashion.

In particular, concerning the Group's activities in the area of public service delegation contracts, revenue is recognized in accordance with the IFRIC 12 interpretation, as explained in Point 10 of the notes to the consolidated financial statements.

We considered recognition of revenue as a Key Audit Matter, especially given the principles of recognition of revenue, the diversity of products and services involved, and the complexity of certain contracts.

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at December, 31 2017

Our response

Our procedures consisted in:

1. evaluating the reliability of the internal audit function relative to systems and procedures for monitoring sales;
2. testing sales by comparing them with payments received and/or vouchers representing waste received, on a random sample of transactions, in order to satisfy ourselves of the real existence of such sales;
3. testing compliance with the accounting principle of independence of fiscal years on a sample of sales recorded before and after the year-end closing, according to pertinent selection criteria, including in particular comparison with customer confirmations;
4. testing compliance with the terms and conditions of public service delegation contracts;
5. comparing sales booked with sales budgeted, in order to identify any losses, and to monitor profit margins realized on completed contracts for contracts based on progress achieved.

VALUATION OF GOODWILL

Risk identified

In the course of its development, the Group has been led to make certain external acquisitions, and to recognize goodwill in respect of the companies acquired.

Goodwill corresponds to the difference between the purchase price of an entity, and the fair value of the net assets and liabilities acquired. It stands in total in the consolidated balance sheet at EUR 264 727 thousand, and is allocated to the cash-generating units (CGUs) of the activities into which the companies acquired were integrated, as described in the following notes on accounting principles and methods in the annex to the consolidated financial statements: Point 9.1 "Goodwill" and Point 9.4 "Recoverable value of tangible and intangible fixed assets".

Management verifies at the closing of each fiscal year, and whenever there is an indication of impairment, that the book value of these goodwill items is not greater than their recoverable value. Recoverable value corresponds to the higher of value in use, and fair value minus cost of sale.

Value-in-use is calculated from estimated discounted cash flows determined on the basis of the consolidated business plans of each CGU, covering a period of 3 fiscal years, with years 4 and 5 being projected as identical to year 3, approved by the Board of Directors, and using a discount rate and an annual perpetual growth rate as described in the notes on accounting principles and methods, Point 9.4 and Note 1.1.

However, any unfavorable variations in the expected profitability of the activities to which these goodwill items were allocated (for example, because of internal or external factors linked to the economic or financial environment in which the activity is pursued) could significantly affect their recoverable value, and could in certain cases necessitate recognition of an impairment. Such a development would imply a need to reassess the pertinence of all the assumptions used to determine this value, and whether the calculation parameters are reasonable and coherent.

Determination of the recoverable value of goodwill relies on the judgment of management, which must take decisions concerning projections of future cash flows, the growth rate of the activity during the first three years of the business plan, and the choice of a discount rate and an annual perpetual growth rate to determine the value-in-use. We therefore considered that valuation of goodwill is a Key Audit Matter.

Our response

We analyzed the conformity of the methods employed by the Company to accounting standards currently in force.

We also undertook a critical examination of how those methods are implemented. Our work consisted mainly in:

- corroborating, in particular by means of interviews with management, the main assumptions made in the business plans approved by the Board of Directors, and analyzing the discrepancies between real achievements at December 31, 2017, and the budgets which form part of the 2017 business plan;
- corroborating actuarial hypotheses such as the discount rate applied to expected cash flows, taking account of the different discounting parameters making up the average weighted cost of capital of the CGUs;
- reviewing the sensitivity of analyses of value-in-use made by management to variations in the principal hypotheses employed;
- testing the arithmetical accuracy of the valuations carried out by management.

Lastly, we assessed the appropriateness of the information given in the notes on accounting principles and methods in the annex to the consolidated financial statements.

RECOVERABLE CHARACTER OF DEFERRED TAX ASSETS**Risk identified**

An amount of EUR 28 788 thousand was booked in the consolidated balance sheet under deferred tax assets. As indicated in Note 6, this total includes a net amount of EUR 34 704 thousand corresponding to deferred taxes on tax loss carryforwards.

The recoverable nature of tax loss carryforwards depends in particular on the ability of the subsidiary to achieve the objectives defined in the business plan drawn up by the management of the entity and approved by the Board of Directors.

Deferred tax assets are only recorded if the Company has a reasonable assurance of being able to recover them in forthcoming years, given the business outlook for its activities and tax regulations currently in force.

We considered this subject to be a Key Audit Matter in view of the uncertainty surrounding the recoverable character of deferred tax assets at December 31, 2017, and in view of the judgment exercised by management concerning the ability of the Group to use in the future the tax loss carryforwards generated to date.

Our response

Our audit approach consisted in assessing the probability that the Company may be able to use in the future the tax loss carryforwards generated to date, taking particular account of:

- any deferred tax liabilities which might exist in the same fiscal jurisdiction and which could be applied to existing tax loss carryforwards before they expire;
- the capacity of the Group to generate taxable profits in the future, thereby enabling earlier tax losses to be absorbed.

We assessed the appropriateness of the methods selected by management to identify existing tax loss carryforwards to be utilized, either by means of deferred tax liabilities or by means of future taxable profits.

To assess future taxable profits, we evaluated the reliability of the process of drawing up the business plan on the basis of which we assess the probability that the Group will recover its deferred tax assets, by:

- analyzing the procedures for developing and approving the latest business plan, which provided the basis for the estimates;
- comparing the projections of results from previous years with the actual results of the fiscal years concerned;
- evaluating the coherence of the assumptions selected for evaluating deferred taxes with those selected for impairment tests carried out on non-current assets.

VERIFICATION OF THE INFORMATION PERTAINING TO THE GROUP PRESENTED IN THE MANAGEMENT REPORT

We have also verified specifically, in accordance with French law and with professional standards applicable in France, the information pertaining to the management of the Group

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**Appointment of the Statutory Auditors**

We were appointed as statutory auditors of Séché Environnement SA by the General Meeting of 1997 for KPMG SA, and by the General Meeting of 2000 for RSM Ouest Audit.

As at December 31, 2017, KPMG SA was in the 21st year of total uninterrupted engagement and RSM Ouest Audit was in the 18th year of total uninterrupted engagement.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with French financial reporting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

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at December, 31 2017

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risk management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were approved by the Board of Directors.

STATUTORY AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Objectives and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (Code de Commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the consolidated financial statements.
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw readers' attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, he may formulate reservations to his certification, or refuse to certify the consolidated financial statements at all;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified, as far as procedures relative to the elaboration and treatment of accounting and financial information are concerned.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) no. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (Code de Commerce) and in the French code of ethics for statutory auditors (Code de Déontologie). Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Nantes, March 2, 2018

KPMG Audit
A department of KPMG SA
Franck Noël
Partner

Laval, March 2, 2018

RSM Ouest Audit
Jean-Claude Bonneau
Partner



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