    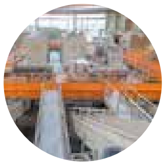 

FROM

RISPOSAL

TO

RESOURCE

A NEW VISION

ANNUAL REPORT

REGISTRATION DOCUMENT 2018

Séché environnement

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ANNUAL REPORT
2018

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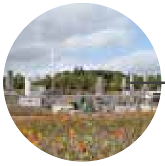

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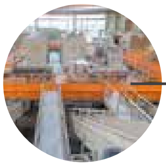


Introduction

Chairman’s message

"2018 was a year of solid performance, in terms of sales, operationally, and financially, which confirms the wisdom of our profitable growth strategy in France and abroad. By reaching some of our medium-term targets early, the past year's achievements strengthen our confidence in our ability to meet the primary sales, operational, and financial goals that the Group has set for itself for the medium term.

In France, the positioning of Séché Environnement in its regulated markets with barriers to entry has enabled it to benefit fully from strong industrial demand and from positive effects stemming from the arrival of the circular economy. For this reason, the Group experienced continued growth in its recovery and treatment businesses in 2018, for both hazardous and non-hazardous waste. Internationally, the sales dynamic has been particularly strong in subsidiaries recently incorporated into the scope, a sign of the quality and potential of our positions in these markets. This sales performance now puts the Group within its target revenue range for 2020.

In 2018, Séché Environnement also achieved strong operational and financial performance by substantially growing its gross and current operating margins, particularly abroad, which generated positive free cash flow allowing for a reduction in net debt and substantial decline in financial leverage, beyond the initial target.

2019 should see continued strength in our businesses in France and Internationally. Within that scope, significant external growth operations carried out since the start of the year in Peru and especially in South Africa will bolster the Group's presence in high-potential markets, and contribute to its accretive growth. The July 2018 refinancing also gives the Group the solid balance sheet and financial means to continue this proactive acquisition strategy in the future.

With its strong position in growing markets and value-added activities, a strong financial structure, and abundant liquidity, Séché Environnement is starting off 2019 with confidence in its growth strategy and expectations to see its earnings rise by 2020, as stated at Investor Day 2018.

Joël Séché
Chairman and Chief Executive Officer

1 Non-financial performance report

1.1 THE BUSINESS MODEL OF A COMPANY THAT TRANSFORMS WASTE

Séché Environnement exists for a simple, undeniable reason: The planet's resources are becoming scarcer, while at the same time we are demanding more and more of them to increase our standard of living, or just because there are more of us alive now. Hence arose the desire for a circular economy, where one person's waste ideally becomes a resource for another.

Séché Environnement is the result of an entrepreneurial project started thirty years ago in the field of waste treatment and today it focuses on waste recovery. Enjoying complementary technological strengths until becoming a versatile player in a position to handle all types of waste at its facilities, its history was one of reaching national stature before beginning international prospecting efforts. In a constantly changing world where societal concerns about the environment have greatly changed, fueling hopes for an economy that provides for its needs without exhausting the planet, the company has adapted and become a purveyor of resources as a participant in the circular economy.

1.1.1. Putting waste back on track

In the European Union, waste is defined as "any substance or object which the holder discards or intends or is required to discard." The framework directive on waste 2008/98/EC lays out the major outlines of waste management policy and describes the hierarchy of waste processing methods to be implemented through the policies of each Member State.

Waste has a special legal status, the purpose of which is to avoid potential environmental and public health risks caused by its abandonment. Qualifying something as waste means that a certain number of necessary precautions must be taken to ensure it is properly managed, i.e. its collection, transport, recovery, and disposal in a way that is safe for the environment and human health.

1.1.1.1 In a human-altered world, is waste inevitable?

Waste production and its consequences

Before the Industrial Revolution, just a few centuries ago, the economy was largely biosourced, meaning that it was built on renewable raw materials derived from farming. Beginning in the 18th century, the availability and controlled use of fossil fuels (first coal, then oil) and mineral commodities became critical factors to the development of industry. A considerable effort was then undertaken to develop scientific and technical knowledge, as well as the know-how needed to exploit the resources found beneath the soil on a massive scale.

Society continues to reap the benefits of this industrial revolution, which freed humanity from many constraints it had suffered, bringing about remarkable advances in health as well as both the quality and expectancy of life. However, this mode of development has its limits, as it has led to a gradual depletion of economically recoverable mineral and fossil resources and has created numerous environmental tensions, as shown by what happens to waste left to sit in nature and its consequences on water resources, fauna, and flora.

Waste production is one of the things that human beings do in society, and it stems from both natural phenomena and economic activity. If they are not correctly collected, treated, and disposed of, waste represents a threat to public health and may have negative environmental impacts on air (greenhouse gases), soil (leachates seeping in from illegal dumping or poorly controlled disposal), and water (when it comes into contact with waste and when water tables or surface water become polluted), while also causing offensive smells.

The emergence of a circular economy

In the beginning, all that needed managing was the nuisance caused by waste (odors, health, eyesores). Today, the way people look at that same waste has changed, and the concept of a circular economy has come about. This ever-present principle guides our actions towards optimal use of our planet's resources in order to make waste recovery comprehensive. It relies on a biomimetic (life-copying) approach that uses nature as its model, believing that systems should function like living organisms that synthesize nutrients that feed the cycle in turn. Terms such as "closed loop", "decontamination", or "regeneration" have generally become associated with the concept.

The circular economy refers to an economic concept that is consistent with sustainable development, the goal of which is to produce goods and resources while limiting consumption and waste of raw materials, water, and sources of energy. This means deploying a new economy, one that is circular rather than linear as it was before, built on the principle of "closing the life cycle" of products, services, waste, materials, water, and energy. The circular economy relies on several principles:

- **Ecodesign:** Taking into account the environmental impacts of a product's entire life cycle and integrating them from the design phase;
- **Industrial and regional ecology**: Enacting an industrial organizational model within a given region that is characterized by optimized management of stocks and flows of materials, energy, and services;
- **Product-service systems**: Prioritizing usage over ownership, selling a service rather than a piece of property;
- **Reuse:** Putting products back into the economy when they no longer meet the primary needs of the consumer;
- **Reclamation**: Recovering certain waste or parts of waste that are still in working order so as to make new products;
- **Repair**: Finding a second life for broken objects;
- **Recycling**: Reusing materials derived from waste.

From yesterday's world to a new economic model

The waste business, or rather businesses, has greatly changed in just a few years. Historically, the approach to the problem was built on the idea that waste was something to get rid of. Later, we went about it by extracting a fraction of usable material and looking for a potential buyer, who would generally price it lower as a commercial principle because the material was not first-generation, no matter what its other qualities were.

Today, the business model has been turned on its head, with a stronger environmental motivation and altered economic interests. Listening to the needs of energy and commodity markets has made it critical to extract the value-added portion from waste that those markets expect as materials become scarcer (whether physically due to the depletion of deposits, or geostrategically difficult to access) in the spirit of a circular economy.

Determining what molecule of interest must be recovered is therefore a prerequisite to deciding what industrial processes to employ in doing so. This is the start of an iterative process, the goal of which is to make the technical specifications in place at the start of the recovery stream (the consumer's needs) match the intrinsic properties of the waste containing the coveted resource (the resource deposit). Sorting waste carefully does not in and of itself ensure the existence of a market for the separated materials, whose ultimate destination must rely on properties identical to virgin materials.

1.1.1.2 A strong regulatory impulse for the past decade

As commodities have become scarcer and their cost has tended to fluctuate, the circular economy helps ensure a secure supply for France and the reindustrialization of the national landscape. There are still obstacles in the way of moving from the linear economy adopted since the Industrial Revolution towards a circular economy. Consumers are often hesitant about waste, health standards and laws about production remain complex and rigid, and recycled products are suffering from the decreased cost of virgin commodities.

Legislative pushes have therefore proven critical to ensuring the value of efforts made by companies committed to change. To achieve this, there must be harmonized European Union rules with respect to defining, processing, and potentially reusing waste, as well as end-of-life, disposal, and incineration policies, in order to create value for the secondary materials market to operate better.

2008 European Directive and Grenelle Environment Forum

The European framework directive on waste (2008) and the laws that resulted in France from the Grenelle Environment Forum restate certain points of the principles of the circular economy and enacted the first financial incentives to encourage it, particularly by imposing a hierarchy of processing methods.

Energy Transition for Green Growth Act (LTECV)

France's Energy Transition for Green Growth Act, passed in 2015, sets the goal of "combating waste and promoting the circular economy". Within this context, the national policy for preventing and managing waste has become an essential tool in this transition to the circular economy. The decoupling of waste and economic activity has resulted in a lower proportion of waste produced by economic activity relative to GDP, as well as defined recovery targets, with:

- improved product design (less environmental impact and increasing their lifespan);
- cutting waste sent to landfills in half;
- a target of recycling 60% of waste by 2025;
- setting a national strategy for transitioning to a circular economy.

EU Circular Economy Package

In December 2017, the European Parliament and Council reached an agreement regarding the circular economy package, which targets a 65% municipal waste recycling rate by 2035, capping landfill at 10% by that same year. With respect to packaging, Member States must recycle 50% of their waste by 2025 and 55% by 2030, and each material will have its own target.
The circular economy package also revises six pieces of EU legislation: The 2008 framework directive as well as the directives on packaging waste, burial, electrical and electronic equipment (WEEE), end-of-life vehicles (ELVs), and batteries and accumulators.

Finally, EU countries must enact a separate organic waste collection system no later than December 31, 2023. The energy transition law only calls for enacting sorting at the source (separate collection or composting at home or nearby) no later than 2025.

Circular Economy Roadmap

The main challenge of the Circular Economy Roadmap (2018) is to achieve the goals of transitioning to a circular economy, as set by the Energy Transition for Green Growth Act of 2015, and to meet the future requirements of the European Circular Economy Package.

The result of five months of work that brought together all stakeholders as well as the public through an online consultation, the Circular Economy Roadmap presents a set of consistent, balanced, defining measures that will allow all players to "get into the loop". It also enables France to meet certain targets of the Sustainable Development Goals of the United Nations' 2030 Agenda, in particular the goal of "ensuring sustainable consumption and production patterns" (SDG 12).

It incorporates the primary measures to move closer to the "100% circular" goal. The Roadmap contains tools for more sustainable production and consumption, deploying better waste management, recycling plastic more effectively (with a goal of 100% in 2025), or putting in place the necessary economic and fiscal tools (taxing waste, varying the eco-fee, expanded producer liability, incentives/disincentives on incorporating recycled vs. virgin materials, etc.).

It strives to assist regions in this new dynamic, such as by planning or facilitating incentive pricing for waste collection, i.e. service based on the quantity of waste produced, to encourage users to sort their garbage more and waste less.

1.1.1.3 Exogenous factors that affect the perfect model of a circular economy

"Secondary raw materials" must meet a concrete, identified industrial or agricultural need. They must meet technical requirements that match those specific purposes and their users' demands. It is in this context that Parliament enacted the ability for waste to lose its legal status as such.

Today it is important to listen to the needs of raw material and energy consumers to extract from waste the value-added portion that is expected by markets as materials become scarcer (whether physically due to the depletion of deposits, or geostrategically difficult to access) in the spirit of a circular economy.

Finally, the recovery and then reuse of materials must not harm the environment or human health. Not all waste will be fully recyclable or recoverable, but knowledge of their chemical composition, and an assessment of whether they are chemically, biologically, or toxicologically contaminated, will make it possible to guide them toward the best-suited disposal streams given their hazard level.

Limitations to total recycling

Due to lack of product eco-design

Non-ecodesigned objects might not be recyclable, because they are difficult or even impossible to disassemble or to separate into components of different materials. This is the case with multilayer plastics that combine nylon films with PET to manufacture plastic bottles.

Due to impurities in waste awaiting recycling

“Cycle purity” refers to the recovery and recycling potential in connection with the flow of non-contaminated (or unconsolidated) materials. To increase the productivity of the equipment, initial post-consumer waste-sorting is crucial. Some examples of poor practices:

- Hypothetically recyclable plastic pipe (PET, HDPE, etc.) from demolition sites: dirty and sandy, they are consistently downgraded to non-recoverable;
- Paper and cardboard that has been improperly stored outdoors and is wet;
- Rockwool used as a gardening medium, with remnants of plants and plastic ties, etc;
- Nylon fishing nets: this material is soiled with shells, plant and mineral debris caught up in the mesh and impossible to extract.

In addition to polluted predominantly mineral waste (such as thin fractions of sorted railroad trackbed contaminated with hydrocarbons and pesticides, or plaster waste associated with complex insulation like mineral wool or polyurethane), and despite prodigious efforts, there will always be irrecoverable final waste for which a storage solution must be offered. It is likewise impossible to automatically sort shredded paper (which is often done for the confidentiality of administrative or commercial documents) to recover pulp, because the shreds cannot be detected by the scanners.

For this reason, sorting operations aiming at recycling materials or energy recovery generate “sub-waste” (notably recyclates from mixed waste fractions) which recyclers turn away for legitimate technical reasons because they plug furnace grates and interfere with combustion.

Due to the declining purity of the recycled materials

“Cascading potential” refers to the diversification of practices that become decreasingly pure as materials are recycled, such as paper whose fibers get shorter with each cycle, from graph paper to basic cardboard. Likewise, a cotton garment may be sold as used clothing before being given to the furniture industry to be made into stuffing, then finally used as an insulation material (with each step avoiding the use of virgin raw materials). At the end of the cycle, the cotton fibers simply return to the biosphere.
Trace elements submerged in mass can only rarely be isolated for optimal recovery. This is the case of ferronickel alloys, whose components may be recovered separately, with the scrap metal taking the most basic usage path, i.e. steelmaking to manufacture rebar that is not harmed by the presence of noble metals that are not needed for that purpose.

Due to the hazardousness of the material or some of its components

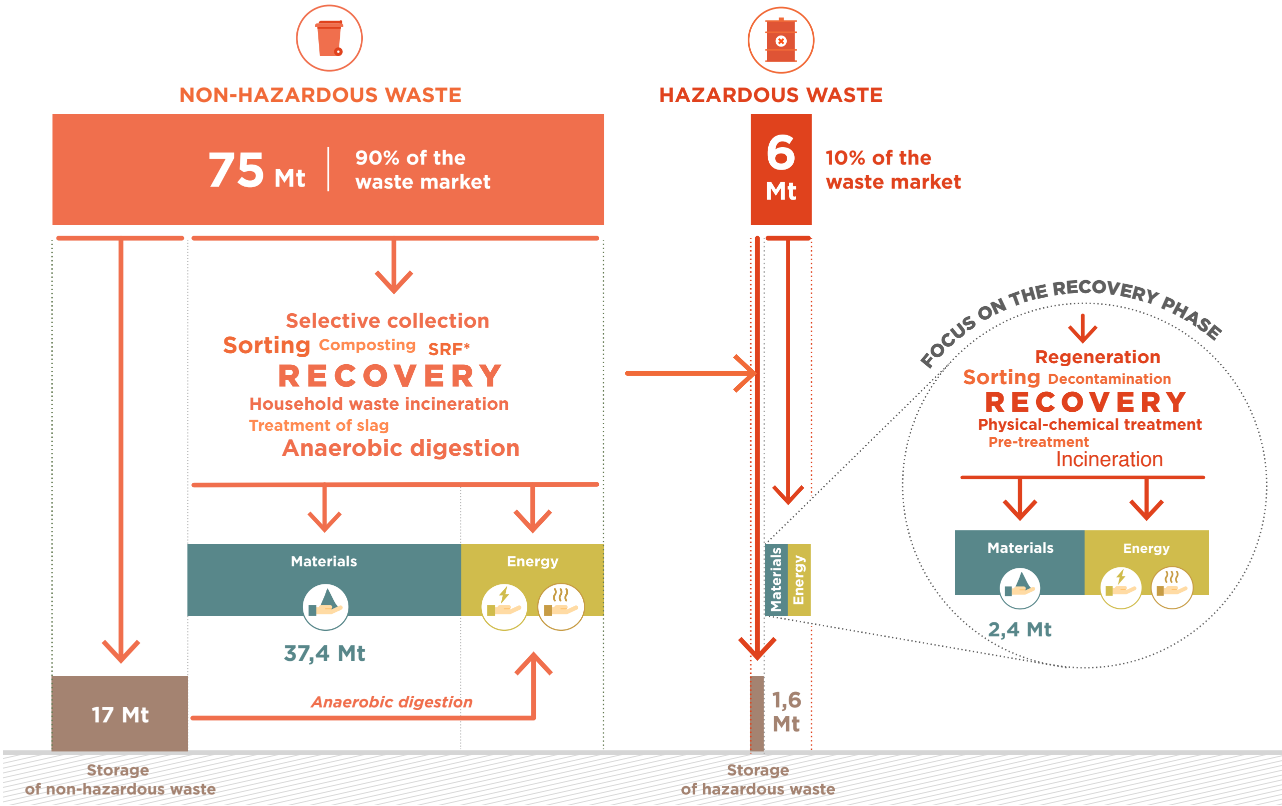
The recovery and then reuse of materials must not harm the environment or human health. Not all waste will be fully recyclable or recoverable, but knowledge of their chemical composition, and an assessment of whether they are chemically, biologically, or toxicologically contaminated, will make it possible to guide them toward the best-suited disposal streams given their hazard level. For instance, this is true of some plastics used by the electrical and electronic industries that incorporate bromine compounds as flame retardants. Regulations require disposal under secure conditions (for hazardous waste) in order to ensure that reuse as secondary raw materials does not cause them to be diluted and then dispersed in new products.

Potentially positive consequences of geostrategic impacts

The recent Chinese decision in early 2018 to close its borders to imports of 24 categories of waste, primarily plastics, paper, and cardboard, illustrate the need and opportunity to build effective facilities in Europe.

In explaining their decision, the Chinese cited environmental protection. They now require that the imported materials be three times purer than before. China no longer wants to be “the world’s garbage bin”. However, Chinese industry needs recycled materials, or else it would have to replace them with even more new plastic produced from fossil fuels, leading to a negative environmental impact. Many professionals therefore believe that Beijing will sooner or later walk back its position, such as by requiring better-quality recycled commodities.
In 2016, more than 7.3 million tons of plastic waste were sent to China from around the world, along with 27 million tons of paper/cardboard waste. New factories can be built in order to increase Europe’s capacity, as well as to innovate and move up the value chain. Proposals along these lines have been put forward by the four workshops that made up the “Circular Economy Roadmap” to correct the obvious imbalance between supply (sorted materials) and demand (recycled materials).

1.1.1.4 Streams in the French waste market



* Solid recovered fuel

1.1.2 Séché Environnement, experts in the circular economy

1.1.2.1 Market positioning

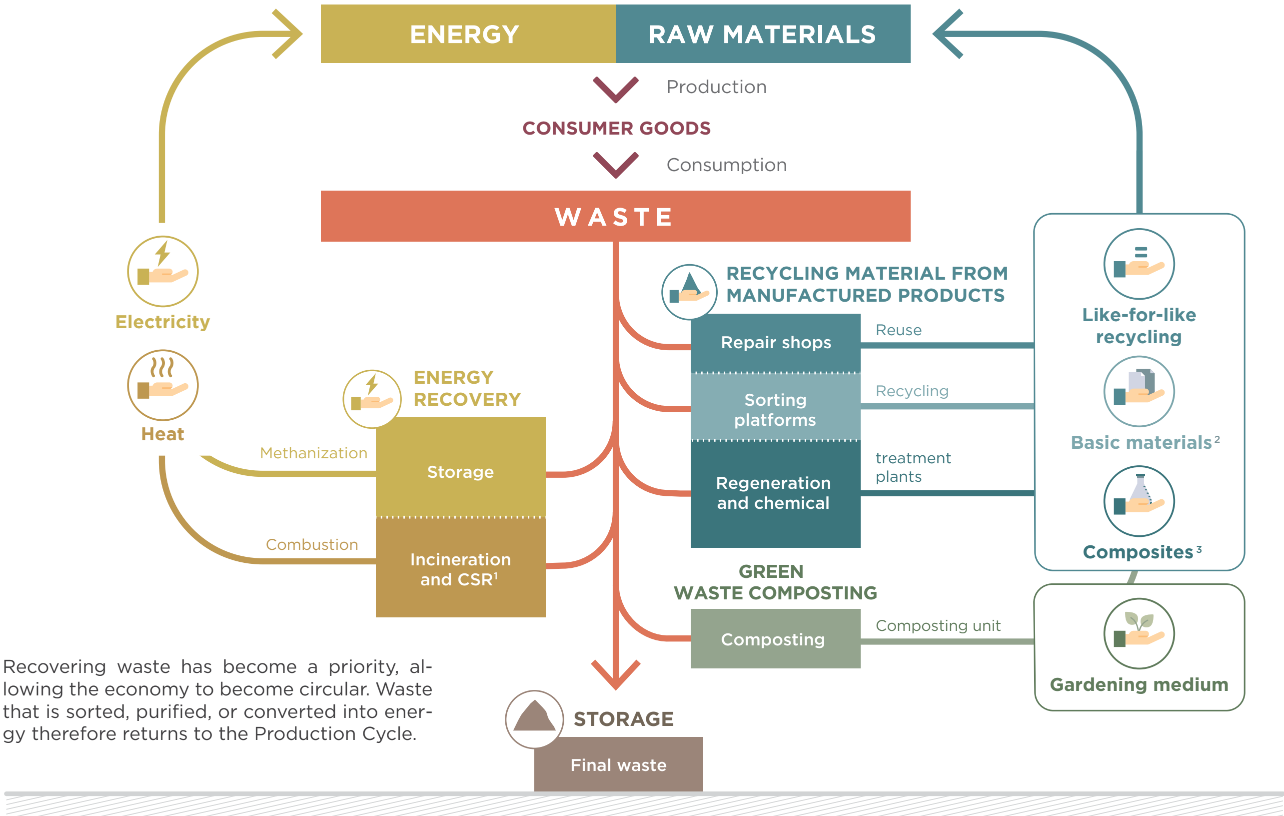
Three general missions

Through waste recovery (material or energy), treatment (harm reduction), and storage (isolation from the biosphere), Séché Environnement's operations stand at the intersection of potential human impacts (health and wellness), preserving biodiversity and natural resources (consumption and impact stemming from activity, fighting greenhouse gas emissions).

Séché Environnement's core business is situated at this point, downstream of waste collection and sorting, right in line with the circular economy roadmap, namely:

- recycling materials: a priority;
- recovering energy: a strength of the Group;
- reducing the dangers of the waste.

The role of waste in the circular economy



Recovering waste has become a priority, allowing the economy to become circular. Waste that is sorted, purified, or converted into energy therefore returns to the Production Cycle.

Intellectual capital to prepare for the future

The multi-disciplinary R&D approach developed within the Group is meant for application. Its aim is the continuous improvement of existing processes, as well as the exploration of new areas of eco-development. Séché Environnement is using this strong innovation culture to improve its performance and meet the major challenges that arise in the circular economy and the environment.

Through its research policies, Séché Environnement is heavily involved in the development of green innovative technology for its business lines. It builds and deploys this technology along two strategic axes:

- extraction of resources from waste, including secondary raw materials and/or energy;
- ensuring safety and preventing potential harm from final waste.

Several examples have been described to illustrate the strong culture of innovation that Séché Environnement is implementing in order to improve its performance and meet the major challenges that arise in the environment.

1.1.2.2 Recycling materials: The priority

Séché Environnement has invested in various areas of the circular economy, to variable extents that depend on the specific nature of its activities and businesses, often as a link in a longer circular economy chain, with its clients being producers of waste. Regarding these producers, the Group works with them indirectly by facilitating the orientation of their waste to sectors where they become secondary raw materials (e.g. non-hazardous waste sorting platforms including household packaging on behalf of local communities).

Whenever the Group is investing on its own behalf in recycling operations, it is generally to meet demand for a rare material, one which requires some amount of technical knowledge and expertise to extract the waste and ensure that it fulfills the future user's specifications (zinc, nickel, or molybdenum extracted from metal hydroxide sludges, or recovering bromine from industrial chemical effluents). Historically, the Group has recovered copper and magnetic plates after decontaminating PCB-polluted transformers.

Recycling household waste

Via separate collection

Séché Environnement's sorting centers are equipped with the latest available technologies, combining the mechanical preparation of waste, ballistic separation, and optical sorting, in order to automatically separate the various components to be recycled. With an eye to the future, their modular design makes it possible to sort materials that are not yet being recovered, such as food trays, yogurt cups, and plastic wrap.

Slag recovery

At two of its sites (La Dominelais and La Croix-Irtelle), Séché Environnement operates facilities to remove ferrous materials from slag drawn from household waste incinerators and ensure their maturity. The metals are then recovered for use in steelmaking and the slag is used in roadbeds as a substitute for quarry aggregates.

Recycling molecules of interest drawn from industrial waste

The recovery of usable materials goes on all around us, even in connection with the treatment of hazardous waste, but the major characteristic of these secondary raw materials is that they can be extracted by using predominantly sophisticated chemical treatment techniques to separate, concentrate and purify the scarce materials they contain (solvents, hydroxide sludges, etc.)

This recovery effort is primarily focused on noble materials, which exist in small quantities but have high value added and are sought-after by geostrategically important markets. Recycling these rare elements (zinc, nickel, lead, molybdenum, bromine, rare earths, etc.) is in part a response to the depletion of natural resources, or to the difficulty of mobilizing them for technical or political reasons.

Solvents and chemical synthesis intermediates

Through distillation, Séché Environnement purifies chemical synthesis intermediates that certain industries need and serves as a production backup for them. It is one of only a few international players to master the technique of high vacuum rectification. It also regenerates cleaning solvents. Its competitiveness relies on the unique versatility of its production facilities that employ distillation columns with a variety of diameters and tray numbers.

Metals from transformer decontamination

Polychlorobiphenyls or PCBs, more commonly known by their brand names of Pyralene or Askarel, used to be widely used as dielectric agents in transformers and capacitors because they are chemically stable and non-flammable.

The impact of these non-degrading chemicals on health and the environment eventually required their production to cease in the 1980s. Originally, a European directive arranged for the disposal of transformers containing PCB concentrations greater than 500 ppm. Since the start of 2011, concentrations lower than 500 ppm have represented the majority of contaminated transformers which are in the second disposal phase, while at the same time the market outside Europe still includes heavy concentrations. In that market, the Group has two recovery methods:

- reuse: Restoring them to serviceability after diagnosing transformers with low PCB content;
- recycling: Selling copper from the coils, magnetic plates, and steel from tanks of decontaminated electrical transformers on the secondary commodities market.

Thermal bromine recovery

The Research & Development teams have put their expertise to use converting a hazardous waste incinerator into a bromine regeneration facility, which now offers chemical industry companies the opportunity to benefit from the resources contained in their waste and incorporate recycled bromine into their production processes.

This process, the only one of its kind in France, combines bromine concentration cycles with a technology to thermally purify bromine-containing brine contaminated by organic pollutants. This constitutes an innovative, effective capture system that can recover more than 99% of the bromine in the form of brine.

Physical-chemical treatment of metals

Physical-chemical treatment is reserved for liquid hazardous industrial waste, often in mineral form, oil-contaminated waste and toxic waste (heavy metals, cyanide, arsenic or chromium), waste with an extreme pH level (basic or acid) or where hydrocarbons are present.

A series of chemical reactions is aimed at transforming the solution-soluble pollutants into precipitates. Sludge derived from treating waste rich in zinc or nickel, after concentration, is recovered in the form of matte in the pyro-metallurgical industry. Conversely, that sludge is accepted at final waste storage centers, if material recovery proves impossible or not economically viable.

Preparing for the future through Research & Development: A contribution to the circular economy

CYBER: Selective extraction of the constituents of concrete waste

The decommissioning of nuclear power plants is a major source of radioactive wastes involving the above-ground storage sector. Given the volume of such wastes, storage capacity must be preserved whenever possible.

This data led to the creation of the CYBER research program, overseen by ANR and ANDRA and coordinated by Séché Environnement, in partnership with BRGM and the small/medium business Sairem (a manufacturer of industrial microwave equipment). The program seeks to develop a solution to treat VLL rubble that can be cycled in the nuclear sector, in order to make concrete, through selective separation of its components: Granulate, sand, and cement paste, the radioactivity carrier phase. This separation may be achieved by first breaking down the concrete with microwaves, soft selective crushing, and grain-size/densitometric sorting.

Two years after its launch, the laboratory findings have shown the positive effect of microwaves on this selective separation, so a decision was reached to carry out a treatment pilot at a scale of 100 kg/h, which is planned to begin in February 2019. A technical, economic, environmental study will be initiated as planned.

BluEcoPHA: Production of biodegradable biosourced plastic for packaging

The Energy Transition for Green Growth Act bans disposable plastic tableware by 2020 unless it is compostable and fully or partially biosourced. It is therefore necessary to develop new plastic materials, generally termed bioplastics, which can meet these new restrictions.

Championed by four manufacturers (Europlastiques, CAP Ouest, Séché Environnement and Triballat) and two public research teams (UBS-LIMATB and ENSCR-CIP), the BluEcoPHA project is in keeping with the prospect of developing innovative biosourced polymers, such as PHA, for the packaging sector. This PHA is synthesized by marine bacteria acting on waste materials from the food processing industry.

The project particularly addresses the requirements of a market in search of innovation, naturalness, and efficiency by encouraging the development of polymers through sustainable processes. The results obtained so far suggest that industrial production of PHA will become a reality.

PMMAtwo: Recycling acrylic glass

PMMAtwo seeks to better recycle acrylic glass or PMMA, or polymethyl methylacrylate, a polymer used for its optical properties. This four-year project began in early October 2018, bringing together 13 partners from six countries, including Speichim Processing.

It is expected to result in a new thermal depolymerization process in order to convert post-industrial and end-of-life PMMA waste into a monomer, methyl methacrylate (MMA). This is because a non-negligible share of PMMA still ends up in storage or incinerated. Out of 300,000 tons of PMMA produced each year in Europe, only 10% find their way to recovery after use.

The purpose of PMMAtwo is to achieve a pre-commercial stage, with a demonstration of the process in an operational environment. An initial industrial unit is planned to open within two years after the project ends, which will be in 2022.

1.1.2.3 Recovering energy: a strength of the Group

Energy recovery is a method of treatment preferred over disposal but reserved for waste that cannot be reused or recycled.

Methane recovery in rural facilities

The storage of household and similar waste is aimed at final waste, which refers to the fraction that cannot be recycled or recovered for its materials given the technical and economic conditions of the time. As such, it constitutes a form of storing secondary raw materials that may be sought out later when doing so becomes economically viable. An initial experiment into such “landfill mining” was conducted at the site of Opale Environnement.

Biogas (mainly methane) resulting from the fermentation of the organic fraction of waste is captured throughout the life of the landfill and is recovered in the form of renewable energy. Biogas is converted into electrical power using turbines (Changé, Montech) and generator sets (Calais, Le Vigeant, and Montech) and the heat is recovered using a boiler.

Incineration in cities and industrial areas

The primary function of an incinerator is to process waste to reduce its toxicity (which is particularly true for hazardous waste) and its volume (about 70% of the mass of the incoming waste and 90% of the volume of household garbage). Energy recovery is only performed as a supplemental function. The facility is therefore scaled to the size of the waste deposit being treated, not the quantity of energy to be produced (unlike a biomass thermal reactor, for instance, which will be supplied with only enough wood to produce the heat that will be injected into a district heating system). Improved energy efficiency is achieved through cogeneration (heat and electricity). The incinerate will be running constantly (24 hours a day) without interruption except for maintenance periods: As heat usage is seasonal, the proportions of steam and electricity vary over the course of a year.

The process involves the direct oxidation of waste in a furnace which fully transforms its organic content into a totally inert form. There only remains a limited quantity of final residues for landfill storage with controlled toxicity (RPIFHW or RPIFIW flue gas cleaning residues, combustion residue and slag).

The technical design of the Group's plants depends on the type of waste to be incinerated at each site. In particular, the type and size of the furnace (rotary, fluidized bed or grate technology) for a given capacity are a function of the solid-to-liquid ratio and their calorific value. The principle of this energy recovery is based on:

- self-combustion of waste (no extra fossil fuels burned during operation, only when raising the temperature of the oven);
- raising the temperature of the flue gas to very high levels (850 to 1100°C for 2 seconds depending on the nature of the waste) to destroy toxic molecules;
- collecting heat from the flue gas through thermal exchange in a boiler, with the gas then being scrubbed by various technologies;
- recovering electricity from the superheated steam produced in the boiler by running it through a turbine and using a generator;
- recovering heat by sending the steam coming out of the turbine into industrial or district heating systems.

Solid recoverable fuels (SRF)

Energy recovery from non-recyclable waste and SRF fuels is one of the key aspects of Energy Transition for a Green Economy Act (“LTECV”) to the extent that it is inseparable from the target of a 50% reduction in landfills by 2025 laid down by law.

The goal consists of taking advantage of the calorific value of certain wastes that cannot be recovered in material form, while lowering the environmental impact of their thermal oxidization in light of their chemical composition. SRFs can only be prepared after a prerequisite waste sorting operation with a view to recovering materials in order to adhere to the hierarchy of waste processing methods set by the Waste Framework Directive.

The waste streams eligible for SRF preparation are economic activity waste sorting by-products, residual household garbage sorting by-products, streams of homogeneous industrial wastes (stable composition) that cannot be recovered in material form, which have calorific value and which are not an identified source of pollution. SRFs are mainly made of sorting refuse, as well as very mixed waste that cannot be reused for their materials (recycling) because they are too physically small to be recycled (wood, paper, cardboard, plastic wrap) or multilayer materials, dark plastics, bulk packaging, granulates, etc. These SRFs are easy to store and can therefore be used later as needed for energy.

The facility installed in 2017 at the Changé site is the first unit in France dedicated to recovering heat from these SRFs to cover the energy needs of a district heating network. It was designed and built by integrating existing industrial ecological approaches, because for many years the Changé facility provided energy to the Déshyouest Agricultural Cooperative for the dehydration of fresh fodder, carried out primarily in summer.

In order to fine-tune the SRF resource, the SRF pressure vessel was used to cover the needs of Déshyouest in summer and will serve to heat the hot water of the Laval’s municipal heating system in winter by means of a 10-km interconnection (Changé/Laval).

Preparing for the future through Research & Development: A contribution to the energy transition

Plainénergie: An energy production solution via a gasification then biomethanation process in a regional context

Gasification is a thermo-chemical transformation process that consists of heating a fuel (made from waste, in this case) through several steps (drying, pyrolysis, partial oxidization, reduction) to temperatures between 900 and 1200°C in the presence of gasifying agents (oxygen, water vapor, and/or carbon dioxide). The fuel is thereby converted into a synthetic gas (or syngas) that is rich in hydrogen and carbon monoxide, with a high energy potential. This gas can be converted into methane via a biomethanation process so that it can be injected into the system. This is the goal of the Plainénergie project.

Syngas is a promising source of energy, and the gasification of alternative fuels (made from waste) may become a major contribution to the energy transition and the promotion of the circular and regional economy, by offering an alternative to fossil fuels.

This technological development that has brought together several partners (Insavalor-Provademse de Lyon, l'Insa de Toulouse et de Lyon, la Communauté des Communes de la Plaine de l'Ain (CCPA), le Syndicat Mixte du Parc industriel de la Plaine de l'Ain (SMPIPA), GRT Gaz, Enosis, and Séché Environnement) is aimed at creating and installing a demonstration plant in the Plaine de l'Ain within the industrial park.

SymBIO2: Recovery of generated heat and the production of useful molecules

The SymBIO2 Project proposes to grow micro-algae within a "bio-façade" system, by taking full advantage of the thermal and chemical exchange with the host building. The goal of the project is to improve the environmental quality of the building (energy efficiency, capture of CO_2, recovery of effluent, reducing heat islands, reducing urban sprawl, short cycles) and offering an alternative cost-saving solution for the agricultural sector where current development has been curtailed due to extremely high cost prices.

Séché Environnement, as a member of the SymBIO2 consortium, has been exploring this route for several years with a view to recovering generated but not yet used heat and to produce micro-algae, which represents a promising source of natural ingredients. The 200 m^2 pilot study of biofaçades at the Centre Scientifique et Technique du Bâtiment in Champs-sur-Marne is now complete, and the findings should allow for extrapolation to industrial scale.

1.1.2.4 Third strategic focus: Managing waste hazards

Through provision of suitable services

Decontamination and rehabilitation of polluted soils and sites

Séché Environnement offers to manage all stages of polluted site remediation for its clients. Rigorous analysis of the situation, carried out in concert with the site owner, defines the rehabilitation strategies and validates the technical choices.

Séché Eco-services has mobile units to decommission, treat and decontaminate the industrial facilities that it dismantles (dredging, asbestos removal, and demolition) and carry out necessary earth-moving and rehabilitation work (waste management, on-site treatment, etc.).

Its expertise and certifications, particularly for its work in ionizing radiation, enable the Group to expand its services to very-low-level (VLL) waste management.

Dewatering and management of industrial facilities

Sludge is pumped or dredged from a sludge lagoon or directly from a treatment plant and conditioned or homogenized with an suitable adjuvants, then dewatered by either centrifugation or filtration.

Séché Environnement designs, builds, and operates fixed sludge treatment facilities for optimized, self-sufficient, sustainable sludge management. Mobile units may be driven to temporary worksites. The dewatered sludge is packaged and sent on for either disposal or, where possible, recovery of materials or energy. The water recovered from the process is treated before being returned to the natural environment.

Through handling of special waste

Infectious medical waste

Séché Environnement treats medical waste using two technologies:

- sanitation (thermal or microwave) before storage and incineration in a household waste incinerator;
- incineration at very high temperatures in incinerators equipped and authorized for that purpose;
- Séché Environnement is a major operator for large-scale concentrated customers such as major city hospitals (Lyon, Nantes, Strasbourg, etc.) and intends to expand in the market of diffuse customers (laboratories, medical professionals, etc.).

Hazardous final waste

In France, the Group has a hazardous waste storage facility whose geomembrane-covered cells can receive hazardous final waste from other types of treatment (residue from scrubbing incinerator flue gas, hazardous waste incineration slag), industrial sources (tempering salts), or polluted land.

Preparing for the future through Research & Development: Improving performance

NanoWet: A research program for better control of potential nanoparticle emissions from the end-of-life incineration of nanomaterials.

The number of products containing nanoparticles is growing steadily. Despite this constant increase, studies devoted to the end-of-life of manufactured nanomaterials remain rare. For this reason, in order to address the environmental and health issues potentially raised by incinerating nanowaste, the NanoWet project looks at how to process them, in a specialized incineration stream; IMT Atlantique Nantes, l'Inéris, and Trédi-Séché Environnement have therefore joined forces to conduct this research under the oversight of ADEME.

The scientific and technical objectives are to characterize the particle emissions in effluents from "high-temperature" incineration (1100°C) of waste containing nanomaterials manufactured in a mixture with waste containing halogens and/or sulfur, to collect data on particle emissions under actual operating conditions at industrial sites, to assess the effectiveness of the gas scrubbing towers with respect to submicrometric and nanometric aerosols, and to make recommendations for how to treat nanowaste through incineration in order to minimize the corresponding risks.

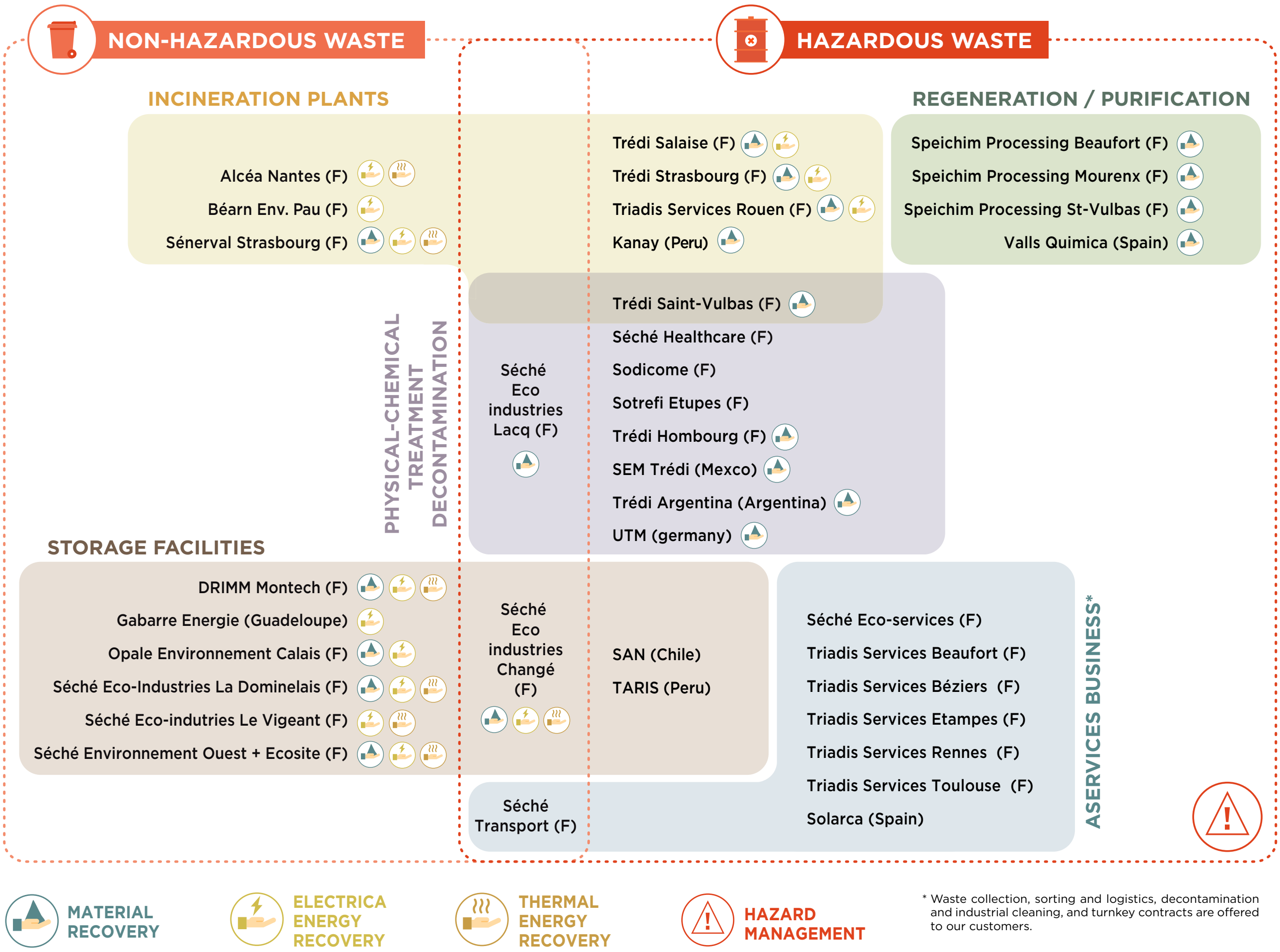
Such an approach is critical in the waste treatment sector in order to ensure the ultimate disposal of manufactured nanomaterials under optimal safety conditions.

MIMOSA: The fate of mercury in the incineration of mercury-containing waste: measurement, specifications and the impact on the effectiveness of mercury abatement.

The MIMOSA project is meant to decrease the level of mercury emissions in Waste-to-Energy plants (WtE), including the possibility of a continuous measurement obligation along with the goal of better understanding the "erratic" appearance of mercury spikes and therefore to provide a solution to them.

The proposed program therefore involves industrial research based largely on real-world experimentation. Continually taking reliable measurements of mercury species at three points of the WtE plant (speciation), namely i) upstream of the baghouse ii) upstream of the SCR, and iii) at the exhaust, in combination with a continual FTIR analysis at the same parameter points as O_2, HCl, H_2O and SO_2, will make it possible to determine the atmospheres in each of those compartments, in connection with the various mercury species present, and thereby to know the operating physical/chemical conditions needed to reduce mercury in the environment, is the main purpose of the MIMOSA project.

This global approach to knowing the different forms of mercury during the thermal waste treatment process will be supplemented by an assessment of the corresponding capture phenomena.



* Waste collection, sorting and logistics, decontamination and industrial cleaning, and turnkey contracts are offered to our customers.

1.1.2.5 Integrated services for properly handling waste and its hazards

A comprehensive range of services

By outsourcing the environmental services of its customers - primarily major international industrial groups - Séché Environnement has, over the years, developed a framework to handle their waste management issues under comprehensive management contracts, namely customized multi-year service contracts for waste management. The same is true for public service delegation contracts signed with local communities. This lets clients focus their resources on their own core businesses.

Delegating waste management to Séché Environnement is part of a reciprocal, continual approach to progress. The partnership naturally incorporates anticipating the client's needs through its own industrial development or the expectations of its citizens, with a shared goal of seeking productivity.

Besides making the client's own procedures simpler, Séché Environnement applying its skills also ensures the security afforded by an integrated, reliable, controlled chain, as well as risk management (ISO 9001 and 14001, MASE, and OHSAS 18001 certifications) and environmental performance (reducing waste at the source, recovery, CO_2 balance).

With its organizational structure, Séché Environnement puts its synergies to work for its clients in order to handle all the waste-related technical and administrative steps that they would normally need to do on their own, whether for a single or multiple sites, through a master agreement:

- assistance and consulting through regulatory monitoring and information systems;
- picking up waste on-site (special human resources and equipment);
- management of waste stocks and flows (intermediate storage, landfills, or pretreatment);
- optimization of the choice of recovery or processing streams;
- logistics (packing and transportation);
- filling out and tracking all of the regulatory administrative forms (prior acceptance certificates, waste tracking slips) or managerial forms (logs, economic balance sheets and monitoring).

Industrial and regional ecology

The Group has a long-standing practice of trading in material and energy in the areas in which it and its customers operate (petrochemicals in Rouen, chemicals in Salaise, etc.), local communities (district-heating in Nantes and Laval) or the agriculture world (dehydration of fodder in Mayenne).

Product-service systems

The Group's treatment facilities (in particular those designed for hazardous waste) are collective centers. By making them so, the Group pools a very wide range of facilities to treat a broader spectrum of waste. As a result, it spares its industrial customers the expense of investing in facilities that they would use only temporarily.

Effective logistics

Platforms that combine hazardous waste found in diffuse deposits or low quantities, drawn from industry, households, or craft professions, identify the waste and make it safe in order to direct it toward the iodine treatment process.

A responsive team that is specially qualified to deal with chemical risks and transport hazardous materials goes into the Group's industrial sites to remove waste to its centers in accordance with regulations. These facilities provide adapted solutions for the collection, grouping, transit, sorting, processing or pre-treatment of waste before it is treated appropriately and safely by qualified chemical experts.

Séché Environnement seeks to offer its clients a complete range of services and therefore employs a dedicated waste transport subsidiary, compliant with the European agreement on the international carriage or dangerous goods by road (ADR). This guarantees that the operations are carried out with a high level of safety. This company is OHSAS 18001 certified and equipped to handle any type of residue, packaged or loose, liquid or solid. Thanks to the optimized and multimodal management of the streams (such as the use of railways to connect certain sites to one another), Séché Transport can act as quickly as possible and in the way best suited to accidental pollution sites.

Emergencies: Capability for rapid deployment

Responding to environmental emergencies is the job of Séché Urgences Interventions (SUI). The proposed solutions range from making the affected areas secure and removing waste and toxic chemicals, to destroying the waste through dedicated, approved disposal streams.

With the help of Triadis, SUI can provide service anywhere in France in four hours or less, on any kind of pollution.

1.1.3 Multi-factor, multi-criteria performance

1.1.3.1 Consulting with stakeholders and strategic focuses

1.1.3.2 Incorporating the United Nations Sustainable Development Goals into its strategy

On January 1, 2016, the 17 Sustainable Development Goals (SDGs) of the 2030 Agenda for Sustainable Development – adopted by world leaders in September 2015 at a historic United Nations Summit – came into effect.
With these goals, the leaders recognize that the elimination of poverty must be accompanied by strategies that strengthen economic growth and address a range of social needs, including education, healthcare, social protection, and job opportunities, while fighting against climate change and protecting the environment. Beginning in 2003 (and with "advanced" status since 2014), Séché Environnement had accepted the 10 principles of the Global Compact, precursors to the SDGs, and has renewed its commitment each year.

Four major stakes for our stakeholders

ECONOMIC DEVELOPMENT

Ensure the Group's future through controlled, profitable, long-term growth. Provide clients with comprehensive service that respects people, places, and regulatory standards, with safety, traceability, and transparency.

WORKPLACE INVOLVEMENT

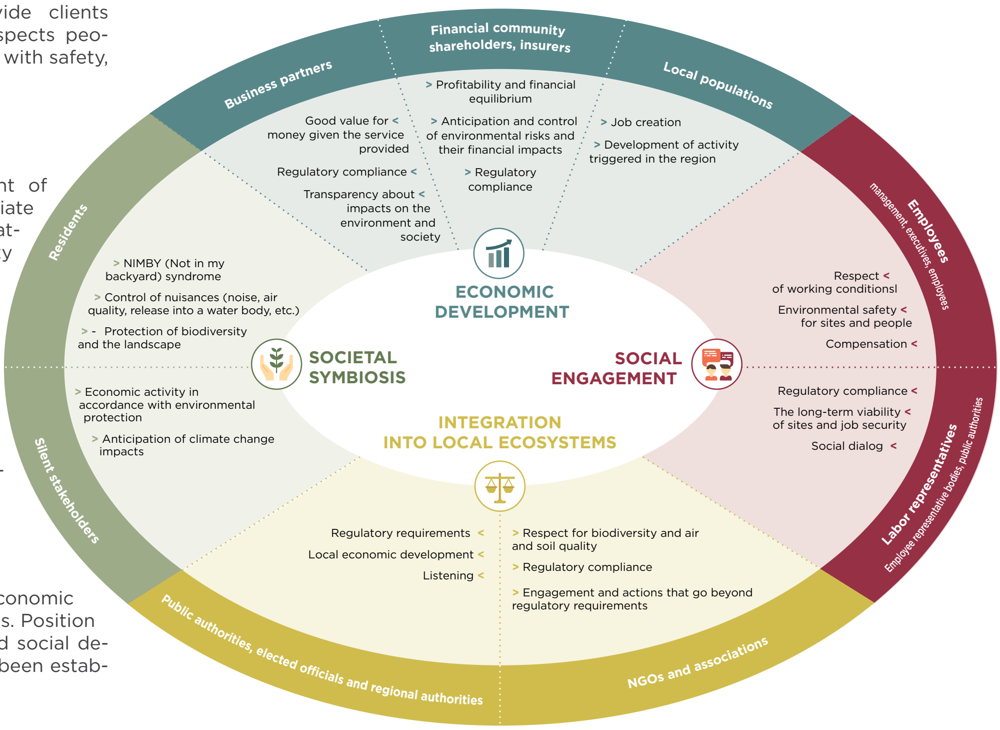
Foster the professional development of Group employees through appropriate recruitment and training policies. Be attentive to employees' health and safety conditions in the workplace.

SYMBIOSIS WITH SOCIETY

Help safeguard biodiversity and reduce greenhouse gases. Protect the biological, hydrogeological and physical environments in which the Group operates. Prevent potential effects on the health of local residents.

INTEGRATION INTO LOCAL ECOSYSTEMS

Forge relationships of trust with all economic and social players in contact with sites. Position itself among players in economic and social development in areas where sites have been established (local industrial ecology).



Séché Environnement serves the environment, recovers waste whenever possible (including in the form of energy, given its position in the value chain downstream of recyclers), manages hazards (protecting people and their environment) and limiting the impacts of its own activity. Environmental factors therefore constitute the core business.

The overall issues facing the Group are climate, biodiversity preservation, and resource management (raw materials and water). In these areas, as it cannot control the quantity or quality of the waste mix given to it for treatment, the Group's efforts have focused on endogenous factors: Its way of doing business, which is both ISO 14001 certified and ECOCERT Environment certified with respect to climate and biodiversity management.

As they are meant to be universal, some of the 17 goals go beyond the scope of action and/or responsibility of businesses. More specifically, in the case of Séché Environnement and it's activity related to the circular economy primarily in France, its has two areas of strength for its SDG targets – and therefore its direct involvement:

Integrating targets shared by all economic operators

- SDG 5: Gender Equality
- SDG 8: Decent Work and Economic Growth
- SDG 9: Industry, Innovation, and Infrastructure
- SDG 10: Reduced Inequalities
- SDG 11: Sustainable Cities and Communities

Specific targets with major stakes for Séché Environnement

- SDG 6: Clean Water and Sanitation
- SDG 7: Affordable and Clean Energy
- SDG 12: Responsible Consumption and Production
- SDG 13: Climate Action
- SDG 15: Life on Land

1.1.3.3 The value creation chain – Summary[1]

AN INTERNATIONAL **INDUSTRIAL** GROUP

THAT IS BRINGING IN A FRESH VIEW OF VALUE CREATION

IN THE SERVICE OF **PEOPLE AND REGIONS**

BUSINESS

- Waste treatment: 2.5 Mt in 2018
- Industrial customers: 79% of revenues
- Local authorities: 21% of revenues

HUMAN

- 2,546 employees worldwide
- 1,914 employees in France, 22.2% of whom are women

SOCIETAL

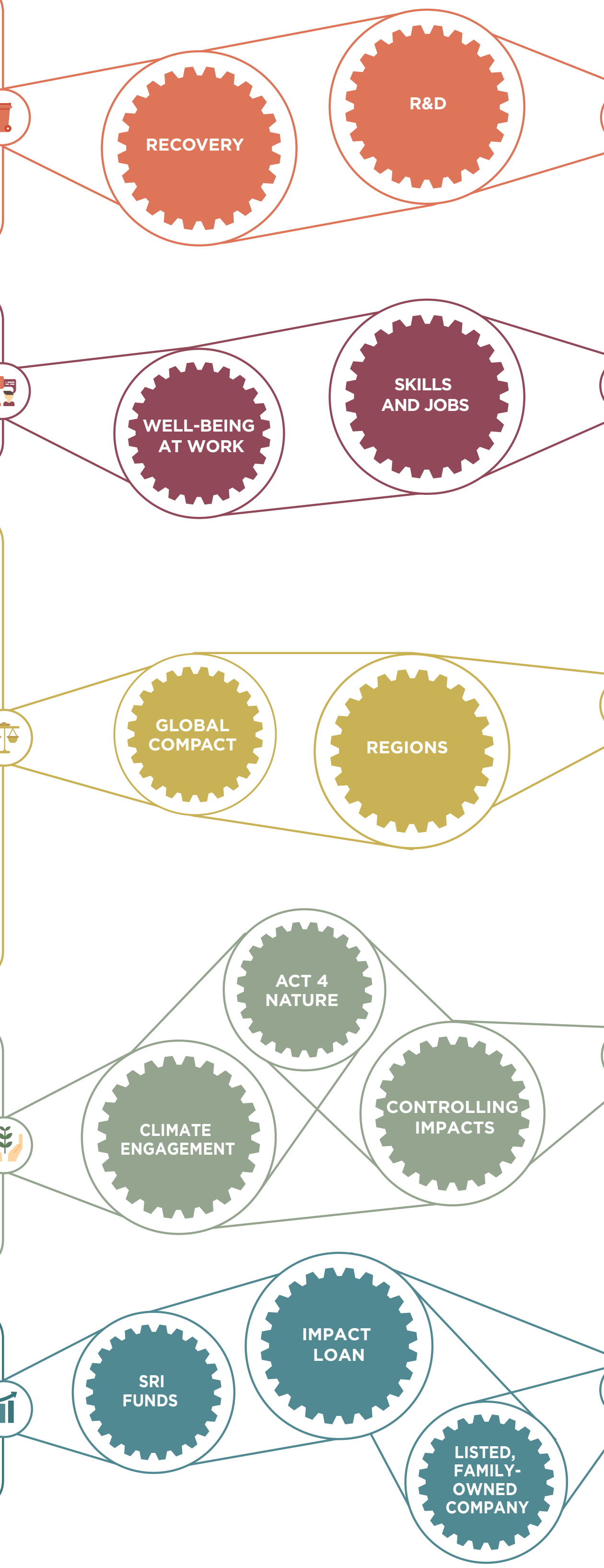
- 8 incineration sites (7 in France)
- 9 storage facilities (7 in France)
- 4 solvent regeneration sites (3 in France)
- Education tax: €421,000
- Economic contributions paid to local authorities equivalent to 123 local jobs

NATURAL

- Energy consumed: 313 GWh
- Greenhouse gas emissions 907 ktCO_2eq
- Water consumed: 3,343,000 m^3

ÉCONOMIC AND FINANCIAL

- €560m in contributed revenue, of which 11.4% generated internationally



BUSINESS

- 62% of revenue dedicated to hazardous waste treatment
- 35% of raw materials used are recovered from waste
- Recovery of molecules of interest (bromine)
- 769 MWh of energy generated from treated and recovered waste

HUMAN

- Focus on stable employment: 95.2% permanent contracts
- 90% of staff live within 50km of the workplace
- Frequency rate of accidents at work with absence: 17.1
- Training: 16.8h per employee/year
- 22 work-study employees and 421 interns on contracts longer than one month
- Stable percentage of women in managerial positions: 23.4%

SOCIETAL

- 8,600 visitors to sites
- Proactive policy of integrating disabled persons into the workforce
- Frequent participation in industry trade events
- Industrial ecology (agriculture / local authorities / industries)
- Signatory of the Global Compact since 2003

NATURAL

- Energy self-sufficiency rate: 246%
- Renewable Energy rate: 30%
- Greenhouse gas emissions prevented: 93 ktCO_2eq
- Ecocert France Climate Certification
- Greenhouse gas emissions abated: 2,612 ktCO_2eq
- Water returned to the natural environment: 72%
- All French sites over 10ha. have an Ecocert biodiversity certification

ÉCONOMIC AND FINANCIAL

- Current operating income/revenue: 8%
- 70% of directors are independent and 40% of the Board of Directors are female
- €133.3m in total payroll
- Income tax and other taxes: 7.8% of revenues
- Dividends paid: €7.4m

1 - Details are given in the chapter "Stakeholders and their stakes"

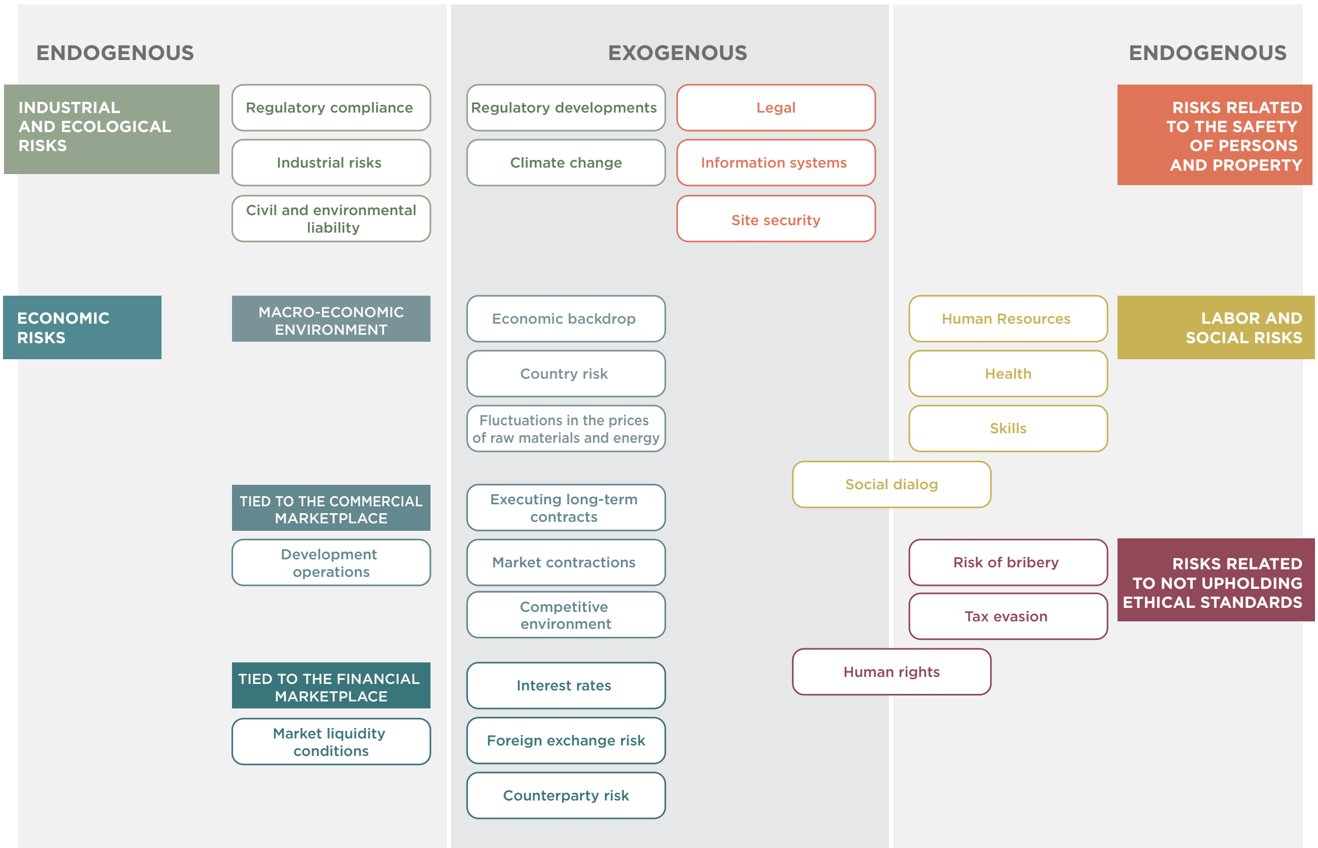
1.2 RISK ASSESSMENT AND MANAGEMENT

Owing to the diversity of its activities, its sites, and its services offered, the Group represents a portfolio of risks and opportunities that are financial, environmental, social, industrial, and/or commercial in nature, which particularly depend on changes in the regulatory, economic, and competitive environment of its business lines.

Séché Environnement has reviewed the risks that could have a significant unfavorable impact on its activity, financial situation, or earnings (or its ability to meet its goals). Below, the Group has analyzed the major risks to which it feels it is exposed, and believes that there are no other significant risks besides those described here.

OVERVIEW OF RISKS for séché environnement

Endogenous and exogenous risks for the company are anticipated early, and whenever possible, controlled. As such, twenty-eight risks are subjected to non-financial analysis.



1.2.1 Industrial and environmental risks

1.2.1.1 Regulatory context: Facilities Classified for Environmental Protection (ICPE)

In order to prevent, reduce, and to the extent possible, eliminate pollution from industrial activities, in accordance with the "polluter pays" principle and the pollution prevention principle, the European Union has set up a general framework governing the major industrial activities, which prioritizes intervention at the source and the cautious management of natural resources, and takes into account the economic circumstances and unique features of the location where the industrial activity takes place, when appropriate. These directives are enacted into each national legal system.

The Industrial Emissions Directive (IED https://aida.ineris.fr/consultation_document/639 defines at the European level an integrated approach to preventing and reducing the pollution emitted by industrial and agricultural sites that fall within its scope. It is the equivalent to the chronic risks of Directive 2012/18/EU of July 4, 2012 known as the Seveso 3 Directive.

A multiplicity of approaches aimed at separately reducing air, water, or soil emissions are likely to lead to pollution being transferred from one part of the environment to another, rather than protecting the environment as a whole. That is why this directive calls for an integrated approach to preventing and reducing air, water, and soil emissions, waste management, energy efficiency, and accident prevention. Such an approach is also expected to help create harmonized competition conditions within the Union by standardizing the requirements for the ecological impact of industrial facilities.

One of the guiding principles of the IED is the use of the Best Available Techniques (BAT) in order to prevent pollution of all kinds. It requires that Member States base the permit conditions for the relevant facilities on the effectiveness of the BATs. The directives calls for an exchange of information between Member States, industry, environmental protection NGOs, and the European Commission to create BAT reference documents called "BREFs" (Best available techniques REFerence documents).

The BTAs or BREFs must be used as references by the relevant authorities in order to determine the permit conditions that prefects will require from operators (articles L. 515-28 and R. 515-62 – I). In particular, the Emission Limit Values (ELVs) defined in those operating permits must ensure that the emissions do not exceed, under normal operating conditions, the emission levels associated with BATs (article R. 515-67).

When a previously permitted facility permanently ceases operations, the IED directive requires that the site be restored to its earlier state. The operator evaluates the pollution status of the soil and groundwater and compares it to its initial state. If it is significantly polluted, the operator is required to restore the site to a condition that is at least similar to that of the initial state (articles L. 515-30 and R. 515-75). This obligation applies in addition to the one that requires the site's renovation for the decided future usage (article L. 512-6-1).

In France, the Group's waste treatment sites, as "facilities classified for environmental protection purposes" (ICPEs), are subject to operating permits from prefects. Most of them are Seveso-classified and meet the corresponding requirements (set out above). Globally, the sites are subject to similar regulations, but under the local laws of the countries where they are found.

The purpose of these regulations is to increase the technical performance of polluting emission limits (atmospheric or in aquatic environments) and to ensure their constant control through drastic standards relating to dust, heavy metals, nitrogen monoxide and dioxins, based on the techniques implemented (storage, incineration, etc.).

1.2.1.2 Risks related to regulatory compliance

As all of the sites of the Group are designated for environmental protection (ICPEs), they have a system in place to reduce impacts during events. The system is organized so as to protect employees, the population and the environment in the event of an accident. Depending on the size of the site and the applicable regulations, the system activated may be the internal emergency plan, the ETARE plan (Local Fire and Rescue Department plan), the POI (internal operations plan) and/or the PPI (special intervention plan). Safety audits are carried out with insurers, along with controls by authorities (DREAL), and accident simulation drills, which are conducted in cooperation with outside emergency services (firefighters, EMT services, etc.) for the purposes of mutual training.

The Group implements the controls needed to detect any pollution, whether resulting from an accident or a chronic occurrence: All of the Group's sites receive organized monitoring of the impacts and effects of their discharges – whether liquid, solid, or gaseous. Studies of plant and animal life are also carried out on a regular basis, during renewals or extensions, or at the request of public agencies, or to fulfill legitimate requests from local information and monitoring commissions required or created at the Group's initiative.

1.2.1.3 Risks related to regulatory changes

In the event of changes to regulations or case law, competent regulatory bodies have the authority to modify the requirements that apply to the operation of an already-permitted site. If those sites cannot meet those requirements or if the operator violates them, the authorities have the power to issue penalties in the form of administrative or legal procedures against them. Penalties range from fines to the suspension or withdrawal of permits, which may unfavorably affect the image, activities, financial status, earnings, and outlook of the Group.
To take one example, Law no. 76-663 of July 19, 1976, regarding facilities classified for environmental protection purposes (ICPEs):

- paragraph 1 of article 6: The Prefect may impose additional requirements beyond those that appear in the already-issued permits, in order to protect the vicinity, health, safety, sanitation, agriculture, nature, environment, or preservation of the sites;
- article 14-2: The towns concerned, groups of towns or third parties may, in the context of legal proceedings, refer a permit to operate a classified facility issued by the Prefect to the administrative courts given the disadvantages and expenses that the running of a classified facility can assume for the environment.

Given this regulatory context, the Group is exposed to the risk:

- of increased legal and regulatory requirements (which may lead to significant costs and investments that hinder the profitability of the activity, to the extent that the group might not always be able to pass them along by raising its treatment prices). One example is the 2014 expansion of financial guarantees for classified facilities;
- of tighter conditions to go with permits, and consequently increases in the cost of tracking those increasingly stringent obligations, as well as stronger administrative controls, which could lead to a risk of operating permits being suspended or revoked and not renewed;
- of lengthening the procedures for renewing or modifying the operating permits, increasing their costs (in a context of hardening opposition from local populations and nonprofits), without any guarantee of ultimate success.

1.2.1.4 Operational risks incurred

Séché Environnement's activities include industrial risks that are comparable in all respects to the majority of those encountered in industry, though with an additional risk of pollution based on the very nature of the substances being treated, which may cause serious harm to people or the environment. Of particular note is the risk of fire related to the materials mix. This risk is well known in the profession, particularly at sorting centers and packaging platforms.

These activities are governed by regulations and are subject to administrative operating permits and regular checks by the competent authorities (DREAL). All of the sites are required to follow the regulatory obligations of their permits and of the law, including when they become stricter (see above). The Group is continually adapting its work methods, including the design and management of its tools, in accordance with the strictest regulations. A regulatory audit team has been put in place to ensure that everyone follows the obligations required of the Group.

Even so, that team cannot completely rule out the risk of an industrial accident:

- an "accidental" case of pollution would be covered by the Group's insurance program (civil liability - environmental harm). However, this program might still not be enough to cover the significant costs of an exceptional pollution accident;
- a "chronic" case of pollution (i.e. what could be caused by the accumulation of pollutants beyond a critical load specific to each receiver), if it is not detected despite the systemic control measures of the Group and the authorities, could unfavorably impact the earnings and financial situation of the Group and (at least temporarily) jeopardize its operating permit.

1.2.1.5 Risks related to climate change

Article 173 of the Energy Transition for Green Growth Act (LTECV), and particularly its paragraph 3, call for businesses to disclose information regarding the financial risks that stem from climate change and the measures that the company is taking to reduce them by implementing a low-carbon strategy in all aspects of its activities (see performance indicators section).

Regulatory changes found in tax and environmental legislation in France (Grenelle II, Law 2015-992 of August 17, 2015 related to Energy Transition for Green Growth), in Europe (Energy-Climate Package) and at the international level (Increasing the markets for greenhouse gas emission allowances) do not seem to put the inclusion of the waste sector in an emissions taxing mechanism back on the agenda. As such, Séché Environnement is not currently at any economic risk for being taxed on greenhouse gas omissions.

The primary operational risks identified relate to:

- intense outbreaks of cold which, if they are exceptional in scale or continue for long periods, could limit access to our sites (blocked highways, roads, and rails – inability for heavy vehicles to travel), as well as the costs of upkeep, maintenance, and energy overuse at our incineration facilities to ensure optimal operating conditions. The Group might not be able to pass along all of these costs in its treatment prices or by finding new sources of productivity.
- intense rainfall may negatively impact the Group's profitability due to the water management obligations that affect the Group's ICPE-classified facilities.

1.2.1.6 Civil and environmental liability risks

The areas of activity in which the Group operates entail a sizable risk of civil and environmental liability. Increased legislative, regulatory, and administrative requirements expose the Group to higher levels of liability, particularly when it comes to environmental liability, including for assets that the Group no longer owns or activities that the Group no longer carries out.

As such, the regulations in force require that ICPE-classified facilities be restored to their initial state at the end of operation, which makes it necessary to set aside provisions or bonds.

As of this writing, the information presently available is sufficient to state that Séché Environnement is unaware of any pollution generated by the Group's activities for which the necessary measures have not been taken to ensure its full elimination.

1.2.2 Economic risks

1.2.2.1 Risks related to commercial markets

Macro-economic environment

Economic environment

Séché Environnement primarily conducts its business in the European market (locations in France and Spain both rated A2 for country risk by COFACE, Germany rated A1) and more recently developed its locations in Latin America (Peru and Chile, after Argentina and Mexico). The slowdown of growth, and even the existence of recessions, as Europe has experienced since 2008, have led to a contraction in industrial waste volumes and changes to individual consumer habits, which are in turn accentuated by regulatory requirements (Energy Transition for Green Growth Act of 2015, Circular Economy Package across the European Union, and Circular Economy Roadmap of 2018).

The Group remains sensitive to these changes in its economic environment. Although they may represent a source of opportunities (owing to its facilities suited to processing the most technical kinds of waste and its comprehensive solutions), they may also hinder the profitability of some of the Group's activities, or even jeopardize the economic value of certain past investments or increase the amount needed for adaptive investments in the future, and thereby harm the Group's financial means.

The diversity of Séché Environnement's solutions and the wide range of sectors that its industrial customers come from, however, do partially limit this exposure.

"Country" risk

The Group gets more than 88.6% of its contributed revenue from subsidiaries that carry on their business in France, and 8.4% in Western Europe, where "country risk" is low. With respect to revenue from abroad, the main sources are Latin America, where the specific risks are as follows:

- for the South American subsidiaries, which export to the group's French processing facilities, the risk of being unable to obtain export permits and/or transport the waste through territorial waters traveled by authorized maritime carriers;
- in Argentina (rated B for country risk by COFACE[1]) the economy rebounded in 2017, and the country returned to international markets. Its dependency on agricultural commodity prices, its budget deficit, and its persistent inflation could cause a renewed decline in the Argentine peso;
- for Peru, COFACE estimates (with an A4 rating) that the country's strong points are a high potential for growth, its membership in the Pacific Alliance, and its mining, energy, agricultural, and fishing resources. Its government debt is low, and COFACE notes the independence of its Central Bank and of its banks in general. However, the country remains dependent on trade in its commodities and on Chinese demand, and has seismic and climate risks. There are regional disparities (poverty in the Andean and Amazon regions);
- COFACE rates Chile highly (A3), noting the strong points that are its mining (top producer of copper), agricultural, fishing, and forestry resources, in a favorable business environment with stable politics and institutions. Despite numerous free-trade agreements, the economy remains vulnerable to external shocks, in particular copper prices and Chinese purchase levels. Seismic and climate risks are also present there;
- Mexico is rated B by COFACE, with a slowdown in growth mainly caused by earthquakes and trade relations with the United States through NAFTA.

Fluctuations in material and energy prices

The Group is exposed to the fluctuation of energy prices (gas, fuel oil, other petroleum products), both in terms of the consumption of its treatment or thermal recovery facilities, and in terms of the cost of treating high-calorific-value products.

Furthermore, in the context of its business of dismantling PCB-polluted transformers – for which material recovery (copper, magnetic plates, scrap metal) is an essential factor in profitability – the Group's earnings and its financial situation may be affected by changes in the prices of those commodities.

To a lesser extent, the Group is also exposed to fluctuations in the prices of secondary commodities derived from its sorting and trading businesses. In most cases, the Group acts as a service provider, thereby bypassing the risk of fluctuations in material prices.

Markets

Development operations

As the competitive markets subject to strong regulations in which it does business continue to change, the Group has opted for a development strategy that is marked both by a dynamic for organic growth and investments in new tools or solutions, and by acquisitions that seek geographical and/or business synergies.

These developed operations inherently entail risks:

- that the technical tools or solutions put in place, which may have been debt-financed, might not produce profits or cash flow within the expected timeframe and/or their entry into service might be delayed or run over budget;
- that the acquisitions, as sources of new potential and synergies for the group, might not turn a profit in the amount or at the pace expected in the business plan underlying their valuation, delaying – or even impeding – the Group's ability to earn a return, develop synergies, or retain its operating permits;
- because costs and liabilities appeared that had not been identified at the time of valuation;
- or that the addition of new teams and skills might prove more difficult than expected and cause key people to depart.

Performing long-term contracts

Some of the Group's activities entail long-term contracts: These include public-service delegations and certain eco-service or turnkey contracts.

Public service delegation contracts state the obligations on the service provider, which include the absolute obligation to provide the delegated public service, even in the event of technical, social, or economic problems. This contractual obligation may be a source of significant costs, which cannot always be passed along (in whole or in part) to the delegating community. This situation could negatively affect the earnings and financial situation of the delegated entity and the Group.

1 - COFACE Guide to country and sector risks (third quarter 2018) www.coface.com/fr/etudes-economiques

At the same time, the delegating authority, under certain legal or contractual conditions, can unilaterally terminate delegation contracts. When this occurs, the Group cannot be certain that the cancellation fee it is owed is sufficient to cover the loss of profits and the negative effects on the Group's financial situation.

With respect to long-term contracts with private operators (eco-services and turnkey contracts), changes to the operating conditions (compared to the assumptions made when the contracts were drafted and signed) could affect their profitability over time, without the contractual clauses allowing the Group to pass along any or all of the lost profits to its customers or to relieve itself of its obligations (breaking the contract).

Market contractions

Furthermore, some regulatory constraints may place a deadline on the disposal of a producer's waste (such as pyralene-contaminated waste). This leads to a risk of market contraction at the end of the regulatory period of disposal, for which the Group may have to bear the cost of reconversion.

Competitive environment

The markets in which the Group does business (hazardous waste, nonhazardous waste) are characterized by real competitive pressure. The competitive environment is marked by major national or even international operators that offer a wide range of treatment services, alongside some local players.

Regulatory changes in such markets as well as evolutions in consumer habits (partly driven by those same regulatory changes) encourage all operators to expand the range of treatment services they offer, and to invest in new technical solutions or facilities in order to meet their clients' constantly growing, ever-more-complicated needs.

There is a risk that this competitive pressure might unfavorably affect prices without it being possible to entirely offset this effect with additional productivity gains. Likewise, there is a risk that the economic utility of some facilities could be called into question if they do not receive a sufficient level of activity or fulfill the business plan that justified their installation and financing. All of these risks could adversely impact the Group's financial situation and profitability.

1.2.2.2 Risks related to financial markets

The financial risks to which the Group is exposed through its activities are managed centrally at the level of the Group Finance Department. The management and consolidation reporting process helps to identify any potential non-compliance with risk exposure restrictions and to implement any necessary corrective action.

Information concerning the appraisal and management methods of these risks, i.e. those required by IFRS 7, are compiled and presented in Appendices 18 et seq. of the explanatory notes to the consolidated financial statements.

Interest rates

The group's exposure to interest rate risk mainly comes from its financial debt. Séché Environnement's corporate debt, any hedging excluded, is subject to a variable rate of interest.

The table below shows the Group's net exposure to interest-rate risk:

in thousands of euros	DD to 1 yr	1 to 5 years	> 5 yrs	Total
Fixed-rate financial debt	22,241	95,924	181,892	**300,057**
Variable-rate financial debt	14,136	102,366	417	**116,919**
Cash and cash equivalents	(67,425)	/	/	**(67,425)**
Net debt before hedging	(31,048)	198,290	182,309	**349,551**
Interest rate hedging	(25,000)	(90,000)	/	**(115,000)**
Net debt after hedging	(56,048)	108,290	182,309	**234,551**

The Group uses hedging instruments to cover against any rise in interest rates and 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.

Sensitivity analysis consists of calculating the impact of any upward or downward movement of the interest rate prevailing on the balance sheet date:

- **Impact on revenue after taking account of interest rate derivatives:**
  A change of 1% more or less in interest rates on the principal of the net debt would generate a loss on the cost of financial debt of €0.2 million, or a loss of €0.1 million;

- **Impact on equity after taking account of interest rate derivatives:**
  A 1% rise of all interest rate curves would generate a gain in equity of €1 million linked to a change in fair value of the documented derivatives used as cash flow hedges. CONVERSELY a 1% drop would generate a loss of 0.4 million euros. The disparity of the impact is tied to the low level of short-term rates applicable to a number of financial assets and liabilities.

Exchange rates

The exchange rate risk to which the Group is exposed stems 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, investments of its foreign subsidiaries carried out in local currencies (for subsidiaries not considered as long-term foreign investments).

Changes in foreign exchange income break down as follows:

in thousands of euros	2016	2017	2018
Foreign exchange income Europe	52	(498)	(108)
Foreign exchange income Americas	(98)	(120)	109
Foreign exchange income, rest of world		(147)	(54)
Total	**(46)**	**(765)**	**(53)**

Due to the geographic locations of its activities, the Group seems to have low exposure to exchange rate risk, so no specific hedging has been applied.

Liquidity

Liquidity risk is the risk that the Group may have difficulty honoring its debts at their maturity.

At December 31, 2018, the remaining contractual maturities of the Group's financial liabilities broke down as follows:

in thousands of euros	Book value	Cash flow	< 1 year	1 to 5 years	> 5 years
Bank loans	403,949	459,693	40,428	226,192	193,075
Finance lease liabilities	9,388	7,391	2,391	4,800	200
Other financial debt	3,019	3,019	3,019	/	/
Short-term bank borrowings	616	619	619	/	/
Trade payables*	213,690	213,690	213,465	225	/
Renewed liabilities	9,191	9,191	9,191	/	/
Total non-derivative financial liabilities	**639,853**	**693,603**	**269,113**	**231,217**	**193,275**
Hedging instruments	705	705	74	630	/
Total derivative financial liabilities	**705**	**705**	**74**	**630**	**/**

* including income tax

Since the July 2018 debt refinancing, debt held by credit institutions has primarily been composed of a €150 million bond issue and a corporate loan.

Those contracts contain a commitment to respect a certain financial ratio calculated on the basis of the Group's consolidated financial statements. Compliance with these ratios is checked twice a year on an annual basis for the periods ending December 31 and June 30. Non-compliance with this ratio constitutes default and, in the case of most lenders, makes all debt immediately payable.

The "net financial debt/EBITDA" ratio to comply with is as follows:

"Net financial debt/EBITDA" ratio	Commitment
For corporate credit	< 3.95 and 4.25 if acquisition
For bond issues	< 4.25

The Group also manages its financing centrally. A cash management report is prepared, with the aim of providing an up-to-date overview of the Group's short-, medium- and long-term financing requirements. Nearly all of the Group's financing is managed centrally, as is the balancing of the sources of financing (bank market, bond market).

The Group conducted a special review of its liquidity risk and believes that it can make its upcoming payments and that no early repayment of the lines of credit in place has been requested by the banking partners.

Counterparty

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 breaks down as follows:

in thousands of euros	Net value (C and NC)[1]	Of which not due	Of which due		
			< 6 months	6-12 months	> 1 year
Financial loans and receivables*	8,816	8,816	/	/	/
Trade and other receivables	196,664	163,338	28,246	1,888	3,192
Other assets	32,204	31,599	354	43	208
Total	**237,684**	**203,753**	**28,600**	**1,931**	**3,400**

*

[1] C: current - NC: non-current

The Group manages its counterparty risk via an active payment collection policy implemented at each of its French subsidiaries. This policy is implemented using a centralized software program which issues formal reminders and provides real-time information on the various stakeholders across all of the Group's entities. An analysis of payment deadlines is also followed up on a monthly basis, and any incidents are subject to corrective initiatives.

The Group has also taken out a credit insurance policy that partially covers its consolidated revenue. The Group considers that it has no specific dependence with regard to any one of its clients or suppliers.

1.2.2.3 Risks related to the safety of people and property

Legal

The Group's activities expose it to legal risks, which may arise through court, administrative, or arbitration proceedings. The Group has set aside provisions in its accounts to cover any obligation with respect to opposing parties that it feels would need to be compensated in order to fulfill an obligation. Séché Environnement believes it is able to safely handle its litigation matters. However, it may turn out that the provisions are insufficient in light of the obligations that it may ultimately be required to bear. Such a situation could adversely affect the Group's earnings and financial situation.

Centralized accounting of major legal risks has been put into place, involving the legal department reporting to the Group's chief executives. This reporting is meant to ensure that the Group's challenges, and the actions taken or yet to be taken, are known as early as possible.

Information systems

The management of Séché Environnement's activities, both operationally and functionally, relies on integrated, structured information systems. Taken as a whole, the data that they carry– whether regulatory, industrial, HR-related, or financial – is strategic for the Group.

Any failure or intrusion, of an accidental or malicious nature – any breach of a service provider or strategic application – could significantly harm the Group's operations, image, and profitability.

Generally speaking, the computer architecture as a whole is managed in a centralized fashion: Any IT investment within the Group must be validated by the Information Services Division (ISD), which conducts controls to ensure the consistency of the computer architecture, as well as the security, availability, durability, and integrity of the systems, whether they are dedicated to operational or financial purposes.

That same Division pays particularly close attention to the secure migration of systems to updated versions and the development of in-house skills for the tools most critical to the Group's business through training.

The General Data Protection Regulation (GDPR) came into effect on May 25, 2018. A data protection officer was designated to ensure control and compliance.

Site security

The malicious attacks on industrial establishments in 2015 showed the need to better define the terms for providing potentially sensitive information that could facilitate the commission of malicious attacks in environmentally classified (ICPE) facilities and how to access them.

For this reason, the Government enacted an action plan aimed at strengthening the protection of such facilities against malicious attacks. One issue that has been identified has been that of disclosing sensitive information to the public. This is because public disclosure, which entails certain special obligations resulting from international, European, and national laws, is central to France's policy on the prevention of technological risks, because it enables the development of a genuine culture of information security. However, that information must not harm the sites' reliability by facilitating the commission of malicious attacks, particularly against Seveso-classified sites.

Despite the security and reliability measures taken by the Group for the operation of its facilities, it is not impossible that they could be affected by malicious and terrorist attacks, with consequences on public health or harm to its employees, equipment, or sites.

The occurrence of such acts could have a significant negative impact on the image, activity, financial situation, earnings, and outlook of the Group.

1.2.3 HR-related and social risks

1.2.3.1 Human Resources

The Group's activities are carried out through numerous tools, which are increasingly diverse and technical, and which require special skills and receive regular updates, both in technical terms and through regulations, to adapt to business changes. There is a risk that the Group could lose certain skills and be unable to replace them quickly, despite a policy of keeping track of people, their training development, and key skills within the Group.

Furthermore, the Group's international growth requires new forms of expertise and high staff mobility, particularly in executive positions.

1.2.3.2 Health

The Group's activities involve the handling of chemicals that pose potential health hazards (toxic waste, asbestos, PCB) and the use of technical tools in an industrial environment that could generate on-the-job accidents or illnesses.

Because individual safety is considered a critical priority, the Group regularly invests in protective equipment, training sessions, risk analysis and simulation models, regular inspection of facilities, and continuous reconsideration of our work procedures to ensure maximum safety. This necessarily entails added costs that affect the short-term profitability of our operations, but which preserve the Group's positioning and ability to grow.

Occupational health and safety require all of Séché Environnement's employees to remain aware at all times of big-picture operational risk, pool their thoughts to improve their collective knowledge, and share a vision of the issues they encounter so that everyone plays an active role in addressing them each day.

All site directors bear this responsibility and can rely on the skills of a QHSE (Quality Health Safety Environment) manager who adapts the Group's policy to the granular level of the organization. In accordance with the law, the sites also have Occupational Health and Safety and Working Conditions Committees (CHSCTs) that are gradually moving toward the Economic and Human Resources Committees (CSEs) set up by the 2018 Labor Act.

In accordance with the laws (art. L. 4644-1 of the French Labor Code) amending the organizational structure of occupational health monitoring and prevention, the Group has named a "professional risk employee" for each of its constituent companies. These employees act as liaisons with the occupational physicians to make interventions more effective in medical monitoring and complementary/multidisciplinary skills. For training purposes, each site maintains the skills of first-aid team members.

Every year, the Group analyzes the hardship of its job positions. Within this context, it organizes action and monitoring plans, including targets for:

- reducing multiple exposures to hardship factors;
- adapting and adjusting the job positions;
- improving working conditions, especially on an organizational level;
- developing skills and qualifications and ensuring access to training;
- keeping employees on staff and dissuading them from leaving.

1.2.3.3 Skills

The continual improvement of its employees' skills is central to the Group's human resources policy. It relies on an ambitious training policy that seeks to allow each employee to appropriately acquire an attitude, culture, and level of knowledge. Continuous training remains a significant aspect of professional development. Through this training, the Group seeks to:

- contribute to the development of professional practices;
- pass along to employees all the knowledge they need to optimally carry out their assigned tasks in the context of their jobs;
- strengthen business expertise. Based on these policy outlines, the training plan takes into account:
  - collective needs, through changes to the company's challenges that require that the teams and their jobs continually adapt;
  - individual needs, through identifying special requests and actions in the context of France's individual right to training (DIF). It includes measures to help employees adapt their skills to the demands of their jobs, and to give them a way to move up the job ladder, stay on staff, and develop their skills further.

Furthermore, managing the company's talents involves knowing what employees expect and how they are doing. That's why Séché Environnement has enacted performance reviews. An essential managerial tool, the performance review is a chance for the company to:

- touch base with the employee about their work;
- articulate the company's plans and the employee's individual plans;
- discuss their needs and expectations in line with their professional development or the security of their career;
- determine what actions to implement to help achieve those plans;
- inform the employee about how they can access on-the-job training.

This review is a discussion with the employee about their current and future professional status within or outside the company that gives a sense of their long-term career plans.

The performance review leads to concrete actions related to the employee's training or professional development.

It is held once every two years, or whenever an employee returns to work after certain kinds of absence (maternity leave, childcare leave, adoption leave, sabbatical, temporarily working elsewhere, lengthy illness, etc.).

Furthermore, Séché Environnement contributes to the training of upcoming generations by developing special relationships in the context of industrial/academic exchanges, particularly by potentially assigning certain executives to attend conferences or teach.

1.2.3.4 Labor relations risks

Séché Environnement believes that the quality of labor relations within the company between management and its representatives on one side, and representatives of staff on the other, is an ethical requirement that also improves dialog and the engagement and involvement of its employees. As such, the Group encourages the negotiation and signing of a company-wide agreement that best matches the needs and expectations of the people on the ground whenever possible.

Nonetheless, in an uncertain general economic environment, the potential difficulty of understanding the Group's strategy and choices may mean that cooperation and negotiation are no longer able to play a role in governing labor relations. The Group is exposed to such risks, and cannot rule out labor disputes, particularly strikes, walkouts, legal actions, or other labor disruptions that could interrupt its activity and adversely impact its financial situation and earnings.

1.2.4 Ethical failure risks

1.2.4.1 Business ethics

The Group is particularly attentive to sharing and respecting ethical values. Adherence to those values expressed in its Codes of Practice, the first edition of which dates to 2013, is essential both in the company's own internal relations and in its relationships with its clients, suppliers, authorities, neighbors, and more generally speaking, all of its outside stakeholders.

To that end, the Group has been a signatory since 2003 to the 10 principles of the United Nations Global Compact, and annually reports its accomplishments through its Communication and Progress at the UN's New York headquarters. Subject to peer review, since 2013 Séché Environnement has held "advanced" status.

1.2.4.2 Fighting tax evasion

In accordance with French law #2018-898 regarding the combating of fraud, Séché Environnement declares that it does not practice tax evasion and does not employ tax havens, but rather pays its taxes in the countries where it does business, primarily France.

1.2.4.3 Fighting corruption

When it comes to fighting corruption and influence peddling, the Group has taken measures to meet the new standards of the so-called Sapin II law that came into effect in June 2017. Some measures are still being worked out, while others are being finalized.

The countries where Séché Environnement is located are classified by Transparency International on its public-sector Corruptions Perception Index 2017 in 180 countries, rated from 0 (where the country is perceived as very corrupt) to 100 (where the country is perceived as very clean)[1].

	Index/100	Ranking/180	% of Group sales
Germany	81	12	0.4%
France	70	23	88.6%
Chile	67	26	0.8%
Spain	57	42	8.0%
Argentina	39	85	0.1%
Peru	37	96	1.5%
Mexico	29	135	0.6%

The average index achieved by Séché Environnement's activity is 68, which is similar to France (rated 70).

1.2.5 Risk prevention and hedging

1.2.5.1 Resources devoted to prevention

For a number of years, Séché Environnement has proven its maturity in these sensitive areas, which form part of its broader sustainable development policy. This approach is reflected in:

- permanent monitoring of regulatory developments. Wherever possible and before needs are expressed to it, the Group exceeds requirements in terms of the waste it accepts and treats and the design and preservation of the sites and their operational units;
- an approach to certifying all waste treatment facilities in ISO 14001 and whenever relevant, ISO 9001. Most facilities or construction sites that require it are also certified OHSAS 18001, or else MASE. A prerequisite to these certifications is the enactment of procedures and methods aimed at reducing activities that could influence safety and the environment. These instructions and terms are detailed in manuals suited to the characteristics of each site and complying with the Group's QSSE policy. Since 2018, an electronic document management system has been undergoing deployment. It organizes and pools documents that apply to the same businesses, or are national in scope;
- an internal regulatory audit approach, driven by a qualified, independent team that reports directly to the Operational Division;
- the application of a sustainable development charter to supplement the Group's existing environmental, security and quality charters (including "security basics"), all of which have been widely distributed throughout the company and the Group;
- the creation and distribution of Codes of Practice to the Group's agents, stating the requirements contained in the Group's seven commitments (those Codes are currently being revised to incorporate the recent requirements of the Sapin II law);
- proper integration of the sites into their ecological or human environment, is a constant desire marked by the presence of ecologists tasked with constantly monitoring it. Its contacts with close neighbors and civil society in general enable the Group to assess the validity of the company's efforts in that area. The Company provides all the Group's stakeholders with relevant comparative information on all fundamental issues relative to its sustainable development policy.

Guarantees secured

Séché Environnement is insured by insurance companies that are well-known in the market, as part of a global program that all of the Group's companies benefit from provided that it owns at least 50% of their voting rights and/or equity (directly or indirectly) and manages them. The terms and conditions of this insurance program are revised and adjusted each year in the context of negotiations in the Group's interests.

The main policies taken out are:

- insurance for "property damage/operating losses" with a maximum coverage of €150 million based on the value of each site, and limits and/or sub-limits for coverage extensions;
- insurance for "civil liability including environmental harm" with a €75 million coverage limit, all damages combined, for each insurance period, and limits and/or sub-limits for coverage extensions. This is because the environmental liabilities arising from the enactment into French law of European Directive 2004/35/EC of 04/21/04 have been incorporated into the civil liability policy. Larger coverage limits have been taken out for Domestic Rubbish Incineration Centers (DRIC) under a Public Service Delegation (PSD) in accordance with the obligations found in the specifications;
- insurance for "comprehensive worksite and/or assembly/testing damages" in order to cover industrial building construction operations carried out by the Group's companies;
- insurance for "financial losses due to inexcusable employer fault" up to a limit of €10 million per insurance period;
- insurance for the automobiles of employees on occasional assignments;
- insurance for foreign travel.

Cost of coverage

Total premiums paid for fiscal year 2018 for these policies were €6.2 million euros. In 2017 it was €6.2 million (€6.6 million in 2016).

This premiums were invoiced to each subsidiary on a pre-determined basis.

Insurer audits, feedback and training

Safety audits are conducted with insurance companies. Authority controls (DREAL) and accident simulation drills are carried out in connection with outside responders (firefighters, paramedics, etc.) with a view to mutual training.

1.2.5.2 Crisis communication

Crises arise when a company or organization finds itself in an exceptional, abnormal situation. They may take 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 (a process of destabilization which can involve or mobilize multiple issues and stakeholders, often difficult to identify in advance).

The crisis lies outside the normal operating frameworks of the organization or company (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 a crisis team 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 crisis team will also manage communications fully transparently.

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

- in a prevention situation, by site-by-site analyses:
  - initiating the reconsideration of risks;
  - encouraging prevention and communication.
- in a restorative situation, in support of operational managers in the part of the business where the crisis arose:
  - helping them assess the big picture;
  - providing communication assistance;
  - bringing Group considerations to bear on the local analysis of the problem;
  - maintaining constant contact with top management.

1 - www.transparency.org/cpi

1.3 STAKEHOLDERS AND THEIR STAKES

Creating a circular economy is complicated because it means ensuring a harmonious co-existence between different technological, economic, and most importantly, societal factors. It is therefore important for the Company to constructively prioritize its actions: Knowing how to set up the right disposal stream to extract maximum resources from a given type of waste in light of future needs, without generating any impacts that would be counterproductive on the whole. To achieve this, it is critical to always be proactive in preserving biodiversity and fighting climate change.

1.3.1 Relationships with stakeholders and terms of dialog

The relationship between an industrial company and its environment, as well as its stakeholders – those who for one reason or another feel affected (not just those who are affected) by the activity – is changing from a "right to know" situation to the concept of a "right to participate", resulting in "pressure" that the stakeholders can exert on the company.

As a signer in January 2015 of the "Guidelines for Constructive Dialog with Stakeholders" at the initiative of Comité 21 under the oversight of the French Ministry of Ecology, Séché Environnement sees the goals of its dialog with its stakeholders from two angles:

- strategic: Understanding how the Company and therefore its markets are transforming, in constant interaction with its entire ecosystem;
- operational: Based on its local footing and the concrete implementation of its operating permits.

1.3.1.1 Internal structure arising from the Global Compact

The Group signed on to the 10 principles of the Global Compact in 2003. This United Nations initiative launched by then-Secretary General Kofi Annan encourages companies to commit to human rights, working conditions, the environment, and anti-corruption efforts. Since 2014, Séché Environnement's Communication on Progress has qualified as "advanced" due to the quality of its actions and reporting.

From these guidelines, the Group adapted our own business ethics commitments through the corporate-level **Sustainable Development Charter**, the facility-level **Safety, Environmental and Quality Policies** and a **Code of Conduct and Actions** at individual employee level, currently in the process of being updated in the light of the entry into effect of the Sapin 2 Act.

The regulations set out in these charters, policies and codes do not substitute or replace national or international law with which the Group must strictly comply. These commitments are not binding but must nonetheless be made known to and applied by all the Group's employees. The objective is not to anticipate or codify everything. However, a few clear, precise principles combined with a sense of individual responsibility and good practice are a useful frame of reference for everyone in the Group.

1.3.1.2 Regulatory level

As the main sites of the Group are designated for environmental protection, their administrative operating permits require them to convene Site Monitoring Commissions (CSS, in French). These Commissions are tripartite bodies for dialog, bringing together industry, citizens (local residents, associations, etc.) and the authorities. Environmental reporting is the basis of their work. That same data – validated by the Board of Directors and certified by an independent third-party organization (KPMG) – is consolidated to form the non-financial performance metrics.

The task of the Audit Committee is to provide assistance to the Board in the areas of accounting policy, reporting, internal control, external audit, and financial disclosure in addition to helping with risk management and CSR monitoring. The Chief Financial Officer provides assistance and attends Audit Committee meetings but does not have the right to vote. The Chairman of the Board and the Chief Executive Officer are always invited to meetings of the Committee but do not have the right to vote.

1.3.1.3 Mapping stakeholders

Comité 21 has validated the approach taken by the Group towards its challenges and risks (mapping) through document analysis and interviewing a panel of stakeholders with three goals:

- identify any stakeholders or stakes that may have been overlooked;
- assess the relevance of the responses to the challenges;
- strengthen Séché Environnement's non-financial disclosures in the matter, particularly in the context of applying Article 225 of the French Code of Commerce.

This mapping, integrated into the Group's ISO 14001 certification process, is revised annually.

1.3.1.4 Four major stakes for stakeholders

ECONOMIC DEVELOPMENT

Ensure the Group's future through controlled, profitable, long-term growth. Provide clients with comprehensive service that respects people, places, and regulatory standards, with safety, traceability, and transparency.

WORKPLACE INVOLVEMENT

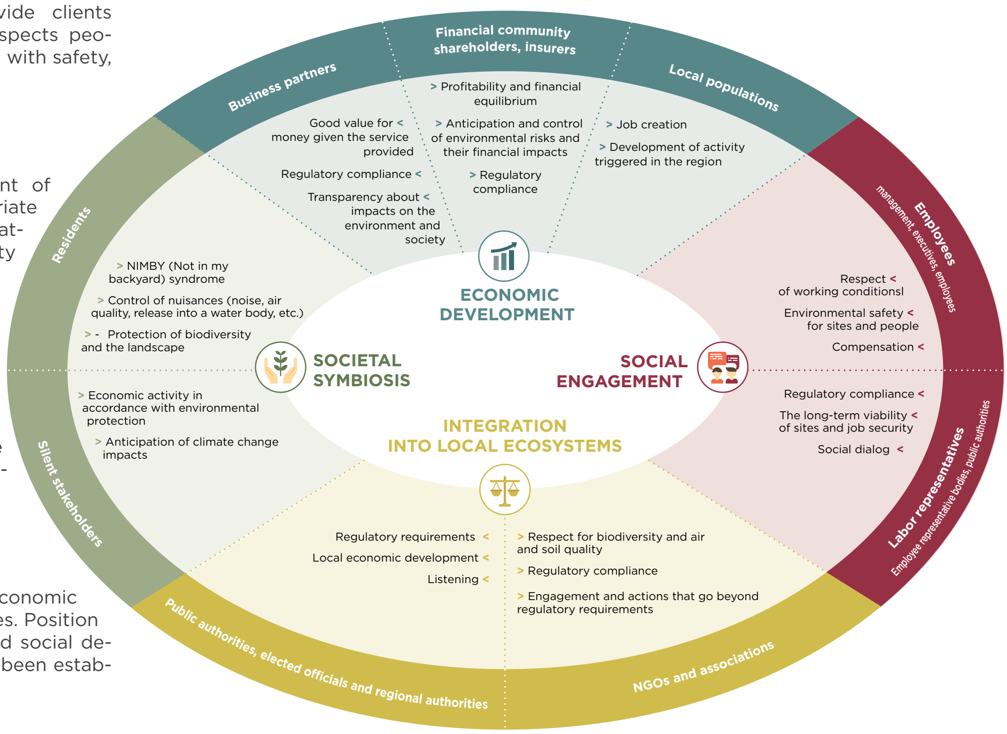
Foster the professional development of Group employees through appropriate recruitment and training policies. Be attentive to employees' health and safety conditions in the workplace.

SYMBIOSIS WITH SOCIETY

Help safeguard biodiversity and reduce greenhouse gases. Protect the biological, hydrogeological and physical environments in which the Group operates. Prevent potential effects on the health of local residents.

INTEGRATION INTO LOCAL ECOSYSTEMS

Forge relationships of trust with all economic and social players in contact with sites. Position itself among players in economic and social development in areas where sites have been established (local industrial ecology).



These stakes, their expressions, and the responses provided, along with the key and secondary performance indicators, are detailed below. They correspond to the sustainable development pillars. The risks incurred refer to the analyses for each major topic in their dedicated chapter.

Séché Environnement has assigned KPMG the task of verifying all environmental, social, and HR information presented in the non-financial performance report (DPEF), including a selection of indicators marked by the ☑ symbol to a reasonable assurance level.

1.3.2 Stake #1: Economic development – Carrying on business

1.3.2.1 Key indicators

Profitability ratio: Current operating income over contributed revenue Reasonable assurance level/Group scope			
SDG 8	**2016**	**2017**	**2018**
Decent Work and Economic Growth	7.5%	7.8%	7.9% ☑
Hazardousness ratio: Hazardous waste revenue over contributed revenue Statistical evaluation/Group scope			
SDG 8	**2016**	**2017**	**2018**
Decent Work and Economic Growth	64%	64%	62%
Number of visitors welcomed at Group sites Statistical evaluation/France scope			
SDG 11	**2016**	**2017**	**2018**
Sustainable Cities and Communities	8,000	11,100	8,600

The Group aims for sustainable, profitable growth. The major focus of its strategy is on high value-added markets, where the hazardousness of the waste is a major criterion. To carry on its business under suitable conditions, the Group must be transparent in dealing with its stakeholders.

1.3.2.2 Mapping the issues

Economic development		
Issues		
■ Ensure the Group's future through controlled, profitable, long-term growth. ■ Provide its clients with a global waste handling and treatment service meeting all regulatory requirements, and guaranteeing safety, traceability and transparency, which is reflected in respect for man and the environment on a daily basis.		
Principal stakeholders concerned		
Clients	Expectations and/or requests	■ Good value for money given the service provided ■ Regulatory compliance ■ Operating permits in force ■ Transparency of impacts on the environment and society
	Type of influence	■ Listing as supplier (responsible purchasing) ■ Entering contracts
	Representative talking partners	■ Clients ■ Purchasing analysts (internal or EcoVadis) ■ Suppliers and sub-contractors ■ Media
Financial community, shareholders, insurers	Expectations and/or requests	■ Profitability and financial equilibrium ■ Reduced exposure to industrial risks ■ Anticipation and control of environmental risks and their financial impacts ■ Regulatory information
	Type of influence	■ Analysis and ratings on ethical and responsibility criteria ■ Investments in SRI funds ■ Insurance premiums
	Representative talking partners	■ Ratings agencies (Vigeo, EthiFinance, etc.) ■ Banks' SRI analysts ■ Customs ■ Insurers
Local populations	Expectations and/or requests	■ Direct job creation ■ Development of indirect activities in the local labor market
	Type of influence	■ Attractiveness of the company to new employees ■ Support during applications for operating permits
	Representative talking partners	■ Local elected representatives ■ Chambers of commerce, employment offices, etc. ■ Labor unions, employers' federation

Risks	
■ Losing clients	Commercial market risks
■ Financial loss (penalties)	
■ Reduction in number or loss of investors	Financial market risks
■ Rejection of activities by local populations	Industrial and environmental risks
■ Complaints	

Responses provided

- Regular financial disclosure
- Signed the Responsible Suppliers' Charter (Trédi)
- Compliance with regulations currently in force ensured by the PROGRESS team in conjunction with administrative authorities, and organization of site audits
- Certifications: ISO 9001, 14001, 50001, OHSAS 18001
- Transparency of operations (site visits, insurers' audits, public surveys, 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 hiring, training activities, and internships

1.3.2.3 Contribution to revenue and

knowing our clients

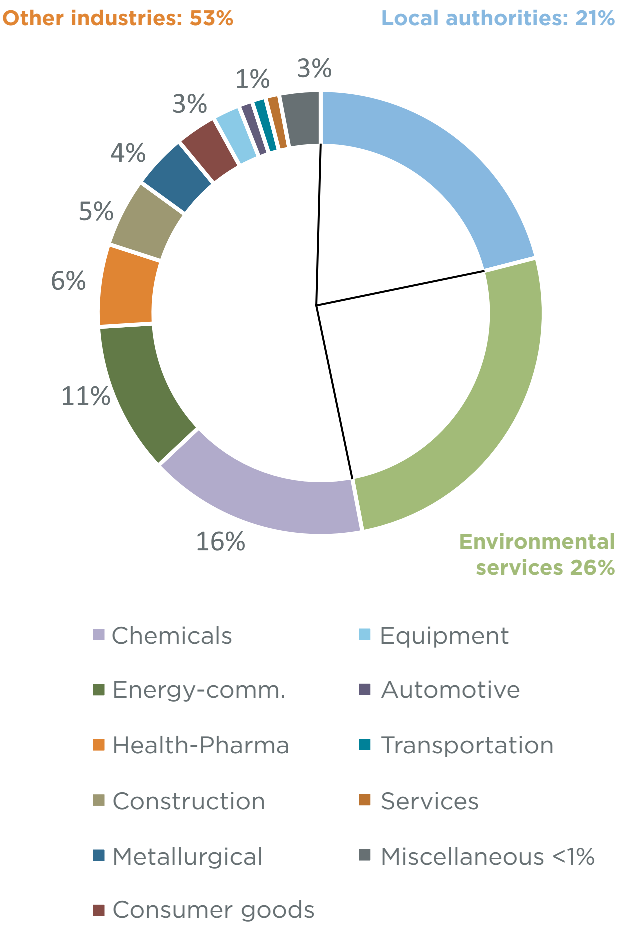
There is a wide variety of types of waste. They may be classified by different criteria: Their producer, their properties, or the industry where they were produced. This classification makes it possible to determine rules that may be applied by waste management players and to modify those rules to suit the capabilities of the producer and the risks associated with handling the waste.

The type-of-producer approach

Waste may be divided into two classes:

- "household waste", whose initial producer is a household;
- "business waste", whose initial producer is not a household.

BREAKDOWN OF 2018 CONTRIBUTED REVENUE BY SECTOR OF ACTIVITY

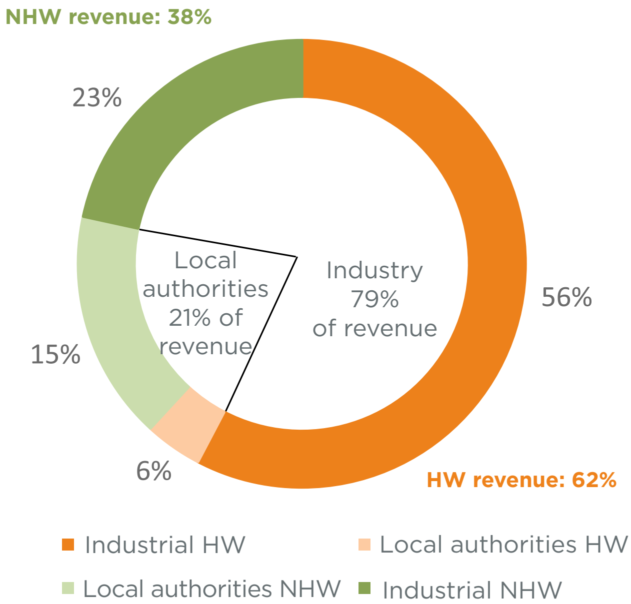


The type-of-waste approach

Waste may be divided into three categories:

- **hazardous waste (HW):** Waste that has one or more of the 15 hazard properties defined for the European Union: Flammable, toxic, environmentally hazardous, etc. Hazardous waste requires special management rules due to the unique risks of health and environmental impacts related to handling them;
- **non-hazardous waste (NHW):** Waste that has none of the 15 hazard properties defined for the European Union. The management rules are more flexible than for hazardous waste. For example, they include biowaste, glass or plastic waste, wood, etc;
- **inert non-hazardous waste:** Non-hazardous waste that has undergone no significant physical, chemical, or biological modification, which does not decompose, burn, or produce any physical or chemical reaction, is not biodegradable and does not deteriorate the materials it comes into contact with in a way that would harm the environment or human health. It is mostly waste from the construction and public works sector (concrete, bricks, tiles, etc.).

BREAKDOWN OF 2018 CONTRIBUTED REVENUE BY STREAM AND CLIENT



1.3.2.4 Revenue-driven economic activity

Redistribution of revenue among economic players

in thousands of euros	2016	2017	2018
Employees (wages and payroll taxes)	113.5	127.2	133.3
Suppliers	258.1	278.0	304.3
Shareholders (dividends)	7.2	7.2	7.4
Financial institutions	10.7	13.6	13.4
Governments and communities	37.6	41.5	45.8
Amount retained by the company	51.2	67.0	70.1
Total revenues	**478.3**	**534.5**	**585.3**

Managing subcontracting and supplier relations:

The Codes of Practice given to all employees (item #3) state the instructions given by the Group:

"Clearly express the Corporate Social Responsibility to customers and suppliers in order to promote sustainable development in production methods as well as in consumption habits.

Séché Environnement strives to go beyond merely satisfying its clients' basic waste treatment needs by providing:

- *guarantees that its tasks are carried out correctly (management of the social and environmental impact of its activity in compliance with the regulations in force, risk management) and in line with client expectations;*
- *at service costs compatible with the general economic environment;*
- *while promoting sustainable development by encouraging clients to view waste management as providing an opportunity for them to become an environmentally-friendly player among their peers and in society as a whole by contributing to the protection of health and the natural environment, rather than simply seeing waste as a problem.*

With its suppliers, Séché Environnement applies a responsible purchasing policy whose essential focuses arise from the following consideration:

- *production and consumption patterns must reduce the environmental and social risks currently affecting the planet;*
- *purchasing is an important tool for expanding and popularizing sustainable development best practices, by getting the entire value chain involved, including suppliers;*
- *the responsible purchasing policy must prioritize a total cost approach;*
- *in this spirit, Séché Environnement develops its partnerships in order to optimize the cost/benefit ratios of each operation".*

No poor practices were detected over the period.

in thousands of euros	2016	2017	2018
Total subcontracted	92,713	105,692	117,346
% subcontracted/revenue	20.2	20.6	20.0

1.3.2.5 Stakeholder access to knowledge of the activity

Policy of openness and site visits

Welcoming visitors to our sites is not just a way of getting to know the people and communities we work with. It is also about openness, which drives Séché Environnement's culture. It is also a first concrete information and training initiative. Showing the pride that employees have in their workplace and how waste is processed, and the resources it contains provided it is correctly processed upstream are examples of education put into action.

Visitors are invited to see the methods used and the specific steps taken to protect public health, the environment as a whole and biodiversity, particularly at waste storage sites which, being in the countryside, tend to be most suitable for this purpose.

In 2018, 8600 visitors were welcomed (mainly at non-hazardous waste sites), despite restrictions related to the regulation of Seveso-classified sties and those required by the Vigipirate Plan. The peak reached in 2017 was due to a period of public consultations for the periodic renewal of operating permits. Open-doors days have added to these values.

New communication technologies

Séché Environnement has set up a range of communication tools for its stakeholders (staff, non-profits, institutions, etc.) using the options afforded by the Internet: A corporate website, a CSR-specific website, a blog, Twitter, and Facebook. Document digitization and opening up the extranet to clients supplement the approach.

1.3.3 Stake #2: Workplace involvement

1.3.3.1 Key indicators

The Group's responsibility is to generate jobs, with trained staff and safe working conditions. Ensuring equality of opportunity regardless of gender is an integral part of its mission, though the nature of heavy industry entails constraints that keep equal numbers from be achieved.

Total workforce as at 12/31			Reasonable assurance level/Group scope
SDG 8	**2016**	**2017**	**2018**
Decent Work and Economic Growth	1,969	2,509	2,546 ☑
Number of hours of training per employee			Reasonable assurance level/France scope
SDG 8	**2016**	**2017**	**2018**
Decent Work and Economic Growth	18.0 hours/FTE	16.6 hours/FTE	16.8 hours/FTE ☑
Frequency rate (FR1) of accidents at work with employee absence			Moderate assurance level/France scope
SDG 8	**2016**	**2017**	**2018**
Decent Work and Economic Growth	18.1	12.5	17.1
Absenteeism rate			Moderate assurance level/France scope
SDG 8	**2016**	**2017**	**2018**
Sustainable city and community	5.77%	5.54%	5.77%
Reasonable assurance level/France scope % women on the Board of Directors			Moderate assurance level/France scope
SDG 8	**2016**	**2017**	**2018**
Sustainable Cities and Communities	44%	40%	40% ☑
Reasonable assurance level/France scope % women in supervisory roles at 12/31			Reasonable assurance level/Group scope
SDG 5	**2016**	**2017**	**2018**
Gender Equality	Not available	23.2%	24.8% ☑
Reasonable assurance level/France scope % women in workforce at 12/31			Reasonable assurance level/Group scope
SDG 5	**2016**	**2017**	**2018**
Gender Equality	Not available	21.3%	23.6% ☑

1.3.3.2 Mapping the issues

Social involvement		
Issues		
■ Fostering the professional development of Group employees through appropriate recruitment and training policies ■ Being attentive to employees' health and safety conditions in the workplace		
Principal stakeholders concerned		
Employees (management, executives, employees)	Expectations and/or requests	■ Compliance with working conditions ■ Environmental safety for sites and people ■ Regulatory information
	Type of influence	■ Prime communications vehicle for people close to the Company, therefore important for its reputation ■ Possible industrial actions ■ Attractiveness to new recruits; workforce stability
	Representative talking partners	■ Labor union delegates and/or employee representatives ■ Health, safety and working conditions committees ■ Employee committees
Labor representatives (employee representative bodies and government agencies)	Expectations and/or requests	■ Regulatory compliance ■ Anticipation and control of environmental risks and their financial impacts ■ Regulatory information
	Type of influence	■ Labor negotiations
	Representative talking partners	■ Labor unions ■ DIRECCTE, medical authorities

Risks	
■ Strikes	Labor and social risks
■ Increase in occupational accidents	
■ Increase in occupational diseases	
■ Increase in absenteeism	
■ Worsening working conditions	
■ Poor skills fit	
■ Regulatory non-compliance	Industrial and environmental risks

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
- Organized safety programs at sites and accident management (causal analysis and learning 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 how arduous the jobs are, and associated progress plans
- Monitoring and analysis of occupational illnesses

1.3.3.3 Jobs within the Group

By region

At December 31	2016	2017	2018
Séché Environnement (parent company)	30	21	20
Fully consolidated French subsidiaries	1,784	1,861	1,894
Sub-total (within France)	**1,814**	**1,881**	**1,914**
Foreign subsidiaries, Europe	72	205	217
Foreign subsidiaries, Americas	24	210	309
Fully consolidated total	**1,910**	**2,296**	**2,440**
Foreign subsidiaries (equity method)	59	212	106
Total général	**1,969**	**2,508**	**2,546 ☑**

By status and gender

France, at December 31	2016			2017			2018 ☑		
By number of employees	M*	W**	T***	M	W	T	M	W	T
Executives	292	120	412	309	124	433	316	123	439
Supervisors	367	114	481	383	107	490	398	113	511
Employees	122	152	274	118	171	289	103	169	272
Workers	607	40	647	631	38	669	646	46	692
Total staff	**1,388 ☑**	**426 ☑**	**1,814 ☑**	**1,441 ☑**	**440 ☑**	**1,881 ☑**	**1,463 ☑**	**451☑**	**1,914 ☑**
% men/women	76.5	23.5		76.6	23.4		76.4	23.6	

*M (men) **W (women) ***T (total)

Internationally, the 2018 workforce of 632 employees is 82% male, with a population made up of 10% executives, 13% supervisors, 25% employees, and 52% workers.

By age

France, at December 31	Men ☑	Women ☑	Total ☑
< 26	65	29	94
26 to 30	125	46	171
31 to 35	180	64	244
36 to 40	224	78	302
41 to 45	232	64	296
46 to 50	250	87	337
51 to 55	211	52	263
56 to 60	144	27	171
> 61	32	4	36
Proportion of senior staff (> age 45)	47.8%	42.1%	46.4%
Average age	44	42	43.2

By type of contract and by gender

France, at December 31	2016			2017			2018		
By number of employees	M*	W**	T***	M	W	T	M	W	T
Open-ended contract	1,341	396	1,737	1,388	406	1,794	1,406	416	1,822
Fixed-term contract	47	30	77	53	34	87	57	35	92
Total staff	**1,388**	**426**	**1,814**	**1,441**	**440**	**1,881**	**1,463**	**451**	**1,914**
% fixed-term contracts/total headcount	3.4	7.0	4.2	3.7	7.7	4.6	3.9	7.8	4.8

*M (men) **W (women) ***T (total)

Of the 451 fixed-term contracts in 2018, there was one “employment initiative” contract and 22 work-study contracts.

By average headcount or full-time equivalents (FTEs)

France, at December 31	2016			2017			2018		
	M*	W**	T***	M	W	T	M	W	T
In full-time equivalents	1,386	413	1,799	1,426	423	1,849	1,451	432	1,883
Monthly averages	1,402	414	1,816	1,430	435	1,865	1,455	444	1,899

*M (men) **W (women) ***T (total)

Internationally, the 2018 monthly average workforce is 726 employees.

1.3.3.4 Absenteeism in France

Number of days of absence	2016	2017	2018
Group-wide total	33,427	37,756	39,999
Average per employee (monthly average)	18.4	20.2	21.1

The method for calculating absenteeism was overhauled in 2017 to take into account the unique features of certain sites in terms of number of days worked. The chosen formula: Number of calendar days/365.25 x monthly average headcount.

Absentee rate by reason

% of theoretical number of days worked	2016	2017	2018
Illness	4.09	3.49	4.10
o/w Occupational illnesses	0.17	0.15	0.09
Maternity leave	0.34	0.31	0.29
Occupational accidents and commuting	0.54	0.25	0.40
Family events + other	0.80	1.49	0.98
Total	**5.77**	**5.54**	**5.77**

1.3.3.5 Staff changes

Hires by type of contract and by gender

By number of employees in France	2016			2017			2018		
	M*	W**	T***	M	W	T	M	W	T
Open-ended contract									
Outside hires				140	33	173	126	31	157
Transfers				21	6	27	38	24	62
Move from fixed-term to open-ended contract				24	8	32	33	8	41
Total fixed-term hires	137	46	183	185	47	232	197	63	260
Fixed-term contract									
Increased workload	63	30	93	47	11	58	73	18	91
Replacement	6	3	9	7	16	23	8	10	18
Work/study				8	7	15	8	6	14
Employment initiative contracts				2		2			
Senior fixed-term contracts							1		1
Total fixed-term hires	69	33		64	34	98	90	34	124
Total staff	**206**	**79**	**285**	**249**	**81**	**330**	**287**	**97**	**384**
% men/women	72.3	27.7		75.5	24.5		74.7	25.3	

*M (men) **W (women) ***T (total)

Departures and reasons by gender

By number of employees in France	2016			2017			2018		
	M*	W**	T***	M	W	T	M	W	T
Resignation	23	7	30	29	11	40	47	12	59
Retirement	14		14	18	2	20	29	3	32
Transfer	16	12	28	21	6	27	41	24	65
End of fixed-term contract	93	23	116	30	21	51	50	25	75
End of open-ended contract				7	1	8	1		1
End of assignment				1		1			
Individual layoffs	23	2	25	14	8	22	27	7	34
Economic layoffs	5		5	1		1	1		1
Contractual termination	19	2	21	18	7	25	16	5	21
Left after probationary period	7		7	7	2	9	14	2	16
Deaths*	6		6	3	0	3	3		3
Outside transfers				23	1	24			
Other	2	3	5				3		3
Move from fixed-term to open-ended contract				24	8	32	33	8	41
Total staff	**208**	**49**	**257**	**196**	**67**	**263**	**262**	**89**	**351**
% men/women	81	19		75	25		75	25	

*M (men) **W (women) ***T (total)

* In 2016, there were two workplace deaths; the other tragic deaths took place outside of work.

Internationally in 2018, 127 employees were hired and 135 departed; these large values are the result of construction contracts.

The seniority pyramid in France

At December 31, 2018 in France	Men	Women	Total
< 1 year	155	50	205
1 to 5 years	388	121	509
6 to 10 years	195	55	250
11 to 15 years	222	73	295
16 to 20 years	216	75	291
21 to 25 years	134	37	171
26 to 30 years	76	26	102
> 30 years	77	14	91
Average seniority	**12.1**	**11.8**	**12.0**

1.3.3.6 Compensation and how it has changed

Total payroll

in thousands of euros	2016	2017	2018
Gross payroll	73,719	75,191	78,304
Employer-side payroll taxes	33,619	35,164	36,692
Total payroll cost	**107,338**	**110,356**	**114,996**

The pyramid of permanent employee (12 months) wages in France by gender

in thousands of euros or employees	Men		Women		Total	
2016	In thousands of euros	Staff	In thousands of euros	Staff	In thousands of euros	Staff
≤ 0.8 x S.S. cap (≤€30,902)	9,743	348	3,798	103	13,541	451
> 0.8 x S.S. cap (>€30,902)	10,989	317	2,663	69	13,652	386
> 1.0 x S.S. cap (>€38,628)	8,003	191	1,709	40	9,712	231
> 1.2 x S.S. cap (>€46,354)	7,803	152	1,762	31	9,565	183
> 1.5 x S.S. cap (>€57,942)	3,848	57	1,294	18	5,142	75
> 2.0 x S.S. cap (>€77,256)	9,184	80	1,102	9	10,287	89
Total	**49,570**	**1,145**	**12,328**	**270**	**61,898**	**1,415**

S.S. cap (Social security) = €38,628

in thousands of euros or employees	Men		Women		Total	
2017	In thousands of euros	Staff	In thousands of euros	Staff	In thousands of euros	Staff
≤ 0.8 x S.S. cap (≤€31,382)	14,743	359	5,696	107	20,439	466
> 0.8 x S.S. cap (>€31,382)	12,574	322	3,478	69	16,052	391
> 1.0 x S.S. cap (>€39,228)	9,347	190	1,978	42	11,325	232
> 1.2 x S.S. cap (>€47,074)	8,413	144	2,183	38	10,595	182
> 1.5 x S.S. cap (>€58,842)	4,980	64	1,591	21	6,571	85
> 2.0 x S.S. cap (>€78,456)	11,029	86	991	8	12,021	94
Total	**61,085**	**1,165**	**15,917**	**285**	**77,002**	**1,450**

S.S. cap (Social security) = €39,228

in thousands of euros or employees	Men		Women		Total	
2018	In thousands of euros	Staff	In thousands of euros	Staff	In thousands of euros	Staff
≤ 0.8 x S.S. cap (≤€31,786)	8,556	301	3,646	102	12,202	403
> 0.8 x S.S. cap (>€31,786)	11,275	326	2,680	69	13,955	395
> 1.0 x S.S. cap (>€39,732)	8,913	212	2,247	51	11,160	263
> 1.2 x S.S. cap (>€47,678)	7,882	153	1,805	33	9,687	186
> 1.5 x S.S. cap (>€59,598)	4,367	65	1,544	21	5,910	86
> 2.0 x S.S. cap (>€79,464)	9,872	89	514	6	10,386	95
Total	**50,865**	**1,146**	**12,435**	**282**	**63,300**	**1,428**

S.S. cap (Social security) = €39,732

Incentives and profit-sharing in France

The employee savings policies (incentives, profit-sharing, savings plan) applied in Séché Environnement depend on the history and specific situation of each scope (Séché, Alcor, Trédi). The Group's companies have signed various incentive and profit-sharing agreements to involve their employees in their company's performance.

Profit-sharing bonuses are mainly calculated based on each company's tax profits.

Incentive bonuses depend on each subsidiary's net income, operating income or current operating income calculated under IFRS accounting rules. Trigger levels and maximum limits also apply.

in thousands of euros or staffers	2016	2017	2018
Total profit-sharing accrual	1,797	1,392	1,407
Number of beneficiaries	876	800	832
Total incentive	415	451	911
Number of beneficiaries	893	891	1,079

The Group does not distribute shares for free, nor award stock options. A Group savings plan (FCPE Séché Croissance) was established in 2007 to give all Séché Environnement's employees access to this type of savings scheme. Its assets are as follows:

FCPE Séché Croissance	2016	2017	2018
Number of Séché Environnement shares owned	38,470	35,659	36,149
Share of Séché Environnement's capital	0.49%	0.45%	0.46%
Share of Séché Environnement's voting rights	0.83%	0.65%	0.70%

1.3.3.7 Equal treatment:

Measures taken to encourage equality between men and women

The Group generally hires locally and seeks to balance:

- gender: With a workforce that can never reach parity (due to the difficulty of certain jobs) but with equal opportunity (e.g. 24.8% women in managerial positions (executives plus supervisors) compared to an average rate of 23.6% women);
- generations: A balanced age pyramid (average age 43 years, and senior staff over the age of 45 form 46% of all employees);
- experience: With a well-balanced seniority pyramid averaging about 12 years;
- 89% of staff are covered by an equal opportunity agreement (the remaining 11% are not yet subject to it by regulations due to working at a company with fewer than 50 employees).

The measures taken to encourage the employment and inclusion of people with disabilities

Séché Environnement and all of its subsidiaries have been committed since 2010 to a policy to assist people with disabilities. An analysis was conducted to highlight the strengths and weaknesses of each subsidiary. One Disability contact employee is present within each scope in order to optimize best practices for the inclusion of staffers with disabilities. Multiple disability awareness documents have been put together as part of this policy, and the Company has gone into the habit of enlisting contractors specialized in this field when hiring (CAP Emploi, temp agency with an inclusion focus, etc.). Each year in November, the Company actively participates in Employment for People with Disabilities Week, particularly by organizing job awareness days.

In full-time equivalents	2016	2017	2018
Within the company	64	67	50
Subcontracted from specialized associations	7	9	10
Number of beneficiaries	71	76	60

1.3.3.8 Health and safety:

Occupational health and safety conditions

Chemical risk exposure

For every site, the Group's health and safety team creates, with the participation of the local QHSE and site manager, a note summarizing all known (or missing) data with respect to limiting operator exposure. Initiated in 2014, this effort has not yet covered all situations. Once finalized, those ratings are presented in the Occupational Health and Safety and Working Conditions Committees (CHSCTs). They summarize all of the static and dynamic results measured, and include at the end, and with each new version, a progress action plan. Among the factors considered:

- hazards identified at the site as chemical risks related to the waste, products, and substances processed or generated at the site;
- work situations exposed to chemical risk and measurement results conducted in a work environment;
- the organizational, preventive, and precautionary measures put in place;
- biological monitoring agreed to with the occupational physician, if any.

One of the key steps of this methodology unique to the Séché Group is identifying areas in which the waste to be treated and the waste generated are likely to be dumped, treated, stored, or picked up. A map of the site is prepared before reviewing the work situations whether they actually entail exposure or not, taking into account both the areas defined above, the most hazardous waste (by hazard phrase), and the site's organizational rules. This third step makes it possible to achieve a classification of "work situation/area" pairs and strengthen the instructions if need be.

Safety training

Special training is given out: Managing and optimizing safety behaviors, with the goal of reducing risky behaviors that could result in work accidents. Supervisors speak to operators during regular field visits and describe with each contact person in an actual situation whether the safety measures in place are suitable or not. The goal is to implement corrective measures if need be and transfer feedback.

Since 2018, the Group has been experimenting with "self-learner" training materials intended for new arrivals or as a prerequisite for actions known to be hazardous. These materials are being developed and submitted to stakeholders. They include an individual assessment quiz that determines whether or not the operator is permitted to do the task. The goal is to make these materials more common in the years ahead.

OHSAS 18001 certifications

Most of the Group's activities are OHSAS 18001 certified. The tonnage rates treated (most relevant data) at certified sites (based on the work carried out) are as follows:

Storage	Incineration	Regeneration
88%	90%	100%

All of the platform activities are OHSAS 18001 certified.

Safety expenses

Expenses in thousands of euros	2016	2017	2018
Work clothes and personal protective equipment	2,666	1,878	2,091

The decline in 2017 is due to the enactment of a new purchasing policy, not a decrease in the actual resources expended.

Work-related accidents and occupational illnesses

Work-related accidents

In 2018 for employees and temporary hires in France, there were 66 declared accidents that entailed missed work days, for a total of 2655 missed days and 72 accidents with no absence.

Frequency rate with missed days	2016	2017	2018
FR1 – Employees	18.1	12.5	17.1
FR1 – Employees + temps	19.4	14.6	20.0

Severity rate	2016	2017	2018
SR – Employees	1.05	0.72	0.81
SR – Employees + temps	0.95	0.72	0.88

Occupational illnesses

For 2018, there were 10 requests to recognize musculoskeletal disorders (MSDs), of which 1 was contested, 0 requests to recognize chronic pathological illnesses, and 0 requests to recognize inexcusable employer fault, including post-employment.

1.3.3.9 Training:

Policies and resources for training

Training policy

Only an ambitious training policy is likely to help the company meet its objectives in terms of social responsibility. To achieve this aim, this policy must enable each and every employee to acquire a viewpoint, culture and knowledge in an appropriate way.

Each employee must do their job in accordance with the health/safety/environment requirements, while also understanding their own role in the organization and being capable of measuring the impact of their actions on their own, on others, and on their work, in order to encourage outreach and cooperation.

Skills development programs allow organizations to plan for their employees' acquisition of the skills necessary to achieve the company's strategic goals in a constantly changing professional environment. A more-qualified, better-informed workforce increases human capital, contributes to employee satisfaction, and helps improve their performance.

Lifelong training contributes to the development of knowledge and skills that enable every citizen to adapt to a constantly changing labor market and become actively engaged, regardless of what industry they happen to be in. For employees close to retirement, trust and the quality of labor relations are even more important, given how much they count on the organization's support during that transition period.

The budget allocated

In France	2016	2017	2018
In thousands of euros	1,759	1,782	1,908
as % of payroll	2.4	2.4	2.4

The total amount of training expenses comes from the cost of instruction (excluding taxes), the hourly rate charged for trainees, and related fees.

The Group's constituent entities define training plans within the basic structures, in accordance with the law and with the cooperation of the works councils. There is no one document for the entire Group, given the unique features of each business line.

Training topics

% of budgets spent	2016	2017	2018
Safety, environment, quality, standards	48	49	61
Health	9	6	13
Job-specific	24	27	13
Management, communications	13	15	10
Office software, languages	4	2	2
Other	2	2	1

The Group trains its staff in approved training organizations while also developing in-house training modules, led by staff trained for that purpose.

The "integrated" approach to teaching dispensed through this approach is what makes it so original. For instance, training required by regulations (vehicle operators, slingers), which due to their repetitive nature and disconnect from the realities on the ground, generally do not motivate the staff, are incorporated to the extent possible in broader job training. As an example, an employee trained in operating a heavy vehicle will also be given instruction in how to label and store contained waste.

Awareness of Corporate Social Responsibility is, among other things, built through a guided presentation of the year's CSR Report at the Group's various sites. The goal is to get each employee to participate at least once every five years. In 2018, 263 people attended the presentation of the 2017 CSR report, a total of 14% of the France workforce as at 12/31/17. For the first time, and to integrate them into the Group's culture, presentations were given to the international subsidiaries by videoconferencing: 147 employees took part, or 23.4% of the international workforce.

Total number of training hours in France

Number of courses taught

Number	2016			2017			2018		
	M*	W**	T***	M	W	T	M	W	T
Executives	584	239	823	556	234	790	611	249	860
Supervisors	1,178	205	1,383	1,028	150	1,078	1,162	174	1,336
Employees	320	217	537	323	165	488	281	195	476
Workers	1,061	76	1,137	1,003	55	1,058	1,308	28	1,336
Total	3,143	737	3,880	2,910	604	3,514	3,362	646	4,008
% men/women	81.0	19.0		82.2	18.8		83.9	16.1	

*M (men) **W (women) ***T (total)

Number of employees trained

Number	2016			2017			2018		
	M*	W**	T***	M	W	T	M	W	T
Executives	213	87	300	223	87	310	223	96	319
Supervisors	327	85	412	304	64	368	333	86	419
Employees	104	109	213	90	89	179	87	114	201
Workers	450	38	488	423	25	558	484	15	499
Total	1,094	319	1,413	1,040	265	1,305	1,118	309	1,427
% men/women	77.4	22.6		79.7	20.3		78.3	21.7	

*M (men) **W (women) ***T (total)

Breakdown of training hours

Number	2016			2017			2018		
	M*	W**	T***	M	W	T	M	W	T
Executives	5,512	1,875	7,387	5,087	2,146	7,232	5,380	1,982	7,362
Supervisors	8,943	1,185	10,128	8,146	891	9,037	8,706	981	9,687
Employees	2,810	1,235	4,045	2,795	794	3,589	2,164	1,150	3,314
Workers	10,129	649	10,659	10,442	356	10,798	12,009	92	12,101
Total	27,394	4,944	32,338	26,470	4,186	30,656	28,259	4,205	32,464 ☑
% men/women	84.7	15.3		86.3	13.7		87.0	13.0	

*M (men) **W (women) ***T (total)

Internationally, there were 5975 hours of training.

1.3.4 Stake #3: Integration into local ecosystems

1.3.4.1 Key indicators

Séché Environnement serves the environment, recovers waste whenever possible (especially energy, given its position in the value chain downstream of recyclers), manages hazards (protecting people and their environment) and limiting the impacts of its own activity.

The overall issues facing the Group are climate, biodiversity preservation, resource management, and the impact of its activity.

Water: Percentage returned to nature out of total consumed			
			Reasonable assurance level/France scope
SDG 6	**2016**	**2017**	**2018**
Access to water and sanitation	67%	69%	72% ☑
Ratio of renewable energy produced relative to total energy production			
			Reasonable assurance level/France scope
SDG 7	**2016**	**2017**	**2018**
Affordable and Clean Energy	34%	31%	30% ☑
Energy self-sufficiency ratio (energy produced to energy consumed)			
			Reasonable assurance level/France scope
SDG 12	**2016**	**2017**	**2018**
Sustainable Consumption and Production	216%	219%	246% ☑
Quantity of greenhouse gases emitted, scopes 1 and 2			
			Reasonable assurance level/France scope
SDG 13	**2016**	**2017**	**2018**
Climate Action	836.9 ktCO_2eq	839.6 ktCO_2eq	863.8 ktCO_2eq ☑
Greenhouse gas emissions prevented			
			Reasonable assurance level/France scope
SDG 13	**2016**	**2017**	**2018**
Climate Action	81.2 ktCO_2eq	83.2 ktCO_2eq	92.7 ktCO_2eq ☑
Rate of progress of the "Act4Nature" program (beginning in 2019)			
SDG 15	**2016**	**2017**	**2018**
Life on Land		Commitment to National Biodiversity Strategy (SNB) with Ministry	Signing of Act4Nature agreement

According to ADEME standards, energy produced from up to 100% waste is considered renewable if it is biogas, or up to 50% if it comes from household garbage incineration.

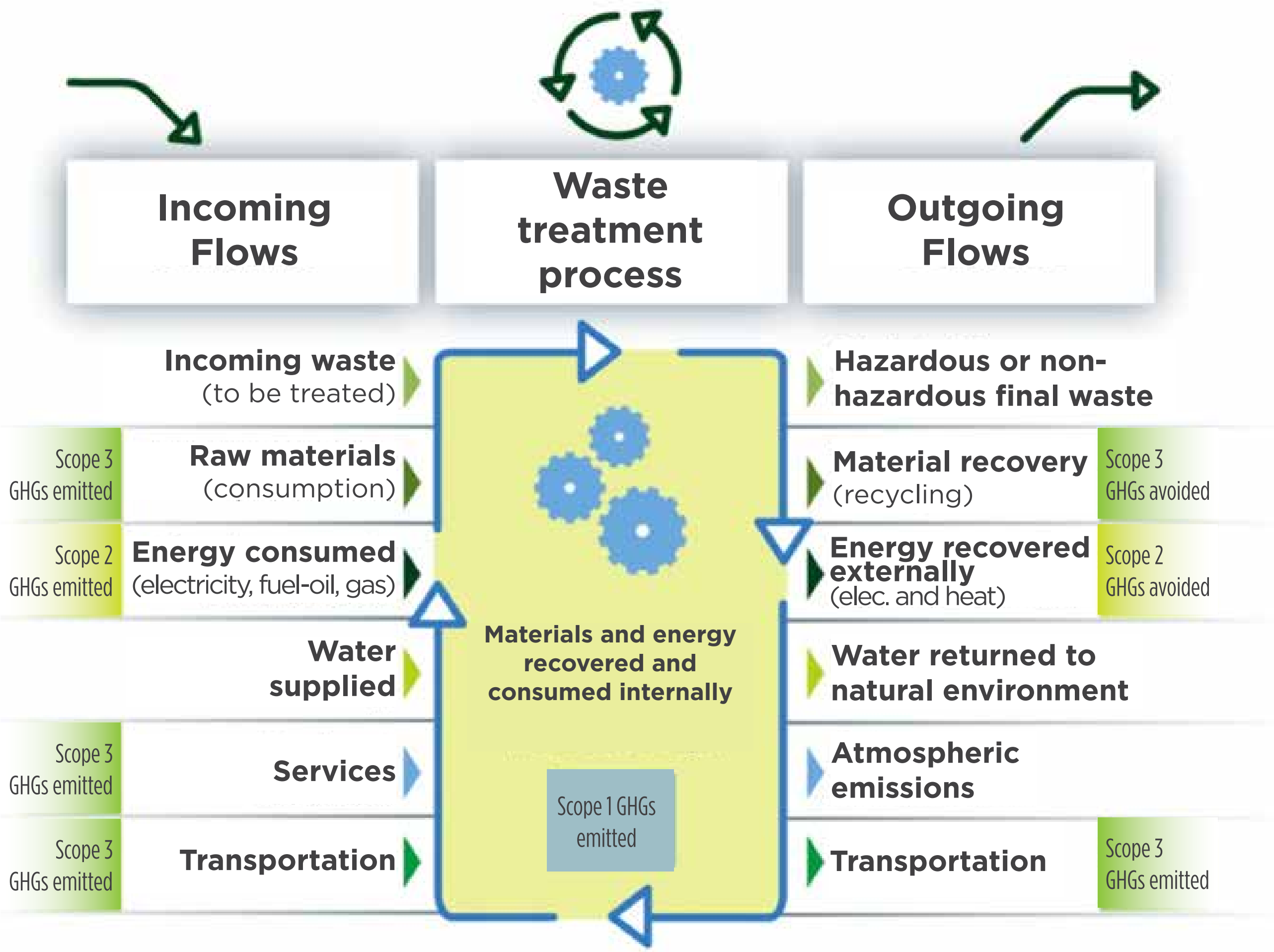
1.3.4.2 Mapping the issues

<table>
<tr><th colspan="3">Integration into local ecosystems</th></tr>
<tr><th colspan="3">Issues</th></tr>
<tr><td colspan="3">■ Contribute to protecting biodiversity and natural environments by helping to reduce greenhouse gas emissions and working to preserve natural resources, mainly by recovering energy from waste.
■ Protect the biological, hydrogeological and physical environments in which the Group operates.
■ Prevent potential effects on the health of local residents.</td></tr>
<tr><th colspan="3">Principal stakeholders concerned</th></tr>
<tr><td rowspan="3">Residents</td><td>Expectations and/or requests</td><td>■ Information about the Group’s activities in the context of visits (NIMBY “Not in My Back Yard” syndrome; waste needs to be treated somewhere, just not near us)
■ Respect for local biodiversity and the landscape around the sites
■ Control of nuisances (noise, air quality, water effluents, etc.)</td></tr>
<tr><td>Type of influence</td><td>■ Participation in “public inquiries” when applying for operating permits, Site Monitoring Commissions, site visits
■ Providing expertise through environmental NGOs
■ Media</td></tr>
<tr><td>Representative talking partners</td><td>■ Residents
■ Local industry
■ NGOs</td></tr>
<tr><td rowspan="3">Silent stakeholders</td><td>Expectations and/or requests</td><td>■ Economic activity in accordance with environmental protection
■ Anticipation of climate change impacts</td></tr>
<tr><td>Type of influence</td><td>■ Degradation or disappearance: A hazard to health and human survival
■ via NGOs</td></tr>
<tr><td>Representative talking partners</td><td>■ Protecting nature (Bird protection league (LPO), France Nature Environnement, etc.)
■ Social benefit associations (Entreprises pour l’Environnement, Orée, etc.)
■ Science organizations (MNHN, Biodiversity research foundation (FRB))</td></tr>
<tr><th colspan="3">Risks</th></tr>
<tr><td colspan="2">■ Rejection of activities, complaints, protests</td><td rowspan="3">Industrial and environmental risks</td></tr>
<tr><td colspan="2">■ Degradation of the environment and natural milieus</td></tr>
<tr><td colspan="2">■ Erosion of biodiversity</td></tr>
<tr><th colspan="3">Responses provided</th></tr>
<tr><td colspan="3">■ Careful listening to neighbors, to be aware of their thoughts and requests (Mr. or Ms. 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</td></tr>
<tr><th colspan="3">Indicators and/or modes of monitoring progress versus expectations</th></tr>
<tr><td colspan="3">■ Tracking and studying biodiversity wealth (fauna and flora inventories)
■ Record of actions taken for the National Biodiversity Strategy
■ ECOCERT Environment certifications (climate and biodiversity)
■ Studies of visual impact and site integration into landscapes
■ Studies of health risks (ERS) and tracking of environmental indicators (interpreting their status)
■ Energy balance, greenhouse gases, consumption of raw materials and water
■ Number of events done through local partnerships or sponsorships
■ Public inquiries, if appropriate
■ Reports of CSSs (Site Monitoring Committees)</td></tr>
</table>

Séché Environnement cannot set absolute environmental objectives for itself, since its emissions and effluent depend on the quality and mix of the waste products it receives from its customers for treatment (industrial waste tends to be more variable).

For this reason, the Group cannot commit to a performance target for atmospheric sulfur emissions as an absolute value, to take one example, because those emissions depend on the volume and sulfur content of the waste its clients give it for treatment. Another example illustrates the Group's dependence on the nature of the waste provided to it by its clients for treatment: A limit on the ability to voluntarily constrain its waste through policy. Such waste is nearly non-existent when incinerating liquid waste, while at the other extreme, the tonnage remains the same when treating polluted soil. On average, slag mass accounts for 20 to 30% of the mass of incoming waste.

Map of indicators related to a waste treatment site:



1.3.4.3 Materials balance:

Séché Environnement's position in the circular economy value chain, most of which is downstream of non-hazardous waste collection, sorting, and recovery operations in order to give them a second life as raw materials (tasks which are mainly handled by a logistics stream), primarily leave it treating hazardous waste (for extraction of molecules of interest by chemical means, if possible) and fractions that cannot be recycled into secondary raw materials, but which still contain potential for energy recovery. The Group's "resource economy" challenge is therefore primarily focused on various technologies for recovering energy from waste.

Production of secondary raw materials and waste

As Séché Environnement's business is waste treatment, the Group produces final waste which is merely what remains after treatment of 2,309 kilotonnes of waste.

Hence, Séché 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 are based on the European distinction in waste terminology (R = Recycling and D = Disposal). They only relate to waste from activity and do not encompass tonnes recovered for clients (recycling solvents, household package sorting platforms, etc.).

Waste recovery (criterion R) in kt	2016	2017	2018
Hazardous waste produced and recovered	13.2	22.5	21.2
Non-hazardous waste produced and recovered	230.6	211.2	244.7
Total in kt	**243.8**	**233.7**	**265.9**

Waste production (criterion D) in kt	2016	2017	2018
Hazardous waste - total	125.5	120.5	121.4
o/w transferred to another one of the Group's centers	83.8	83.6	82.9
Non-hazardous waste – total	37.8	21.7	26.4
o/w transferred to another one of the Group's centers	34.4	18.9	18.7

Internationally in 2018, the Group recovered 1,482 tonnes of metals during decontamination activities, returned 15,056 tonnes of solvents to circulation after purifying them, and recycled 1,216 tonnes more.

The Group has no activities related to the production, consumption, or sale of foodstuffs, and as such is not subject to the disclosure required by article 173 of the Energy Transition for a Green Economy Act (LTECV).

Consumption of raw materials and efficiency in their use

The operations with the highest material consumption per tonne of waste treated are first storage and stabilization, followed by treatment processes (physical chemical and incineration). Consumption of raw materials varies based on the nature of the waste being treated (reagents or “chemicals”) or the work being done (storage cells for construction or “public works materials”). Some of the raw materials needs are covered by the Group's internal recycling of sorted and treated waste that can be used as raw materials for its own operations.

The list of materials involved in "consumption” has been expanded to incorporate products involved in calculating the greenhouse gas balance to move to the scope 3 standard.

Consumption in thousands of tonnes	2016	2017	2018
Raw materials purchased (chemicals)	31	31	34
Raw materials purchased (PW usage)	124	120	138
Total raw materials purchased in kt	155	151	172
Raw materials derived from recycling (chemicals)	8	4	5
Raw materials derived from recycling (PW)	93	148	88
Overall total Raw materials used	**256**	**303**	265
Percentage from waste (chemicals)	20.5%	11.4%	12.8%
Percentage from waste (PW)	42.9%	55.2%	38.9%

1.3.4.4 Energy balance and greenhouse gas emissions

Energy recovery implements technologies that unfortunately emit greenhouse gases, because they involve combustion (directly through incineration, indirectly in the case of biogas) which regrettably releases the carbon contained in the waste, mainly in the form of carbon dioxide or methane. Greenhouse gases emitted by operations (scopes 1 and 2) are only those that were latent (fossil and/or biogenic) in waste given to us by clients for energy recovery. A waste processor cannot control this; it must cope with the properties of the waste it is given (due to the conservation of mass principle). This explains why the waste industry, which accounts for about 3% to 4% of national emissions, is neither affected nor governed by carbon emission regulations.

Waste-derived energy that is then sold to third parties (as heat and/or electricity) substitutes for a marginal degree of the electricity generated by the power plants connected to a given nation's grid. Therefore, recovering energy from waste has made it possible to avoid greenhouse gas emissions (carbon intensity calculated by the average quantity of CO_2 emitted to produce 1 kWh of electricity in a given country). In the case of France, due to the nuclear-heavy energy mix, this rate is low (27 gCO_2eq/kWh); on May 15, 2018, EDF announced that it would reduce that factor by 40% by 2030 (by using more renewables, including hydropower, and by closing fuel-oil and coal plants). Conversely, this rate is high in countries that make heavy use of thermal coal plants, such as Germany (340 g) and Poland (657 g). The "avoided GHGs" balance may therefore differ greatly for a waste processor, carrying out the same industrial operations, depending on the country where it does so[2]. This criterion hurts Séché Environnement, whose facilities are in France[3].

When processing hazardous waste, Séché Environnement treats industrial gases that emit large amounts of greenhouse gases (SF_6, halons, etc.), destroying those GHGs before expelling the rest into the atmosphere and thereby eliminating the impact on climate change. These operations are not quantified by French authorities (Séché Environnement is almost alone in this market for a few hundred tonnes of gas which could nonetheless generate several million tonnes of CO_2 equivalents). These abatements apply to significant quantities, but it is very hard to base an indicator on them, given the variable kinds of gases received for treatment from one year to another: The indicator's volatility would be too large and meaningless.

Additional uncertainties come from scientific advances that regularly reassess (IPCC reports) the Global Warming Potential (GWP) attributed to each gas. In France, the standard is the Base Carbone, which is regularly updated, but the same is not true in all countries (for example, methane still has a GWP of 21 in the United States per the EPA, though in France it is 29, a difference of nearly 30%). This makes aggregation and global comparison very tricky.

For all of these factors that prove the variability and uncertainty of GHG-linked approaches, and understanding that most of the Group's GHG emissions are tied to energy management, the indicator chosen for the dual issue of natural resources and climate is based on energy:

- energy consumption (energy purchases and self-consumption of energy produced);
- waste-derived energy production (for resale and/or self-consumption).

These two criteria may be grouped into one composite energy self-sufficiency indicator for the Group, defined as the ratio of production to consumption. This single indicator combines the results of the energy efficiency policy (consumption actions) and the policy of recovering maximum content from waste received for treatment (production actions).

4 - https://www.electricitymap.org/?page=map&solar=false&remote=true&wind=false
5 - Even more penalizing given that self-consumed waste-derived energy (as with the ORC in Trédi Strasbourg that replaced nearly ¾ of the site's electricity purchases) is not counted in avoided GHGs under French regulatory methodology

Energy balance

The Group is positioned in the businesses of renewable energy and energy recovered from waste in the form of heat and electricity. Cogeneration at Changé represents progress in this area, the first facility that recovers sorting rejects (solid recovered fuel) to provide heating to a local community (began in the fall of 2017). In order to fine-tune the resource, the SRF pressure vessel was used to cover the needs of Déshy-ouest, an agricultural cooperative, in summer and will serve to heat the hot water of the Laval's municipal heating system in winter by means of a 10-km interconnection.

Total in GWh/year	2016	2017	2018
Energy production	**655.1 ☑**	**689.9 ☑**	**769.4 ☑**
Outside energy sales	568.6 ☑	600.6 ☑	679.2 ☑
Internal production and consumption	86.5 ☑	89.2 ☑	90.2 ☑
Energy purchased	216.5 ☑	225.4 ☑	222.9 ☑
Energy consumption	**303.0 ☑**	**314.7 ☑**	**313.1 ☑**
Energy self-sufficiency	216% ☑	219% ☑	246% ☑

Growth prospects stem from the volume and mix of waste to be received from customers.

Internationally, energy consumption is about 23.4 GWh, or 7.5% of the Group's consumption in France.

The Group extracts from waste a quantity of energy equivalent to the annual electricity consumption (excluding hot water and heating) of one million people, 30% of which is certified as "renewable". The Group produces more than twice as much energy as it consumes: It is 246% self-sufficient in France, 229% worldwide.

Significant sources of greenhouse gas emissions

The Bilan Carbone® and greenhouse gas emissions (scopes 1 and 2)

Article 75 of French Law 2010-788 of July 12, 2010 requires companies to produce a greenhouse balance (BEGES). For several years, Séché Environnement had been calculating its GHG emissions. Beginning in 2011, it has been applying the regulatory BEGES methodology based on Bilan Carbone® V7 initiated by ADEME and currently supported by the Bilan Carbone® Association. The reference year for the first balance produced is 2011.

In accordance with regulatory requirements, the operational scope is all direct and indirect sources of GHG emissions associated with energy, i.e. Scopes 1 emissions sources (emission of GHG whose source, whether stationary or mobile, is controlled by a corporation) and 2 (emissions of GHG resulting from the generation of electricity, heat or steam imported and consumed by the corporation for its activities).

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 CO_2 and CH_4 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 CO_2 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 re-emitted as CO_2 during waste treatment, has little or no impact on the greenhouse effect. The global warming potential (GWP) of CH_4, 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 without any further exchange with the atmosphere over several 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 CO_2 and CH_4 into the atmosphere. It is a net addition of carbon to the atmosphere on a time scale of around 100 years.

As a result:

- Carbon of fossil origin contributes, on this time scale, to increasing the concentration of CO_2 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.

GHGs scope 1 and 2 in kt of CO_2eq	2016	2017	2018
Bilan Carbone® – fossil	552.2	540.1	575.2 ☑
Bilan Carbone® – biogenic	284.7	299.5	332.2 ☑
Bilan Carbone® – total	**836.9**	**839.6**	**907.4** ☑
Uncertainty of the Bilan Carbone® measurement	53.1	52.9	41.4 ☑

Note that since 2017, compared to earlier years, saw:

- acquisitions that resulted in an expansion of the scope of consolidation;
- expansion of NOx emissions calculation to storage sites (Drimm, Opale Environnement, SEI La Dominelais, SEI Le Vigeant, SEO Ecosite La Croix Irtelle). The effect on these five sites at the time the method was changed (2017) was 48 t NOx, i.e. 1,955 ktCO_2eq (0.36% of total emissions, scope 1 and 2).

Purchasing products and services

The main sources identified in scope 3 emissions (source 9) relate to materials purchased, which led to emissions of 90.2 kt CO_2e // uncertainty: 21.0 kt CO_2e (23%).

Raw materials for use in public works, mainly used to build storage sites (clay, pebbles, etc.) and for inerting hazardous wastes (hydraulic binders), contributed 68.5 kt CO_2e // uncertainty: 14.1 kt CO_2e (21%). When calculating the impact of PW raw materials, those which originate from recycled waste treated within the Group are not included in the indicated figures. This is because the impact of their production (by recycling) is already accounted for in scopes 1 and 2.

Chemical raw materials primarily include reagents for treatments of incinerator flue gases, water treatment sites, or physical/chemical treatments. The tonnes procured (lime milk, soda, nitrogen, acids, etc.) are listed annually in terms of weighed value when received, but it is impossible to define their exact levels of active ingredients (dilution for liquids, for example), which varies greatly based on their source; the uncertainty chosen is therefore higher.

In the Bilan Carbone® only four emission factors corresponding to purchasing lines (hydrochloric acid, sulfuric acid, lime, soda) could be identified, along with some uncertainty as to the concentration of those materials, as indicated above. The assumption is therefore "majority-based" due to the dilution of some of these elements. The four lines, however, cover 58% of the weight of the chemical raw materials. The results were extrapolated to the remaining 42% (assigning a large uncertainty factor for this extrapolated portion: 100%).

Overall, the chemical raw materials are estimated to emit 21.7kt CO_2e // uncertainty: 15.6 kt CO_2e (72%).

Waste and end-of-life of products sold

As the Group does not sell products, this section does not apply to it. Additionally, it may be assumed to be the cause of avoided greenhouse gases for recycled secondary commodities like metals (copper in particular).

Third-party transportation

All of the portion of transportation carried out by Séché Environnement's own means has its GHG emissions calculated under scope 1 (diesel consumed by vehicles – see below).

It is very difficult to know exactly the nature of the trucks, their routes and fill rates, when sending waste by trucks operated by clients. Those sources in scope 3 are very uncertain and therefore of little relevance.

Greenhouse gas emissions prevented and abated

Principle

Atmospheric emissions in waste treatment depend on the type of waste and on the process used. Examples:

- **storage with methane production:** Regulations only require methane flaring to abate its global warming potential, which is 28 times greater than carbon dioxide. The Group recovers that methane by producing electricity and steam; the abatement is the same, but the Group becomes the source of the greenhouse gases avoided through that energy production, which would have otherwise required fossil fuel consumption. With respect to biogenic carbon, in the Bilan Carbone® methodology, those avoided emissions will not be counted as such.
- **incineration with energy production:** First and foremost, the Group has flue gas treatment facilities to comply with regulations. Energy production is the cause of avoided greenhouse gases. Research & development have also helped to abate other greenhouse gases (nitrogen oxides) by injecting urea into flue gas treatment, and CO_2 capture solutions in flue gases using membrane-based techniques have recently been patented
- **industrial gas recycling:** Certain industrial gases, in particular refrigerants (R134a, in this case) are recycled. When this occurs, the avoided greenhouse gases are the difference between “New R134a production emissions” and “Recycled R134a production emissions”.

From energy recovery or gas recycling

Avoided GHGs in kt of CO_2eq	2016	2017	2018
GHGs for scopes 1 + 2 by energy recovery excluding self-consumed energy	78.1	80.7	92.7 ☑
GHGs for scope 3 by recycling R134a gas (refrigerant gas)	3.1	2.5	0.5 ☑

Since 2015, the Group has also recycled certain refrigerant gases (R134a regeneration).

From treating industrial gases with high warming potential

Gases with high global warming potential such as CFCs, Halons, SF_6 etc. (23,900 times CO_2) are abated in the Group's facilities. The calculation method was refined in 2016, and previous years were recalculated.

Abated GHGs in kt CO2eq	2016	2017	2018
GHGs abated, e.g. industrial gases treated	4,002	2,638	2,612

The decrease in tonnes of gas treated and the change in their mix explains the decline since 2016. Among the various gases, a higher proportion were alkanes. However, there is no abatement factor (GWP, Global Warming Potential) in databases for them, so they are not counted as avoided GHGs. The increase in their proportions is the major explanatory factor for the decline in abated GHGs calculated in 2017 and later.

Measures taken to adapt to the consequences of climate change – transportation

Although transportation is not a major element of scope 3 greenhouse gas emissions, they are nonetheless a subject of attention for implementing a reduction plan. That plan has three levels:

The carrier CO_2 charter

Séché Transport has signed the “Objectif CO_2 – Les transporteurs s’engagent” charter. Its third triennial commitment period began in 2017 (with emissions of 81.4 gCO_2/t.km) In 2018, emissions dropped to 74.6 gCO_2/t.km, an improvement of 8.4%.

Choice of trucks and training for drivers

Our fleet of trucks is gradually being renewed, with the acquisition of Euro 6 vehicles (tractors and straight trucks), with full regeneration of exhaust gases, meaning that there are zero greenhouse gas emissions. Fuel savings with these vehicles are between 4 and 6 L per 100 km, depending on the activity.

These new trucks are also equipped with powerful driver assistance safety systems:

- automatic safe distance when driving, with adjustable control;
- audible alert in the cab if a continuous or broken road marking is crossed (in order to prevent sleeping or lack of awareness by the driver);
- predictive driving: The vehicle is linked to a satellite that adjusts the speed and gearshift to the road's configuration before the driver can see it directly;
- heated, pneumatic, 3-position lumbar adjustable driver's seat;
- these vehicles indicate driving performance to the driver in real time (fuel consumption, braking, etc.) so that the driver can assess their eco-driving on their own.

Choice of multimodal transport

Transfer from road transport to rail or river is preferred whenever possible, but the infrastructure constraints are significant.

In recent years, Séché Environnement has been transferring its slag produced in Salaise-sur-Sanne to the Changé site (850 km away) by a dedicated rail flow, loading sealed containers onto the rail cars, which are then taken by a rail operator to its transit center in Longuefuye south of Laval before ultimately being wheelbarrowed to the storage site (about 30 km). Other regular links are activated by rail or river depending on the market, heading to different Group sites using containers that range from simple ones to ISO tanks for liquids.

In 2018, 23.5 million t.km were thereby diverted from roads, in addition to 1600 containers. France accounts for two thirds of that traffic, despite a three-month SNCF (national rail company) strike during the year. CO_2 emissions per tonne transported by rail are only 12% of what they are by road.

ECOCERT Climate Commitment Management System certification

In 2015, Séché Environnement earned the "Engagement Climat" certification from ECOCERT. It became the first company in its industrial sector to receive that certification for all of its sites.

This standard is the result of an ECOCERT Environnement initiative, a certifying body that specializes in the environment and sustainable development, committed to fighting climate change in order to address the following issues:

- the quality, monitoring, and verification of accounting for actions to reduce and offset GHG emissions;
- recognition of a comprehensive approach to fighting climate change;
- structuring communication regarding the company's GHG-related policies;
- the need for efforts to be recognized by an independent body.

The "Engagement Climat" standard evaluates the consistency, relevance, and effectiveness of the actions taken by the organization to reduce its carbon footprint. The approach relies on:

- having the organization regularly measure its GHG emissions, enabling awareness of its own climate impact and allowing it to determine how dependent it is on energy price fluctuations;
- gradually reducing GHG emissions; This action is central to the approach: eco-design, energy efficiency, alternative transportation, processes, sourcing. It gradually builds awareness among all of its stakeholders so that each one can act based on its own responsibilities.

1.3.4.5 The Group's protection of biodiversity is in its DNA

The name "DNA" is justified by 25 years of defending biodiversity as a central part of the company's strategy, which has become intertwined with Séché Environnement's existence.

Aware of the role that business can play, Dedicated to Nature through Action (DNA) by Séché Environnement will supply concrete tools for structuring and measuring this preservation of territorial biodiversity, in a concrete, sustainable, and measurable way. DNA is the Group's continued voluntary involvement in France's National Strategy for Biodiversity which was recognized by the Ministry of Ecology for the 2014/2017 period. Since 2016, the Group's commitment to managing biodiversity at its sites has been reflected in the "ECOCERT" certification applicable to all its sites larger than 10 hectares.

The link which unites the Group 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 ecological corridors that exist between territories. The team of in-house environmentalists improves management in the field (maintaining a nursery of endemic plant species combined with safeguarding the character of the landscape) and enshrines it into the corporate culture. Some processes are also direct uses of ecosystem services such as methanization.

Along those lines, and in the context of the summer 2018 Biodiversity Plan of the French Ministry of Ecological Transition (MTES) that made fighting the erosion of biodiversity a government priority on the same level as the fight against climate change, Séché Environnement joined the Act4Nature initiative. Overseen by the Association Française des entreprises pour l'Environnement (EpE), this approach brings together 65 businesses that are committed to integrating biodiversity into their overall strategy, to create a genuine collective dynamic, with shared commitments as well as individual commitments.

Commitment to the National Biodiversity Strategy (SNB)

Séché Environnement has joined the National Biodiversity Strategy (SNB). Its commitment was recognized and certified by the French Ministry of Ecology (MEDDE) in January 2014, the start date of its four-area triennial action plan. Looking back on the first three years of its SNB commitment, the results are positive, with a total of 387 actions deployed at 14 sites in different business lines:

- the first commitment made it possible for us to better understand biodiversity in and around the 14 sites involved and to set up preservation measures adapted to each unique situation;
- commitments 2 and 3 for awareness and discussion about biodiversity have also been reflected in various structures, both internally with the creation of biodiversity workgroups and unifying events about the subject, and in interacting with partners and/or clients;
- commitment 4 is meant to be outreach to the cultural world by creating atypical links to the world of arts with an undercurrent of biodiversity awareness.

Biodiversity management certification by ECOCERT Environnement

In 2016, Séché Environnement earned "Engagement Biodiversité" certification from ECOCERT Environnement for all of its sites larger than 10 hectares (five storage sites). This certification defines and structures a framework for meeting the needs and expectations of the "biodiversity" challenge in standards (ISO 14001, ISO 26000), non-financial rating systems, and other regulations (article 225 of the French Commerce Code).

The seven characteristics of Engagement Biodiversité certification are as follows:

- **universal certification** that can be adjusted to all types of organizations worldwide (small or large company, community, territory, natural park or conservation area);

- **certification that treats local biodiversity** as biodiversity affected throughout the organization's value chain, in direct and indirect places related to its operations;
- **certification that strives to encourage awareness of the role and dependency** that organizations have with respect to biodiversity;
- **certification that gets stakeholders involved** in order to connect the organization with its local area to share information and learn from experience;
- **certification focused on measuring the biodiversity footprint** through regular evaluation of the pressure exerted on biodiversity by the organization's activities rather than focusing solely on the biodiversity inventory at a given moment. This approach encourages ecosystem resiliency and helps to strengthen the durability of those ecosystems' ecological functions;
- **certification that prioritizes avoiding and reducing the pressure** exerted on biodiversity when carrying on business, by anticipating impacts from as early as the project design phase, not to mention ecological development of infrastructure;
- **certification that promotes continual improvement** in biodiversity performance, enabling each organization, based on its own analysis, to grow more mature and take greater routine action on tools for reducing pressure on ecosystems while generating positive impacts in local areas.

Biodiversity preservation and management: From policy to practice

The fauna/flora/biodiversity inventories taken at eight sites are just some of the data and knowledge acquisitions that make it possible to adjust operating decisions based on the ecological potential of each site. Among these actions:

- continued monitoring of biodiversity indicators (amphibians, birds, bats) at storage sites (Changé, Montech, Le Vigeant, La Bistade);
- setting up a bat monitoring protocol with MNHN at the Hombourg and La Dominelais sites (in addition to the four sites already being monitored);
- plantings and/or flower meadows at all 14 sites;
- different management actions, such as grazing lands for goats and sheep, e.g. at the Changé, Hombourg, La Dominelais, and Le Vigeant sites;
- creating or restoring ponds, building insect hotels, installing birdhouses and bird feeders at about 10 sites.

Land use has helped encourage and increase biodiversity. The progress has been notable, particularly through the biodiversity actions taken at small sites. The inventories may also be used as communication materials for building awareness of local biodiversity preservation.

This dynamic, supported by SNB to create an internal unifying focus on the subject of biodiversity, has been very positive, both at developing awareness of the need to preserve biodiversity and also at bringing together employees from different sites. In the context of this commitment, several of the Group's entities in the Rhône-Alpes area have joined to form a "Regional Committee" to pool their activity. Fourteen sites there are now communicating about biodiversity, particularly during site visits.

A new commitment to biodiversity: Act4Nature

act4nature
Les entreprises pour la biodiversité

Séché Environnement's D.N.A. commitments are defined Group-wide, but action plans are co-developed in a decentralized way, so as to promote field initiatives for better adaptation to local issues and high levels of appropriation by the players involved. Coverage is national, and the different businesses are all represented.

Séché Environnement's D.N.A. will be deployed in a renewable four-year cycle starting in 2019. The assessment system will cover three levels of performance:

- operational: Assessment of the implementation by progress measured over a three-year cycle;
- natural: Increased biodiversity thanks to biodiversity tracking put in place, as well as via the ECOCERT Environment certification, "Commitment to Biodiversity and Climate Management";
- human: Increased employee awareness of biodiversity issues through employee participation and commitment to changing their practices (using QCM).

Commitment 1: Situate biodiversity actions on a space-time continuum of improvement	
Action to undertake	**Targets and expected results**
Choose a working topic (e.g. pollinators) to kick off an action. Make appropriate arrangements, such as creating feeding spots and promoting reproductive habitats for solitary bees, with a tracking protocol (e.g. SPIPOLL). More generally, set up nesting boxes for birds, insects, and local plantings, using differentiated management	Increase familiarity with biodiversity on the Group's sites through biodiversity inventory and tracking (STOC-EPS protocol, IPA for birds, STOC for bats, tracking amphibians, etc.). Maintain and/or improve biodiversity on the Group's sites and solidify environmental corridors with adjacent territories. Analyze and correct, as needed (increase honey-producing plantings, set up differentiated management).

Commitment 2: Make biodiversity a cause that will bring people together within the Group	
Action to undertake	**Targets and expected results**
Announce local "nature" events to employees and promote in-house biodiversity actions in the subsidiaries. Each coordinator finds an awareness topic connected to his or her site and territory (e.g. shared biodiversity), and then a set of awareness actions will be implemented (identifying common biodiversity, setting up a photo exhibit, organizing an outing with a naturalist).	Train employees in the area of biodiversity and issues (nature outings with non-profit groups). Help with participatory tracking on the site (Vigie Nature, SPIPOLL, Observatoire des Saisons, Oiseaux de jardins, Observatoire des Bourdons, etc.). Ultimately, each coordinator will measure employee commitment to this topic through QCM.

Commitment 3: Use biodiversity as a lever to inspire stakeholders	
Action to undertake	**Targets and expected results**
Identify stakeholders in connection with site activity and biodiversity, then set up a partnership with one of them around a collaborative project (e.g. promoting bats on the site). Work on the project with the stakeholder (counting bats, setting up nesting boxes, discussing species identified). Measure employee participation and restore momentum.	Develop bonds with stakeholders working to preserve biodiversity. To this end, each coordinator must first identify the priority stakeholders on his or her site and then choose one to develop a joint project on the site. Participate in fundamental or applied research programs through connections with the French National Museum of Natural History (via a framework agreement).

Commitment 4: Develop people's interest in preserving biodiversity by means of an artistic or cultural approach	
Action to undertake	**Targets and expected results**
Create a working group, choose a topic (e.g. food); on that topic, first tell (what are the impacts on biodiversity when I buy processed vegetables or fruits that are grown far away or are out of season), then show (give a presentation on food to all employees), then share best practices so that employees can choose to apply them in their personal lives.	Spread awareness of the impact of our everyday individual actions on biodiversity. Spread awareness of the impacts of these topics (food, cleaning products, cosmetics, apparel, energy, transport, finance, etc.) to make behavior more favorable to biodiversity.

1.3.4.6 Impact management

As a company committed to waste recovery, the circular economy is central to its operations. Environmental consciousness is the corollary of doing business with respect for humanity and nature. The impacts of our operations on the environment mainly relate to industrial facility discharges, whether in the atmosphere or in bodies of water. Regulations that limit the quantities of pollutants permitted in these discharges have been written to avoid transferring contaminants from air to water.

Water policy

Aside from water for washing and cleaning, some treatment techniques call for significant amounts of water. This is the case for example of wet treatment purification systems for gases generated by incineration, and stabilization of final waste before storage. Large-scale water-saving and recycling programs have been implemented over the last few years, leading to a continuous decrease in the volume of water used.

Water is taken either from water supply systems or impoundment areas, or by pumping it from wells, none of which are situated in a RAMSAR protected wetland.

The amount of water removed from aquifers is negligible (<5%) compared with the reserves contained in them, and has not caused any risk of lowering groundwater levels. Water is removed mainly at Saint-Vulbas and at Salaise from the large non-fossil aquifers fed by Alpine runoff.
In the absence of industrial water, taking water from aquifers under these conditions has less environmental impact than using water from the water supply, which has been treated for consumption – a process not needed for industrial uses.

Recovery initiatives have been launched at certain sites, for example the recycling of rainwater or the use of waste storage leachates as process water, particularly for the stabilization of waste to be admitted into hazardous waste storage facilities.

Concerning the management of water (runoff 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 landscaped 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).

A portion of the water released is in the form of steam used in thermal processes. Other water is released (in liquid form) from the Group’s various facilities after treatment and specific monitoring for its chemical content. The parameters taken into account include heavy metals, chemical oxygen demand (COD) and matter in suspension.

Consumption in thousands of m³	2016	2017	2018
By origin of supply			
Drawn from water tables	2,739	2,527	2,684
Purchased from town water supply system	406	510	515
Other sources, including surface water and purchased demineralized water	157	125	144
Total water consumption	3,302	3,162	3,343 ☑
Proportion extracted from groundwater	82.9%	80.0%	80.3%
By usage			
Used in incineration	3,174	3,017	3,196
Other business lines	128	145	147
Total water consumption	3,302	3,162	3,343 ☑
Water recycled in process (avoiding drawdowns)	163	149	162
Return to natural environment			
Total return via wastewater treatment site	2,204	2,177	2,397 ☑
Proportion relative to consumption	66.7%	68.9%	71.7% ☑
Net consumption (consumed – returned)	**1,098**	**985**	946

Internationally, water consumption is only 16,000 m³, or about 0.5% of the Group's consumption in France.

Quality of water returned to natural environment

It goes without saying that owing to the nature of its business and structure, Séché Environnement does not voluntarily release any chemicals, oils or fuels into the natural environment. No significant accidental spillage has been observed in recent years either.

The principal sources of emissions into the aquatic environment are:

- Waste storage, which produces purified leachates (partially re-used in stabilization);
- The physical chemical treatment units;
- The wet treatment of incineration gases.

The aquatic environments used are purification stations designed for this purpose, then strong-current bodies of water (e.g. the 100 m³/hour release from Salaise into the Rhone, which has an average rate of flow of 3.7 million m³/hour). There is no discharge into sensitive environments or areas.

Contaminants in tonnes per year (France)	2016	2017	2018
Soluble salts	7,334 ☑	7,902 ☑	6,851
Total metals	0.3 ☑	0.3 ☑	0.4
AOX and EOX	0.7 ☑	< detection threshold ☑	< detection threshold

Atmosphere

Flue gas (primarily carbon dioxide, water vapor, nitrogen, and oxygen) includes pollutants such as dust (2 to 5 g/Nm³), carbon monoxide (20 to 80 mg/Nm³), possibly dioxins (1 to 4 ng/Nm³) and heavy metals (90 to 100 mg/Nm³). Dust is the most common component as measured. The composition of that dust varies, and in the lowest-temperature areas of the flue gas circuit, condensates of volatile metals or their compounds become deposited on their surface. Their large specific surface area and chemical composition are likely to give them catalytic properties. This means they fix some of the heavy metals, dioxins, or even some asbestos dust. Disposing of that dust also entails discharging a significant share of other contaminants.

Hydrochloric acid (HCl), sulfur dioxide (SO_2), carbon monoxide (CO), and nitrogen oxides (NOx) are monitored in particular: The first two for their acidifying power, the latter two as a source of eutrophication.

Contaminants in tonnes per year (France) *	2016	2017	2018
Nitrogen oxides in t NO_2	377 ☑	489 ☑	498
Sulfur dioxides in t SO_2	152 ☑	109 ☑	131
Hydrochloric acid in t HCl	6.9 ☑	7.8 ☑	10.4
Dust in t	7.3 ☑	4.6 ☑	2.9
Dioxins and furans in grams **	0.0876 ☑	0.2738 ☑	0.0764

* Emissions in tonnes per year based on the reporting thresholds set by the order of December 26, 2012

**The 2016 "dioxins and furans" value has been modified to correct a material input error (2016 published value: 0.3184 grams). The 2017 increase is temporary and one-time, related to a unique technical issue that was quickly resolved, but which influenced certain measurement campaigns.

Land Use

For storage site landscapes, a team of ecologists has been active since 1994 to ensure their integration. Guidelines have been established to preserve sensitive ecological zones (wetlands in particular), and simulations have been conducted to enable discussions with local populations. In the course of operations, this team will ensure the proper balance of nature, and will plant trees and sow seeds with local species. They verify the proper condition of the sites using scientific indicators (GBIN, counting birds using a protocol from the National Museum of Natural History, amphibians, etc.). The landscape will also be tracked using a dashboard that shows the size of the areas seen from outside the site, with nature, work areas, and temporarily visible waste.
Count conducted based on the National Biodiversity Strategy (SNB): 1,344 hectares of total land occupied as of December 31, 2015.

Counting all forms of pollution specific to an activity, independent of noise and light nuisances

The Group's Health and Safety team issues memos regarding the control of noise exposure. These memos have now been created for all sites in question. They take into account:

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

Each memo sets the prevention rules to be applied and have others apply within the institution in order to ensure effective protection of all people, visitors, or outside stakeholders.

Risk assessment relies on the updated measurements taken within the site, the regulations in force, and the Group's national recommendations. As with all other risks, the assessment uses mapping, then dosimetry if applicable. These studies lead to a classification of "work situation/area" pairs.

The Group does not use any particular light sources, and the special requirements in that matter do not apply to it.

1.3.5 Stake #4: Symbiosis with society

1.3.5.1 Key indicators

Share of staff who live within 50 km of the workplace. Statistical evaluation/France scope			
SDG 11	2016	2017	2018
Sustainable Cities and Communities	92%	95%	95%

1.3.5.2 Mapping the issues

<table>
<tr><th colspan="3">Symbiosis with society</th></tr>
<tr><th colspan="3">Issues</th></tr>
<tr><td colspan="3">■ Establish transparent relationships of trust with all economic and social actors in contact with sites
■ Position itself among players in economic and social development in areas where sites have been established (local industrial ecology)</td></tr>
<tr><th colspan="3">Principal stakeholders concerned</th></tr>
<tr><td rowspan="3">Public authorities, councilors, administrative bodies</td><td>Expectations and/or requests</td><td>■ Operating permits in force
■ Attention paid to observations
■ Local economic development</td></tr>
<tr><td>Type of influence</td><td>■ Sovereign authority
■ Issuance of operating permits
■ Environmental police</td></tr>
<tr><td>Representative talking partners</td><td>■ Administrative authorities (DREAL)
■ Local councilors
■ Jointly managed utilities
■ Water agencies
■ Other government agencies, like METS</td></tr>
<tr><td rowspan="3">NGOs and associations</td><td>Expectations and/or requests</td><td>■ Respect for biodiversity, air and soil
■ Regulatory compliance
■ Actions that go beyond regulatory requirements</td></tr>
<tr><td>Type of influence</td><td>■ Alerting the media and public opinion
■ Speaking out in public inquiries</td></tr>
<tr><td>Representative talking partners</td><td>■ Global Compact
■ Social benefit associations (Entreprises pour l’Environnement, Orée, Comité 21, etc.)
■ Protecting nature (LPO (French League for the Protection of Birds), France Nature Environnement, etc.)
■ Local associations</td></tr>
<tr><th colspan="3">Risks</th></tr>
<tr><td colspan="2">■ Regulatory non-compliance</td><td rowspan="4">Industrial and environmental risks</td></tr>
<tr><td colspan="2">■ Official warnings, withdrawal of operating permits</td></tr>
<tr><td colspan="2">■ Rejection of activities</td></tr>
<tr><td colspan="2">■ Erosion of biodiversity</td></tr>
<tr><th colspan="3">Responses provided</th></tr>
<tr><td colspan="3">■ Regulatory compliance is ensured by the 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 in scientific organizations: 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 at public, university and school occasions, or similar</td></tr>
<tr><th colspan="3">Indicators and/or modes of monitoring progress versus expectations</th></tr>
<tr><td colspan="3">■ Number of site visits and visitors
■ Number of actions under the SNB commitment program
■ Number of speaking engagements (lectures, publications, etc.)</td></tr>
</table>

1.3.5.3 Impact of the company's activity on jobs and local development

Local roots: Where employees live

With national coverage through its treatment and storage units in various regions of France, Séché Environnement contributes to the development of those areas by hiring most of its employees locally and by creating jobs.

As a % of the workforce	2016	2017	2018
Living < 50 km from workplace	92	95	95

Local taxation: Economic contributions paid to local authorities

	2016	2017	2018
In thousands of euros	6,276	5,276	5,400
In local job equivalents	143	120	123

Cooperation with educational institutions

Interns hired for longer than one month

Quantity	2016	2017	2018
Total	**45**	**90**	**121**

Education tax paid

Payments in €k	2016	2017	2018
Total	**528**	**421**	**421**

Contributions to education and teaching

The Group opens its sites to customers, elected officials, local residents, associations and school groups. Visitors are invited to see the methods used and the specific steps taken to protect public health, the environment as a whole and biodiversity, particularly at waste storage sites which, being in the countryside, tend to be most suitable for this purpose.

Finally, the Group develops privileged relationships with higher education establishments in a framework of exchanges between industry and universities.

1.3.5.4 Impact of the Company's activity on nearby populations

Knowledge of the activity's impact

As the main sites of the Group are designated for environmental protection, their administrative operating permits require them to convene local Site Monitoring Commissions (CSSs) under the control of the authorities. These Commissions are tripartite bodies for dialog, bringing together industry, citizens (local residents, associations, etc.) and the authorities. During the revision of some of these operating permits, complete impact statements are made available to local residents, daily dialog is initiated and public meetings make it possible to reply to questions from stakeholders.

Effects on local development

Employee purchasing power fuels local economies. The same is true for sub-contracting for activities not related to the Group's core business (such as building security, cleaning, and maintenance). The creation of jobs in local communities should be added to these direct effects, concerning the transport, hotels and restaurants which the Group regularly uses. These factors are hard to quantify.

Finally, the fact that a region has a waste treatment unit in its area of influence is an asset for its industrialization policy: it is an essential part of 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.

1.3.5.5 Partnerships and sponsorships

Environmental

Séché Environnement focuses its sponsorship policy on its core expertise, protecting the environment and biodiversity in particular. Each sponsorship is related to a topical matter within the Group, and is an opportunity to take a step back from what we normally do, to take some time to think more deeply about the general reality in which we carry on our business.

Séché Environnement is one of the 18 signers of the Strategic Sponsorship Committee Charter of the French National Museum of Natural History. This series of sponsorships with the Museum form the backbone onto which other, "peripheral" operations are attached, because they occasionally contribute to events held by non-profits.

- renovating the historic greenhouses of the Jardin des Plantes (2007 – 2020);
- support for a marine biodiversity research program in Brittany (2009 – 2010);
- building the manatee pool at the Parc Zoologique de Paris (2013 – 2016);
- renovating the Musée de l'Homme (2015 – 2016);
- signing a five-year framework agreement in 2018, with its first actions in 2019.

These environmental sponsorships fall within area 3 (outreach to stakeholders) of the commitments made to the National Biodiversity Strategy (SNB), and more recently Act4Nature. Sharing the discussions that arose from these partnerships with all Group staff helps to fulfill the second area, "be internally unifying". This is done through skill sponsorship, which is time devoted by Group employees to volunteering for non-profits.

Cultural

Séché Environnement has set a goal for itself to promote sustainable consumption patterns through sponsorships that set an example. In this spirit, Trédi joined with the Festival des Nuits de Fourvière to dress all of the Festival's teams in fair-trade cotton outfits, and to support waste sorting as part of a culture/environment partnership. For several years, this approach has enabled Group employees to discover the world of theater.

Likewise, the Group takes part in regional music festivals.

Scientific

In July 2018, Séché Environnement signed a five-year cooperative agreement with the National Museum of Natural History in four areas of activity centered on the theme of preserving biodiversity:

- research and expertise;
- disseminating knowledge to the general public (publications, exhibits);
- teaching and/or training agents of parties and students;
- financial support and sponsorship in areas of research, expertise, and dissemination.

Séché Environnement is supporting a doctoral thesis on medical law at the University of Bordeaux.

1.4 MAJOR SOCIAL COMMITMENTS

1.4.1 Information on fighting corruption: Actions taken to prevent corruption

1.4.1.1 Anti-corruption measures

When it comes to fighting corruption and influence peddling, the Group has taken measures to meet the new standards of the so-called Sapin II law that came into effect in June 2017. Some measures have already been finalized (including a new Anti-Corruption Code of Conduct and an alert system) or are being finalized, while others are still being worked on.

The Codes of Practice given to all employees (item #7) state the instructions given by the Group:

"Ethics, integrity, and legality in business relations are all linked.

No employee may accept compensation, gifts, or other benefits from any competitor, client, or supplier of the Group, nor offer them any. Only those gifts or invitations that remain within acceptable limits in light of anti-corruption laws and practices are permitted. In no event is the employee allowed to request a gift or invitation.

It is prohibited to pay, offer, or agree to pay any bribe or grant any undue advantage, whether directly or via an intermediary, to a public official and/or private person in any country for the purpose of obtaining favorable treatment or influencing the outcome of a negotiation involving the Group. These practices are against the law and against the international convention against corruption in most countries.

Ethics and integrity require that everyone exercise full probity in their professional activity. Each employee must avoid any conflict between the Group's interests and their own interests or those of their associates. As such, none of them may take any equity stake in a supplier or client, except by purchasing publicly traded stock in the context of managing a portfolio of securities and in accordance with rules prohibiting insider trading. Likewise, it is prohibited to work for an existing or potential competitor, client, and or supplier without the Group's approval."

1.4.1.2 Whistleblowing

The whistleblowing procedure allows any member of the staff, in the event of difficulty in interpreting the rules stated in the Code of Practice or in the Anti-Corruption Code of Conduct, or if there is any doubt as to how to apply them in a given situation that could cause the Group to be held liable or harm its reputation and/or image, to refer that matter directly to the dedicated internal alert system at the following address: SECHE@ALERTETHIC.COM

Its scope is that of acts that violate laws and regulations, acts which seriously imperil the company's operational rules in general, or the rules of a particular community to which the whistleblower belongs.

Additionally, this alert system has been strengthened to adapt to the requirements of the so-called Sapin II law, particularly in the event of alerts that relate to actions considered to be corruption or influence peddling.

The alert triggered by the employee may be reported by name or anonymously, in return for a confidentiality commitment. Use of this right meets the criteria required by the Sapin II law.

No alerts were reported over the period.

1.4.2 Fair practices

1.4.2.1 Measures taken for the health and safety of consumers

Séché Environnement treats the hazards inherent in the waste given to it. In the context of the circular economy, the Group sells secondary commodities. Those commodities fulfill the requirements for losing their legal status as waste, i.e. a product or substance that has the following characteristics:

- common use for specific purposes;
- existence of a market;
- technical requirements for specific purposes (precise specifications);
- adherence to the laws and standards that apply to products;
- no harmful overall effects on the environment or human health.

With respect to this last point about taking consumer health and safety into account, Trédi and Speichim Processing signed the "Responsive Care"[4] global charter in 2015, which is a shared commitment by the worldwide chemical industry to safely manage chemicals throughout their life cycles and promote their role in improving the quality of life and their contribution to sustainable development.

1.4.2.2 Consumer client satisfaction

Measuring client satisfaction is an essential part of the ISO 9001 standard, as a way to observe changes and act accordingly. It is measured or evaluated in different ways based on commercial needs, either by satisfaction surveys, or by the number or rate of complaints.

1.4.2.3 Influence strategies and declarations of interests

Transparency

Séché Environnement does not carry out any lobbying of its own. The Group expresses its views through the professional associations that it belongs to. The person in charge is the Group's Director of Public Affairs, who reports directly to Executive Management.

Declarations of interests have been made to France's High Authority for the Transparency of Public Life (www.hatvp.fr/le-repertoire).

Disclosing interests with stakeholders

Séché Environnement shares his experience within professional associations and workgroups that interact with its activities. The highly technical nature of the subjects and the diversity of their areas of influence entail great specialization.

■ Hazardous Waste △ Non-Hazardous Waste	Energy recovery	Material recycling	Transport disposal	Scope
2ACR - Association Alliance Chimie Recyclage		■ △		France
CEWEP - Confederation of European Waste-to-energy Plants	△		△	EU
ESRG - European Solvent Recycler Group		■		EU
EURITS - European Union for Responsible Incineration and Treatment of Special Waste	■		■	EU
FEAD - Fédération Européenne des Activités de la Dépollution et de l'Environnement	△	■ △	■ △	EU
FNADE - Fédération Nationale des Activités de la Dépollution et de l'Environnement	△	△	■ △	France
FNSA - Fédération Nationale des Syndicats de l'Assainissement et de la Maintenance Industrielle			■	France
HWE - Hazardous Waste Europe	■	■	■	World
I GEDEDIM - Initiative de Gestion des Déchets Diffus Spécifiques			■	France
PEN - International POPs Elimination Network (Stockholm convention)			■	World
SNAD - Syndicat National des Activités du Déchet			■ △	France
SVDU - Syndicat National du Traitement et de la Valorisation des Déchets Urbains et Assimilés	△		△	France
SYPRED - Syndicat Professionnel pour le Recyclage et l'Elimination des Déchets dangereux	■	■	■	France
SYRES/FEDERC - Syndicat des Recycleurs de Solvants		■		France
UIC - Union des Industries Chimiques		■		France

4 - The international council of chemical associations.

The topics covered are very technical and require the involvement of experts. The purpose of this work is to reduce this complexity to make it understandable to all people from all backgrounds without distorting it, in order to enable them to have an informed opinion and make decisions with full knowledge of the facts.

This work is essential in order to be able to clearly communicate to decision-makers in an informed way so as to establish a transparent, lasting dialog aimed at affecting future regulations that encourage sustainable growth in a preserved environment.

A source of ideas and holder of public positions

Because changes in regulations are largely the result of consultations between national or European authorities, professional representatives in the environmental sector participate in numerous working groups to help draft future provisions.

While promoting themselves and defending their positions to government authorities and elected leaders, these professional organizations contribute their expertise and technical knowledge to the debate, positioning themselves as sources of ideas, out of a spirit of transparency and dialog with all stakeholders, with an eye toward sustainable development.

The main public positions defended in 2018 were as follows:

Subject of dialog/bodies	Professional organizations mobilized	Public positions defended
	In France	
Waste management plans/Regions	SYPRED	Writing and evaluating regional waste management plans
Cross-border transfers/PNTTD	SYPRED	Feedback
CGE: European extra-transpositions	SYPRED, FNADE	Participation in inquiries Talks with Members of Parliament
Non-hazardous waste energy recovery/MTES	FNADE, SVDU	Incineration and solid recoverable fuels
Eco-industries and future investment/MTES + DGE + ADEME	FNADE, SYPRED	WG CSF Eco-Industries on “industrial waste recovery”
Circular economy/MTES	FNADE, SYPRED	Circular Economy Roadmap
POST-DISASTER MANAGEMENT/COMMUNITIES AND INDUSTRY	Post-disaster electronic document management Participation (Astee conference, Amorce)	Publishing prevention guides intended for individuals, communities, companies, and studies including Paris flooding
MTES + ADEME + eco-organizations	FNADE, SYPRED	Vernier report for various eco-organizations
Waste status/MTES	SYPRED, SYRES	FREC
ASPRODET conference	ASPRODET	Odors instruction guide
AMORCE	AMORCE	Participation in conference; seminars
SYPRED conference	SYPRED	News on European law regarding waste and competitiveness
ASTEE	ASTEE	Waste working group
	ASPRODET conference	
European Commission	FEAD, HWE, EURITS, ESRG, CEWEP	Changes to framework directives and Circular Economy Package
European Commission Joint Research Center	FEAD, HWE, EURITS, CEWEP	Participated in writing BREF on waste incineration
Stockholm Convention	HWE	Observer at SIWGs
Basel Convention Cross-border transfers	HWE	Participated in correspondent meeting
Basel Convention	HWE	Stakeholder in revising guidelines
Rotterdam Convention/Montreal Protocol	HWE	Treatment of HFCs
HAZBREF	HWE	Participated in meetings
Circular economy	HWE	Interface consultations, ECHA consultation
Minamata COP2 Convention in Geneva	HWE	Mercury management

1.4.3 Information about human rights actions:

This relates to promoting and complying with the provisions of the fundamental conventions of the International Labor Organization regarding:

1.4.3.1 Freedom of association and the right to collective bargaining

The Group describes itself as concerned by respect for human rights in its different forms (right to collective bargaining, elimination of forced labor and/or the abolition of child labor and respect for indigenous peoples). However, it regards itself as having little experience with or exposure to these risks, since the Group conducts its activities largely in France, where all salaried employees are covered by a collective bargaining agreement and where trade union meetings and the representation of employees take place under regulations governing industrial relations, and where the application of the law prohibits behaviors that violate human dignity.

1.4.3.2 Elimination of discrimination in employment and occupation

The Group prohibits discrimination of any kind (racial, ethnic, religious, sexual or other) against its employees, in the recruitment or hiring process, during or at the end of their employment contract.

Séché Environnement is committed to respecting private life and therefore states that it has never received this type of complaint, either from its employees or from any other parties.

1.4.3.3 Elimination of forced or obligatory labor and abolition of child labor

Séché Environnement prohibits child labor, forced or mandatory labor, either directly or indirectly through subcontractors working in Group facilities. It does not purchase supplies from, or invest in, countries that fail to meet this rule. Given the geographical regions where the Group operates it has little exposure to such risks.

1.4.3.4 Neutrality in public life

The Group's position is expressed in Point 4 of its Code of Practice, 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".*

1.5 LEARN MORE...

1.5.1. On the waste market

1.5.1.1 End-of-waste status

Certain waste has the potential for recovery, and therefore economic value: It can be bought and sold. Regulations and case law have laid out the terms under which waste can lose its legal status as such. In order to encourage this recovery, the directive makes it possible, in some specific cases, for waste to achieve an "end-of-waste status". It lays the outlines for a regulatory process that can allow waste to no longer be considered waste. To do so, the waste must meet four conditions:

- the substance or object is commonly used for specific purposes;
- there is a market or demand for such a substance or such an object;
- the substance or object fulfills the technical requirements for the specific purposes, and follows the laws and standards that apply to products;
- use of the substance or object will have no overall harmful effects on the environment or human health.

This procedure is not meant to be applied in every case for all types of waste; it may make it possible to state, for certain specific kinds of waste, that the uncertainties that arose from its status as waste have been removed, and that the precautions taken that stem from its status as waste are therefore no longer necessary. The directive calls for two levels at which to apply this process: The European level, or if no criterion has been defined for it, the national level.

End-of-waste status European level

The European Commission has decided, for certain waste flows involved in significant international trade, to enact regulations enforceable on all Member States. Those flows have been defined in a way that takes into account the opinions of stakeholders (industries, non-government organizations, Member States, etc.) as well as the advance studies of the Joint Research Center (JRC).

End-of-waste status, French level

The principles of the procedure for end-of-waste status on the national level are described in article L. 541-4-3 of the French Environmental Code. Only facilities classified for environmental protection purposes (ICPEs) and facilities, structures, work, and development subject to the Water Law (IOTAs) are allowed to benefit from end-of-waste status.

This provision allows for proper oversight of waste management. The Ministry decree of July 29, 2014 sets the criteria for end-of-waste status for mulch made from packaging wood for use as a fuel in biomass combustion facilities.

Implementation and consequences of end-of-waste status

Adhering to the criteria for end-of-waste status stated in European regulations, or the Ministry decree, allow for end-of-waste status. Failure to meet the criteria causes its legal status as waste to be restored. Terminating the "waste" status has led to some loosening of regulations, but also new obligations.

- it means no more liability under regulations regarding waste from producers and holders, along with the corresponding obligations. An operator implementing end-of-waste status is liable as a product marketer, which is subject to different guarantees described in the French Consumer Code;
- applying a European regulation for the end-of-waste status allows the substance or object to freely circulate within Member States. Applying a Ministry decree on end-of-waste status only covers the territory of France. Consequently, an operator applying such a decree must contact the relevant authority of the country to which he or she wants to export in order to tell whether the French criteria for end-of-waste status are recognized in that country. The same is true for an operator that is applying a European regulation in order to export the waste-derived substance or object to a country that is not a European Union member;
- product-related regulations (e.g. the REACH regulation) apply once the end-of-waste status is effective and are needed for any marketing.

1.5.1.2 Waste planning

The NOTRe Law (French law #2015-991 of August 7, 2015 on the New Territorial Organization of the Republic) gave France's regions the authority to plan waste prevention and management. This involves planning efforts to cover all waste (hazardous, non-hazardous, and inert, regardless of their producer), through regional waste prevention and management plans.

Until this law was passed, authority for waste planning was divided between France's regions only with respect to hazardous waste, and between the country's départements for non-hazardous waste and construction waste.

The contents of the regional waste prevention and management plans, and the methodology for drafting them, are specified in decree #2016-811 of June 17, 2016 regarding regional waste prevention and management plans. This decree also applies certain objectives of the Energy Transition for Green Growth Act (the "LTECV", law #2015-992 of August 17, 2015). These provisions constitute articles R.541-13 et seq. of the French Environmental Code.

The purpose of these plans is to regionally coordinate the actions taken by stakeholders affected by waste prevention and management, aimed at meeting the national goals of the waste recovery policy that were adopted via the Energy Transition for Green Growth Act (LTECV). This particularly involves coordinating at the regional level:

- the deployment of biowaste sorting at the source in homes and offices by 2025;
- incentive pricing to help 15 million citizens nationwide be covered by 2020 and 25 million by 2025;
- expanding the packaging sorting instructions to all plastic packaging by 2022;
- decreasing the disposal of waste. The regional plan must, in particular, define the maximum permissible capabilities for waste that can be landfilled and incinerated without energy recovery at the regional level, so as to promote the prevention, reuse, and recycling of waste.

The regional plans must take into account the hierarchy of waste processing methods as well as the principles of proximity and self-sufficiency in waste management. They are enforceable against government decisions on waste. They must incorporate regulatory changes, as well as any changes that arise from the implementation of the "Circular Economy Roadmap" currently being written.

Ultimately, these regional waste prevention and management plans will constitute one aspect of the Regional Sustainable Development and Territorial Equality Program (SRADDET), laid out by the NOTRe law, in French regions other than Corsica, Île-de-France, and overseas territories, where such Programs are not available.

1.5.1.3 Operators' status: Public service and private sector

Local communities are deeply involved in waste prevention and management, at multiple levels. Generally speaking, they may serve as a catalyst for the development of the circular economy within their territory. This has led numerous communities to adopt "zero garbage, zero wastage" policies. Some are developing industrial and community ecology policies.

Article L. 5214-16 of the French General Code of Communities, amended by the NOTRe law, gives public inter-municipal cooperation establishments (EPCIs) that have their own tax system the authority to collect and treat household and similar waste. The communities are obligated to pick up waste as a "waste management public service".

In France, about 1200 inter-municipal structures (communities of towns, metro areas, or townships) organize the collection and treatment of that waste on a routine basis. Communities can choose to separate the waste collection authority from the waste treatment authority. The EPCIs can also implement incentive pricing to encourage prevention and sorting.

It is up to EPCIs to set up a local program to prevent household and similar waste, as set out in articles R 541-41-19 et seq. of the French Environmental Code. France's regions, meanwhile, are tasked with ensuring the planning of waste prevention and management, for all kinds of waste.

Generally speaking, waste from economic activities does not fall under waste management public service. Communities may, however, grant that service to professionals, for certain types of so-called "similar" waste, for which there are no particular technical constraints compared to household waste management.

Professionals who do not fall within the scope of waste management public service must manage their own waste themselves, such as by contracting with a private agent (such as Séché Environnement) to pick up and manage their waste, in accordance with regulatory requirements regarding the sorting of professional waste (which requires separation at the source for five streams: Glass, metal, paper/cardboard, wood, plastic).

Séché Environnement owns most of its facilities (and all of its hazardous waste facilities) and holds administrative operating permits. The Group only acts on a public service delegation for Alcéa (Nantes), Béarn Environnement (Pau), Sénerval (Strasbourg), and Scherwiller.

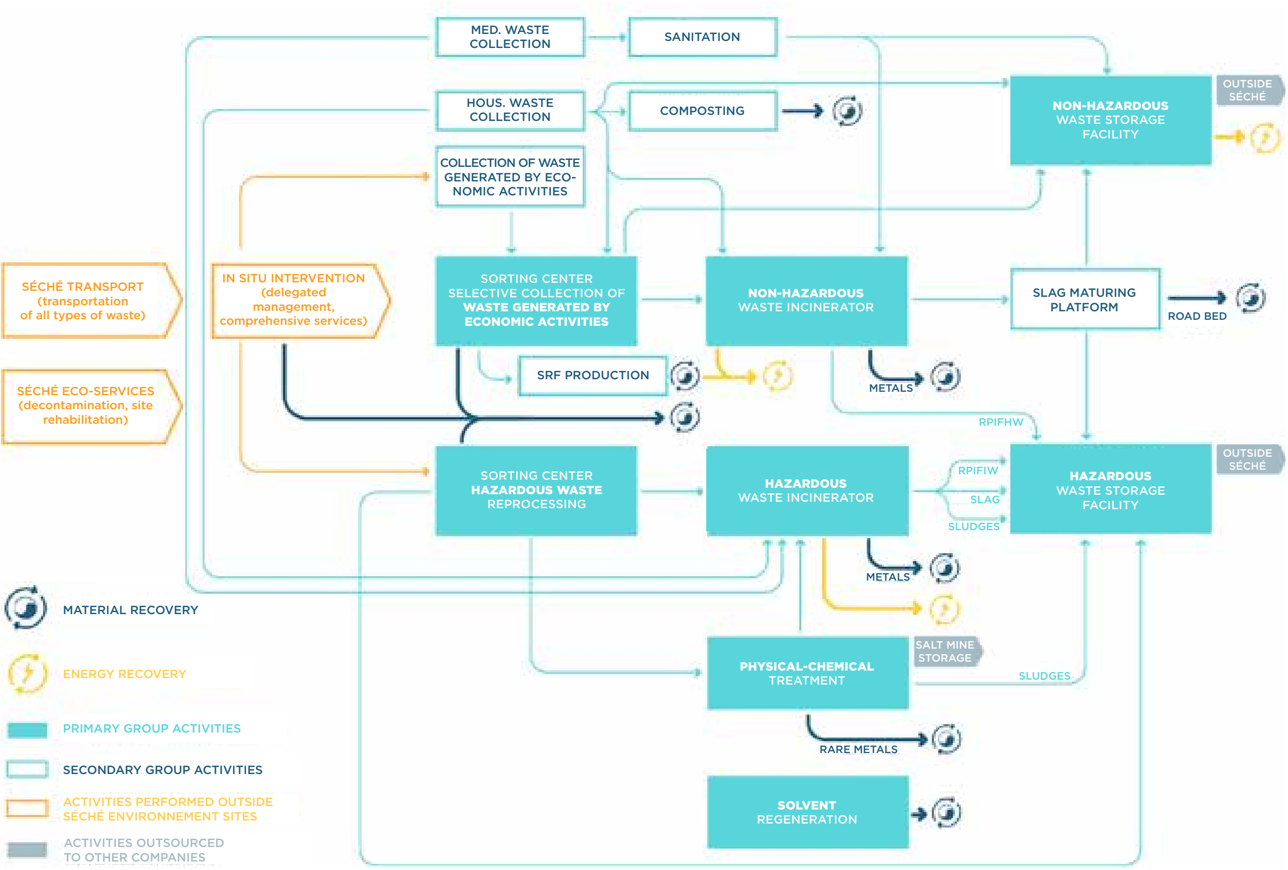
1.5.1.4 Diagram of the Group's business lines and industrial facilities

International projection

Séché Environnement has purposely designed its organization in France to be in proximity to waste producers and to accurately direct their waste to the most suitable facility. The Group exports its know-how either through the operation of its hazardous waste treatment facilities in Germany, Spain, Mexico and Argentina, or, more recently, in Chile and Peru. A project is currently being finalized in South Africa.

But the combination of facilities in France and decontamination know-how also enables the Group to project itself over five continents in connection with major decontamination or contaminant processing invitations to tender on behalf of customers like the United Nations, the FAO or European bodies.

More generally speaking, for its hazardous waste management business, Séché Environnement's job is to assist the development of its industrial clients worldwide by providing its skills and technologies in all types of waste recovery.



SRF: Solid Recovered Fuel
Hous. Waste: Household Waste

RPIFIW: Residues from the Purification of Incineration Fumes from Industrial Waste
RPIFHW: Residues from the Purification of Incineration Fumes from Household Waste

Med. Waste: Medical waste

1.5.1.5 Competition

Séché Environnement has all the permits to treat every type of waste from industrial clients and communities, enabling it to be present across the entire value chain of waste-related business lines. As a result, it competes with both generalist and specialist operators.

In French waste markets, the main competitors in France are comprehensive and generalist players in the utilities market (water, energy, waste) such as Veolia and Suez, or their specialized subsidiaries (Sita, Sarp Industries). International players also do business in France, such as the Rethmann Group.

Séché Environnement's materials recovery markets primarily relate to molecules of interest (such as regeneration and chemical purification) or by implementing specialized techniques and technologies, particularly for hazardous waste (PCBs, for instance); its other competitors are specialized businesses in specialty markets such as Paprec (waste recovery from economic activities), Ortec (decontamination), Chimirec (hazardous industrial waste collection), Tiru, Idex (delegated infrastructure management, etc.).

Worldwide, Séché Environnement is present in niche markets through specialized facilities (gas treatment, PCB treatment, solvent regeneration, etc.). In these business lines, Séché Environnement may find itself competing with major French operators with an international scope, like Veolia or Suez, as well as local operators.

1.5.2. On human resources performance

1.5.2.1 Workforce structure:

Work week

The baseline work week is 35 hours in France. Internationally, it is 40 hours in Germany, Spain, Argentina, and for supervisors, in Mexico and Peru. It is 45 hours in Chile and 48 for field staff in Mexico and Peru.

Workforce time structure in France (at December 31)

Part-time

Number of contracts	2016			2017			2018		
	M*	W**	T***	M	W	T	M	W	T
At employee's request	6	58	64	11	53	64	7	58	65
Required by the company	1	2	3						
Therapeutic					2	2	3	1	4

*M (men) **W (women) ***T (total)

Shift work (indicator changed in 2017)

Number of contracts	2016			2017			2018		
	M*	W**	T***	M	W	T	M	W	T
2 teams	80	90	170						
3 teams	2	37	39						
> 3 teams		279	279						
Team work in three 8-hour shifts				60	3	63	38	3	41
Work in five 8-hour shifts				224	3	227	233	3	236
Team work in two 7-hour shifts				110	29	139	91	32	123
Other				4	0	4	24		24
Total	82	406	488	398	35	433	386	38	424
% shift workers/total	26.9			23.0			26.4		

*M (men) **W (women) ***T (total)

Overtime

Number of hours of overtime	2016	2017	2018
OT performed and paid for	40,277	40,745	47,148
% OT/total official worktime	1.2	1.5	1.7

The number of overtime hours in France remains limited to around 1.7% of the theoretical total. Placing emphasis on stable employment and limiting the use of overtime is part of a policy designed to control risk and promote safety, by having responsible, motivated and competent workers, who are well trained in their jobs.

Temps, by reason

Average workforce, in FTEs	2016	2017	2018
Due to absence	78	59	70
Due to excess work	119	112	129
Total	197	171	199

Temp workers (10.4% of the Group's workforce) are particularly well-suited to short, uncertain terms, or summer replacements during holidays. 35% of temps are used to make up for absences, and 65% when there is an excess of work to be done.

1.5.2.2 Labor relations (France scope):

Conflict management

Only one lawsuit was brought against the Group in 2017, and no formal notice or report from labor inspectors was issued.

Structure of employer-employee communications

Séché Environnement strives to ensure high quality employer-employee communications. Indeed, improving both individual and collective performance requires the support of employees and their belief in the company's objectives. To achieve this, the Group calls on:

- The intelligence and initiative of the men and women who work for the company;
- Their individual mobilization on a daily basis;
- Everyone to be responsive and act consistently.

Negotiations are held in accordance with regulatory and contractual texts, particularly those of the various collective bargaining agreements that apply within the Group.

Collective bargaining agreements

% of workforce	2016	2017	2018
Union des Industries Chimiques (French Union of Chemical Industries, UIC)	35	34	32
Waste activities	49	50	53
FG3E	7	7	7
Road transport	4	5	5
Public works	3	3	3
Metallurgical	2	1	/
Total workforce, France	**100**	**100**	**100**

Staff representative bodies

Number of members of	2016	2017	2018
Works councils	28	28	
Central works council	7	9	
Single delegations	23	25	
CHSCTs (for sites > 50)	31	46	

In 2018, the CSEs (Economic and Human Resources Committees) instituted by the law as a substitute were phased in

Company-wide agreements

The economic impacts and consequences on working conditions were taken into account during the negotiation and signing of the agreements

Number of agreements signed by subject	2018
Workplace equality	7
Annual mandatory negotiations (NAOs)	9
Incentives/profit-sharing	7
SWP	2
Arduousness	2
Mentorship contract	1
Other subjects	10

1.5.3. On environmental performance

1.5.3.1 Environmental policy:

Means devoted to preventing environmental risk and pollution

Organization

As facilities designated for environmental protection, all of the Group's sites have Internal Operation Plans (POIs) and Prevention and Intervention Plans (PPIs) connected to their location.

Safety audits are carried out with insurers, along with controls by authorities (DREAL), and accident simulation drills, which are conducted in cooperation with outside emergency services (firefighters, EMT services, etc.) for the purposes of mutual training.

The Group has set up at general management level a crisis team 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 crisis team will also manage communications fully transparently.

Illustrations

Several examples of measures taken above and beyond the technical means:

- noise: Managing truck and construction vehicle traffic (routes and hours) and covering certain technical facilities (motors);
- dust: Watering and planting greenery during construction; for incineration emissions, electrostatic precipitators and gas scrubbing;
- smells: Working in the direction of the wind, on a limited surface area covered with an activated carbon tarp on nights and weekends, and masking smells for storing household waste; closed rooms and air suction for incineration ditches.

Amount of provisions and guarantees for environmental risks

Current activity

As of this writing, Séché Environnement is unaware of any pollution generated by the Group's activities for which the necessary measures have not been taken to ensure its elimination.

Additional expenses

Environmental expenses are defined as additional expenses laid out in order to prevent, reduce, or repair the damage that the company has caused or that its activities could cause to the environment. Provisions for thirty-year monitoring and site rehabilitation have been set aside for this purpose. These costs are related to:

- eliminating waste and efforts taken to limit its quantity;
- combating the pollution of soil, surface water, and groundwater;
- preserving air quality and the climate;
- reducing sound emissions; and
- protecting biodiversity and the landscape.

Only identifiable additional expenses are taken into account. For example, the construction of a wastewater treatment plant is an environmental expense, but upkeep costs borne over the years that follow lose their environmental status; on the other hand, additional expenses that increase its wastewater treatment capacity beyond its initial performance do count as environmental expenses.

Not counted are:

- fines and penalties;
- expenses whose main purpose is not ensuring environmental protection;
- expenses that could favorably influence the environment, but whose main purpose is to meet other needs such as improving the profitability, health, or safety of the worksites (for example, new sorting centers).

Eco-investments refer to capital expenses related to environmental protection activities (including methods, techniques, processes, equipment, or parts thereof) whose main purpose is the collection, treatment, monitoring/control, reduction, prevention, or elimination of pollutants and pollution or any other environmental damage resulting from the company's ordinary activity.

CHANGE IN RISK PROVISIONS AND ENVIRONMENTAL EXPENSES							Operating expenses	Investments	Total expenses
In thousands of euros (Eurostat classification)	**1/1/2018**	**Allowances**	**Reversals used**	**Reversals unused**	**Other changes**	**12/31/2018**	**Unprovisioned expenses**	**Capitalized expenses**	**12/31/2018**
					By field				
Protection of ambient air and the climate								207	207
Management of used water								24	24
Management of waste								21	21
Protection and decontamination of the soil, surface water and groundwater								78	78
Fight against noise and vibrations									
Protection of biodiversity and the landscape	0					0	4	25	29
Protection against IR rays									
Research and development									
Other environmental protection activities	18,829	3,512	-191	-2,784	1,054	20,419	84	19	6,398
Totals	**18,829**	**3,512**	**-191**	**-2,784**	**1,054**	**20,419**	**88**	**374**	**6,757**
					By type of action				
Pretreatment, treatment and elimination								41	41
Measurement and control								112	112
Recycling, recovery							4	5	9
Prevention of pollution	18,839	3,501	-191	-2,784	1,054	20,419	94	216	6,596
Totals	**18,839**	**3,501**	**-191**	**-2,784**	**1,054**	**20,419**	**98**	**374**	**6,757**

1.5.3.2 Exceptional events and litigation

Significant exceptional events and litigation affecting Séché Environnement are described in note 5.4 to Séché Environnement's consolidated financial statements.

Besides this litigation, there are no other government, legal or arbitration procedures, including any procedures of which the company is aware, which are pending or threatened, that are likely to have or, during the last twelve months, have had significant impacts on the financial situation or the profitability of the company and/or the Group.

However, it is not impossible that new proceedings could brought against the Group at a later point, which would adversely affect its financial situation and its earnings.

1.5.4. On methodology

1.5.4.1 References

References used

Séché Environnement relies on recognized national and/or international standards or texts:

For commitments:

- OECD guidelines;
- ILO conventions (International Labor Organization);
- ISO 26000 standard on the Social Responsibility of Organizations;
- principles of the Global Compact (United Nations);
- French law on transparency, fighting corruption, and modernizing economic life, called the "*Sapin II*" law;
- SDGs – Sustainable Development Goals (UNDP United Nations Development Programme).

For management:

- ISO 9001 standard for quality certification;
- ISO 14001 standard for environmental management;
- ISO 50001 standard for energy management;
- OHSAS 18001 standard for occupational health and safety;
- MASE certification for integrated management system in chemical environments;
- ECOCERT: Biodiversity management system;
- ECOCERT: Climate management system;
- European ECOLABEL and ECOFERT: for compost (Vallet site - 44).

For reporting:

- GRI3 grid (Global Reporting Initiative);
- HR report per the French Labor Code;
- GEREP grid of environmental indicators;
- BEGES methodology as defined by article 75 of law #2010-788 supported by a special calculation tool developed for the Group by ECO2 Initiative.

Measurement

Types of indicators

The indicators used by the Group are at three levels:

- **"structural or stock" data**: Derived from document-related work (for example, land surface areas or counting company-wide agreements signed);
- **"simple operational indicators"** that serve as direct measurement, divided into two sub-categories:
  - Flows standardized based on official, recognized measurement protocols, particularly by government agencies for the reporting of facilities classified for environmental protection purposes (ICPEs), such as pollutant flows;
  - Group-specific definitions like the use of lichens for air quality, biodiversity wealth measurements, etc.
- **"Complex indicators":** derived from calculations that implement choices of scope assumptions, conversion factors, consolidation protocols, etc. like energy, greenhouse gases, or the Bilan Carbone®, to name a few examples.

Origin of data

Human resources data comes from the database of the Human Resources Department, based on definitions commonly used in France, particularly when preparing social audits (for legal structures that require them). They correspond to the regulatory declarations made to various government agencies and human resources organizations.

Environmental data in this report is extracted from declarations (including for GEREP) made regularly by the industrial sites to the competent government agencies (DREAL, Regional Health Agencies, Water Agencies) that oversee and control them. These data are either produced from internal measurements (self-audits) or by certified agencies.

Economic data comes from accounting figures prepared in accordance with professional standards and audited as such by the Statutory Auditors. Accounting data related to environmental aspects in companies' individual and consolidated accounts are presented based on recommendation no. 2003-r02 of October 21, 2003 of the French National Accounting Council (CNC).

Consolidation techniques

The consolidation of entities or sites is treated similar to accounting data, i.e. using the fully consolidated method, in this case an arithmetic sum of the elementary data for the sites that were part of the scope all year-round.

Whatever enters the scope during the year results in:

- 100% integration of the **HR data as of the end of the year** (types of workers at year-end by age, gender, duties, status, etc.);
- not counting their **environmental flow indicators** (consumption, discharges) **or HR indicators** (training hours, wage pyramid, etc.), as data for less than twelve months is not significant.

Comparability

For several years, the results of the environmental measurements have regularly been recorded in environmental reporting software (TENNAXIA) and monitored, both for each site and nationwide. The methodologies for inputting information and for consolidation use the same definitions across the entire period.

Greenhouse gas emissions calculations changed in 2015 to adapt to changes in the configuration of the Bilan Carbone® following the publication of the 5th IPCC report. Faced with the challenge of regularly updating the emission factors in the Base Carbone®, a database to be used as a priority for the regulatory GHG report in France, ECO2 Initiative designed an entirely original tool specially for Séché Environnement and dedicated to its needs.

This tool includes:

- dynamic consultation of the Base Carbone® enabling it to be updated. The version of the Base Carbone integrated into the model is version 14 of December 22, 2017;
- emission calculation methods using the regulatory method (version 4 published in October 2016);
- a method for calculating the uncertainties relating to emissions, based on IPCC recommendations;
- calculation methods that relate exclusively to emission categories 1 and 2 under the regulatory method.

For declaring the release of various contaminants in air and water, in 2015 Séché Environnement began fully applying the Ministry order of December 26, 2012, which calls for declaring the emissions of all ICPEs in air and water of all pollutants indicated in Appendix II of that order if they exceed the thresholds also set out in that Appendix. An exception is made for data whose RSDE (Release of Hazardous Substances in Water) declarations are expressly required for certain sites.

Materiality

Environmental indicators deemed relevant in light of the activity carried out are those retained in the requirements set by locally authorized operating permits.

Certain inaccuracies or reporting errors in previous years (particularly for environmental indicators) have been detected during completion of the current year reporting. Materiality level of 5% on the value of the indicator is used by default for adjustments to data from past years identified during the year under review. Above that threshold, the correction comes with a comment.

In the particular case of the Greenhouse Gas Emissions Report (BEGES), with respect to a complex indicator derived from calculations, and uncertainty calculation is performed based on the elementary data sources:

- 1% Data recorded by legal measurements (metrology control)
- 10% Invoice-derived data
- 30% Data obtained by calculation/extrapolation
- 80% Data estimated because it is unavailable

For biodiversity-related indicators, besides the special protection status granted to certain lands (Natura 2000, ZNIEFF, ZICO, etc.), the Group has for several years deployed monitoring programs for various species or groups of wildlife at its sites, particularly birds and amphibians, species which are bioindicators of air and runoff water quality. The counting particles are derived from the work of participatory science by the French National Museum of Natural History (Natural Wealth Inventory – IPN).

Traceability

Numerous controls may be implemented as needs dictate as early as the input step in order to avoid input errors and facilitate traceability using a set of features that manage the process of collecting and validating the quality of the information included in reporting: Controls at the source, approval, data blocking, alert management, proof request management.

The environmental data is internally validated by the Director of the Group's laboratories to be integrated into the Group's reporting (TENNAXIA tool), and before final transmission to the government (GEREP). The operators' declarations are then validated by the inspection department with authority over the facility in question (DREAL/DDASS: local environmental/health authorities, police, water inspectors, Nuclear Safety Authority, etc.) Thus, this mandatory declaration under government oversight serves as the Group's environmental reporting.

Transparency – data auditing

In accordance with the Ministry order stating the terms of auditing set out by law #2010-788, Séché Environnement has assigned KPMG the task of verifying all environmental, social, and HR information presented in this section, beginning in 2013. Starting in 2014, KPMG has verified a selection of indicators marked by the ☑ symbol to a reasonable assurance level.

1.5.4.2 Scope

Definition of the legal scope

The consolidation scope consists of the Séché Environnement SA parent company and of its majority-controlled French subsidiaries that were fully consolidated at year-end 2018.

The rules for adding or removing entities to the scope are based on the consolidation definitions (IFRS, IFRS10/IFRS5). The reporting scope is updated in line with the consolidation scope governed by the Group's consolidation service. The collection of environmental and HR data is annual (calendar year).

Nearly all of the subsidiaries in France are facilities classified for the purposes of environmental protection (ICPEs) subject to operating permits (including 17 Seveso- or advanced-Seveso-classified sites). No subsidiaries exceed an average permanent workforce of 500 people, and due to their consolidation within Séché Environnement's Global reporting, they are not individually reported.

Reference regulatory texts

Séché Environnement has been listed on the EURONEXT Paris exchange since 1997, and as such publishes non-financial performance indicators in accordance with the requirements derived from:

- article 116 of the French Commercial Code requiring consolidated environmental and HR indicators from publicly traded companies (2002);
- articles L. 225-102-1 and R. 225-104 to R. 225-105-2 of the French Commercial Code initially instituted by article 225 of law #2010-788 of July 12, 2010 relating to a national commitment for the environment, and its 2012 application decree including social information;
- decree #2016-1138 of August 19, 2016 adding to the system by rephrasing items related to the circular economy and also incorporating food waste and an expanded definition of measuring climate change impacts;
- ordinance #2017-1180 of July 19, 2017 and decree #2017-1265 of August 9, 2017 relating to the enactment into French law of the European directive of October 22, 2014 regarding the disclosure of non-financial information. These last few texts have applied to Séché Environnement since its 2018 fiscal year (reporting periods beginning after September 1, 2017).

French law #2018-938 governing the balance of trade relations in the agricultural and food sector and for healthy, sustainable, universally accessible food, adopted on October 30, 2018 and promulgated on November 1, calls for the disclosure of information regarding the company's social commitments to fighting food insecurity, respect for animal welfare, and responsible, fair, sustainable food (art L. 225-102-1 of the French Commercial Code). Likewise, French law #2016-138 of February 11, 2016 governing combating food waste calls for reporting on it as part of the circular economy. As Séché Environnement does not do business in this area, such indicators would be irrelevant.

Special scopes for environmental indicators

The scope for tracking environmental indicators – unlike social ones – is defined for Séché Environnement as being all facilities classified for the purpose of environmental protection of which it is the operator, meaning those for which it holds the locally granted operating permit (whether directly or by means of a subsidiary). This rule based on accountability to authorities has been applied within the Group since 2013.

In the case of Public Service Delegations (DSP), the environmental data:

- is in principle reported with that of Séché Environnement whenever the legal structure that received the DSP and is a subsidiary of the Group holds the local permit: This is true of Alcéa, Sénerval, and Gabarre Énergie (Guadeloupe); the latter two, however, are exceptions:
    - Sénerval – the operator of the incineration plant in Strasbourg – and Eurométropole – its owner – have attempted to conduct asbestos removal and repair operations while maintaining partial activity at the site. After two years of difficulties, Eurométropole decided to close the site completely in June 2016 for two-and-a-half years beginning with the end of summer 2016 (planned to reopen in the first half of 2019). Because Sénerval has been shut down for the last two years, its environmental data (unlike its HR data) is not relevant. Consequently and as a special exception, its 2014 to 2018 environmental data (air, water, energy, greenhouse gases, waste, etc.) has not been consolidated;
    - Gabarre Énergie (51% owned) which is only the energy recovery portion of the biogas produced by the non-hazardous waste storage facility, which in turn is owned by the delegated local community that holds the main operating permit.
- are not consolidated when the operating permits are in the name of the local communities in question: This is true, for instance, of the Scherwiller composting site, which is managed by Séché Éco-industries.

For the same reason, the sites where Séché Éco-services intervenes at industrial companies do not fall within Séché Environnement's environmental reporting scope, because they appear in the scope of those companies that hold the operating permit.

Special case for international markets

International development is one of the Group's strategic focuses. International locations (about 11.4% of sales in 2018 and 24.8% of the workforce) have seen a smaller collection of environmental and HR data owing to their recent inclusion in the scope (as acquisitions) and the difficulty of consolidation in regulatory contexts other than France. The most significant indicators (workforce, energy, water) are given in addition to the French data.

Recent years of decontamination work were performed outside of national borders, without local structures per se, primarily from international funding (FAO, UNEP, etc.). This work led to importing waste after it was secured, to be treated in France. The environmental impacts are therefore included in the "France" scope, as are the corresponding staff.

Séché Environnement S.A.

Registered office:
Les Hêtres - CS20020 53811 Changé Cedex 09

REPORT FROM ONE OF THE STATUTORY AUDITORS, DESIGNATED AS AN INDEPENDENT THIRD-PARTY ORGANIZATION, ON THE CONSOLIDATED DECLARATION OF NON-FINANCIAL PERFORMANCE INCLUDED IN THE MANAGEMENT REPORT

Year ended December 31, 2018

To the General Shareholders' Meeting,

In our capacity as Statutory Auditor designated as a third-party organization independent of Séché Environnement S.A., accredited by COFRAC as number 3-1049, we hereby present to you our report on the consolidated declaration of non-financial information related to the year ended December 31, 2018 (hereafter the "Declaration"), presented in the Company's management report in accordance with the legal and regulatory provisions of articles L. 225 102-1, R. 225-105 and R. 225-105-1 of the French Commerce Code.

Company's responsibility

It is the responsibility of the Board of Directors to establish a Declaration in accordance with legal and regulatory provisions, including a presentation of the business model, a description of the main non-financial risks, a presentation of the policies applied with respect to those risks, and the results of those policies, including key performance indicators.

The Declaration was established in accordance with the Company's procedures (hereafter the "Standard"), the significant elements of which are presented in the Declaration and available upon request at the company's headquarters.

Independence and quality control

Our independence is defined by the provisions set out in article L. 822-11-3 of the French Commercial Code and our professional Code of Ethics. Furthermore, we have enacted a quality control system that includes documented procedures and policies aimed at ensuring compliance with ethics rules, professional practices, and the applicable legal and regulatory texts.

Statutory Auditor's responsibility

It is our responsibility, based on our own work, to issue a reasoned opinion expressing a conclusion of moderate assurance as to:

- the Declaration's compliance with the provisions set out in article R. 225-105 of the French Commerce Code;
- the sincerity of the information provided in accordance with section 3 of parts I and II of article R. 225 105 of the French Commerce Code, namely the results of policies, including key performance indicators, and the actions related to the main risks, hereafter the "Information".

It is our responsibility to express a conclusion of reasonable insurance, at the company's request and outside of the scope of accreditation, that the information selected by the company and indicated by the symbol ☑ in Chapter 1 of the Management Report was established, in all significant aspects, in accordance with the Standard.

However, we are not required to issue an opinion on:

- the Company's adherence to the other legal and regulatory provisions applicable if warranted, particularly with respect to fighting corruption and tax evasion;
- the products' and services' compliance with the applicable regulations.

Nature and scope of work

Our work described below was carried out in accordance with the provisions of articles A. 225-1 et seq. of the French Commercial Code setting out the terms whereby the independent third-party organization carries out its mission and based on the professional practice of the Compagnie nationale des Commissaires aux comptes (National Order of Statutory Auditors) regarding such work, as well as the ISAE 3000 international standard (Assurance engagements other than audits or reviews of historical financial information).

1 - The scope of which is available at the website www.cofrac.fr
2 - Workplace information: Total workforce as at 12/31 and breakdown by age and gender, Average hours of training per employee, Women as a percentage of the workforce and of supervisory roles.
Environmental information: Percentage of water returned to nature out of the total consumed, Renewable energy produced relative to total energy production, Energy self-sufficiency ratio, Quantity of greenhouse gases emitted (scopes 1 and 2), Quantity of greenhouse gases avoided.
Other information: Profitability ratio (current operating income over consolidated revenue).

We have conducted work to assess the Declaration's compliance with the legal and regulatory provisions and the sincerity of the Information:

- we have examined the activity of all companies included in the scope of consolidation, the descriptions of the main social and environmental risks stemming from that activity, and if applicable, its effects with regard to human rights and fighting corruption and tax evasion, as well as the policies that arise from them and their results;
- we have assessed the appropriateness of the Standard with regard to its relevance, exhaustiveness, reliability, neutrality, and understandability, taking into consideration, if warranted, best practices in the sector;
- we have verified that the Declaration covers every category of information set out in part III of article L. 225-102-1 in workplace and environmental matters as well as adherence to human rights and fighting corruption and tax evasion;
- we have verified that the Declaration presents the business model and the primary risks related to the activity of all companies included in the scope of consolidation, including, where relevant and commensurate, the risks created by its business relationships, products, or services, with regard to the information set out in part I of article R. 225-105, as well as the policies, due diligence procedures, and results, including the key performance indicators;
- we have verified, where relevant in light of the main risks or policies presented, that the Declaration presents the information set out in part II of article R. 225-105;
- we have assessed the process for identifying, ranking, and validating the main risks;
- we inquired into the existence of internal control and risk management procedures set up by the Company;
- we have verified that the Declaration covers the consolidated scope, i.e. all the companies included in the scope of consolidation in accordance with article L. 233-16, with the limits stated in the Declaration;
- we have assessed the collection process enacted by the entity aimed at ensuring the exhaustiveness and sincerity of the results of the policies and key performance indicators that need mentioning in the Declaration;
- we have implemented, for the key performance indicators and other quantitative results that we believe to be the most important:
  - analytical procedures consisting of verifying the proper consolidation of the data collected, as well as the consistency of their changes;
  - detailed tests based on surveys, consisting of verifying the proper application of the definitions and procedures, and of reconciling the data with the supporting documents. This work was conducted among a selection of contributing entities, and covers between 49% and 86% of the consolidated data for key performance indicators and results selected for those tests;
- we have consulted the source documents and conducted interviews to corroborate the due diligence procedures (structure, policies, actions, quantitative results) that we have considered the most important;
- we have assessed the overall consistency of the Declaration with respect to our knowledge of the Company.

We believe that the sampling methods and sample sizes that we have chosen by exercising our professional judgment enable us to form a conclusion of moderate assurance; a higher level of assurance would have required more extensive verification work.

Due to the use of polling techniques and the inherent limits in the operations of any internal control and information system, the risk that a significant anomaly in the Declaration has gone undetected cannot be ruled out completely.

Means and resources

Our work drew on the skills of five people. To aid us in carrying out our work, we enlisted our specialists in the areas of sustainable development and social responsibility. We conducted about ten interviews with the people responsible for preparing the Declaration.

Conclusion

Based on our work, and given the scope of our responsibility, we did not record any significant anomalies that would call into question the notion that the Declaration is compliant with the applicable regulatory provisions and that the Information, taken as a whole, has been presented sincerely, in accordance with the Standard.

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3 - Reasonable assurance: See footnote on page 2 of this report.
Moderate assurance: Frequency rate (FR1) of accidents at work with employee absence, Absentee rate, Women as a percentage of the Board of Directors.
4 - Workplace information: Headquarters of Séché Environnement in France.
Environmental information: Béarn Incinération, Alcéa, Trédi Saint-Vulbas, Trédi Salaise, SEI Changé, SPP Saint-Vulbas.
5 - Conditions of employee health and safety in the workplace, Integration into local ecosystems, Actions taken to prevent corruption, Actions to support human rights.

Reasonable assurance report for a selection of CSR information

Nature and scope of work

Regarding the information selected by the company and identified with the symbol ☑, we conducted work of the same nature as described in the earlier "Nature and scope of work" section for the Information considered to be the most important, but did so less extensively, particularly in terms of the number of tests.

As such, the selected sample represents between 49% and 86% of the CSR information identified by the symbol ☑.

We believe that this work allows us to express reasonable assurance as to the information selected by the company and identified by the symbol ☑.

Conclusion

In our opinion, the information selected by the Company and identified by the symbol ☑ has been established, in all its significant aspects, in accordance with the Standard.

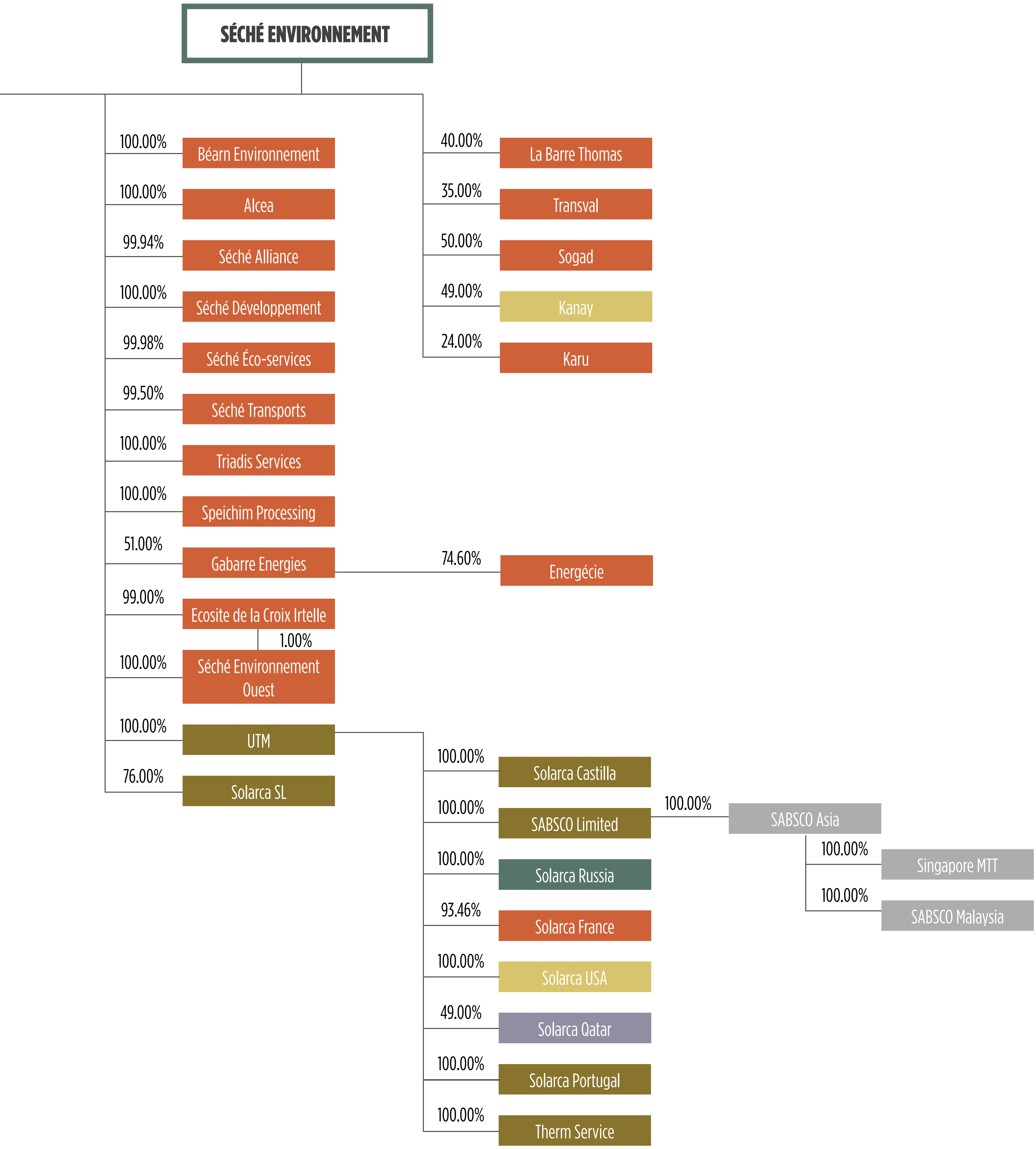
Paris-La Défense, March 6, 2019
KPMG S.A.

Anne Garans	Gwenaël Chédaleux
Partner	*Partner*
Sustainability Services	

2 2018 Annual Report

2.1 STRUCTURE OF THE COMPANY

2.1.1 Consolidation organizational chart


SÉCHÉ ENVIRONNEMENT
100.00% Béarn Environnement
100.00% Alcea
99.94% Séché Alliance
100.00% Séché Développement
99.98% Séché Éco-services
99.50% Séché Transports
100.00% Triadis Services
100.00% Speichim Processing
51.00% Gabarre Energies
74.60% Energécie
99.00% Ecosite de la Croix Irtelle
1.00%
100.00% Séché Environnement Ouest
100.00% UTM
76.00% Solarca SL
40.00% La Barre Thomas
35.00% Transval
50.00% Sogad
49.00% Kanay
24.00% Karu
100.00% Solarca Castilla
100.00% SABSCO Limited
100.00% SABSCO Asia
100.00% Singapore MTT
100.00% SABSCO Malaysia
100.00% Solarca Russia
93.46% Solarca France
100.00% Solarca USA
49.00% Solarca Qatar
100.00% Solarca Portugal
100.00% Therm Service

2.1.2 Property, plant and equipment

The gross value of the Company's tangible fixed assets stood at €805.2 million at December 31, 2018 (versus €792.7 million at December 31, 2017). The Company owns 98% of its assets (98% in 2017), while the remaining 2% are held under financial leases.

Fully-owned fixed assets mainly include:

- land and land reserves (mainly for storage activities and platforms);
- plant and capital goods needed for its business activities (storage cells, thermal treatment units, and regeneration, decommissioning and grouping facilities);
- transport equipment.

These assets are subject to depreciation and amortization recognized in current operating income in line with their useful lives. They also generate maintenance costs to ensure they remain available and in optimal working order. Storage cells also incur:

- rehabilitation expenses (temporary and/or permanent cover layers), which are recognized in current operating income;
- a provision for the post-operational monitoring commitment, which is also charged against current operating income.

Under its public service delegation contracts, Séché Environnement also manages assets on behalf of the delegating authorities. The assets made available when the contract took effect were transferred to the delegated entity free of charge and are not recorded in the Group's balance sheet. Assets constructed for the purposes of the delegation are recognized either as intangible fixed assets (for the portion relating to the rights to use the facilities) or as financial assets (for the portion relating to an unconditional right to receive cash).

At December 31, 2018, the gross value of these assets amounted to €72.7 million (compared with €65.5 million at December 31, 2017), with €3.2 million recorded in financial assets and €69.5 million recorded under intangible assets. They mainly concern thermal treatment equipment, which is:

- amortized on a straight-line basis over the duration of the delegation, beginning on the start-up date;
- subject to an obligation for the delegated entity to incur the cost of major maintenance and repair work, recorded in the Group's current operating income.

Assets held in respect of public service delegations are financed by guaranteed bank loans and are subject to contractual agreements. Assets owned outright are mostly financed through cash, with the exception of a few projects that were or are subject to specific guaranteed financing solutions.

2.1.3 Research & development, patents and licenses, subsidies

The Group's multi-disciplinary R&D approach produces solutions for application. Its aim is the continuous improvement of existing processes as well as the exploration of new areas of eco-development. Séché Environnement uses this strong culture of innovation to improve its performance and meet the major challenges that arise in the circular economy and the environment.

Through its research policies, Séché Environnement is heavily involved in the development of green innovative technology for its business lines. It builds and deploys this technology along two strategic axes:

- extraction of resources from waste, including secondary raw materials and/or energy;
- ensuring safety and preventing potential harm from final waste.

The Group has received research tax credits totaling €3.8 million since 2009, including €0.5 million in 2018 for several development projects that are not yet mature enough to envisage their industrial rollout in the near term.

No research and development expenses were booked under assets in the Group's financial statements.

The Group may be awarded operating or investment subsidies to develop its waste treatment activities. The total amount of such subsidies awarded to the Group was as follows:

- €0.3 million in 2018;
- €0.6 million in 2017.

2.2 MATERIAL CONTRACTS

In 2018, Séché Environnement maintained business relations with over 13,000 customers in France.

It does not consider itself to be at any significant risk in respect of any one contract. Its top ten customers (excluding local authorities) accounted for 20% of contributed revenue in 2018 (20% in 2017) and its top twenty customers (excluding local authorities) accounted for 29% of contributed revenue (27% in 2017).

Over the past fiscal year, the Group generated 21% of contributed revenue with public sector entities and 79% with industrial clients and environmental service companies (waste collectors, recycling companies, end-of-life waste recycling organizations, platforms, etc.):

- on the local authorities market: its contracts generally cover several years (3-5 years) and are automatically renewable. They cover non-hazardous waste recovery and treatment (polluted soils, REFIOM -Residues from Incineration Fumes of Household Waste-, etc.);
- on the industrial companies market: its contracts are generally spot or short-term contracts (less than one year). They can cover hazardous or non-hazardous waste produced by these customers. In general, Séché Environnement strives to develop business relations offering more visibility with its industrial customers via "comprehensive service" contracts, outsourcing service agreements under which Séché Environnement handles all its clients' waste management issues. These multi-year contracts covering an average of 3-5 years can extend to longer periods depending on the features of each contract (7 years or more). Comprehensive service contracts generated around 5% of contributed revenue in 2018.

The duration and amount of the contracts vary according to their complexity and purpose.

All contracts signed with industrial companies and local authorities are established under private law, except for the service delegation contracts managed by the Group:

- delegation agreement for the management of the Strasbourg-Sénerval incinerator: €400 million over 20 years (2010-2030);
- delegation agreement for the management of the Nantes-Alcéa incinerator: €114 million over 12 years (2012-2024);
- delegation agreement for the management of the Béarn incinerator: €160 million over 20 years (1999-2019).

2.3 ANALYSIS AND COMMENTS ON ACTIVITIES DURING THE PERIOD

2.3.1 Highlights of the period

In 2018, Séché Environnement experienced a strong level of activity, both in France and internationally, and saw a steady increase in its gross and current operating income. The Group improved its financial flexibility and expanded its financing in support of its internal and external growth. Séché Environnement confirmed its international development ambitions by presenting an offer to acquire the South African company Interwaste Holdings Limited.

2.3.1.1 Business, operating and financial performance in France and abroad

With contributed revenue[1] of €560.5 million (up 9.5% from 2017), Séché Environnement's consolidated activity grew substantially, both in France (+8.8%) where the Group benefited from a promising economic environment, and internationally (+15.1% at current exchange rates), where the subsidiaries acquired in 2017 saw continued robust sales.

In 2018, Séché Environnement exceeded the lower bound of its 2020 contributed revenue target (at constant scope against 2017).

Consolidated operating revenue grew strongly, with Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) of €108.7 million (+10.9%), or 19.4% of contributed revenue (vs. 19.2% in 2017) and current operating income of €44.2 million (+11.3%), representing 7.9% of contributed revenue (vs. 7.8% in 2017).

The operating performance results from:

- in France, primarily volume effects and positive mix effects, which drove treatment activities and particularly Hazardous Waste storage activities;
- internationally, primarily the expansion of the subsidiaries acquired in 2017 in treatment activities (storage) in Latin America, and Services activities (industrial maintenance) in the rest of the world.

Operating income incorporates various expenses, particularly in connection with tax disputes, the performance plan, and asset impairment, and stood at €38.0 million (6.8% of contributed revenue (vs. €37.3 million, 7.3% of contributed revenue in 2017).

Taking into account financial income of -€13.4 million (vs. -€13.6 million one year earlier), and the contribution of companies accounted for by the equity method, equal to €0.4 million, vs. €0.0 million a year ago, net income (Group share) came to €15.6 million, up slightly from 2017 (+1.5%).

2.3.1.2 Greater financial agility

Financially, the Group strengthened its financial flexibility by improving its free cash flow generation and refinanced its bond and bank debt, giving it a longer maturity with improved interest rate conditions.

At December 31, 2018, the Group had free cash flow of €38.4 million (vs. €68.7 million in 2017, a level which incorporated €23.0 million arising from the positive effects of active WCR management, among other things).

[1] Contributed revenue refers to reported revenue minus IFRIC 12 revenue and diversion compensation collected by Sénerval (net of variable cost savings on metric tons not incinerated, collected to cover the costs laid out to ensure continuity of public service). IFRIC 12 revenue corresponds to the amount of investments in service concessions, which are booked as both intangible fixed assets and as revenue in accordance with the recommendations of IFRIC 12.

The cash conversion rate stood at 35% of EBITDA in 2018, the target level set by the Group for 2020, compared to 31% in 2017, after restating the non-recurring effects of the sale of receivables.

Confirming the careful management of its industrial investments (€57.4 million in 2018, vs. €57.7 million a year earlier), Séché Environnement continued to improve its financial flexibility, with a sharp decline in net financial debt (€317.4 million vs. €325.8 million in 2017), and financial leverage of 2.9x EBITDA at the end of 2018 (vs. 3.3x at year-end 2017), exceeding its initial leverage target.

In July 2018, Séché Environnement refinanced €420 million in financial debt through the issue of a €150 million bond in the form of a private placement, and took out a €120 million bank loan and a €150 million revolving credit facility (RCF) incorporating innovative environmental, social and governance (ESG) criteria.

These transactions mean that Séché Environnement can benefit from more favorable terms on extended maturities and a more flexible, single leverage ratio of 3.95x EBITDA, which can be increased to up to 4.25x EBITDA in the event of an acquisition.

These new financial resources will bolster Séché Environnement's development strategy, in particular its intention to pursue external growth.

2.3.1.3 External growth strategy confirmed

On November 2, 2018, Séché Environnement announced plans to acquire the South African company Interwaste.

Interwaste is one of the rare integrated operators managing dangerous and non-dangerous waste in South Africa and is one of the main players serving waste markets across South Africa and neighboring countries.

The group has a solid base of industrial, local and multinational clients, most of which operate in the mining and raw materials sector, as well as a sizeable portfolio of local authority clients.

Interwaste was founded in 1989 and has a workforce of around 1,900 employees. In 2018 it generated consolidated sales of ZAR 1,164 million (around €72.8 million) and EBITDA of ZAR 219 million (around €13.3 million), with current operating income totaling ZAR 113 million (around €7.1 million)[3]. Its growth has been led by an experienced, professional, autonomous management team. Boasting ISO 14001 and OHSAS 18001 certification, Interwaste has high quality infrastructure to provide its mainly industrial clients with an integrated offer of waste management solutions.

Thanks to this acquisition, Séché Environnement aims to build a strong position at the heart of a highly promising region, spanning South Africa and southern Africa, thus taking advantage of growth and the transformation in waste markets as part of a circular economy approach.

On November 2, 2018, Séché (and Interwaste) filed a firm offer with the Johannesburg Stock Exchange under a Scheme of Arrangement to acquire 100% of the shares comprising Interwaste's share capital for ZAR 1.20 per share, representing a total valuation of €32.0 million at the time of the offer.

This transaction was finalized in the first quarter of 2019, and had no impact on Séché Environnement's financial position as of December 31, 2018.

[2] Cash flow before development investments, financial investments, IFRIC 12 investments, dividends, and debt repayment
[3] Based on a ZAR/EUR exchange rate of 0.0625

2.3.2 Activity in 2018

2.3.2.1 Information on the Group's activities and results

In 2018, the consolidation scope was unchanged compared to 2017.

Simplified consolidated income statement (in € millions)	2017	2018	Change (gross)
Revenue	534.4	585.3	+9.5%
o/w contributed revenue	511.9	560.5	+9.5%
EBITDA	98.1	108.7	+10.9%
% of revenue (1)	19.2%	19.4%	-
Current operating income	39.7	44.2	+11.3%
% of revenue (1)	7.8%	7.9%	-
Operating income	37.3	38.0	+1.7%
Financial income	(13.6)	(13.4)	-
Taxes	(7.7)	(8.8)	-
Net income from consolidated companies	**16.1**	**15.8**	**-1.5%**
Share of income of affiliates	ns	0.4	-
Net income from discontinued operations	(0.6)	-	-
Net income before minority interests	**15.5**	**16.2**	**+1.2%**
Minority interests	0.1	(0.7)	-
Net income (Group share)	**15.4**	**15.6**	**+1.5%**

(1) Unless explicitly specified otherwise, the percentages are calculated based on contributed revenue

2.3.2.2 Reported consolidated revenue and contributed consolidated revenue

At December 31, 2018, Séché Environnement reported consolidated revenue of €585.3 million, up 9.5% compared to revenue reported at December 31, 2017. Reported consolidated revenue includes "IFRIC 12 revenue" of €7.7 million (vs. €3.1 million in 2017). It also includes diversion compensation in the amount of €17.1 million (vs. €19.4 million in 2017).

Net of IFRIC 12 revenue and diversion compensation, contributed revenue stood at €560.5 million at December 31, 2018 (vs. €511.9 million a year earlier), an increase of 9.5% over the year at current exchange rates (and +9.8% at constant exchange rates).

Unless explicitly stated otherwise, the analysis and comments relate to contributed revenue.

Breakdown of revenue by geographic region

At December 31	2017		2018		Change (gross)
	In €m	As a %	In €m	As a %	
Subsidiaries in France (excl. IFRIC 12 revenue and compensation)	456.4	89.1%	496.5	88.6%	+8.8%
o/w scope effect	13.4	2.5%	-	-	-
International subsidiaries	55.6	10.9%	64.0	11.4%	+15.1%
o/w scope effect	31.0	5.8%	-	-	
Total contributed revenue	**511.9**	**100.0%**	**560.5**	**100.0%**	**+9.5%**
IFRIC 12 revenue	3.1	-	7.7	-	-
Diversion compensation	19.4	-	17.1	-	-
Total reported consolidated revenue	**534.5**	**-**	**585.3**	**-**	**+9.5%**

Consolidated data at current exchange rates

During 2018, growth was supported by the positive trend in most business activities in France and the strong sales dynamic internationally:

- In France, contributed revenue totaled €496.5 million at December 31, 2018 vs. €456.4 million a year earlier, reflecting an increase of +8.8% for the period. Within the recovery and treatment sectors, most business lines did well in terms of activity, driven by the solid showing of industrial markets and the stability of contracts with local authorities.

  Revenue earned in France accounted for 88.6% of contributed revenue in 2018 (vs. 89.1% in 2017);

- Internationally, revenue totaled €64.0 million at December 31, 2018 vs. €55.6 million a year earlier, an increase of +15.1% over the period at current exchange rates and +18.6% at constant exchange rates (negative exchange rate effect of -€1.6 million). Over the period, growth was primarily boosted by the sales momentum of the subsidiaries acquired in 2017 in Hazardous Waste treatment in Latin America, and in Industrial Client Services in the rest of the world.

  Revenue earned by international subsidiaries accounted for 11.4% of contributed revenue in 2018 (vs. 10.9% in 2017).

Breakdown of revenue by division

At December 31	2017		2018		Change (gross)
	In €m	As a %	In €m	As a %	
Hazardous Waste division	325.9	63.7%	349.7	62.4%	+7.3%
Non-Hazardous Waste division (excl. IFRIC 12 revenue and compensation)	186.0	36.3%	210.8	37.6%	+13.3%
Total contributed revenue	**511.9**	**100.0%**	**560.5**	**100.0%**	**+9.5%**
IFRIC 12 revenue	3.1	-	7.7	-	-
Diversion compensation	19.4	-	17.1	-	-
Total consolidated revenue	**534.5**	**100.0%**	**585.3**	**100.0%**	**+9.5%**

Consolidated data at current exchange rates

During 2018, the waste recovery and treatment business lines benefited from a strong macroeconomic environment in France and a solid sales dynamic internationally, particularly from recently acquired subsidiaries.

For instance, the Hazardous Waste (HW) division was supported by a solid showing from industrial markets, which drove treatment in France and services internationally.

Meanwhile, the Non-Hazardous Waste (NHW) division had a particularly productive year in the recovery and services businesses.

The HW division (62.4% of contributed consolidated revenue) recorded revenue of €349.7 million at December 31, 2018, up +7.3% on last year (+7.8% at constant exchange rates):

- in France, the division brought in €287.6m in revenue, representing growth of +5.7% compared to 2017. Over the course of the year, growth in the division was driven by the positive orientation of industrial markets, which supported the treatment business (particularly storage, incineration, and platforms) and the services business (decontamination). The recovery business grew slightly, supported by the stability of materials recovery businesses;
- internationally, revenue totaled €62.1 million at December 31, 2018 vs. €53.7m one year earlier. This strong growth (+15.6% at current exchange rates and +19.1% at constant exchange rates) reflects the growth dynamic of the subsidiaries' waste treatment business in Latin America and Industrial Client Services business in the rest of the world, while the recovery business in Spain maintained its level of activity.

The NHW division recorded contributed revenue of €210.8 million, up +13.3% from 2017 (€186.0 million). Growth came from services (Decontamination) and recovery, particularly energy, in connection with the expansion of the SRF recovery facility in Changé and the biogas recovery facility in La Gabarre. The treatment business experienced a solid level of activity, particularly with respect to storage, strengthened by a favorable market environment.

This division recorded international revenue (SAN in Chile) of €1.9 million, flat against the previous year (€1.9 million). The forex effect is negligible in this scope.

Breakdown of revenue by activity

At December 31	2017		2018		Change (gross)
	In €m	As a %	In €m	As a %	
Treatment	258.0	50.4%	280.2	50.0%	+8.6%
Recovery	91.1	17.8%	94.1	16.8%	+3.3%
Services	162.8	31.8%	186.2	33.2%	+14.3%
Total contributed revenue	**511.9**	**100.0%**	**560.5**	**100.0%**	**+9.5%**
IFRIC 12 revenue	3.1	-	7.7	-	-
Diversion compensation	19.4	-	17.1	-	-
Total consolidated revenue	**534.5**	**-**	**585.3**	**-**	**+9.5%**

Consolidated data at current exchange rates

In 2018, growth was driven by the services and treatment businesses:

- Treatment: revenue from treatment activities totaled €280.2 million at December 31, 2018 (vs. €258.0 million one year earlier), an increase of +8.6% at current exchange rates over the period (+8.9% at constant exchange rates):
  - in France, this activity grew +7.1%. It benefited from volume effects in connection with a good level of industrial output, which supported the hazardous waste storage and incineration businesses, while the non-hazardous waste storage businesses were supported by a favorable market environment;
  - internationally, treatment activities were up sharply (+63.6% at current exchange rates and +79.0% at constant rates). They reflect the growth dynamic of recently acquired subsidiaries in Latin America (hazardous waste storage).

  Treatment activities accounted for 50.0% of contributed revenue in 2018 (vs. 50.4% in 2017);

- recovery: with €94.1 million in revenue as at December 31, 2018, recovery activities were up +3.3% from 2017 (€91.1 million). This growth primarily reflects the contribution of energy recovery activities, which reflect the expansion of the SRF boiler oven in Changé and the biogas recovery activities in La Gabarre, Guadeloupe. Recovery activities accounted for 16.8% of contributed revenue in 2018 (vs. 17.8% in 2017);
- services: with revenue of €186.2 million at December 31, 2018 (vs. €162.8 million one year earlier, the Services activities were up sharply from the previous year (+14.3% at current exchange rates and +14.8% at constant rates) reflecting good performance by the decontamination business in France and substantial international growth in industrial client services.

Services activities accounted for 33.2% of contributed revenue in 2018 (vs. 31.8% in 2017).

2.3.2.3 EBITDA

As at December 31, 2018, consolidated Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) was up +10.9% from 2017, at €108.7 million, representing 19.4% of contributed revenue (vs. €98.1 million, 19.2% of contributed revenue one year earlier).

This increase of €10.6 million compared to 2017 was primarily due to:

- the growth in operating margin of +€13.2 million, caused by volume effects and positive price effects related to a solid level of business, particularly in treatment facilities;
- the recognition of -€2.7 million in various expenses and income including in particular an increase in personnel expenses in the support functions in France to accompany the growth in activity and miscellaneous income, including +€1.4 million relating to the property ownership tax dispute and +€0.9 million on the signing of the Séneval amendment No. 9.

Analysis of EBITDA by geographic scope

In €m	2017			2018		
	Consolidated	France	International	Consolidated	France	International
Contributed revenue	511.9	456.6	55.6	560.5	496.5	64.0
EBITDA	98.1	89.4	8.7	108.7	97.0	11.7
% of contributed revenue	19.2%	19.6%	15.7%	19.4%	19.5%	18.3%

Consolidated data at current exchange rates

For each geographic scope, the main changes were:

- in France, EBITDA reached €97.0 million, or 19.5% of contributed revenue, compared to €89.4 million (19.6% of contributed revenue) in 2017.

  This +8.5% growth over the year primarily reflects favorable business mix effects due to the high level of activity of Hazardous Waste and Non-Hazardous Waste treatment facilities, and a greater contribution from the energy recovery business (full-year contribution of the RCU Changé and the La Gabarre facilities).

  In terms of profitability, the France scope recorded most of the increase in support function personnel expenses and the cost of restructuring the services companies (see above);

- in the international scope, EBITDA rose to €11.7 million, or 18.3% of contributed revenue (vs. €8.7 million, 15.7% of contributed revenue, in 2017).

This growth derived from the strong contribution of the service business lines (high level of activity at Solarca), the streamlining of storage activities in Latin America, which are benefiting from the Group's expertise, and positive price effects in recovery activities in Spain (Valls Quimica).

2.3.2.4 Current operating income

At December 31, 2018, current operating income stood at €44.2 million, or 7.9% of contributed revenue (vs. €39.7 million, 7.8% of contributed revenue, in 2017).

This growth essentially reflects the increase in EBITDA (+€10.6 million), which was partially offset by the increase in net provisions for amortization in France (+€5.2 million) stemming from the recent investments needed to implement new authorizations and the increase in volumes buried in the storage business lines.

This balance also includes various income and expense items totaling -€0.9 million, including -€1.3 million for disputes.

Analysis of current operating income by geographic scope

In €m	2017			2018		
	Consolidated	France	International	Consolidated	France	International
Contributed revenue	511.9	456.6	55.6	560.5	496.5	64.0
Current operating income	39.7	34.7	5.0	44.2	36.2	8.0
% of contributed revenue	7.8%	7.6%	9.0%	7.9%	7.3%	12.5%

Consolidated data at current exchange rates

For each geographic scope, the main changes were:

- in France, current operating income stood at €36.2 million, up +4.3% over 2017, at 7.3% of contributed revenue (vs. €34.7 million, 7.6% of contributed revenue, in 2017).
  This increase reflects the growth in EBITDA minus the rise in provisions for amortization in the storage business, and non-recurring expenses for disputes (see above).
- internationally, current operating income stood at €8.0 million, up +60.0%, at 12.5% of contributed revenue (vs. €5.0 million, or 9.0% of contributed revenue, in 2017).

  This increase (+€3.0 million) mainly reflects the rise in EBITDA over the period.

2.3.2.5 Operating income

At December 31, 2018, operating income came to €38.0 million, 6.8% of contributed revenue (vs. €37.3 million, or 7.3% of contributed revenue, a year earlier).

This change mainly reflects:

- the contested amount of a tax dispute related to the General Tax on Polluting Activities (GTPA), equal to €1.8 million;
- asset impairment on property, plant and equipment, equal to €1.7 million;

- expenses incurred under the performance plan aimed at optimizing oversight functions, equal to €1.6 million;
- the impact of the business combination in the context of the acquisition of Interwaste Holding Limited, equal to €1.0 million.

2.3.2.6 Financial income

At December 31, 2018, financial income came to -€13.4 million compared to -€13.6 million one year earlier.

This slight improvement in net financial income reflects the recognition of proceeds from the sale of a financial asset for +€1.8 million and a slight decrease in average net financial debt over the period, as the average cost of net debt remained under control, at 3.35% in 2018, compared with 3.26% in 2017.

2.3.2.7 Corporate tax

In 2018, the corporate tax expense was €8.8 million (vs. €7.7 million in 2017) due to the improvement in the Group's earnings capacity.

2.3.2.8 Share of income of affiliates

The share of net income of affiliates in 2018 was primarily composed of the Group's share in the income of GEREP, SOGAD and Kanay.

(in millions of euros)	**2017**			**2018**		
	Gerep	**Sogad**	**Other**	**Gerep**	**Sogad**	**Other**
Current operating income	(0.2)	0.2	0.5	(0.1)	-	1.1
Financial income	-	-	(0.4)	-	-	(0.7)
Taxes	-	(0.1)	(0.1)	-	(0.3)	(0.2)
Net income (Group share) of affiliates	(0.2)	0.1	-	(0.1)	0.7	0.2
Share of net income of affiliates	**(0.1)**	**0.1**	**-**	**-**	**0.3**	**0.1**
Total share of net income of affiliates	**-**			**0.4**		

2.3.2.9 Consolidated net income

At December 31, 2018, consolidated net income was €16.2 million (vs. €15.5 million in 2017).

After recognizing minority interests in net income (€0.6 million vs. €0.1 million in 2017, representing in particular the minority interest share in Solarca), net income (Group share) stood at €15.6 million (vs. €15.4 million for 2017).

2.4 CONSOLIDATED FINANCIAL SITUATION

(in millions of euros) Simplified consolidated balance sheet	2017	2018
	Actual	Actual
Non-current assets	645	648
Current assets (excluding cash and cash equivalents)	179	203
Cash and cash equivalents	53	67
Assets intended for sale	-	-
Shareholders' equity (including minority interests)	247	255
Non-current liabilities	385	402
Current liabilities	245	261
Liabilities held for sale	-	-

2.4.1 Non-current assets

Non-current assets are primarily fixed assets (property, plant and equipment and intangible assets – including goodwill – and long-term investments) and deferred tax assets.

Total non-current assets increased by €3.6 million, mainly due to:

- property, plant and equipment and intangible assets: +€10.3 million: investments during the period (€65.1 million) were primarily offset by depreciation and amortization (-€51.6 million) and the sale of fixed assets -(€2.2 million);
- non-recurring tax receivables: -€5.1 million due to the use of deferred tax assets;
- non-current financial assets and investments in affiliates; -€0.2 million;
- other non-current assets: -€2.0 million relating to changes in the long-term component of major maintenance expenses and the renewal of outsourced facilities.

2.4.2 Current assets (excluding cash and cash equivalents)

Current assets increased notably due to amounts invoiced in respect of the Sénerval amendment No. 9.

2.4.3 Shareholders' equity

The change in shareholders' equity (Group share) in 2018 breaks down as follows:

(in millions of euros)	Group	Minority interests
Shareholders' equity at January 1, 2018	**244.4**	**2.8**
Dividends paid	(7.4)	ns
Net income (Group share)	15.6	0.7
Translation difference	(1.1)	ns
Hedging instruments	(0.1)	-
Actuarial gain (loss)	ns	-
Fair value of assets available for sale	-	-
Treasury stock	ns	-
Disposal of securities without loss of control	-	-
Change in consolidation scope		-
Other changes	(0.2)	ns
Shareholders' equity at December 31, 2018	**251.3**	**3.5**

2.4.4 Current and non-current liabilities

Current liabilities cover all liabilities with a maturity of less than one year. Non-current liabilities therefore represent all liabilities with a maturity of more than one year.

Current and non-current liabilities break down as follows:

	12/31/2017			12/31/2018		
(in millions of euros)	**Non-current**	**Current**	**TOTAL**	**Non-current**	**Current**	**TOTAL**
Hedging instruments	0.5	/	**0.5**	0.6	-	**0.6**
Provisions	18.9	2.4	**21.3**	20.5	2.0	**22.5**
Other liabilities	1.1	194.3	**195.2**	0.4	221.2	**221.6**
Income tax payable	/	0.8	**0.8**	-	1.6	**1.6**
TOTAL (excl. financial debt)	**20.5**	**197.5**	**217.8**	**21.5**	**224.8**	**246.3**
Financial liabilities	365.2	46.8	**412.0**	380.6	36.4	**417.0**
TOTAL	**385.7**	**244.3**	**629.8**	**402.1**	**261.2**	**663.3**

Current and non-current liabilities excluding financial debt amounted to €246.3 million, up €28.5 million, reflecting mainly:

- a change in provisions, for +€1.2 million;
- other liabilities, for +€27.3 million, mostly reflecting “Prepaid income” and “Accounts payable on fixed assets”.

Changes in the Group’s net financial debt are presented in chapter 2.5.2.

2.5 CASH, FINANCING, AND CAPITAL

2.5.1 Cash flow

2.5.1.1 Net cash from operating activities

In 2018, the Group generated €86.2 million in cash flows from operating activities (vs. €112.1 million in 2017), a decline of €26 million.

This change reflects the combined effect:

- of the change in WCR (change of -€2.0 million over the year, a decline of -€32.2 million compared to 2017):
  - in 2017, the change in WCR was positively impacted by the decline in amounts receivable from the Strasbourg Eurométropole intercommunal authority and by a disposal of receivables completed at the end of 2017;
  - the change in WCR was limited in 2018 and reflects in particular a renewed sale of receivables and an increase in amounts receivable from Eurométropole Strasbourg under clauses provided for in "Asbestos" amendments;
- a net tax charge of -€4.3 million in 2018, compared with -€1.4 million in 2017 (representing a change in cash and cash equivalents of €2.9 million);
- the change in gross operating cash flow generated (+€9.0 million) correlating to the change in current operating income excluding calculated expenses and non-recurring expenses;

2.5.1.2 Investments

(in millions of euros)	**2017**	**2018**
Industrial investments	60.8	65.2
Financial investments	0.7	1.0
INVESTMENTS BOOKED	**61.5**	**66.1**
Industrial investments	57.1	53.1
Financial investments	0.8	(1.1)
Subsidiary acquisition - Net cash flow	70.0	-
INVESTMENTS PAID OUT	**127.9**	**52.0**

Industrial investments amounted to €65.2 million in 2018. They mainly concerned:

- investments in concessions relating to the delegation agreements managed by the Group, for €7.8 million;
- recurrent investments totaling €38.7 million, including €11.2 million in maintenance investments for industrial facilities and equipment, €11.7 million for land reserves and the construction of storage cells, €8.3 million in category 2 expenses, €2.7 million for the vehicle fleet, €2.5 million for regulatory and safety equipment and €2.3 million for equipment and infrastructure;
- non-recurring investments of €18.7 million, mostly to develop storage facility capacity (€12.3 million) and energy recovery facilities (€1.8 million).

In terms of future investments, the Company's management bodies only make firm commitments for investments in concessions, almost all of which are financed by bank loans.

Industrial investments amounted to €60.8 million in 2017. They mainly concerned:

- investments in concessions relating to the delegation agreements managed by the Group (€3.1 million);
- recurrent investments totaling €39.3 million, mainly including: €19.4 million in maintenance investments for industrial facilities and equipment, €11.8 million for land reserves and the construction of storage cells, €1.9 million for regulatory and safety equipment and €1.9 million for IT equipment and infrastructure.

- non-recurring investments, including development projects for €18.4 million, mostly for energy recovery facilities (€12.5 million) and materials recovery facilities (€0.7 million) and for the development of storage capacity (€4.1 million).

The Group's use of cash to self-finance its investments (excluding investments in concessions, which are fully funded by bank loans) is presented below:

(in millions of euros)	2017	2018
Cash flow (before taxes and financial expenses) (A)	83.3	92.4
Industrial investments (B)	**60.8**	**65.2**
HW	46%	56%
NHW (excl. investments in concessions)	49%	32%
Investments in concessions	5%	12%
(A) / (B)	137%	142%
Financial investments (C)	**0.7**	**1.0**

2.5.1.3 Financing

The Group's financing requirement derives from its debt (new borrowings, loan repayments, interest paid) and the remuneration of its shareholders via dividends. Over the period, the Group took out €265.3 million in new loans to fund its financing requirement.

2.5.2 Debt and funding structure

The table below presents changes in net debt over the past two fiscal years:

(in millions of euros)	12/31/2017	12/31/2018
Bank debt (excl. non-recourse bank loans)	319.5	200.7
Non-bank debt	31.1	29.1
Bond debt	49.4	174.2
Lease finance debt	9.2	9.4
Miscellaneous financial debt	1.6	3.0
Short-term bank borrowings	1.2	0.6
Equity investments	/	-
TOTAL FINANCIAL DEBT (current and non-current)	**412.0**	**417.0**
Cash balance	(53.5)	(67.4)
NET FINANCIAL DEBT	**358.5**	**349.6**
of which due in less than one year (1)	(6.7)	(31.0)
of which due in more than one year	365.2	380.6
NET BANK DEBT (2)	**325.8**	**317.4**

(1) The cash balance is considered over less than one year
(2) Calculated under the terms of the banking contract, which excludes certain lines of financial debt from the definition of debt.

The Group's net financial debt totaled €349.6 million at December 31, 2018.

Gross financial debt amounted to €417.0 million at December 31, 2018, compared with €412.0 million one year earlier. The increase of €5 million was mainly due to the use of less cash to self-finance investments.

At December 31, 2018, 99% of gross financial debt after recognizing hedging instruments was hedged at fixed rates (vs. 76% in 2017).

During the year, the Group:

- drew down financing lines for funding operations for +€245 million;
- drew down bilateral industrial investment financing lines for +€21.6 million (including €3.1 million in lease financing facilities);
- drew down financing lines to develop Solarca's activities, for +€1.8 million;
- repaid -€264.1 million in debt, including €230 million in early repayments.

2.6 EXPECTED DEVELOPMENTS, FUTURE PROSPECTS AND SIGNIFICANT POST-BALANCE SHEET EVENTS

2.6.1 Key events since the closing of accounts

2.6.1.1 Finalization of the acquisition of Interwaste

On January 9, 2019, Interwaste's Annual General Meeting approved Séché Environnement's acquisition plan in a special resolution, with 99.99% of shareholders in favor. The proposed acquisition involves a Scheme of Arrangement put to shareholders by the Interwaste Board of Directors pursuant to section 114 of the Companies Act of South Africa, at a price of ZAR 1.20 per share, putting the total value of Interwaste shares at around €35.2 million (including 41 million shares held as treasury stock).

The Scheme of Arrangement and the delisting of Interwaste from the Johannesburg Stock Exchange were finalized on March 5, 2019.

Interwaste will be fully consolidated from January 1, 2019.

2.6.1.2 Acquisition of a controlling interest in Kanay

On January 31, 2019, in accordance with its purchase option agreement for Kanay's shares, Séché Environnement acquired an additional 7% stake in Kanay's capital, increasing its holding from 49% to 56%.

At December 31, 2018, Kanay Group posted revenue of €14.1 million for EBITDA of €1.8 million and current operating income of €1.3 million. The company had €9.3 million in net financial debt. It employed 246 people.

Séché Environnement intends to exercise its other options in the first half of 2019 to bring its stake in Kanay up to 70%.

2.6.1.3 Other post-balance sheet events

At the time of writing, the Group was not aware of any other significant event occurring after the closing date likely to have a significant impact on its assets, financial position or operating income.

As far as the Group is aware, there were no legal disputes, arbitration or exceptional events occurring after the closing date that are liable to have or to have had in the recent past a significant effect on the financial position, earnings, activity or assets of the Company or the Group.

2.6.2 Outlook for 2019

2019 will be compared to a particularly bullish 2018, especially in France.

In France, the fundamentals of the waste recovery and treatment markets will remain positively oriented, and regulatory changes aimed at promoting the development of the circular economy and customer demand for waste recovery will result in new market opportunities for Séché Environnement.

However, the macroeconomic outlook at the time of writing, particularly for industrial output, suggests that industrial markets will be stable in 2019, while contracts with local authorities are likely to remain solid.

Consequently, growth in contributed revenue for the France scope in 2019 is likely to prove modest compared to 2018's performance.

Internationally, Séché Environnement expects to continue the strong organic development of its Latin American subsidiaries (Chile and Peru) while the growth of Solarca (worldwide industrial client services) in 2019 will be compared to a particularly challenging 2018 baseline.

Significant scope effects will impact 2019 due to the integration of international subsidiaries (Kanay, Interwaste, etc.).

In 2019, Séché Environnement will strive to integrate and develop Interwaste in South Africa. Séché Environnement will assist Interwaste in innovative projects to grow its business and strengthen its position in the hazardous waste recovery and treatment sectors for industrial firms while looking toward decontamination markets.

2019 will nonetheless be a year of integration for Interwaste, whose operational performance is expected to remain close to what was achieved in 2018.

In Peru, Séché Environnement will bolster Kanay's rapid development in hazardous waste treatment markets by strengthening industrial synergies with its subsidiary Taris.

Kanay is a leading player in the hazardous waste treatment sector in Peru, most notably with the country's only hazardous waste incineration facility, which meets international standards for smoke treatment. Its business closely complements that of Taris, which specializes in storing hazardous waste in Peru, and which Séché Environnement acquired in 2017. For this reason, Séché Environnement intends to quickly unify these two companies, both industrially and in their capital structure, under the management of its Peruvian partner.

Finally, Séché Environnement has confirmed its intention to continue its international development strategy in 2019 through targeted acquisitions of companies with promising business models in high-potential emerging markets, with the goal of maintaining mid-cycle financial leverage of about 3x EBITDA.

This favorable outlook will strengthen Séché Environnement's ability to achieve or even surpass the primary financial goals for 2020 presented at its Investor Day on June 26, 2018, as early as 2019.

At the Annual General Meeting to be held on April 26, 2019, the Board of Directors will propose an unchanged dividend of €0.95 per share for fiscal year 2018.

2.7 PARENT COMPANY FINANCIAL STATEMENTS AND APPROPRIATION OF INCOME

2.7.1 Presentation of Séché Environnement SA's income statement

(in thousands of euros)	12/31/2017	12/31/2018	Change
Revenue	12,304	12,152	(152)
Operating income	(2,498)	(6,631)	(4,133)
Financial income	10,861	3,279	(7,582)
Extraordinary items	(7,918)	6,772	14,690
Income tax (incl. tax consolidation)	7,843	9,041	1,198
Net income	**8,288**	**12,461**	**4,173**

Séché Environnement SA's net income for 2018 came to €12.5 million, up €4.2 million in relation to the previous year (€8.3 million). This improvement was mainly due to the increase of around €4.4 million in dividends paid by Séché Environnement's subsidiaries.

2.7.2 Results of Séché Environnement SA over the past five years

The table showing Séché Environnement SA's results over the past five years is provided in chapter 3.4.5.1.

2.7.3 Payment deadlines

Pursuant to the provisions of Article 441 of the French Commercial Code, information about client and supplier payment deadlines is provided below:

	Invoices received and unpaid at the closing date and due for payment						Invoices issued and unpaid at the closing date and due for payment					
	0 days (indication)	1-30 days	31-60 days	61-90 days	91 days and more	Total (1 day and more)	0 days (indication)	1-30 days	31-60 days	61-90 days	91 days and more	Total (1 day and more)
(A) Late payment details												
Number of invoices concerned	184					17	104					42
Amount incl. tax of invoices concerned (€k)	1,138	15	66	0	128	209	2,574	84	69	67	527	747
Percentage of total amount of purchases incl. tax made during the year	6%	0%	0%	0%	1%	1%						
Percentage of revenue incl. tax for the year							14%	0%	0%	0%	3%	4%
(B) Invoices excluded from (A) concerning disputed liabilities or receivables or those not recognized												
Number of invoices excluded							None					
Total amount of excluded invoices (€k)							None					
The payment deadlines used as reference are those set out in contracts or legal deadlines.												

2.7.4 Appropriation of income

After noting the profit for the period of €12,461,359.65, the Board of Directors proposed the following appropriation:

- dividend payout of €7,464,845.40.

The dividend payment for the year would therefore be set at €0.95 per share. This dividend will be charged against income for the period and entitles individual shareholders to the 40% tax reduction (equal to €0.38 per share). The ex-dividend date is set at July 3, 2019 and the dividend will be paid out from July 5, 2019;

- allocation of €4,996,514.25 to retained earnings, taking the total amount of retained earnings to €17,988,563.45.

2.8 INFORMATION ON DIVIDENDS

Dividends are paid annually at the time and locations stipulated by the Annual General Meeting, within nine months of the close of the 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 five years after their allocation for payment are transferred to the State.

Under the provisions of Article 243 bis of the French Tax Code, a table presenting the dividends per share paid out for the past three fiscal years and the corresponding tax credit is provided below:

Year	Dividend	Entitlement to deduction
2016	€0.95	/
2017	€0.95	/
2018	€0.95	/

3 Consolidated financial statements

3.1 CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2018

3.1.1 Consolidated balance sheet

(in thousands of euros)	**12/31/2017**	**12/31/2018**	**Notes**
Goodwill	264,727	265,220	2.4.1
Intangible fixed assets included in concessions	49,618	53,588	
Other intangible fixed assets	16,213	16,879	2.4.1
Property, plant and equipment	230,213	235,907	2.4.2
Investments in affiliates	2,888	3,276	2.4.3
Non-current financial assets	9,457	8,886	2.4.4
Non-current derivatives - assets	-	210	2.4.4
Non-current financial operating assets	42,744	40,551	2.4.4
Deferred tax assets	28,788	23,729	2.4.7
Non-current assets	644,648	648,245	
Inventories	12,195	12,920	
Trade and other receivables	136,533	157,184	
Current financial assets	1,950	3,597	
Current derivatives - assets	-	32	2.4.4
Current financial operating assets	28,477	28,680	2.4.4
Cash and cash equivalents	53,459	67,425	2.4.4
Current assets	232,613	269,839	
Assets held for sale	-	-	
TOTAL ASSETS	**877,262**	**918,083**	
Share capital	1,572	1,572	
Additional paid-in capital	74,061	74,061	
Reserves	153,385	160,042	
Net income	15,353	15,580	
Shareholders' equity (Group share)	**244,370**	**251,255**	**2.4.9**
Minority interests	2,832	3,515	
Total shareholders' equity	**247,202**	**254,769**	
Non-current financial debt	365,167	380,599	2.4.4
Non-current derivatives - liabilities	478	630	2.4.4
Employee benefits	5,554	6,217	2.4.5
Non-current provisions	13,221	14,203	2.4.6
Non-current financial liabilities	1,105	430	2.4.4
Deferred tax liabilities	199	60	2.4.7
Non-current liabilities	385,725	402,138	
Current financial debt	46,784	36,377	2.4.4
Current derivatives - liabilities	14	74	2.4.4
Current provisions	2,408	1,973	2.4.6
Tax liabilities	814	1,562	
Current financial operating liabilities	194,315	221,189	2.4.4
Current liabilities	244,335	261,176	
Liabilities held for sale	-	-	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**877,262**	**918,083**	

3.1.2 Consolidated income statement

(in thousands of euros)	**Notes**	**12/31/2017**	**12/31/2018**
Revenue	2.4.10	**534,464**	**585,308**
Other business income	2.4.10	9,448	6,294
Transfers of expenses	2.4.10	1,215	555
Purchases used for operational purposes		(66,627)	(70,023)
External expenses		(211,715)	(234,283)
Taxes other than on income		(41,486)	(45,796)
Employee expenses		(127,221)	(133,322)
EBITDA	**2.4.11**	**98,077**	**108,732**
Expenses for rehabilitation and/or maintenance of sites included in concessions		(10,722)	(11,569)
Operating income		322	1,780
Operating expenses		(560)	(1,541)
Net allocations to provisions and impairment		(1,793)	(2,401)
Depreciation		(45,608)	(50,794)
Current operating income	**2.4.12**	**39,715**	**44,206**
Income on sales of fixed assets		(2,893)	(591)
Impairment of assets		(142)	(1,667)
Impact of changes in consolidation scope		(1,015)	(981)
Other operating income and expenses		1,675	(2,980)
Operating income	**2.4.13**	**37,340**	**37,987**
Income from cash and cash equivalents		127	65
Gross financial borrowing costs		(12,410)	(14,023)
Cost of net financial debt		**(12,284)**	**(13,958)**
Other financial income		1,071	3,752
Other financial expenses		(2,387)	(3,147)
Financial income	**2.4.14**	**(13,599)**	**(13,353)**
Corporation tax	2.4.15	(7,663)	(8,799)
Income of consolidated companies		**16,078**	**15,834**
Share of income of affiliates	2.4.3	(36)	396
Net income from continuing operations		**16,042**	**16,230**
Income from discontinued operations	2.2.1	(546)	-
Net income		**15,496**	**16,230**
Of which minority interests		(144)	(650)
Of which attributable to equity holders of the parent		**15,353**	**15,580**
Attributable to equity holders of the parent			
Non-diluted earnings per share	2.4.9	€1.97	€2.00
Diluted earnings per share	2.4.9	€1.97	€2.00

3.1.3 Statement of net income and gains and losses recognized directly in other comprehensive income

(in thousands of euros)	12/31/2017	12/31/2018
Other comprehensive income not reclassified to profit or loss in a subsequent period		
Actuarial gains/losses on employee benefit liabilities	673	102
Income tax effects	(224)	(50)
Amount before income tax (A)	**449**	**52**
o/w share of profit of associates	12	(30)
Other comprehensive income not reclassified to profit or loss in a subsequent period:		
Foreign exchange rate adjustments	(2,739)	(1,075)
Change in fair value of derivatives	279	(212)
Change in fair value of equity instruments	(196)	-
Tax effects	(96)	73
Amount before income tax (B)	(2,751)	(1,214)
o/w share of profit of associates	15	-
TOTAL OTHER COMPREHENSIVE INCOME	(2,302)	(1,162)
Net income	15,496	16,230
TOTAL COMPREHENSIVE INCOME	13,136	15,068
Of which attributable to equity holders of the parent	13,050	14,384
Of which minority interests	86	684

3.1.4 Statement of changes in consolidated shareholders' equity

(in thousands of euros)	Share capital	Additional paid-in capital	Treasury stock	Reserves and net income	Foreign exchange rate adjustments	Fair value reserves	Attributable to equity holders of the parent	Attributable to minority interests	Total shareholders' equity
Net position as of 12/31/2016	**1,572**	**74,061**	**(3,336)**	**176,533**	**(3,355)**	**(5,859)**	**239,617**	**151**	**239,769**
Other items of comprehensive income					(2,739)	437	(2,302)	(58)	(2,360)
Net income				15,353			15,353	144	15,496
Total comprehensive income				**15,353**	**(2,739)**	**437**	**13,050**	**86**	**13,136**
Dividends paid				(7,413)			(7,413)	(31)	(7,444)
Treasury stock			(19)				(19)		(19)
Other changes				(866)			(866)	2,626	1,761
Net position as of 12/31/2017	**1,572**	**74,061**	**(3,355)**	**183,607**	**(6,093)**	**(5,422)**	**244,370**	**2,832**	**247,203**
Change in foreign currency differences					(1,109)		(1,109)	34	(1,075)
Actuarial gain (loss)				(3,289)		3,341	52		52
Cash flow hedges						(139)	(139)		(139)
Impact of IFRS 9 on cash flow hedges				138		(138)	-		-
Impact of IFRS 9 on equity instruments				(1,895)		1,895	-		-
Other comprehensive income				**(5,046)**	**(1,109)**	**4,959**	**(1,196)**	**34**	**(1,162)**
Net income				**15,580**			**15,580**	**650**	**16,230**
Total comprehensive income				**10,534**	**(1,109)**	**4,959**	**14,384**	**684**	**15,068**
Dividends paid				(7,410)			(7,410)	(41)	(7,451)
Treasury stock			94				94	-	94
Other changes				(870)	686		(184)	39	(145)
Net position as of 12/31/2018	**1,572**	**74,061**	**(3,260)**	**185,861**	**(6,516)**	**(462)**	**251,255**	**3,515**	**254,770**

3.1.5 Consolidated statement of cash flows

(in thousands of euros)	12/31/2017	12/31/2018
Income of consolidated companies	**16,078**	**15,834**
Dividends received from affiliates	113	71
Elimination of income and expenses with no cash impact or not related to operating activities:		
- Amortization and provisions	43,731	53,854
- Capital gains on disposals	3,307	(1,025)
- Deferred taxes	3,738	4,904
- Other income and expenses	1,080	2,914
Cash flow	**68,048**	**76,551**
Corporation tax	3,925	3,896
Cost of gross financial debt before long-term investments	11,443	11,994
Cash flow from operating activities before taxes and financing costs	**83,416**	**92,440**
Change in working capital requirement	30,195	(1,966)
Tax paid	(1,431)	(4,306)
Net cash flow from operating activities (a)	**112,179**	**86,168**
Investments in property, plant and equipment and intangible assets	(58,789)	(54,632)
Disposals of property, plant and equipment and intangible assets	1,731	1,515
Outflows for acquisitions of financial investments	(919)	(956)
Inflows from disposals of financial investments	73	2,019
- Net cash outflows for acquisitions of subsidiaries	(70,916)	(109)
- Net cash inflows from disposals of subsidiaries	826	144
Net cash flow from investment activities (b)	**(127,993)**	**(52,020)**
Dividends paid to equity holders of the parent	(7,413)	(7,410)
Dividends paid to minority shareholders of consolidated companies	(31)	(41)
Capital increases in cash	-	-
Treasury stock movements	-	-
Changes in other shareholders' equity	71	47
Cash flow from interests with no change in control	-	(27)
Borrowings	106,920	265,263
Repayments of borrowings	(34,438)	(264,115)
Interest paid	(12,028)	(13,093)
Net cash flow from financing activities (c)	**53,081**	**(19,376)**
Total cash flow for the period, continuing operations (a) + (b) + (c)	**37,268**	**14,772**
Net cash flow from discontinued operations	(7)	-
Total cash flow for the period	**37,261**	**14,772**
Cash and cash equivalents at beginning of year	15,185	52,278
Of which in continuing operations	15,178	52,278
Of which in discontinued operations	7	-
Cash and cash equivalents at end of year	52,278	66,806
Of which in continuing operations[1]	52,278	66,806
Of which in discontinued operations	-	-
Effect of changes in foreign exchange rates	(167)	(244)
Of which in continuing operations	(167)	(244)
Of which in discontinued operations	-	-
[1] Of which:		
Cash and cash equivalents	53,459	67,425
Short-term bank borrowings (current financial debts)	(1,181)	(619)

3.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3.2 1 Accounting principles and methods

3.2.1.1 Framework for preparation and presentation of the financial statements

The consolidated financial statements at December 31, 2018, reflect the accounting position of Séché Environnement and its subsidiaries (hereinafter, the "Group") and Group's interests in joint ventures and associates.

The consolidated financial statements were approved by the Board of Directors on March 5, 2019, and submitted to the Annual General Meeting for approval on April 26, 2019.

Information is disclosed only when it is of material importance. Figures are expressed in thousands of euros with no decimal point. Figures rounded up to the nearest million may, in some cases, lead to insignificant disparities with respect to the totals and sub-totals presented in the tables.

Pursuant to Regulation (EC) No 1606/2002 of July 19, 2002, the consolidated financial statements of the Group at December 31, 2018 are compliant with the IFRS standards and interpretations as adopted by the European Union on December 31, 2018 (available at the following URL: https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting_en).

A - NEW STANDARDS AND INTERPRETATIONS APPLICABLE ON OR AFTER JANUARY 1, 2018

IFRS 9 "Financial Instruments" and related amendments

IFRS 9 – "Financial instruments" is mandatory for reporting years beginning on or after January 1, 2018 and replaces IAS 39 – "Financial Instruments: Recognition and Measurement". This standard, which is applied retroactively, was adopted without restatement of comparative information as set out in Paragraph 7 of IFRS 9.

IFRS 9 introduces new rules at three levels:

1 - A new single approach for the classification and measurement of financial assets and liabilities:

At initial recognition, financial assets are classified at amortized cost at fair value recognized in equity or fair value through profit or loss. According to IFRS 9, this classification is determined based on:

- the nature of the instrument (debt or equity);
- the characteristics of their contractual cash flows;
- the business model (the manner in which an entity manages its financial assets).

a) Business model

The business model represents the way in which the group manages its financial assets to produce cash flow.

The standard provides for the following three business models:

- a model whose objective is to hold financial assets to maturity in order to receive contractual cash flows (Hold To Collect (HTC) model);
- a mixed model under which assets are managed with the objective of both receiving contractual cash flows and disposing of financial assets (Hold to Collect and Sell (HTCS) model).

b) Contractual cash flow characteristics: apply the Solely Payments of Principal and Interest (SPPI) test

A financial asset passes the SPPI test if, on specific dates, it gives rise to cash flows that are solely payments of principal and interest on the outstanding amount due.

c) Accounting categories

Debt instruments (loans, payables and bonds) may be measured at amortized cost, at fair value through recyclable other comprehensive income or at fair value through profit or loss.

A debt instrument is valued at amortized cost if it meets the following two conditions:

- the asset is held as part of the HTC business model and
- the financial asset passed the "SPPI" test within the meaning of the standard.

A debt instrument is valued at fair value through other comprehensive income if it meets the following two conditions:

- the asset is held as part of the HTCS business model, and
- the financial assets passed the SPPI test within the meaning of the standard.

By default, equity instruments are measured at fair value through profit or loss unless it is irrevocably elected to classify them at fair value through other comprehensive income on the date of initial recognition (except instruments held for trading) without potential reclassification of gains or losses in profit and loss. If there is an option, dividends continue to be recognized in income.

AT this time, the Group has not elected to use this option for its non-consolidated equity investments and UCITS units that do not meet the qualification criteria as cash equivalents.

Changes in fair value are then recognized in profit or loss under "Other financial income and expenses".

All other financial assets are recorded at fair value through profit or loss. These financial assets include financial assets held for trading, financial assets at fair value through profit or loss and non-SPPI assets. Financial assets may only be designated at fair value through profit or loss in order to eliminate or significantly reduce an accounting mismatch.

As to financial liabilities, the rules for classification and measurement set out in IAS 39 have been carried forward unchanged into IFRS 9.

The application of this aspect has had no significant influence on the consolidated financial statements of the Group. A comparison of classifications and measurement is presented below:

<table>
<tr><th colspan="2">IAS 39</th><th colspan="2">IFRS 9</th></tr>
<tr><th>Category</th><th>Séché Environnement</th><th>Category</th><th>Séché Environnement</th></tr>
<tr><td>Assets held for trading</td><td>- Cash and cash equivalents: demand deposits, money-market SICAVs</td><td>Assets at fair value through profit or loss</td><td>- Cash and cash equivalents: demand deposits, money-market SICAVs
- Non-consolidated, non-transferable securities
- UCITS units(*)</td></tr>
<tr><td>Held-to-maturity assets</td><td>Not applicable to the Group</td><td rowspan="2">Option: Assets measured at fair value through other comprehensive income not reclassified to profit or loss in a subsequent period</td><td rowspan="2">Not applicable: irrevocable option by asset category not used by the Group</td></tr>
<tr><td>Available-for-sale assets</td><td>- Non-consolidated, non-transferable securities
- UCITS units(*)</td></tr>
<tr><td>Loans and receivables</td><td>- Receivables on non-consolidated equity investments
- Deposits and guarantees
- Trade and other receivables
- Other operating receivables (tax, social insurance, etc.)</td><td>Assets at amortized cost</td><td>- Receivables on non-consolidated equity investments
- Deposits and guarantees
- Trade and other receivables
- Other operating receivables (tax, social insurance, etc.)</td></tr>
<tr><td>Liabilities at amortized cost</td><td>- Bank loans
- Trade and other payables</td><td>Liabilities at amortized cost</td><td>- Bank loans
- Trade and other payables</td></tr>
<tr><td>Liabilities at fair value through profit or loss</td><td>Not applicable to the Group</td><td>Liabilities at fair value through profit or loss</td><td>Not applicable to the Group</td></tr>
</table>

(*) not meeting the criteria to qualify as cash equivalents

2. A new principle for impairment of financial assets on the basis of credit risk:

The impairment principle under IAS 39 regarding "losses incurred" (non-payment or delayed payment) has been eliminated in favor of "expected credit losses" under IFRS 9.

According to IFRS 9, value adjustments for losses are measured on the basis of one of the following:

- either expected credit losses for the next 12 months, which corresponds to possible defaults for the 12 months following the balance sheet date;
- or the expected credit losses for the life of the asset, which correspond to every possible default event during expected life of the financial instruments.

The Group exercises its judgment to measure expected credit losses over the entire expected lifetime of some of its financial assets. Two categories are involved in the recognition of an expected credit loss, for which the Group has revised its impairment calculation:

- trade receivables:

The Group applies the IFRS 9 simplified approach, which consists of calculating the expected credit loss based on the life of the trade receivable. Risk assessment is conducted on the basis of historical data pertaining to actual losses, the aging balance of receivables and, based on the assessment of the risk of expected default, taking due account of the guarantees and credit insurance taken out. Expected credit losses are reported in the income statement under "Net provisions".

- debt instruments measured at amortized cost:

Financial assets measured at amortized cost mainly include rights to operate infrastructures under a concession contract having an unconditional right to receive cash (See Note 2.1.8 – Concession Contracts), deposits and loans. Impairment loss is measured on a case-by-case basis, taking due account of the non-degradation of counterparty credit risk on a 12-month horizon.

The application of this aspect had no significant influence on the Group's consolidated financial statements.

d) A new approach to recognizing the ineffective portion of derivatives:

IFRS 9 introduces a change to the way the ineffective portions of derivatives are recognized. Effectiveness is now demonstrated where there is an economic relationship between the hedged item and the hedge and where they offset one another, fully or partially, even if the effectiveness exceeds the range of 80–125 per cent formerly required under IAS 39.

According to IFRS 9, only the effective portion of a hedging relationship may be taken into account for hedge accounting and it is therefore booked to other comprehensive income. The ineffective portion is booked to profit and loss.

The Group primarily uses interest rate derivatives (See Note 2.4.4. c) "Derivatives"). The recognition of changes in the time value of an option contract is now booked to Other comprehensive income. Formerly, they were recognized in the income statement under the heading, "Gross financial borrowing costs".

At this time the Group has no hedges of a commercial nature.

Other comprehensive income tied to hedging instruments is reclassified to profit or loss under the heading, "Gross financial borrowing costs", as a cost of the hedged transaction only if the transaction occurs.

The application of this aspect had no significant influence on the Group's consolidated financial statements.

As a result, Note 2.2.4 "Financial assets and liabilities", was updated.

IFRS 15 "Revenue from Contracts with Customers":

IFRS 15, "Revenue from Contracts with Customers" is effective for annual reporting periods beginning on or after 1 January 2018. This standard replaces standards IAS 18 "Revenue" and IAS 11 "Construction Contracts" and the associated interpretations.

1. Fundamental principle of IFRS 15

IFRS 15 establishes a framework for determining whether revenue should be recognized, for how much and when.

The Group adopted IFRS 15 by applying a cumulative basis approach (without practical simplification measures), with first application of the standard on its effective date (that is, from January 1, 2018). It follows that the information disclosed in 2017 was not restated, that is, it is presented, as in the past, according to IAS 18 and IAS 11 and their respective interpretations.

IFRS advocates recognizing revenue when the customer gains control of the goods and service purchased. Some degree of judgment is required to determine when transfer of control occurs (at a given time or progressively).

2. Analysis process

The analysis performed by the Group is summarized in the table below:

	Type of contract	Contracts and identified performance obligations	Transaction cost	Revenue recognition method
Public service delegation	These contracts, entered into with local authorities, may include construction services (incinerator, platform) and the operation of facilities for the treatment of waste generated by the local authorities. They may also provide an option for the facility operator to use the facilities' residual capacities for the treatment of third-party waste and resell the final waste or any energy generated by treatment.	Contract with local authorities occasionally involving two performance obligations: - Construction - Waste treatment Maintenance of machinery and obligations respecting Major Maintenance and Renewal regarded as costs required to deliver the service and not as a performance obligation	The price generally includes a fixed portion and an amount per ton of treated waste. No variable consideration was identified.	For the Construction portion: based on the progress of work For the Waste Treatment portion: a fixed portion relating to the period + progress of work on the basis of treated waste tonnage
		Contracts with third parties (use of residual capacity) including a performance obligation linked to waste treatment	The price is generally set on the basis of an amount per ton of treated waste.	As work progresses after subtracting income paid to the local authority as required by the contract
		Contract with third parties including a performance obligation tied to the sale of final waste or energy	The price is generally set on the basis of an amount relating to the quantity of final waste or energy generated.	As work progresses after subtracting income paid to the local authority as required by the contract
Landfills	These contracts group together hazardous and non-hazardous waste storage services.	Contract involving a performance obligation linked to the storage of waste	The price is usually set on the basis of an amount per ton of stored waste.	As work progresses on the basis of stored tonnage
Incineration	These contracts relate to thermal treatment (such as incineration) of hazardous and non-hazardous waste.	Contract involving a performance obligation linked to the thermal treatment of waste	The price is generally set on the basis of an amount per ton of treated waste.	As work progresses on the basis of treated tonnage

	Type of contract	Contracts and identified performance obligations	Transaction cost	Revenue recognition method
Sorting/ platform	These contracts provide a service to collect and pre-treat recoverable waste (mechanical/biological sorting, maturing, business waste, solid recovered fuel, wood), sorting services carried out at the Group's sorting centers and the management of destruction solutions.	Contract involving a performance obligation linked to the sorting and/or treatment of waste	The price is generally set on the basis of an amount per ton of treated waste.	As work progresses on the basis of treated tonnage
Global offers	These contracts related to a comprehensive service offering which may involve decontamination, collection, sorting, transport and radiation protection.	Contract involving a performance obligation linked to the overall decontamination service.	The price is usually set on the basis of a comprehensive flat rate for the entire service	As work progresses based on the completion of phases of work defined contractually
Decontamination - Dehydration - Asbestos removal - Pyrotechnics - Radioprotection	These contracts are entered into for soil decontamination and polluted building solutions (decommissioning, removal, maintenance).	Contract involving a decontamination performance obligation	The price is generally set on the basis of an amount per ton of treated waste. For decontamination, asbestos removal pyrotechnics and dehydration, the price is generally set on the basis of a comprehensive flat rate for the entire service	As work progresses on the basis of treated tonnage As work progresses, based on completion of the service
Transport	These contracts are concluded for the transport of waste, RPIFDW, RPIFIW and slag.	Contract involving a performance obligation linked to the transport of waste	The price is generally set on the basis of a rate schedule per ton and per kilometer traveled taking account of the *Département* of departure/ arrival and the type of vehicle used to deliver the service	When delivery of the service is completed
Material recovery	These contracts are concluded for services covering the regeneration of used products, the purification of feedstock, the decontamination of metals and the treatment of gas.	Contract involving a performance obligation linked to the treatment of pollutants	The price is generally set on the basis of the amount per ton of treated product or product obtained.	Upon delivery on the basis of the quantities produced
Energy recovery	The purpose of these contracts is to supply electricity and steam based on biogas, RDF or wood.	Contract involving a performance obligation relating to the sale of energy	The price is generally set on the basis of an amount of energy produced.	Upon delivery on the basis of the quantities produced

The Group has not identified recognition different from what has been practiced so far, namely recognition of revenue when the obligation to provide a service is fulfilled or gradually fulfilled.

To conclude, the application of IFRS 15 has had no influence on the financial statements as the Group's practices were already compliant with the provisions of this standard.

Other standards and interpretations that had no material influence on the Group:

- amendments to IAS 40 "Transfers of Investment Property";
- amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions";
- annual Improvements to IFRS's 2014-2016 Cycle: Amendments to IFRS 1 and IAS 28;
- IFRIC 22 – "Foreign Currency Transactions and Advance Consideration".

B - STANDARDS AND INTERPRETATIONS ADOPTED BY THE IASB BUT NOT YET EFFECTIVE AT DECEMBER 31, 2018

IFRS 16 "Leases", adopted by the European Union:

BEGINNING on January 1, 2019, the new IFRS 16 standard, "Leases" replaces standards IAS 17, IFRIC 4, SIC 15 and SIC 27 and their interpretations.

The Group, which did not opt for early application of IFRS 16, completed the main work intended to identify the influence of this new standard and is able to assess the impact of the first-time application of IFRS 16.

An exhaustive review of lease-related accounting records was conducted to identify the leases that might fall within the scope of application of the new standard. This inventory was completed for the entire scope (France and international) at December 31, 2018. The Group has acquired a lease monitoring tool.

1 - Provisions of the standard

This new standard deals with all leases with no distinction between operating leases and finance leases as formerly defined in IAS 17. IFRS 16 provides a single lessee accounting model, requiring lessees to recognize right-of-use assets for the duration of the lease term and a liability to pay lease rentals. In the income statement, the lease expense is replaced by the amortization of the asset and by interest on the lease liability.

2 - Analysis criteria

In accordance with the provisions of the standard, on the transition date and after the its coming into effect, the Group has excluded short-term leases and contracts involving assets of low value as a simplification measure.

During analysis, the following assumptions were also used:

The lease term used for each contract is determined on the basis of the non-cancellable period established contractually and any option to extend or cancel the lease if the Group is reasonably certain to exercise that option. For leases for which there is no contractual duration, the term used is that of the probable duration of use. As to conventional "3/6/9" leases, a term of nine years was used in accordance with the conclusions of the ANC relating to commercial leases in France published on February 16, 2018.

The discount rate used is the average rate of the Group's debt for the France-Europe area and a debt ratio determined country by country for the rest of the world.

Variable lease payments linked to the use or performance of the asset were not included in lease payments to determine the lease liability. For instance, this involves the lease of facilities invoiced per ton of waste.

3 - Impact of the first-time application of the standard

The Group has elected to apply the simplified retroactive approach, which consists of applying the standard retrospectively by recognizing the cumulative effect of the first-time application of the standard at the date of initial application without restating comparative information.

The Group believes that the first-time application of IFRS 16 on January 1, 2019, will bring about an increase in assets and liabilities of €24 million to €30 million.

The reconciliation performed on January 1, 2019 of the liability defined by IFRS 16 and the amount of minimum future payments under operating leases based on IAS 17 reveals a difference of around €7 million, mainly carried by the exclusion of the new standard for operating leases based on variable components.

C - OTHER AMENDMENTS AND STANDARDS FOR WHICH AN ANALYSIS OF IMPACTS AND PRACTICAL IMPLICATIONS IS ONGOING:

- amendments to IFRS 9 – "Prepayment Features with Negative Compensation", adopted by the European Union;
- amendment to IAS 19 – "Plan amendment, curtailment or settlement";
- amendments to IAS 28 – "Long-term interests in associates and joint ventures";
- amendments to IFRS 10/IAS 28 – "Sales or contributions of assets between an investor and its associate/joint venture";
- annual Improvements to IFRS's 2015-2017 Cycle;
- IFRIC 23 "Uncertainty over Income Tax Treatments", not adopted by the European Union.
- amendments to IAS 12 – Recognition of deferred tax assets for unrealized losses;
- amendments to IAS 7 to improve information provided in the notes to the financial statements about the cash flow statement;
- the application of these amendments had no influence the Group's financial statements.

3.2.1.2 Use of estimates

In order to prepare interim 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 carrying amounts of assets and liabilities when such amounts cannot be obtained directly from other sources.

These assumptions, estimates or assessments on the basis of information or situations existing on the date the financial statements are drawn up may later be proven to deviate from reality. The main estimates and assumptions used relate to the valuation of the following line items:

Evaluation used for impairment tests:

The assumptions and estimates used to determine the recoverable value of goodwill and intangible and tangible assets specifically relate to the market opportunities necessary for the evaluation of the cash flows and the discount rates used.

Any change in these assumptions may have a material impact on the amount of the recoverable value. The main assumptions used by the Group are described in Note 2.1.7 d), "Recoverable value of intangible and tangible assets".

Evaluation used for tax loss carry-forwards and potential future tax savings:

Whether or not to capitalize deferred taxes relating to tax loss carry-forwards is based on a determination of the probable use of these assets within a reasonable amount of time (See Note 2.1.15 b), "Deferred taxes").

Evaluation used for provisions:

The variables likely to cause the provisioned amount to materially change are described in Note 2.1.13, "Provisions":

- provisions for 30-year monitoring;
- provisions for major maintenance and the renewal of facilities under delegated management;
- provisions for miscellaneous litigation.

Evaluation used for retirement obligations:

The Group's defined contribution and defined benefit retirement plans are measured using the projected unit credit method based on assumptions such as the discount rate, the rate of mobility, the rate of wage increases and the mortality table. These obligations are therefore likely to change when and if the assumptions change. The calculation method and the assumptions used are described in Note 2.1.13 d), "Employee benefits liabilities".

3.2.1.3 Consolidation methods

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. Companies with no activities are excluded from this scope.

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 "Consolidated Financial Statements". Control is determined based on the Group's ability to exercise power over the entities in question to influence the variable returns to which it is exposed or has rights to on the basis of its links with said entities.

In compliance with IFRS 11 "Joint Arrangements", 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 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, these joint ventures are consolidated by the equity method, in accordance with IFRS 11.

3.2.1.4 Translation of the financial statements of consolidated entities denominated in foreign currency

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

The accounts of foreign companies are drawn up in the operational currency of each subsidiary.

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 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 the 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.

When a foreign subsidiary is sold, the related translation reserves are recognized in profit or loss.

3.2.1.5 Translation of currency transactions

Pursuant to IAS 21 "The Effects of Changes in Foreign Exchange Rates", foreign currency transactions are converted into euros at the exchange rate in effect on the transaction date. Balance sheet assets and liabilities are converted at the exchange rate on the balance sheet date. Foreign currency differences arising from this conversion are booked in the income statement.

Foreign exchange gains and losses resulting from translation, disposal operations or intra-Group receivables and payables expressed in a currency different from the accounting currency are recorded in the income statement unless they originate from Group long-term financing transactions which may be regarded as equity transactions. In this case they are recognized in consolidated equity (as translation differences), then reclassified to profit or loss where a company is removed from the scope of consolidation or in the event of a change in the nature or purpose in financing granted.

3.2.1.6 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 not differentiated by legal entity, and which present the same economic characteristics across all legal entities.

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

3.2.1.7 Intangible assets and property, plant and equipment

a. 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 contingent 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 contingent 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.

b. Other intangible fixed assets

The Group's other intangible fixed assets, booked as assets in compliance with IAS 38 "Intangible Assets", 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 "Service Concession Agreements". 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 life expectancies.

Intangible assets with indefinite useful lives are reassessed for impairment under the procedure described in Note 2.1.7 d) "Recoverable value of intangible and tangible assets".

c. 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
Buildings	5 to 25 years
Complex plant	1 to 20 years
Other equipment	1 to 25 years

The depreciation of landfill cells is recognized as they are filled.

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 Note 2.1.15 "Corporation tax".

d. 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;
- 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 three fiscal years excluding the current fiscal year, with years four and five being projected as identical to year three. 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 five flows on the basis of an annual perpetual growth rate. For the Europe scope, the annual perpetual growth rate used was 0.2% at December 31, 2018 (the same as the figure used at December 31, 2017). For the other scopes, the rate used was 1.67% at December 31, 2018 and December 31, 2017;
- a single discount rate is used 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, and for the Europe region, 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 "Impairment of Assets".

Discount rate	2017	2018
Europe	5.51%	4.88%
Argentina	13.73%	13.06%
Mexico	16.36%	10.70%
Chile	8.93%	8.64%
Peru	13.51%	9.27%

Goodwill impairment is not reversible, unlike impairment of property plant and equipment and intangible assets. Both types of impairment are recognized in operating income, under impairment of assets.

3.2.1.8 Public service delegation (concession) contracts

The Group is developing the portion of its business carried out as an operator 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 granted 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 period, 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 granted.

Concession contracts are accounted for according to the interpretation IFRIC 12 "Service Concession Arrangements":

- 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 the provisions of IFRS 15 described in Note 2.1.16 "Accounting treatment of revenue";
- costs of maintenance and repair are booked under expenses. They may be booked as accrued charges if there is a time lag between the contractual commitment and its realization.

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

Contract	Type of service	Duration	Price revision clause	Contractual revision of contract	Renewal option	Cancellation option
BEARN	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
ALCEA	Construction Operation	Until 2024	Annual, according to index	No	No	Yes

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

The Sénerval contract has been the subject of several riders 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 riders 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 rider no. 7, signed in December 2016, and rider no. 9, signed on December 18, 2018.

3.2.1.9 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 operating income.

Any operating subsidies received are booked directly as EBITDA under income from other activities.

3.2.1.10 Financial assets and liabilities

Financial instruments used by the Group include:

- non-derivative financial assets;
- non-derivative financial liabilities;
- derivatives.

These instruments are booked by the Group according to the principles of IFRS 9 "Financial Instruments": 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.

a. Non-derivative financial assets

Non-derivative financial assets include equity instruments (previously classified as "available-for-sale" assets according to IAS 39), loans and receivables tied to non-consolidated equity interests, and cash and cash equivalents.

Equity instruments:

Equity instruments mainly include:

- shares in non-consolidated companies, whose fair value is determined by taking into account the last known Group share in shareholders' equity;
- units held in UCITS invested short-term on a 12-month horizon that do not satisfy the criteria of cash equivalents set out in IFRS 7.

These financial assets are measured at fair value through profit and loss and booked under "Other financial income and expenses".

Loans and receivables:

This category includes loans, deposits and guarantees, receivables on non-consolidated equity investments and operating receivables.

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 (EIR) method) minus any impairment.

Impairment of trade receivables :

The Group applies the IFRS 9 simplified approach, which consists of calculating the expected credit loss based on the life of the trade receivable. Risk assessment is conducted on the basis of historical data pertaining to actual losses, the aging balance of receivables and, based on the assessment of the risk of expected default, taking due account of the guarantees and credit insurance taken out. Expected credit losses are reported in the income statement under "Net allocations to provisions and impairment".

Impairment of other loans and receivables:

Impairment loss is measured on a case-by-case basis taking into consideration any potential deterioration of counterparty credit risk on a 12-month horizon.

Cash and cash equivalents:

Cash and cash equivalents include cash on hand, demand 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 minimum guaranteed interest 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.

b. Non-derivative financial liabilities

Non-derivative financial liabilities include borrowings and other forms of financing, overdrafts and operating payables.
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 (EIR) method.

c. Derivatives

Derivatives include call options and cash flow 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 from a variable rate to a fixed rate on an option. 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 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 above-mentioned cash flow hedging transactions, the Group measures its derivative instruments at fair value.

Effectiveness is demonstrated where there is an economic relationship between the hedged item and the hedging instrument and they offset each other partially or fully.

Only the effective portion of a hedging relationship may be taken into account for hedge accounting and it is booked as other comprehensive income. The ineffective portion is recognized in profit or loss under the heading, “Gross financial borrowing costs”. Variation in the time value of options is booked to other comprehensive income.

Accumulated gains or losses of equity linked to hedging instruments are reclassified to profit or loss under “Gross financial borrowing costs”, as a cost of the hedged transaction but only if the transaction occurs.

3.2.1.11 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.

3.2.1.12 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.

3.2.1.13 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 meet said 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 Note 2.4.6 "Current and non-current provisions".

The main provisions booked by the Group relate to thirty-year monitoring expenses, costs of major maintenance and the renewal of facilities under delegated management, and other risks and disputes.

a. 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. The estimated cost of cleaning up the site is also determined as and when authorizations are given and in accordance with the Ministry of the Environment's Memorandum of April 23, 1999, the site's operating methods and specific requirements stipulated by the Prefect. 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.

b. Provisions for major maintenance and renewal of facilities under delegated management.

A provision for major maintenance and renewal is recognized to cover the costs of maintenance and renewal of facilities at sites under delegated management necessary for returning the facilities to working condition at the end of the contract.

c. Provisions for miscellaneous litigation

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.

d. Employee benefits

The Group participates in certain supplementary retirement plans or other long-term benefits schemes for its employees. The Group offers these benefits either through defined contribution plans or through defined benefit plans.

<u>Defined contribution plans</u>:

With respect to defined contribution plans, the company's liabilities are limited to the payment of the defined contributions. Contributions paid into plans are recorded as expenses for the period.

Where applicable, provisions are recognized for any contributions still to be paid for the period.

Within the Group, defined contribution plans mainly include pension and medical coverage.

<u>Defined benefit plans</u>:

Defined benefit plans are plans through which the employer guarantees to its employees or to certain categories of employees the future level of benefits or supplemental resources defined in the collective bargaining agreement, most often based on the employee's salary and years of service (using the accrual method of accounting). Defined benefit plans may be funded by contributions to external specialist funds or funds managed in-house.

Within the Group, defined benefit plans include termination benefits and long-service benefits.

Retirement and related liabilities arising from defined benefit plans are subject to a provision using the projected unit credit method on the basis of actuarial valuations carried out on the balance sheet date each year. Each period of service gives rise to an additional unit of benefit entitlement and each of these units is measured separately to build up the obligation to the employees. Actuarial assumptions (retirement date, career development, salary increases, the probability that the employee will still be working in the Group at his/her age of retirement) used to determined benefit liabilities vary depending on the economic conditions in the country where the plan operates.

The benefit liability is discounted on the basis of the interest rates on the long-term bonds of prime issuers.

In accordance with the provisions of IAS 19 – Employee Benefits (amended), the Group applies the following guidelines:

- actuarial gains and losses (change in assumptions or experience adjustments) are recognized in “Other comprehensive income”;
- all impacts due to new changes to the plan are recognized in “Current operating income”;
- all post-employment benefits granted to the Group’s employees are recognized in the consolidated balance sheet;
- interest income from retirement plan hedge assets is calculated using the same rate as the discount rate of liabilities under defined benefit plans.

The expense for the period includes:

- the cost of services rendered during the period and the effects of any change, reduction or liquidation of the plan are recognized in operating income under “Net allocations to provisions and impairment”;
- the impact of the accretion of actuarial liabilities and interest income from retirement plan assets is recognized in the financial result under “Other financial expenses” and “Other financial income”;
- For defined benefit plans funded by pension funds, the assets of such plans are measured at fair value.

The main retirement and related liabilities mostly concern the French subsidiaries of the Group as Mexico is immaterial.

Other employee and related benefits are subject to a provision covering the payment of additional bonuses to employees who have a record of long service with the company. Where previously accumulated contributions exceed the amount of the commitment at the balance sheet date, a prepaid expense for the difference is recorded in the financial statements.

The liability is reported on the balance sheet net, where appropriate, of plan assets measured at fair value.

3.2.1.14 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 (EIR) method.

3.2.1.15 Corporation tax

a. 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.

b. 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 per 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, with due regard for the prospects for its activities and the tax regulations in force.

3.2.1.16 Accounting treatment of revenue

Income is recognized in the manner described in Note 2.1.1-A IFRS 15 – Revenue from Contracts with Customers (point 2 “Analysis”).
Revenue arising from the sale of goods and services are recognized in revenue when the control of goods or services is transferred to a customer for an amount that reflects the payment which company expected to receive in exchange for these goods and services.

As to multi-year contracts, when it appears likely that total cost of the contract will be higher than the total of the products, a loss at completion is recognized as a period expense for the entire difference. The onerous nature is assessed at the level of the contract according to the provisions of IAS 37. An onerous contract is one in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The Group recognizes any impairment loss that has occurred on assets dedicated to that contract before a separate provision for the onerous contract.

Lastly, the recognition of the consideration received as revenue generated in the framework of a public service concession is booked in accordance with the IFRIC 12 Interpretation (See Note 2.1.8, “Public Service Contract”).

3.2.1.17 Financial items on the income statement

a. 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.

b. 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.

c. 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.

3.2.1.18 Earnings per share

Basic earnings per share is calculated by dividing profit or loss attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing the net profit attributable to the equity holders of the parent by the weighted average of the number of ordinary shares outstanding during the period, plus the effects of dilutive options.

3.2.1.19 Change in accounting policy and accounting estimates

a. Change in accounting policy

The Group is compliant with the prescriptive changes set out in Note 2.1.1 “Basis for preparing and presenting the financial statements”.

Change in accounting estimates

The Group did not apply any changes in accounting estimates.

3.2.2 Change in consolidation scope and other significant events

3.2.2.1 Main changes to the consolidation scope

The list of the subsidiaries and associates of the Group is presented in Note 2.3 "Consolidation scope".

a. Acquisitions

i. Acquisitions that led to ownership of a controlling interest

No acquisitions that led to ownership of a controlling interest were made in the 2018 fiscal year.

ii. Openings and start of operations

Séché South Africa Proprietary Limited was created on September 18, 2018. It is 100% owned by Séché Environnement. This new company reaffirms the Group's strategy with respect to strengthening its international business, notably in South Africa and in southern Africa.

At December 31, 2018, this company had no operational activities.

Therm-Service, a German company, was created on July 31, 2018. It is 100% owned by Solarca SL. Therm-Service acquired a number of assets from a German company on September 12, 2018 for a total of €0.6 million, of which €0.5 million were disbursed in 2018. This acquisition has enabled its industrial cleaning business to grow.

iii. Other acquisitions that did not lead to new ownership of a controlling interest

On February 27, 2018, Séché Environnement acquired a 24% stake in Karu Energy SAS, a French company, for a price of €1,920.

Karu Energy SAS is a Guadeloupe company engaged in a project to generate energy from biomass.

Karu Energy SAS has been consolidated using the equity method in the consolidated financial statements of the Group since that date.

In March 2018, Séché Healthcare acquired a 5.20% stake in Sodicome, a French company, bringing its ownership interest to 100% from 94.80% for an acquisition cost of €1.

iv. Overview of major acquisitions in previous periods

In 2017, the main acquisitions related to the following companies:

- 100% of the equity of Écosite La Croix Irtelle;
- 75% of the equity of Énergécie (equity owned by Écosite La Croix Irtelle);
- 100% of the equity of Séché Environnement Ouest;
- 93% of the equity of Taris;
- 100% of the equity of Soluciones Ambientales del Norte;
- 76% of the sub-group, Solarca.

Provisional goodwill reported on December 31, 2017 was definitively adopted during the 2017-2018 period.

All the acquisitions between 2016 and 2017 are detailed in Point 3 of Note 1.1.6.1 to the consolidated financial statements at December 31, 2017.

b. Disposals

i. Disposals during the period

No disposals, whether or not leading to loss of control, were made in 2018.

ii. Overview of major disposals in previous periods

In 2017, the main disposals related to the following companies:

- disposal of Hungaropec, classified as an available-for-sale asset on December 31, 2016, which generated a loss of €0.5 million booked under "Revenue from discontinued operations" at December 31, 2017;
- disposal of Moringa, which generated a capital loss of €0.5 million;
- disposal of Laval Énergie Nouvelle, which generated a capital gain of €1.1 million.

All the disposals between 2016 and 2017 are detailed in Point 3 of Note 1.1.6.1 to the consolidated financial statements at December 31, 2017.

3.2.2.2 Other highlights of the period

Refinancing of bank debt:

In July 2018, Séché Environnement opted to refinance its financial debt through a €150 million bond issue in the form of a private placement, and took out a €120 million amortizable bank loan combined with a €150 million revolving credit facility ("RCF") and incorporating innovative environmental, social and governance (ESG) criteria. These transactions mean that Séché Environnement can benefit from more favorable terms on extended maturities and a single leverage covenant of 3.95x EBITDA, which can be increased to up to 4.25x EBITDA in the event of an acquisition.

- the €120 million bank loan breaks down as follows:
  - a €70 million banking contract maturing in 2023 intended to refinance the residual syndicated debt;
  - a €50 million amortizable term loan which will refinance the Group's existing Euro PP investments.
- a revolving credit facility (RCF) of €150 million repayable at maturity, to finance growth, and, in particular, any external growth transaction.

At the same time, the €150 million bond issue was completed mainly through a tranche with an average maturity of seven years with a 3.25% coupon, accompanied by a 4.25 leverage covenant.

This refinancing resulted in the early repayment of the previous debt, generating an expense of €1.4 million relating to the termination of the amortization of issuance charges of this debt, extinguished in accordance with IFRS 9. The charge is presented as part of the cost of net financial debt.

The impacts are shown in Notes 2.4.16 d) "Exposure to liquidity risk" and 2.4.14 "Net financial income".

3.2.3 Consolidation scope

Company name	City	Country	% holding at 12/31/2017	% holding at 12/31/2018	Consolidation method at 12/31/2017	Consolidation method at 12/31/2018
Séché Environnement parent company	Changé	France	Parent	Parent	Parent	Parent
CONSOLIDATED SUBSIDIARIES						
Alcéa	Changé	France	100.00	100.00	Full	Full
Béarn Environnement	Pau	France	100.00	100.00	Full	Full
Drimm	Montech	France	100.00	100.00	Full	Full
Écosite de La Croix Irtelle	Changé	France	100.00	100.00	Full	Full
Énergécie	Changé	France	74.60	74.60	Full	Full
Gabarre Énergies	Les Abymes	France	51.00	51.00	Full	Full
IberTrédi Medioambiental	Barcelona	Spain	100.00	100.00	Full	Full
Opale Environnement	Calais	France	100.00	100.00	Full	Full
Sabsco Asia	Singapore	Singapore	76.00	76.00	Full	Full
Sabsco Limited	Kent	United Kingdom	76.00	76.00	Full	Full
Sabsco Malaysia	Petaling Jaya	Malaysia	76.00	76.00	Full	Full
Séché Alliance	Changé	France	99.94	99.94	Full	Full
Séché Développement	Changé	France	100.00	100.00	Full	Full
Séché Éco-services	Changé	France	99.98	99.98	Full	Full
Séché Eco-Industries	Changé	France	99.99	99.99	Full	Full
Séché Énergies	Changé	France	100.00	100.00	Full	Full
Séché Environnement Ouest	Changé	France	100.00	100.00	Full	Full
Séché Healthcare	Changé	France	100.00	100.00	Full	Full
Séché South Africa	Johannesburg	South Africa	-	100.00	-	Full
Séché Transports	Changé	France	99.50	99.50	Full	Full
Sénergies	Changé	France	80.00	80.00	Full	Full
SCI LCDL	Changé	France	99.80	99.80	Full	Full
SCI Les Chênes Secs	Changé	France	99.80	99.80	Full	Full
SCI Mézerolles	Changé	France	99.99	99.99	Full	Full
Sem Trédi	Mexico City	Mexico	100.00	100.00	Full	Full
Sotrefi	Etupes	France	100.00	100.00	Full	Full
Sénerval	Strasbourg	France	99.90	99.90	Full	Full
Singapore MTT	Singapore	Singapore	76.00	76.00	Full	Full
Sodicome	Saint-Gilles	France	94.80	100.00	Full	Full
Solena	Viviez	France	60.00	60.00	Full	Full
Solarca SL	La Selva Del Camp	Spain	76.00	76.00	Full	Full
Solarca Castilla	Puertollano	Spain	76.00	76.00	Full	Full
Solarca France	Marseille	France	71.03	71.03	Full	Full
Solarca Portugal	Setubal	Portugal	76.00	76.00	Full	Full
Solarca Qatar	Doha	Qatar	37.24	37.24	Full	Full
Solarca Russia	Moscow	Russia	76.00	76.00	Full	Full
Solarca USA	La Porte Texas	United States	76.00	76.00	Full	Full
Soluciones Ambientales Del Norte	Antofagasta	Chile	100.00	100.00	Full	Full
Speichim Processing	Saint-Vulbas	France	100.00	100.00	Full	Full
Taris	Lima	Peru	92.99	92.99	Full	Full
Therm-Service	Seevetal	Germany	-	76.00	-	Full
Trédi Argentina	Buenos Aires	Argentina	100.00	100.00	Full	Full
Trédi SA	Saint-Vulbas	France	100.00	100.00	Full	Full
Triadis Services	Etampes	France	100.00	100.00	Full	Full
UTM	Lübeck	Germany	100.00	100.00	Full	Full
Valls Quimica	Valls	Spain	100.00	100.00	Full	Full
La Barre Thomas	Rennes	France	40.00	40.00	Equity	Equity
Kanay	Lima	Peru	49.00	49.00	Equity	Equity
SAEM Transval	St Georges les Baillargeaux	France	35.00	35.00	Equity	Equity
Gerep	Paris	France	50.00	50.00	Equity	Equity
Sogad	Le Passage	France	50.00	50.00	Equity	Equity
Karuy Energy	-	Guadeloupe	-	24.00	-	Equity

Non-consolidated subsidiaries

Some companies were not included in the consolidation scope, due to their inactivity.

(in thousands of euros)	% held by Group	Shareholders' equity	Income from past year	Fair value of the stake
Solarca Chile	75.24%	(1)	(3)	ns
Solarca Maroc	76.00%	12	16	ns
Solarca Italie	76.00%	N/A	N/A	ns
Solarca South Africa	76.00%	15	20	ns
Solarca Brasil	76.00%	19	(7)	ns
Séché Health Arequipa S.A.C	51.04%	N/A	N/A	ns

ND: not disclosed. NS: not significant

3.2.4 Notes to the consolidated financial statements

3.2.4.1 Intangible fixed assets

a. Goodwill

Goodwill breaks down by CGU as follows:

(in thousands of euros)	France	Germany	Spain	Chile	Peru	TOTAL
Gross value						
12/31/2017	**257,255**	**3,582**	**12,562**	**2,973**	**14,249**	**290,620**
Change in consolidation scope	-	-	(511)	-	1,072	561
Increases	-	-	-	-	-	-
Decreases	-	-	-	-	-	-
Exchange rate variations	-	-	-	(208)	140	(68)
12/31/2018	**257,255**	**3,582**	**12,050**	**2,765**	**15,461**	**291,113**
Impairment						
12/31/2017	**(20,220)**	**-**	**(5,674)**	**-**	**-**	**(25,894)**
Change in consolidation scope	-	-	-	-	-	-
Increases	-	-	-	-	-	-
Decreases	-	-	-	-	-	-
Exchange rate variations	-	-	-	-	-	-
12/31/2018	**(20,220)**	**-**	**(5,674)**	**-**	**-**	**(25,894)**
Net value						
12/31/2017	**237,035**	**3,582**	**6,888**	**2,973**	**14,249**	**264,727**
Change in consolidation scope	-	-	(511)	-	1,072	561
Increases	-	-	-	-	-	-
Decreases	-	-	-	-	-	-
Exchange rate variations	-	-	-	(208)	140	(68)
12/31/2018	**237,035**	**3,582**	**6,376**	**2,765**	**15,461**	**265,220**

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 2018 (using the methods described in Note 2.1.7 d) "Recoverable value of tangible and intangible 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 €80 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 €24.4 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 €6.1 million, and would not lead the Group to recognize any impairment of goodwill.

Furthermore, it is pointed out that the sensitivity analysis did not reveal any probable scenario under which the recoverable value of the CGUs would fall below the net book value.

b. Table of changes in other intangible fixed assets

(in thousands of euros)	Software, patents	Intangible fixed assets included in concessions	Other intangible fixed assets	TOTAL
Gross value				
as of 12/31/2017	**10,512**	**61,837**	**20,784**	**93,134**
Increases	1,513	7,759	1,793	11,065
Decreases	(381)	(100)	(940)	(1,421)
Other changes	73	-	(35)	38
as of 12/31/2018	**11,717**	**69,496**	**21,603**	**102,816**
Amortization				
as of 12/31/2017	**(9,370)**	**(12,219)**	**(5,713)**	**(27,303)**
Allocations	(1,053)	(3,774)	(734)	(5,561)
Write-backs	369	85	60	514
Other changes	-	-	-	(1)
as of 12/31/2018	**(10,054)**	**(15,908)**	**(6,387)**	**(32,349)**
Impairment				
as of 12/31/2017	-	-	-	-
Allocations	-	-	-	-
Write-backs	-	-	-	-
Other changes	-	-	-	-
as of 12/31/2018	-	-	-	-
Net value				
as of 12/31/2017	**1,142**	**49,618**	**15,071**	**65,831**
Increases	461	3,985	1,059	5,505
Decreases	(12)	(15)	(880)	(906)
Other changes	73	-	(35)	37
as of 12/31/2018	**1,663**	**53,588**	**15,215**	**70,467**

No intangible fixed assets were generated internally.

c. Breakdown of other changes in other intangible fixed assets

(in thousands of euros)	Software, patents	Other intangible fixed assets	TOTAL
Translation differences	3	(4)	(1)
Other changes	70	(31)	38
Total at 12/31/2018	**73**	**(35)**	**37**

Other changes in 2018 were mainly incurred from reclassifications within the financial statements.

3.2.4.2 Property, plant and equipment

a. Table of changes in property, plant and equipment

(in thousands of euros)	Land	Buildings	Techn. facilities	Transport equipment	Fixtures and fittings	Office equipment	Fixed assets under construc-tion	Fixed assets under finance leases	TOTAL
Gross value									
as of 12/31/2017	**33,268**	**193,123**	**408,196**	**20,757**	**87,858**	**11,043**	**19,019**	**19,426**	**792,690**
Increases	1,047	7,541	19,193	1,076	3,460	1,095	17,550	3,113	**54,075**
Decreases	(8)	(27,464)	(8,908)	(1,369)	(1,436)	(525)	(385)	(724)	**(40,819)**
Other changes	(9)	9,986	7,170	433	394	51	(16,374)	(2,413)	**(762)**
as of 12/31/2018	34,299	183,186	425,651	20,898	90,276	11,665	19,810	19,401	**805,184**
Amortization									
as of 12/31/2017	**(5,967)**	**(144,498)**	**(322,067)**	**(18,168)**	**(52,212)**	**(9,078)**	**-**	**(9,640)**	**(561,631)**
Allocations	(527)	(13,562)	(22,228)	(1,052)	(4,881)	(1,150)	-	(2,632)	**(46,032)**
Write-backs	-	27,518	7,804	1,364	1,413	520	-	947	**39,566**
Other changes	-	(21)	(2,501)	(481)	964	(5)	-	2,190	**146**
as of 12/31/2018	(6,494)	(130,564)	(338,993)	(18,338)	(54,716)	(9,712)	-	(9,135)	**(567,952)**
Impairment									
as of 12/31/2017	**(299)**	**-**	**(202)**	**-**	**-**	**-**	**(344)**	**-**	**(846)**
Allocations	(504)	-	(375)	-	-	-	-	-	**(879)**
Write-backs	-	-	55	-	-	-	344	-	**399**
Other changes	-	-	-	-	-	-	-	-	**-**
as of 12/31/2018	(803)	-	(523)	-	-	-	-	-	**(1,326)**
Net value									
as of 12/31/2017	**27,002**	**48,625**	**85,926**	**2,589**	**35,646**	**1,965**	**18,675**	**9,785**	**230,213**
Increases	16	(6,021)	(3,409)	23	(1,420)	(55)	17,550	481	**7,165**
Decreases	(8)	53	(1,050)	(5)	(23)	(4)	(41)	223	**(855)**
Other changes	(9)	9,965	4,668	(48)	1,358	47	(16,374)	(224)	**(616)**
as of 12/31/2018	**27,002**	**52,622**	**86,135**	**2,560**	**35,561**	**1,952**	**19,810**	**10,266**	**235,907**

b. Breakdown of other changes in property, plant and equipment

(in thousands of euros)	Land	Buildings	Techn. facilities	Transport equipment	Fixtures and fittings	Office equipment	Fixed assets under c onstruction	Fixed assets under finance leases	TOTAL
Translation differences	(9)	(479)	(46)	(49)	(1)	(5)	1	10	(578)
Other changes	-	10,444	4,715	1	1,359	52	(16,375)	(234)	(38)
Total at 12/31/2018	**(9)**	**9,965**	**4,668**	**(48)**	**1,358**	**47**	**(16,374)**	**(224)**	**(616)**

Other changes in 2018 corresponded primarily to the instigation of new construction works and reclassifications within the financial statements.

3.2.4.3 Investments in affiliates

a. Summary of investments in affiliates

The investments in affiliates held by the Group are as follows:

(in thousands of euros)	% held by Group	Shareholders' equity	Income from past year	Net book value of holding
La Barre Thomas	40%	110	(176)	44
Kanay	49%	73	341	2,590
Transval	35%	135	60	47
Gerep	50%	(161)	(131)	-
Sogad	50%	1,187	1,085	593
Karuy Energy	24%	N/A	N/A	2
Total				**3,276**

b. Changes to investments in affiliates

Changes in investments in affiliates held by the Group break down as follows:

(in thousands of euros)	12/31/2017	Income	Change in fair value	Dividends	Change in consoli-dation scope	Other changes	12/31/2018
La Barre Thomas	114	(70)	-	-	-	-	44
Kanay	2,421	170	-	-	-	-	2,590
Transval	28	20	-	-	-	-	47
Gerep	-	(66)	-	-	-	66	-
Sogad	326	342	(30)	(71)	-	26	593
Karuy Energy	-	-	-	-	2	-	2
Total	**2,888**	**396**	**(30)**	**(71)**	**2**	**92**	**3,276**

c. Financial information on affiliates.

A summary of financial information on affiliates is provided below:

(in thousands of euros)	La Barre Thomas	Kanay	Transval	Gerep	Sogad	Karuy Energy
Date of most recent known financial information	12/31/2018					
Non-current assets	10	5,703	3	1,094	184	N/A
Current assets	1,945	6,569	206	1,024	3,586	N/A
Shareholders' equity	110	73	135	(161)	1,187	N/A
Non-current liabilities	-	3,248	-	1,077	237	N/A
Current liabilities	1,845	8,952	74	1,202	2,347	N/A
Revenue	4,692	14,090	163	2,416	4,083	N/A
EBITDA	(186)	1,764	61	(81)	66	N/A
Current operating income	(188)	1,232	60	(127)	370	N/A
Operating income	(176)	1,201	60	(129)	1,357	N/A
Net income	(176)	341	60	(131)	1,085	N/A

ND: not disclosed.

d. Transactions with affiliates

The Group did not carry out any significant transactions with its affiliates.

3.2.4.4 Financial assets and liabilities

	2017			2018		
(in thousands of euros)	Non-current	Current	TOTAL	Non-current	Current	TOTAL
Equity instruments	1,541	-	1,541	1,213	-	1,213
Financial loans and receivables	7,916	827	8,743	7,672	1,144	8,816
Financial assets	***9,457***	***827***	***10,283***	***8,886***	***1,144***	***10,030***
Trade and other receivables	40,881	136,533	177,414	39,480	157,184	196,664
Other financial operating assets	1,864	29,600	31,464	1,070	31,134	32,204
Operating loans and receivables at amortized cost	***42,745***	***166,133***	***208,877***	***40,551***	***188,317***	***228,868***
Derivatives - Assets	-	-	-	210	32	242
Other instruments at FV through profit or loss	-	-	-	-	-	-
Financial instruments at FV through profit or loss	***-***	***-***	***-***	***210***	***32***	***242***
Cash and cash equivalents	**-**	**53,459**	**53,459**	**-**	**67,425**	**67,425**
Total financial assets	**52,201**	**220,418**	**272,620**	**49,647**	**256,919**	**306,564**
Financial liabilities	365,167	46,784	411,952	380,599	36,377	416,976
Derivatives - Liabilities	478	14	493	630	74	705
Other financial operating liabilities	1,105	195,129	196,234	430	222,751	223,181
Total financial liabilities	**366,750**	**241,927**	**608,679**	**381,659**	**259,203**	**640,862**

Non-current financial assets principally consist of the amounts due to Sénerval by Eurométropole Strasbourg in respect of amendments to the public service delegation contract (See Note 2.1.8). This receivable is recoverable over the remaining duration of the delegation contract once the facilities concerned have re-entered service, expected in February 2019.

a. Financial assets

i. Equity instruments

(in thousands of euros)	12/31/2017	Acquisitions	Impairment	Disposals/Redemptions	12/31/2018
Solarca Maroc	9	-	-	-	9
Solarca Italie	-	-	-	-	-
Solarca Brazil	-	17	-	-	17
Solarca Chile	7	-	-	-	7
Other	4	7	-	-	11
TOTAL non-consolidated investments	**20**	**24**	**-**	**-**	**44**
Emertec	993	-	(153)	-	640
Other UCITS	528	1	(200)	-	529
TOTAL UCITS	**1,521**	**1**	**(353)**	**-**	**1,169**
Equity instruments	**1,541**	**25**	**(353)**	**-**	**1,213**

ii. Loans and receivables at amortized cost

	2017			2018		
(in thousands of euros)	Non-current	Current	TOTAL	Non-current	Current	TOTAL
Deposits and guarantees	3,408	43	3,451	3,222	409	3,631
Loans	1,471	104	1,575	1,911	55	1,966
Concession operating receivables	3,036	680	3,716	2,540	680	3,220
Financial loans and receivables	***7,915***	***827***	***8,743***	***7,673***	***1,144***	***8,816***
Trade and other receivables	40,881	136,533	177,414	39,480	157,184	196,664
Government	-	17,599	17,599	-	18,407	18,407
Tax receivables	1,230	1,123	2,353	1,055	2,453	3,508
Prepayments	-	2,071	2,071	-	2,554	2,554
Social insurance receivables	-	397	397	-	182	182
Amounts receivable on disposal of fixed assets	-	2,106	2,106	-	2,668	2,668
Other receivables	634	5,935	6,569	16	4,245	4,260
Current account receivables	-	369	369	-	624	624
Other operating assets	1,864	29,600	31,464	1,071	31,134	32,204
Operating loans and receivables	***42,745***	***166,133***	***208,877***	***40,551***	***188,317***	***228,868***
Loans and receivables at amortized cost	**50,660**	**166,960**	**217,620**	**48,223**	**189,461**	**237,684**

On December 26, 2018, the Group sold, without recourse, receivables of €22.9 million, with accompanying insurance.

Depreciation and impairment on loans and receivables at amortized cost break down as follows:

	2017			2018		
(in thousands of euros)	**Gross**	**Dep/impairments**	**Net**	**Gross**	**Dep/impairments**	**Net**
Financial loans and receivables	11,050	(2,307)	**8,743**	8,904	(88)	**8,816**
Trade and other receivables	182,236	(4,822)	**177,414**	202,440	(5,776)	**196,664**
Other assets	31,472	(8)	**31,464**	32,232	(28)	**32,204**
Loans and receivables at amortized cost	**224,758**	**(7,138)**	**217,620**	**243,577**	**(5,893)**	**237,684**

iii. Cash and cash equivalents

(in thousands of euros)	**2017**	**2018**
Cash	48,293	47,286
Cash and cash equivalents	5,165	20,138
Total	**53,459**	**67,425**

Cash equivalents correspond to SICAVs (open-ended mutual funds).

b. Financial liabilities

i. Financial liabilities

Changes in debt

	2017			2018		
(in thousands of euros)	Non-current	Current	**Total**	Non-current	Current	**Total**
Bank loans	310,277	42,390	**352,667**	201,409	30,330	**231,740**
Effective interest rate impact	(1,192)	(877)	**(2,069)**	(1,483)	(479)	**(1,962)**
Bank loans	309,085	41,513	**350,598**	199,926	29,852	**229,778**
Bonds	50,000	-	**50,000**	175,000	-	**175,000**
Effective interest rate impact	(335)	(258)	**(593)**	(640)	(189)	**(828)**
Bonds	49,665	(258)	**49,407**	174,360	(189)	**174,171**
Finance leases	6,395	2,797	**9,192**	6,312	3,076	**9,388**
Other financial debt	23	1,551	**1,574**	-	3,019	**3,019**
Short-term bank borrowings	-	1,181	**1,181**	-	619	**619**
Total	**365,167**	**46,784**	**411,952**	**380,599**	**36,377**	**416,976**

Changes in debt over the fiscal year can be analyzed as follows:

(in thousands of euros)	12/31/2017	Increases	Decreases	Change in scope	Depreciation cost	Goodwill	Other changes	12/31/2018
Bank loans	350,598	115,262	(236,190)	-	107	1	-	229,778
Bonds	49,407	150,000	(25,000)	-	(294)	-	58	174,171
Finance leases	9,192	3,113	(2,926)	-	-	9	-	9,388
Other financial debt	1,574	1,446	-	-	-	-	-	3,019
Short-term bank borrowings	1,181	-	(562)	-	-	-	-	619
Total	**411,952**	**269,819**	**(264,677)**	**-**	**(187)**	**10**	**58**	**416,976**

Debt table

At December 31, 2018, Group debt broke down as follows:

(in thousands of euros)	Rate (before hedging)	Amount	Maturities	Hedging
Other bank loans	Floating	13,115	Less than 1 year	Debt contracted at floating rate
		102,053	1 to 5 years	Interest rate hedge of €115.0m
		417	More than 5 years	
	Fixed 0%<rate<6%	16,735	Less than 1 year	
		60,776	1 to 5 years	
		36,681	More than 5 years	
	Total	**229,776**		
Bonds	Floating	-	Less than 1 year	
		-	1 to 5 years	
		-	More than 5 years	
	Fixed 2%<rate<5%	(189)	Less than 1 year	
		29,501	1 to 5 years	
		144,859	More than 5 years	
	Total	**174,171**		
Finance leases	Floating	402	Less than 1 year	
		313	1 to 5 years	
		-	More than 5 years	
	Fixed 0%<rate<6%	2,674	Less than 1 year	
		5,647	1 to 5 years	
		352	More than 5 years	
	Total	**9,388**		
Other financial debt	Floating	-	Less than 1 year	
		-	1 to 5 years	
		-	More than 5 years	
	Fixed	3,021	Less than 1 year	
		-	1 to 5 years	
		-	More than 5 years	
	Total	**3,021**		
Short-term bank borrowings	Floating	619	Less than 1 year	
Total		**416,976**		
Of which current		36,377	Less than 1 year	
Of which non-current		380,599	More than 1 year	

Finance lease agreements

(in thousands of euros)	Net book value	Total – minimum future payments				Total – restated sub-lease payment
	12/31/2018	Total	< 1 yr	1-5 yrs	> 5 yrs	
Land	-	-	-	-	-	-
Buildings	1,670	716	403	313	-	-
Production facilities - industrial machinery	4,115	4,294	1,234	2,943	117	-
Transportation equipment	2,995	2,193	606	1,504	83	-
Fixtures and fittings	1,206	187	-	-	-	-
Office equipment and furnishings	-	-	-	-	-	-

(in thousands of euros)	Net book value	Total – restated minimum future payments				Total – restated sub-lease payment
	12/31/2018	Total	< 1 yr	1-5 yrs	> 5 yrs	
Land	-	-	-	-	-	-
Buildings	1,670	688	392	296	-	-
Production facilities - industrial machinery	4,115	4,012	1,200	2,714	98	-
Transportation equipment	2,995	2,033	589	1,374	70	-
Fixtures and fittings	1,206	181	143	38	-	-
Office equipment and furnishings	-	-	-	-	-	-

Most of the Group's financial 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).

ii. Operating payables

(in thousands of euros)	2017 Non-current	2017 Current	2017 Total	2018 Non-current	2018 Current	2018 Total
Trade payables	23	94,577	**94,600**	-	95,673	**95,673**
Debts on acquisition of fixed assets	448	10,204	**10,652**	31	17,597	**17,629**
Prepayments received	-	4,992	**4,992**	-	4,329	**4,329**
Social insurance payables	-	26,246	**26,246**	-	28,014	**28,014**
State (excluding corporation tax)	-	32,164	**32,164**	-	36,241	**36,241**
Corporate tax	-	814	**814**	-	1,562	**1,562**
Current account credit balances	-	272	**272**	-	643	**643**
Other debts	389	783	**1,171**	194	1,726	**1,920**
Other equity capital	245	-	**245**	204	-	**204**
Liabilities for renewal of assets included in concessions	-	9,333	**9,333**	-	9,191	**9,191**
Prepaid income	-	15,743	**15,743**	-	27,775	**27,775**
Operating payables	**1,105**	**195,129**	**196,234**	**430**	**222,751**	**223,181**

(See Note 2.1.8) for which deferred revenue was booked in the amount of €10 million.

The increase of €12 million in “Deferred income” line item is mainly due to the signature of Amendment 9 in connection with the Sénerval contract

c. Derivatives

(in thousands of euros)	2017			2018		
	Non-current	Current	Total	Non-current	Current	TOTAL
Derivatives - Assets	-	-	**-**	210	32	**242**
Derivatives - Liabilities	478	14	**493**	630	74	**705**

The derivatives used by the Group are for hedging cash flow related to its financing. These instruments, which are traded on organized markets, are managed by the Group's Finance Department.

(in thousands of euros)	2017		2018	
	Nominal value	Fair value	Nominal value	Fair value
Swaps	30,000	(198)	20,000	(122)
Collars	102,500	(303)	95,000	(341)
Total	**132,500**	**(493)**	**115,000**	**(462)**

At December 31, 2018, the maturity of the cash flow hedging instruments was the following:

	Less than 1 year	1 to 5 years	More than 5 years	TOTAL
Swaps	10,000	10,000	-	**20,000**
Collars	15,000	80,000	-	**95,000**
Total	**25,000**	**90,000**	**-**	**115,000**

The gains and losses booked in Other comprehensive income over the period amounted -€0.4 million of which -€0.2 million was linked to the impact of IFRS 9 (See Note 2.1.1-A).

The cumulative amount at December 31, 2018 of Other comprehensive income came to -€0.7 million. The ineffective portion of this hedge was booked as gross financial borrowing costs in the amount of -€0.1 million (See Note 2.4.14).

No other comprehensive income was recycled and booked in the income statement for the period.

3.2.4.5 Employee benefits

The average actuarial assumptions used to measure the actuarial liabilities of the retirement plans and other post-employment benefits in France are the following:

		12/31/2017	12/31/2018
Discount rate(*)		1.21%	1.10%
Wage increases		Between 1% and 3%	Between 1% and 3%
Mortality table		TPF 2005	TPF 2005
Retirement age:			
	Executives	67 years	67 years
	Non-management	65 years	65 years
Mobility rate		Between 3% and 7%	Between 3% and 7%
Social security contributions:			
	Executives	50%	50%
	Non-executive level employee	45%	45%

(*): The discount rate used is based on the rate of the iBoxx AA Corporate Bond index for a maturity of more than 15 years, estimated on the date the liabilities are measured. This index covers a basket of bonds composed of financial and non-financial securities.

The main collective bargaining agreements applicable to France are the following:

- National collective agreement for the chemical and allied industries;
- National collective agreement for the waste handling industry.

(in thousands of euros)	**12/31/2017**	**12/31/2018**
Actuarial liabilities at the end of the period (a)	12,228	12,177
Fair value of hedge assets (b)	(7,692)	(6,962)
Net retirement obligations – France (a) + (b)	**4,536**	**5,215**
Retirement obligations - Mexico	**31**	**43**
Retirement obligations	**4,567**	**5,258**
Long-service awards	**882**	**871**
Total commitment at start of fiscal year	**5,449**	**6,129**
Provision recognized on the liabilities side of the balance sheet	5,554	6,217
Overfunded plans recognized on the asset side of the balance sheet	(105)	(85)

The tables below present the details on provisions for severance allowances at retirement and other post-employment benefits for France:

i. Change in the amount of retirement liabilities

The change in actuarial liabilities and hedging assets for France is the following:

(in thousands of euros)	12/31/2017	12/31/2018
Actuarial liabilities at start of fiscal year	**11,970**	**12,228**
Service cost	773	762
Interest on actuarial liabilities	152	147
Plan changes	-	-
Reductions/Terminations of plans	-	-
Subscriptions paid	-	-
Benefits paid	(295)	(767)
Acquisitions/Disposals of subsidiaries	199	-
Actuarial gains (losses)	(571)	(191)
Other	-	-
Actuarial liabilities at the end of the period (a)	**12,228**	**12,177**
Fair value of hedge assets at start of fiscal year	**(7,692)**	**(7,692)**
Interest income from hedge assets	(96)	(96)
Reductions/Terminations of plans	-	-
Contributions received	-	-
Benefits paid	276	767
Management fees	27	27
Acquisitions/Disposals of subsidiaries	-	-
Actuarial gains (losses)	(207)	31
Other	-	-
Fair value of hedge assets at end of fiscal year	**(7,692)**	**(6,962)**
Net retirement liabilities (a) + (b)	**4,536**	**5,215**

The retirement liabilities of the Mexican subsidiary are not detailed in the Notes due to their immaterial nature.

A 0.5% rise in the discount rate would reduce actuarial liabilities by €736 million. A 0.5% fall in the discount rate would increase actuarial liabilities by €840 million.

ii. Change in long-service benefits liabilities

The Group's liabilities related to long-service benefits has changed as follows:

(in thousands of euros)	12/31/2017	12/31/2018
Amount of commitment at start of fiscal year	**772**	**882**
Service costs	33	36
Interest on actuarial liabilities	9	10
Paid benefits	(68)	(86)
Acquisitions/Disposals of subsidiaries	19	-
Actuarial gains (losses)	117	29
Other	-	-
Amount of commitment at end of fiscal year	**882**	**871**

iii. Impact on comprehensive income

(in thousands of euros)	12/31/2017	12/31/2018
Service costs	806	798
Interest on actuarial liabilities	161	157
Interest income from hedge assets	(96)	(96)
Management fees	27	27
Net cost of benefits in the income statement	**898**	**886**
Actuarial gains (losses)	(661)	(132)
Cost of benefits impacting Other comprehensive income	**(661)**	**(132)**
Net cost of benefits in the income statement	**237**	**754**

3.2.4.6 Current and non-current provisions

Current and non-current provisions have changed as follows:

(in thousands of euros)	12/31/2017	Other changes	Impact on shareholders' equity	Allocations	Write-backs used	Write-backs not used	12/31/2018
Employee benefits	5,554	-	(148)	922	(92)	(19)	6,217
Other non-current provisions	13,221	(64)	-	1,063	(17)	-	14,203
Non-current provisions	**18,775**	**(64)**	(148)	**1,985**	**(109)**	**(19)**	**20,419**
Provisions for litigation	1,207	-	-	199	(147)	(206)	1,053
Provisions for other costs(1)	1,200	2	-	686	(293)	(677)	919
Current provisions	**2,408**	**2**	**-**	**885**	**(440)**	**(883)**	**1,973**
Total	**21,183**	**(63)**	**(148)**	**2,870**	**(548)**	**(902)**	**22,392**

[(1)]: During 2016, the French subsidiary was subject to a tax audit relating to 2013 and 2014 calling for the restatement of the rental values of the landfill cells in respect of property tax. Although the annulment of the effects of this restatement on the audited period was obtained, the company had objected to the basis for this increase. Accordingly, an amount of €0.7 million, corresponding to the portion that the company deemed objectionable, was set aside as a provision. In a letter dated May 30, 2018, the tax authority formally acknowledged the stance it had taken previously, annulling the effects of this increase until December 31, 2018.

Consequently, the €0.7 million in "unused write-backs", mainly related to the amount of the reversal of this provision, thus impacting operating income under "Other operating income and expenses" (See Note 2.4.13, Operating income).

In the first half of 2018, the French subsidiary, Séché Eco-industries, was subject to a customs audit relating to environmental tax for 2014 through 2016. On August 24, 2018, the customs administration concluded that there was an infringement with respect to the General Tax on Polluting Activities (GTPA), for an amount of €1.7 million plus €0.1 million in penalties. These amounts are recognized as €1.8 million in operating expenses (See Note 2.4.1.3, Operating income) and were paid during the period. The company did not accept the transaction proposed to it on November 26, 2018 because it intends to enforce its rights through legal action.

An analysis by type of provision is shown below:

- Employee benefits:
  See Note 2.4.5;

- Other non-current provisions:
  This line item includes provisions for 30-year monitoring and provisions for major maintenance and the renewal of facilities under delegated management recognized according to the guidelines described in Note 2.1.13. The provision for 30-year monitoring was €11.3 million at December 31, 2018 versus €10.3 million at December 31, 2017. The provision for major maintenance and the renewal of facilities under delegated management was €2.9 million at December 31, 2018 and at December 31, 2017.

- provisions for litigation and provisions for other charges:
  These line items mainly cover miscellaneous risks linked to staff and the environment and a number of business risks.

The flow of restated allowances presented above are broken down as follows in the consolidated income statement of December 31, 2018:

(in thousands of euros)	(Reversals)/Net depreciation and amortization expense
Current operating income	1,753
Operating income	(983)
Other financial expenses	650
TOTAL	**1,420**

3.2.4.7 Deferred taxes

Breakdown of deferred taxes by type:

(in thousands of euros)	2017	2018
Employee profit-sharing	481	408
Social solidarity contribution	203	193
Paid leave	695	635
Capital gain on insurance claims	(149)	-
Tax loss carry forwards	34,704	30,074
Deferred amortization and regulatory provisions	(5,157)	(4,594)
Finance leases	(747)	(719)
Internal income	278	271
Employee benefits provision	1,604	1,569
Restated provision for thirty-year monitoring	(952)	(1,020)
Harmonization of amortization	309	295
Fair value of hedging instruments	170	200
Industrial repairs and maintenance	(2,651)	(2,870)
Other temporary differences	(198)	(775)
Total	**28,590**	**23,668**
Of which deferred tax assets	28,788	23,729
Of which deferred tax liabilities	(199)	(60)

The capitalized tax loss carry-forwards correspond to:

- deficits arising before tax consolidation. Their capitalization is decided on a subsidiary by subsidiary basis according to their business plans.
- a tax consolidation deficit for 2012 and 2013 linked to the full provisioning of Séché Environnement's liabilities in HIME. The recognition on the asset side of the balance sheet of this tax credit was possible due to the tax consolidated group's capacity to recover this credit in a reasonable timeframe; the amount of this tax credit takes account of the gradual reduction of the corporate income tax rate in France, from 34.43% to 25.83% by 2022.

At December 31, 2018, the amount of uncapitalized deferred tax assets relating to tax loss carry-forwards stood at €6.3 million.

Changes in deferred tax assets can be analyzed as follows:

(in thousands of euros)	Deferred tax assets	Deferred tax liabilities	NET
Balance at 12/31/2016	**31,862**	**-**	**31,862**
Income	(3,738)	-	(3,738)
Change in fair value – Other comprehensive income	(327)	-	(327)
Changes in consolidation scope and other changes	730	-	730
Translation differences	63	-	63
Compensation of deferred tax assets and deferred tax liabilities	199	199	-
Balance at 12/31/2017	**28,788**	**199**	**28,590**
Income	(4,904)	-	(4,904)
Change in fair value – Other comprehensive income	50	-	50
Impact of the first-time application of IFRS 9	(72)	-	(72)
Translation differences	5	-	5
Compensation of deferred tax assets and deferred tax liabilities	(138)	(138)	-
Balance at 12/31/2018	**23,729**	**60**	**23,668**

3.2.4.8 Off-balance sheet commitments

d. Off-balance sheet commitments arising from normal operations

(in thousands of euros)	2017	2018
Loans ceded before maturity (bills, Dailly Act)	**-**	**-**
Sureties	**133,413**	**131,589**
- Financial guarantees[1]	82,810	90,153
- Other guarantees	50,604	41,436
Secured guarantees	**-**	**-**
- Intangible assets and property, plant and equipment pledged as collateral	-	-
- Securities pledged as collateral	-	-
Total	**133,413**	**131,589**

[1] Including €90 million in sureties granted to a financial institution during the setup of financial guarantees it extended under the Ministerial Order of February 1, 1996.

a. Off-balance sheet commitments given or received in connection with Group debt

(in thousands of euros)	2017	2018
Sureties and letters of intent	**55,075**	**34,348**
Secured guarantees	**-**	**14,052**
Property, plant and equipment and intangible assets pledged as guarantees and collateral	-	14,052
Securities pledged as guarantees and collateral	-	-
Mortgages	-	-
Borrowing commitments received	-	-
Total	**55,075**	**48,400**

As part of its asset financing, the Company signed commitments not to sell the shares that it holds in Sénergies, Séché Éco-Industries and Mézerolles.

All of the above-mentioned off-balance sheet commitments cover balance sheet debt, with the exception of a €0.8 million guarantee.

In connection with public service delegation contracts, Séché Environnement guarantees the principals' proper implementation of the contracts.

b. Other off-balance sheet commitments

The current breakdown of the Group's off-balance sheet commitments includes all significant off-balance sheet commitments in line with current accounting standards.

3.2.4.9 Shareholders' equity

a. Breakdown of share capital

The share capital of Séché Environnement is composed of 7,857,732 shares with a par value of €0.20 each, fully paid up as at December 31, 2017 and December 31, 2018.

The number of shares with a double voting right at December 31, 2018 was 2,115,221 versus 2,516,521 at December 31, 2017.

b. Additional paid-in capital

"Premiums" are made up exclusively of additional paid-in capital from the different capital increases, net of charges.

c. Translation reserves

The translation reserves are a result of the translation of the equity of subsidiaries outside the euro zone.

Translation reserves declined by €1.1 million.

The main exchange rates used (euro/currencies): translation of balance sheet items (closing rate) and income statement items (average rate) are the following:

For 1 euro	PEN	CLP	ARS	MXN
2017				
Average rate	3.69	735.60	18.92	21.45
Closing rate	3.89	739.01	22.39	23.66
2018				
Average rate	3.88	757.28	33.32	22.73
Closing rate	3.86	794.60	43.10	22.49

d. Treasury stock

By virtue of the authorizations granted by the General Shareholders' Meetings of April 27, 2018 and 2017, the Board of Directors repurchased Group shares in 2018 as part of a liquidity contract, the management of which was entrusted to an independent organization. The Director is recorded as making an initial contribution of €1.4 million and owns 4,863 shares.

As of December 31, 2018, share buybacks (for the whole of 2018) broke down as follows:

	2017	2018
Number of shares held as treasury stock[1]	57,937	55,077
Percentage of shares held as treasury stock	0.74%	0.70%
Net book value of shares held as treasury stock (€)	1,705,112	1,446,870
Market value of shares held as treasury stock at the end of the period (€)	1,733,505	1,465,048
based on the closing price of Séché Environnement's shares at the end of December (€)	*29.92*	*26.60*

[1] including shares acquired under previous share buyback programs

e. Earnings per share

The earnings and the shares used for calculating basic earnings per share and dilution per share are presented below:

Earnings per share	2017	2018
Net income attributable to ordinary shareholders for basic earnings per share	**15,353**	**15,580**
Weighted average number of ordinary shares for basic earnings per share	7,857,732	7,857,732
Weighted average number of treasury shares for basic earnings per share	57,670	57,728
Weighted average number of shares for basic earnings per share	7,800,062	7,800,004
Earnings per share (€)	**1.97**	**2.00**
Diluted earnings per share (€)	**1.97**	**2.00**

f. Dividends

In 2018, Séché Environnement paid out €7,464,845.40 in dividends, or €0.95 per share, regardless of the type of share. As a reminder, dividends concerning treasury stock, i.e. €55,100 were deducted directly from other comprehensive income.

On March 5, 2019, the Board of Directors decided to propose to the General Shareholders' Meeting a dividend payout of €7,464,845.40 (or €0.95 per share) for fiscal year 2018.

3.2.4.10 Income from ordinary activities

a.Breakdown of revenue by type

(in thousands of euros)	2017	2018
Revenue	534,464	585,308
Waste treatment activities	*258,003*	*280,242*
Recovery activities	*91,057*	*94,047*
Other services	*185,404*	*211,019*
Other business income	9,448	6,294
Transfers of expenses	1,215	555
Income from ordinary activities	**545,127**	**592,156**

b. Breakdown of revenue by type of waste

(in thousands of euros)	2017	2018
HW treatment	325,920	349,696
NHW treatment	208,545	235,612
Of which IFRIC 12 revenue	*3,101*	*7,759*
Total	**534,464**	**585,308**

c. Performance obligations remaining to be satisfied

Performance obligations remaining to be satisfied represent the amount of the transaction price allocated to performance obligations not yet satisfied or partially satisfied on the balance sheet date (“order book”). At December 31, 2018, total revenue not yet recognized from the Group’s long-term contracts was around €44 million. The Group believes that most of this revenue should be booked in the next 12 to 24 months.

3.2.4.11 EBITDA

a. Breakdown of EBITDA

(in thousands of euros)	2017	2018
REVENUE FROM ORDINARY ACTIVITIES	545,127	592,156
Purchases used for operational purposes	**(66,627)**	**(70,023)**
- Stored purchases	(40,831)	(39,380)
- Non-stored purchases	(25,796)	(30,644)
External expenses	**(211,715)**	**(234,283)**
- Sub-contracting	(120,205)	(137,068)
- Rental expenses	(20,954)	(23,895)
- Maintenance and repairs	(25,283)	(24,280)
- Insurance	(7,016)	(6,768)
- Other external expenses	(38,258)	(42,273)
Taxes other than on income	**(41,486)**	**(45,796)**
Employee expenses	**(127,221)**	**(133,322)**
- Payroll costs	(124,936)	(131,343)
- Profit-sharing schemes	(2,281)	(1,975)
- Contributions towards end-of-career payments	(4)	(4)
EBITDA	**98,077**	**108,732**

External services mainly include the sub-contracting of collection, transportation and final waste treatment.

b. Operating leases

(in thousands of euros)	TOTAL minimum future payments, discounted (non-cancelable contracts)				Expenses for the year (non-cancelable contracts)
	TOTAL	**< 1 yr**	**1 to 5 years**	**> 5 yrs**	
Intangible fixed assets	136	12	47	77	12
Land	1,573	422	785	366	308
Buildings	21,944	5,717	11,863	4,364	5,684
Technical facilities, equipment and industrial plant	5,673	1,525	2,825	1,323	4,757
Transportation equipment	2,279	612	1,138	530	2,050
Fixtures and fittings	-	-	-	-	-
Office equipment and furniture	39	10	19	9	11

The analysis of contracts entered into in connection with IFRS 16 led to, as regards the presentation of operating leases according to IAS 17, reclassifications from one asset class to another and the redefinition of rental periods for some contracts during the period.

3.2.4.12 Current operating income

a. Breakdown of current operating income

(in thousands of euros)	2017	2018
EBITDA	**98,077**	**108,732**
Cost of renewal of assets included in concessions and rehabilitation of treatment sites	(10,722)	(11,569)
Operating income	322	1,780
Operating expenses	(560)	(1,541)
Net allocations to provisions and impairment	(1,793)	(2,401)
- Allocations	(2,416)	(3,929)
- Write-backs	624	1,529
Allocations to amortization	(45,608)	(50,794)
Current operating income	**39,715**	**44,206**

b. Other operating income and expenses

(in thousands of euros)	2017	2018
Losses on bad debts	(312)	(374)
Other	(248)	(1,168)
Operating expenses	**(560)**	**(1,541)**
Investment subsidy[1]	-	1,664
Other	322	116
Operating income	**322**	**1,780**
Total	**(238)**	**238**

[1] investment grants were presented with “Other operating revenue” at December 31, 2017 for a total of €2.1 million.

c. Net allocations to provisions and impairment

(in thousands of euros)	2017	2018
Net allocations to current and non-current provisions[1]	(1,711)	(1,754)
Net allocations to fixed assets	4	326
Net allocations to current assets	(85)	(973)
Total	**(1,793)**	**(2,401)**

[1] See Note 2.4.6 “Current and non-current provisions”.

d. Depreciation

(in thousands of euros)	2017	2018
Net allocations to intangible fixed assets	(4,906)	(5,561)
Net allocations to property, plant and equipment	(40,694)	(45,224)
Amortization to be allocated	(9)	(9)
Total	**(45,608)**	**(50,794)**

3.2.4.13 Operating income

(in thousands of euros)	2017	2018
Current operating income	**39,715**	**44,206**
Income on disposal of fixed assets	(2,893)	(591)
- disposals of intangible fixed assets	(1,311)	(930)
- disposals of property, plant and equipment	(2,213)	339
- disposals of consolidated investments(1)	631	-
Impairment of assets	(142)	(1,667)
- impairment of property, plant and equipment	(142)	(1,667)
Business combination effects(2)	(1,015)	(981)
Other(3)	1,675	(2,980)
Operating income	**37,340**	**37,987**

(1) The gain (loss) on disposals of consolidated investments at December 31, 2017 related to capital losses on the disposal of Moringa in the amount of -€0.5 million and a capital gain on the disposal of Laval Energie Nouvelle in the amount of €1.1 million.

(2) The amounts recorded under the heading, "Business combinations effects", refer to:

- in 2018, primarily the amounts committed in connection with the acquisition of the South African group, Interwaste Holdings Limited, totaling €0.9 million (See Note 2.4.21);
- in 2017, the amounts committed for the construction of Séché business combinations in the waste division of Charier Group, Taris, SADN and Solarca SL.

(3) The amounts booked under the heading, "Other", mainly refer to:

- In 2018:
  - -€1.8 million euros, corresponding to the contested amount of GTPA tax reassessed on Séché Eco-industries (See Note 2.4.6);
  - €0.7 million corresponding to the net write-back of a provision recognized concerning the contested amount of property tax reassessed on Séché Éco-industries (See note 2.4.6);
  - -€1.6 million of expenses incurred or committed under a performance plan to optimize supervisory responsibilities;
  - -€0.3 million in costs incurred by the Group for the management of the Strasbourg-Sénerval public service delegation contract, which became more complex due to the presence of asbestos in the delegated facilities.
- In 2017:
  - €3.4 million corresponding to the net write-back of a provision concerning the contested amount of property tax reassessed on Séché Éco-industries;
  - -€1.4 million of expenses incurred or committed under a performance plan to optimize supervisory responsibilities;
  - -€0.3 million in costs incurred by the Group for the management of the Strasbourg-Sénerval public service delegation contract, which became more complex due to the presence of asbestos in the delegated facilities.

3.2.4.14 Financial income

(in thousands of euros)	2017	2018
Income from cash and cash equivalents	**127**	**65**
Financial liabilities at amortized cost[1]	(11,920)	(13,903)
Income from derivatives[2]	(491)	(120)
Gross financial borrowing costs	**(12,410)**	**(14,023)**
Cost of net financial debt	**(12,284)**	**(13,958)**
Net income on the sale of financial fixed assets[3]	(21)	1,762
Accretion of 30-year provisions	(517)	(587)
Impairment of equity instruments[4]	100	(353)
Other impairment losses & provisions	(74)	(88)
Foreign exchange gain (loss)	(765)	(53)
Other	(38)	(76)
Other financial income and expenses	**(1,315)**	**605**
Total	**(13,599)**	**(13,353)**

[1] o/w €1.4 million linked to the elimination of the amortization of issuance costs following early repayment of the debt (See Note 2.2.2).
[2] See Note 2.4.4 c)
[3] Corresponds to an additional price received during the period in the amount of €1.8 million subsequent to the disposal of HIME on October 8, 2013.
[4] Impairment losses related to non-consolidated Emertec and Rovaltain investments for €0.2 million each (See Note 2.4.4 a).

3.2.4.15 Income tax

(in thousands of euros)	2017	2018
Income tax payable	(3,925)	(3,896)
Deferred tax	(3,738)	(4,904)
Total	**(7,663)**	**(8,799)**

The statutory rate as compared with the actual rate paid breaks down as follows:

(in thousands of euros)	2017	2018
Tax at current statutory tax rate	**(8,110)**	**(8,311)**
Change in tax rate applicable to parent company[1]	0	(1,119)
Transition to tax rate applicable to parent company[2]	4	(275)
Difference in tax rates applicable to subsidiaries	340	817
Unrecognized tax assets	(1,105)	(997)
Use of previous losses not carried forward	8	270
Permanently non-taxable income and expenses	1,200	816
Total tax expense	**(7,663)**	**(8,799)**

[1] The gradual reduction in the corporate income tax rate in France from 34.43% to 25.83% passed in connection with the 2019 Finance Act led to a reduction in the recognition of deferred tax assets of €1.1 million.

[2] The tax rate (not counting social security contributions) on profits is 33.33%. Including payroll taxes, the Group's tax rate is 33.74%.

Within the framework of the consolidated tax group headed by Séché Environnement, €9.0 million in tax savings were generated.

3.2.4.16 Financial risk management

a. Financial assets and liabilities measured at fair value

Financial assets and liabilities measured at fair value break down into the following levels of fair value:

2018

(in thousands of euros)	Level 1	Level 2	Level 3	TOTAL
Equity instruments	-	841	372	**1,213**
Derivatives	-	-	-	**-**
Other financial assets measured at fair value through profit or loss	-	-	-	**-**
Financial assets	**-**	**841**	**372**	**1,213**
Financial liabilities	-	416,976	-	**416,976**
Derivatives	-	704	-	**704**
Other financial liabilities measured at fair value through profit or loss	-	-	-	**-**
Financial liabilities	**-**	**417,680**	**-**	**417,680**

For the sake of comparison, the fair value allocation of the Group's financial instruments on the closing date of the previous period breaks down as follows:

2017

(in thousands of euros)	Level 1	Level 2	Level 3	TOTAL
Equity instruments	-	993	548	**1,541**
Derivatives	-	-	-	**-**
Other financial assets measured at fair value through profit or loss	-	-	-	**-**
Financial assets	**-**	**993**	**548**	**1,541**
Financial liabilities	-	411,952	-	**411,952**
Derivatives	-	493	-	**493**
Other financial liabilities measured at fair value through profit or loss	-	-	-	**-**
Financial liabilities	**-**	**412,444**	**-**	**412,444**

Equity instruments:

- listed securities, measured at the quoted share price on the balance sheet date, are considered to be Level 1;
- unlisted securities whose fair value can be determined based on observable inputs, such as an assessment by an independent expert, are considered to be Level 2;
- unlisted securities whose fair value can be determined based on a pricing model (discounting of future cash flows, multiples, etc.) are considered to the Level 3.

Derivatives:

The fair value of hedging instruments used by the Group (swaps, collars, swaptions, mixed instruments) is determined on the basis of a pricing model using observable data (principally interest rates), and is therefore considered to be Level 2.

Financial liabilities:

The fair value of financial liabilities can be determined based on observable inputs (interest rates), and is considered to be Level 2.

b. Exposure to credit risk

Credit risk is the risk of financial loss incurred by the Group in the event a client or counterparty to a given asset fails to meet its contractual obligations.

This risk comes mainly from trade receivables.

The Group manages credit risk associated with trade receivables via an active payment collection policy implemented at each of its French subsidiaries. This policy is implemented using a centralized software program which issues formal reminders and provides real-time information on the various stakeholders. An analysis of payment deadlines is also followed up on a monthly basis, and any incidents are subject to corrective initiatives.

Furthermore, the Group has taken out credit insurance to cover the credit risks of its principal subsidiaries.

The book value of the financial assets represents the Group's maximum exposure to credit risk (see Note 2.4.4).

Income, expenses, profits and impairments recognized in 2018 as financial assets on the financial statements were almost exclusively comprised of losses on trade receivables (see Note 2.4.12).

c. 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 breaks down as follows:

	2018				
(in thousands of euros)	**Net value**	**Of which not due**	**Of which due** 0-6 months	**Of which due** 6 months-1 year	**Of which due** more than 1 year
Financial loans and receivables	8,816	8,816	-	-	-
Trade and other receivables	196,664	163,338	28,246	1,888	3,192
Other receivables	32,204	31,599	354	43	208
Total financial assets at amortized cost	**237,684**	**203,753**	**28,600**	**1,931**	**3,400**

The aged balance of loans and receivables at amortized cost at the balance sheet date of the previous year breaks down as follows:

	2017				
(in thousands of euros)	**Net value**	**Of which not due**	**Of which due** 0-6 months	**Of which due** 6 months-1 year	**Of which due** more than 1 year
Financial loans and receivables	8,743	8,743	-	-	-
Trade and other receivables	177,414	151,614	17,807	3,150	4,843
Other receivables	31,464	30,808	145	12	499
Total financial assets at amortized cost	**217,620**	**191,165**	**17,952**	**3,161**	**5,342**

The Group has also taken out a credit insurance policy to cover its consolidated revenue.

The Group considers that it is not exposed to any significant counterparty risk. The receivables due in more than 12 months listed below were subject to analysis, which did not result in the recognition of an impairment loss.

d. 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 an up-to-date overview of the Group's short-, medium- and long-term financing requirements. Nearly all of the Group's financing is managed centrally, as is the balancing of the sources of financing (capital markets, banks).

At December 31, 2018, the remaining contractual maturities of the Group's financial liabilities break down as follows:

(in thousands of euros)	**Book value**	**Contractual cash flows**	**< 1 yr**	**1 to 5 years**	**> 5 yrs**
Bank loans	403,947	459,693	40,428	226,192	193,075
Lease finance debt	9,388	7,391	2,391	4,800	200
Other financial debt	3,021	3,019	3,019	-	-
Short-term bank borrowings	619	619	619	-	-
Trade and other payables	213,990	213,990	213,561	225	204
Liabilities for renewal of assets included in concessions	9,191	9,191	9,191	-	-
Total non-derivative financial liabilities	**640,157**	**693,903**	**269,209**	**231,217**	**193,479**
Derivatives	705	705	74	630	-
Total derivative financial liabilities	**705**	**705**	**74**	**630**	**-**

FOR the sake of comparison, the remaining contractual maturities relating to the Group's financial liabilities were analyzed as follows on December 31, 2017:

(in thousands of euros)	Book value	Contractual cash flows	< 1 yr	1 to 5 years	> 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	186,900	186,900	185,795	860	245
Liabilities for renewal of assets included in concessions	9,333	9,333	9,333	-	-
Total non-derivative financial liabilities	**608,185**	**641,670**	**251,977**	**340,343**	**49,351**
Derivatives	493	493	14	478	-
Total derivative financial liabilities	**493**	**493**	**14**	**478**	**-**

Leverage covenant:

In connection with setting up debt refinancing in July 2018 (See Note 2.2.2), the Group benefits from a single and more flexible ratio, namely a leverage constraint raised from 3.5 to 3.95, and which can be further increased to 4.25x EBITDA should any acquisitions take place.

One of two private investments of €25 million maturing in 2019 was repaid early, without penalty, during the reporting period. The second is set to mature in 2021 and has given rise to a contractual amendment to bring the covenants into line with the new documentation.

Net bank debt, and any change thereto, is set out in Note 2.4.4 b).

It is understood 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 financing and the impact of IFRS 16 – "Leases". Non-recourse financing refers to any financing arranged to finance the acquisition, shortfall, 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 the operation of the asset or project in question;
- EBITDA means consolidated operating income before deduction of all depreciation and amortization expense, provisions and write-downs, and other operating income and expenses.

At December 31, 2018, the Group had a leverage ratio of 2.92 vs. 3.32 at December 31, 2017. At December 31, 2018, as at December 31, 2017, the leverage ratio is lower than the maximum leverage allowed in banking agreements. TO date, the company's banking partners have not demanded the early repayment of any existing credit facilities.

e. Exposure to interest rate risk

Séché Environnement's corporate debt, any hedging excluded, is subject to a variable rate of interest.

The Group uses derivatives to hedge against any rise in interest rates and 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.

Sensitivity analysis consists of calculating the impact of any upward or downward movement of the interest rate prevailing on the balance sheet date.

Impact on revenue after taking account of interest rate derivatives:

- A 1% increase or decrease in the interest rate on the nominal amount of net debt would generate a loss of €0.2 million or a loss of €0.1 million on bank indebtedness.

Impact on revenue after taking account of interest rate derivatives:

- a 1% rise of all interest rate curves would generate a gain in equity of €1 million euros linked to a variation in fair value of the documented derivatives used as cash flow hedges. CONVERSELY a 1% drop would generate a loss of €0.4 million.

The disparity of the impact is tied to the low level of short-term rates applicable to a number of financial assets and liabilities.

f. Exposure to exchange rate risk

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

- the conversion of contributions from foreign subsidiaries outside the euro zone to its balance sheet and income statement. However, this risk is limited;
- bank debt financing, denominated almost exclusively in euros, investments of its foreign subsidiaries carried out in local currencies (for subsidiaries not considered as long-term foreign investments).

Changes in foreign exchange income break down as follows:

(in thousands of euros)	2017	2018
Europe region	(498)	(108)
Americas region	(120)	109
Rest of world	(147)	(54)
Total	**(765)**	**(53)**

TO date, this risk is not subject to separate hedging at the Group level.

3.2.4.17 Geographic breakdown

a. Revenue from ordinary activities by geographic area

(in thousands of euros)	2017	2018
France	488,728	527,472
Europe (outside France)	37,133	40,750
Outside Europe	19,265	23,934
Total income from ordinary activities	**545,127**	**592,156**

b. Non-current assets by geographic area

At December 31, 2018

(in thousands of euros)	France	Europe (outside France)	Rest of world	TOTAL
Goodwill	237,035	9,959	18,226	265,220
Intangible fixed assets included in concessions	53,588	-	-	53,588
Other intangible fixed assets	15,072	1,246	561	16,879
Property, plant and equipment	209,854	8,932	17,122	235,907
Investments in affiliates	686	-	2,590	3,276
Non-current financial assets	8,141	97	648	8,886
Non-current derivatives - assets	210	-	-	210
Non-current financial operating assets	40,551	-	-	40,551
Deferred tax assets	22,780	565	384	23,729
Total non-current assets	**587,916**	**20,798**	**39,531**	**648,245**

At December 31, 2017

(in thousands of euros)	France	Europe (outside France)	Rest of world	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
Investments 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**

3.2.4.18 Disputes and contingent liabilities

The companies of the Group are occasionally parties to disputes in connection with their activities. The related risks were assessed by Séché Environnement and the subsidiaries concerned based on their knowledge of the issues and were subject, if warranted, to provisions recognized as a result. The Group believes that the provisions recognized on the balance sheet for these known or ongoing disputes on the balance sheet date are of an amount that would not impact the consolidated financial position in a material manner in the event of an unfavorable outcome.

TAX AUDITS COMPLETED BEFORE THE CLOSING DATE:

- Trédi (France) for the years 2013 through 2016 relating to the customs value of imported waste: on November 12, 2018, the Customs Administration concluded that there was no infringement;
- Trédi (France) for the years 2014 through 2016 relating to environmental taxes: on December 4, 2018, the Customs Administration concluded that there was an infringement with respect to the General Tax on Polluting Activities (GTPA), for an amount of €0.3 million, recognized on the “Taxes and charges” line;
- Béarn Environnement (France) for the years 2014 and 2015 relating to environmental taxes: on October 15, 2018, the Customs Administration concluded that there was no infringement;

- Béarn Environnement (France) for the years 2014 through 2016 relating to environmental taxes: on November 11, 2018, the Tax Authority concluded that there were no back taxes to pay;
- Béarn Environnement (France) for the years 2014 through 2016 relating to environmental taxes: on April 19, 2018, the Customs Administration concluded that there was no infringement.

ONGOING TAX AUDITS FOR WHICH A REASSESSMENT PROPOSAL WAS RECEIVED:

None.

ONGOING TAX AUDITS FOR WHICH NO REASSESSMENT PROPOSAL WAS RECEIVED:

- Speichim Processing (France) for 2017 relating to the customs value of imported waste: this customs inquiry, initiated on June 11, 2018, is still ongoing;
- Séché Transports (France) for 2015 through 2017 relating to all tax returns: this check of accounting records initiated on November 28 is still ongoing;
- Séché Éco-services (France) for 2015 through 2018 relating to property tax and payment of the corporate property tax: this audit of accounting records initiated on May 3, 2018, is still ongoing.

OTHER CONTINGENT LIABILITIES SETTLED BY THE BALANCE SHEET DATE - OTHER CONTINUING CONTINGENT LIABILITIES ONGOING ON THE BALANCE SHEET DATE:

There are no other government, legal or arbitration procedures, including any procedures of which the Company is aware, which are pending or threatened, that are likely to have or, during the last six months, have had significant impacts on the financial situation or the profitability of the Company and/or the Group.

3.2.4.19 Transactions with related parties

The Group maintains relations with the following related parties:

- non-consolidated Group subsidiaries, associates and the company, Séché Group: the Group maintains no significant relationship 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 following section.

3.2.4.20 Average headcount

Consolidated average headcount (excluding subsidiaries accounted for by the equity method) break down as follows:

By region	2017	2018
France	1,881	1,914
Europe (outside France)	205	217
Rest of world	210	309
Total	**2,296**	**2,546**

3.2.4.21 Remuneration of senior management

Remuneration of the senior executives and Directors breaks down as follows:

(in euros)	2017	2018
Short-term benefits	1,315,313	1,461,318
Post-employment benefits	-	-
Share-based payments	-	-
Total	**1,315,313**	**1,461,318**

3.2.4.22 Other post-balance sheet events

a. Séché Environnement launches public takeover bid for Interwaste

On November 2, 2018, Séché Environnement announced its intention to acquire 100% of the capital of Interwaste Holdings Limited via Séché South Africa Proprietary Limited (See Note 2.2.1).

Thanks to this acquisition, Séché Environnement aims to build a strong position in South Africa and southern Africa, thus taking advantage of growth and the transformation in waste markets as part of a circular economy approach.

Séché Environnement filed a firm offer with the Johannesburg Stock Exchange under a Scheme of Arrangement to acquire 100% of the shares comprising Interwaste's share capital for ZAR 1.20 per share, representing a total valuation of €32.0 million at the time of the offer, and will be financed by drawing down the revolving credit facility (RCF) secured as part of the bank contract in July 2018 (see Note 2.2.2).

The approval of the shareholders of Interwaste Holdings Limited was received on January 9, 2019. Subject to approval by the South African competition authorities, the acquisition will be finalized sometime in March 2019 and, accordingly, it will have no impact on the Group's financial position as at December 31, 2018.

The main 2017 aggregates of the Interwaste Group are summarized below in millions of euros:

(in millions of euros)	2017
Revenue	68.8
Operating income	7.3
Net income	3.6
Balance sheet total	**73.1**

b. Further acquisition of 7% of Kanay, a Peruvian company

On January 31, 2019, in accordance with the call option signed on October 2, 2017, Séché Environnement acquired an further 7% stake in Kanay for a price of €0.9 million, raising its participating interest from 49% to 56%. Subsequent to this takeover, Kanay will be consolidated using the full consolidation approach and no longer the equity accounting method.

The Group signed no other agreement to acquire companies between the balance sheet date and March 5, 2019, the date of approval of the financial statements by the Board of Directors.

3.2.4.23 Statutory Auditors' fees

Fees paid by the Group to its statutory auditors and members of their networks:

	MAZARS	KPMG		RSM Ouest	
(in thousands of euros)	**2018**	**2018**	**2017**	**2018**	**2017**
Certification of the financial statements and limited six-month audit of the individual and consolidated financial statements					
Séché Environnement	105	105	108	10	110
Fully consolidated subsidiaries	34	193	258	143	175
Services other than certification of financial statements					
Séché Environnement	10	19	355	-	-
Fully consolidated subsidiaries	-	3	-	-	-
Total	**149**	**320**	**721**	**153**	**285**

3.3 REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2018

Year ended December 31, 2018

TO the General Meeting of Shareholders of Séché Environnement S.A.

Opinion

In accordance with the terms of our appointment by your General Meetings of Shareholders, we have audited the accompanying consolidated financial statements of Séché Environnement SA, for the year ended December 31, 2018, as published in this Report.

In our opinion, 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, 2018 and of the results of its operations 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 in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2018 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.

Valuation of goodwill

Risk identified

In the course of its development, the Group has made certain external acquisitions, and to recognize goodwill in respect of the companies acquired.

This goodwill, representing the difference between the price paid and the net fair value of the assets acquired, presented on the Assets side of the consolidated financial statements in the amount of €265,220,000, is allocated to cash-generating units (CGUs) of the businesses into which the acquired companies were integrated, as described in the Notes relating to accounting guidelines and policies in Section 2.1.7.a. "Goodwill" and 2.1.7.d. "Recoverable value of tangible and intangible assets" in the notes to the consolidated financial statements.

Management ensures on each balance sheet date and whenever there is an indication of an impairment loss that the carrying amount of such goodwill 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 based on discounted forecast cash flows determined on the basis of the consolidated business plan of each CGU, covering a period of three fiscal years, with years four and five being projected as identical to year three, approved by the Board of Directors, and using a discount rate and an annual perpetual growth rate as described in Notes 2.1.7.d. and 2.4.1.a. to the consolidated financial statements. 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 relevance of all the assumptions used to determine this value, and whether the calculation parameters are reasonable and coherent.

The 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 perpetual growth rate used to determine the value-in-use. We therefore considered that valuation of goodwill is a Key Audit Matter.

Our response

We analyzed whether the methods employed by the Company were compliant with 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 used in the business plans approved by the Board of Directors, and analyzing the discrepancies between actual achievements at December 31, 2018, and the budgets which form part of the 2018 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;
- testing the arithmetical accuracy of the valuations carried out by management.

Lastly, we assessed the appropriateness of the information provided in the notes on accounting guidelines and policies in the notes to the consolidated financial statements.

Recoverable nature of deferred tax assets

Risk identified

An amount of €28,788,000 was booked in the consolidated balance sheet under deferred tax assets. As indicated in Note 2.4.7, this total includes a net amount of €30,074,000 corresponding to deferred taxes on tax loss carryforwards.

Deferred tax assets are only booked if the Group has a reasonable assurance of being able to recover them in forthcoming years. In particular, the recoverable nature of capitalized tax losses relies on the capacity of the tax consolidated group to meet the objectives set out in the business plan drawn of by the group's management and reviewed by the Board of Directors.

We considered this subject to be a Key Audit Matter in view of the uncertainty surrounding the recoverable nature of deferred tax assets at December 31, 2018, and in view of the judgment exercised by management concerning the ability of the Group to use the tax loss carryforwards generated to date in the future.

Our response

Our audit approach consisted in assessing the probability that the Group 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 tax jurisdiction and which could be applied to existing tax loss carryforwards before they expire; and
- the capacity of the Group to generate taxable profits in the future, thereby creating the conditions to allow 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 used to draw up the business plan, which provides the basis for assessing 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 periods with the actual results of the fiscal years concerned;
- evaluating the coherence of the assumptions selected for evaluating deferred taxes against those selected for impairment tests carried out on tangible and intangible assets.

Specific verifications

As required by law and the regulations, we have also verified in accordance with professional standards applicable in France the information on the Group, provided in the Board of Directors' management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We certify that the non-financial performance report provided for by Article L.225-102-1 of the French Commercial Code is included in the Group management report, it being specified that, in accordance with the provisions of Article L.823-10 of said code, we have not verified the information contained in this report with respect to its fair presentation or consistency with the consolidated financial statements and the information must be the subject of a report by an independent third body.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Séché Environnement SA by vote of the 2018 General Meeting for Mazars and by the 1997 General Meeting for KPMG S.A.

As at December 31, 2018, KPMG SA was in its 22nd year of total uninterrupted engagement and Mazars in its first year.

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 International Financial Reporting Standards as adopted by the European Union, 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.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements were prepared by your 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 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 in response 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 this 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 attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- 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;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The statutory auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

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.

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 (Code de Déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The Statutory Auditors

Nantes, March 12, 2019	Rennes, March 12, 2019
KPMG Audit Department of KPMG S.A.	Mazars
Franck Noël Partner	Ludovic Sevestre Partner
Gwenaël Chedaleux Partner	

3.4 PARENT COMPANY FINANCIAL STATEMENTS AT DECEMBER 31, 2018

3.4.1 Balance sheet

	2017	2018		
Assets (in euros)	**Net**	**Gross**	**Amortiz. & prov**	**Net**
Uncalled part of subscribed capital				
Intangible fixed assets	66,960	194,440	150,742	43,698
Property, plant and equipment	79,535	759,476	695,407	64,069
Long-term investments:				
- Equity investments	303,915,743	465,198,440	153,884,185	311,314,255
- Long-term loans	34,581,365	35,671,217		35,671,217
- Other long-term investments	3,940,156	6,917,785	3,592,115	3,325,670
Total fixed assets	**342,583,760**	**508,741,358**	**158,322,449**	**350,418,908**
Current assets:				
Inventories and work in progress				
Advances and prepayments on orders	573,179	422,146		422,146
Trade and other accounts receivable	973,644	4,202,497		4,202,497
Other receivables	105,922,876	102,199,738	28,500	102,171,238
Transferable securities	5,000,000	20,000,000		20,000,000
Cash and cash equivalents	37,368,488	27,641,962		27,641,962
Total current assets	**149,838,187**	**154,466,343**	**28,500**	**154,437,843**
Prepaid expenses	19,199	17,584		17,584
Accruals and deferred income	1,866,442	2,348,004		2,348,004
Translation difference - assets	6,199			
Bond redemption premiums				
Total assets	**494,313,787**	**665,573,289**	**158,350,949**	**507,222,340**

Liabilities (in euros)	2017	2018
Share capital	1,571,546	1,571,546
Additional paid-in capital	74,061,429	74,061,429
Reserves:		
- Legal reserve	172,697	172,697
- Regulatory reserves		
- Other reserves		
Retained earnings	12,113,447	12,992,049
Income	8,288,347	12,461,360
Subsidies		
Regulated provisions	8,150	1,041
Total shareholders' equity	**96,215,618**	**101,260,122**
Other equity capital	121,302	80,868
Provisions for risks and contingencies	38,019,754	33,557,146
Total provisions for risks and contingencies	38,019,754	33,557,146
Financial and similar debt	307,095,567	310,898,021
Deposits & prepayments on outstanding orders	1,495	5,624
Trade and other accounts payable	2,126,366	3,591,920
Other	50,703,336	57,762,166
Total debts	**359,926,763**	**372,257,732**
Prepaid income	30,350	30,781
Translation difference - liabilities		35,691
Total liabilities	**494,313,787**	**507,222,340**

3.4.2 Income statement

(in euros)	2017	2018
Operating income		
Revenue	12,304,289	12,152,145
Total revenues	**12,304,289**	**12,152,145**
Ending inventories		
Capitalized production		
Operating subsidies	31,411	37,727
Reversals of provisions and internal transfers	830,021	2,637,849
Other income	1	5
Total operating income	13,165,723	14,827,726
Operating expenses		
Purchases of goods		
Change in inventories		
Purchases and outside services	(10,044,363)	(14,227,633)
Change in inventories		
Tax, duties and related payments	(368,843)	(375,805)
Salaries, wages and payroll taxes	(4,402,115)	(4,508,858)
Depreciation, amortization and provisions	(736,036)	(2,222,513)
Other expenses	(112,503)	(124,222)
Total operating expenses	(15,663,860)	(21,459,032)
Operating income	**(2,498,137)**	**(6,631,306)**
Financial income	28,675,681	26,383,924
Financial expenses	(17,814,427)	(23,104,694)
Financial income	**10,861,253**	**3,279,229**
Income before tax	**8,363,116**	**(3,352,077)**
Non-recurring income	**(7,918,261)**	**6,772,218**
Employee profit-sharing		
Incentives		
Income taxes	7,843,492	9,041,219
Net income	**8,288,347**	**12,461,360**

3.4.3 Cash flow statement

(in euros)	2017	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Net cash flow from consolidated companies	25,381,095	22,499,065
Change in WCR	7,214,893	(12,935,530)
Net cash from operating activities	**32,595,988**	**9,563,534**
CASH FLOWS FROM INVESTMENT OPERATIONS		
Net cash flow from acquisitions and disposals of subsidiaries	(48,611,899)	68,901
Investment subsidies received		
Asset purchases	(15,810,332)	(12,401,664)
Asset disposals, net of tax	9,879,134	13,144,811
Non-consolidated investments and other non-transferable securities		
Net cash from investment operations	**(54,543,096)**	**812,047**
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid to equity holders of the parent	(7,413,279)	(7,409,745)
Dividends paid to minority shareholders		
Changes in other shareholders' equity	(40,434)	(40,434)
Capital increases or contributions		
Proceeds from borrowings	86,635,000	255,060,250
Repayments of borrowings	(22,135,397)	(252,866,353)
Net cash flow from financing activities	**57,045,890**	**(5,256,283)**
Change in cash and cash equivalents	**35,098,781**	**5,119,299**
Opening cash position	7,217,276	42,316,057
Closing cash position	42,316,057	47,435,356
Reclassified to opening cash position		
Effect of changes in foreign exchange rates		

3.4.4 Highlights of the period

Séché Environnement opted to refinance its financial debt through a €150 million bond issue in the form of a private placement, and took out a €120 million reducing bank loan combined with a €150 million revolving credit facility ("RCF") and incorporating innovative environmental, social and governance (ESG) criteria. These transactions mean that Séché Environnement can benefit from **more favorable terms on extended maturities and a more flexible, single leverage covenant**, which can be increased to up to 4.25x EBITDA in the event of an acquisition.

In addition, Séché Environnement announced its intention to acquire, through Séché South Africa Proprietary Limited, its wholly-owned South African subsidiary, 100% of the capital of Interwaste Holdings Limited, a specialist in the treatment of waste in South Africa. The transaction was completed through a scheme of arrangement offered to the shareholders of Interwaste by Séché South Africa Proprietary Limited at a price of ZAR 1.20 per share.

On November 8, 2018, Joël Séché contributed 402,399 Séché Environnement shares owned by him directly. Subsequent to this contribution, Séché Group, 100% owned by Joël Séché, now owns 50.00% of the capital of Séché Environnement and 58.51% of the voting rights.

The agreements for services rendered to the subsidiaries were amended during the year. The agreements provide for the re-invoicing of any costs incurred in assisting the subsidiaries, plus a mark-up. This amendment to the agreements led to a decrease in the company's operating income: the company will assume any costs regarded as related to the activity of the holding company and any costs related to cash flow management and financing.

3.4 5 Accounting principles and methods

Accounting rules and methods

The financial statements of Séché Environnement were drawn up in compliance with legislative and regulatory requirements applicable in France (Commercial Code – Articles L. 123-12 through L. 123-28), ANC rules 2014-03 and 2015-05.

General accounting conventions have been prudently applied in compliance with the following basic assumptions:

- the going-concern principle;
- consistency of accounting methods from one year to the next,
- independence of fiscal years;
- and observance of the general rules governing the preparation and presentation of annual financial statements.

Accounting items are valued based on the historical cost method.

The principal methods used are as follows:

Intangible fixed assets

Other intangible assets (patents, software, expertise) are depreciated on a straight-line basis over the duration of their expected useful life.

Property, plant and equipment

Property, plant and equipment are valued at cost (purchase price and related expenses, excluding acquisition costs of fixed assets), at their production cost or their contribution value.

Since January 1, 2005, the components method has been used in the accounting treatment of tangible fixed assets as much as possible.
Depreciation expenses are calculated using the straight-line or declining balance method according to the expected useful life of the asset:

- Technical facilities and tools: 3 to 10 years;
- Other property, plant and equipment: 2 to 10 years.

An allowance for impairment may be recognized in income if the value in use of an item of property, plant or equipment were to lose value on a permanent basis.

Long-term investments

Equity investments reflect the cost of purchasing shares in companies, minus any impairments deemed necessary. These impairments are determined by comparing the estimated value of the shares and their book value.

The estimated value:

- of fully consolidated companies and companies consolidated using the proportionate method in the Group's consolidated financial statements is determined using the estimated discounted cash flows of each company, net of debt. The discount rate is 4.88% and is applied over a period of six years, with the value for the sixth year corresponding to a terminal value extrapolated using year five flows at a perpetual growth rate of 0.2%.
- of companies accounted for under the equity method in the Group's consolidated financial statements is determined using the last known Group share in consolidated shareholders' equity.

Listed securities are recorded at their acquisition cost, and any provision for amortization is calculated on the basis of the average price for the last month of the period. Conversion rights, commissions and fees associated with the acquisition of securities, as well as re-financing charges, are expensed.

"Other long-term investments" include treasury stock, for a total of €2,629,467. These 55,077 shares held a market value of €1,465,048 at December 31, 2018 (based on the closing price of €26.6).

Receivables

Customer accounts receivable are booked at their nominal value. A provision for amortization is applied where the market value of the receivables is below the book value.

Transferable securities

Transferable securities essentially consist of money market funds and term deposits:

- money market funds are recorded at acquisition cost where the market value is close to the book value. A provision for amortization is booked where the book value is higher than the market value or acquisition cost;
- interest receivable on term deposits is calculated for the period between the subscription date and the balance sheet date.

Provisions for risks and contingencies

These provisions are designed to cover liabilities and charges that particular past or ongoing events have rendered probable and are clearly specified as to their purpose but whose time horizon, outcome or amount is uncertain.

Regulated provisions

Regulatory provisions that are booked to the balance sheet represent the difference between tax amortization and depreciation calculated using the straight-line method. Regulated provisions are offset in the income statement under extraordinary income and expenses.

Pension commitments and related obligations

Pension commitments are calculated in accordance with the following assumptions:

- "forward-looking" approach based on salaries and termination benefits;
- use of Generational Mortality Table TGF 2005;
- application of a rate of social security costs of 45% per year for non-executives and 50% for executive level employees;
- the retirement age of executive level employees is set at 67 by the company; the retirement age of
- non-management employees is set at 65 and at their own initiative;
- turnover ranging from 6% to 7% for executive level employees and 3% to 4% for non-management employees, with the understanding that turnover is scaled back to zero for the three years prior to retirement;
- employee entitlements are obtained in respect of projected salary estimated at maturity. To achieve this, a growth rate of wages of 2.16% is applied to executive level employees and 1.56% for non-management employees, including an inflation effect of 1.13%;
- inclusion of a discount rate of 1.1%.

Until December 31, 2013, the management of termination benefits was outsourced (through payments in the form of contributions to an independent body). The provision for termination benefits corresponds to the net amount of liabilities calculated, less outsourced amounts.

Non-recurring income

Non-recurring income and expenses on the income statement are determined by retaining the design of the chart of accounts; they include exceptional items arising from ordinary activities and extraordinary items. Extraordinary items arising from ordinary activities are defined as items that are not related to the Company's normal operations, either because they are unusual in their amount or scope or because they rarely occur.

Employee profit-sharing and incentives

A common profit-sharing agreement covering the NHW subsidiaries and services on which the subsidiaries are based in the Pays-de-Loire and Poitou-Charentes regions was signed on January 21, 2014. It was concluded for an indefinite term and continues to apply:

Centralization of VAT payments

The Group opted for a centralization scheme for the payment of VAT and related taxes starting on January 1, 2013, through an agreement dated December 10, 2012. All French commercial companies in which Séché Environnement owns at least a 50% interest come under the scope of this regime.

Competitiveness and jobs tax credit (CICE)

The Company has elected to apply for a CICE tax credit to reduce payroll expenses in the amount of €19,048. The CICE tax credit has made our company more competitive by allowing us to continue our efforts relating to investment, research, innovation, training, recruiting and prospecting new markets.

Tax Consolidation Scope

The Group opted for the tax consolidation scheme beginning January 1, 2000. All French commercial companies in which Séché Environnement SA owns at least a 95% interest come under the scope of this regime.

The parent company Séché Environnement retains any tax savings on losses generated by the Group which are regarded as an immediate gain for the period. The Company books a provision for risks equal to the tax corresponding to the losses generated by subsidiaries created during the tax consolidation.

Group cash management

Séché Environnement SA has implemented a centralized cash flow management system in accordance with article 12, chapter 11 of French law No. 84-46 of January 24, 1984 governing the activity and control of credit institutions.

Financial instruments

In order to better manage its exposure to interest rate risk, Séché Environnement SA uses financial instruments that are listed on organized markets or governed by over-the-counter agreements with high-quality counterparties. Séché Environnement SA mainly uses interest rate swaps, swaptions, caps, floors and collars to hedge its interest rate risk related to financing:

- swaps are used 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 provide Séché Environnement with the option to switch from a variable rate to a fixed rate of interest. 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 on variable-rate debt. Gains or losses from these instruments are booked symmetrically to any gains or losses arising from the liabilities hedged.

At the end of the period, all balance sheet assets and liabilities that are directly or indirectly linked to these financial instruments are valued using the corresponding accounting principles.

Name of the Consolidating Company:

Séché Environnement SA is the parent company of Séché Environnement Group.

Furthermore, the Séché Environnement Group is an entity consolidated by the SÉCHÉ Group
A French SAS with share capital of €103,304,070

Registered office:
Les Hêtres
CS 20020
53811 Changé cedex 09

Copies of the consolidated financial statements may be obtained at the address show above.

Note 1 - Intangible and tangible fixed assets - Gross value

	Gross value				
(in euros)	**Beginning of period December 2017**	**Contributions, share issues**	**By disposal or scrap**	**(transfer from acc't to acc't)**	**End of period December 2018**
Intangible fixed assets					
Setup, Research and Development expenses					
Other intangible fixed assets	194,440				194,440
Intangible fixed assets - gross value	**194,440**				**194,440**
Property, plant and equipment					
Land and buildings					
Production facilities	28,223				28,223
Fixtures, fittings and miscellaneous	5,292				5,292
Transport equipment	211,494				211,494
Office equipment	486,955	13,974			500,929
Investment property					
Property, plant and equipment under concessions					
Property, plant and equipment under construction	13,538				13,538
Prepayments on property, plant and equipment					
Property, plant and equipment - gross value	**745,502**	**13,974**			**759,476**
Grand total	**939,942**	**13,974**			**953,916**

Note 2 - Intangible and tangible fixed assets - Amortization

(in euros)	Amount Beginning of period December 2017	Increases Allocations	Decreases Write-backs	Other changes (acc't to acc't transf.)	Amount End of period December 2018
Intangible fixed assets					
Setup, research and development costs - Amort.					
Other intangible fixed assets - Amort.	127,480	23,263			150,742
Intangible fixed assets - amortization	**127,480**	**23,263**			**150,742**
Property, plant and equipment					
Land and buildings - Amort.					
Production facilities - Amort.	20,667	6,943			27,610
Fixtures, fittings and miscellaneous - Amort.	4,458	375			4,833
Transport equipment - Amort.	211,494				211,494
Office equipment - Amort.	429,348	22,122			451,470
Investment property - Amort.					
Property, plant and equipment under concessions - Amort.					
Property, plant and equipment - amortization	**665,967**	**29,440**			**695,407**
Grand total	**793,447**	**52,702**			**846,149**

Note 3 - Long-term financial investments - Gross value

(in euros)	Gross value				
	Beginning of period December 2017	Contributions, share issues	Though disposals, decommissioning	(acc't to acc't transf.)	End of period December 2018
Description					
Equity investments	444,219,044	20,979,420	(24)		465,198,440
Other long-term investments	3,397,708				3,397,708
Investment-related receivables and loans	34,684,445	10,020,056	(8,933,825)		35,770,676
Treasury stock	2,737,713	2,349,239	(2,457,485)		2,629,467
Other long-term investments	791,150				791,150
Gross long-term investments	**485,830,061**	**33,348,715**	**(11,391,334)**		**507,787,442**

Breakdown of equity investments

(in euros)	Net value 2017	Gross value	Provision	Net value 2018
Non-trading property companies	1,251,784	1,251,784		1,251,784
Trading companies	302,663,959	463,946,656	153,884,185	310,062,471
Total	**303,915,743**	**465,198,440**	**153,884,185**	**311,314,255**

Note 4 - Transferable securities

(in euros)	December 31, 2018 Amount
Mutual funds	–
Term deposits	20,000,000
Accrued income	–
Total transferable securities	**20,000,000**

Note 5 .1 - Receivable maturities

RECEIVABLES (in euros)	Gross value at end-December 2018	Less than 1 year	More than 1 year
Description			
Accrued interest	35,726,494	10,259,497	25,466,998
Loans	44,182		44,182
Other long-term investments	6,818,325		6,818,325
Fixed assets	**42,589,002**	**10,259,497**	**32,329,505**
Doubtful receivables			
Other trade receivables	4,202,497	4,202,497	
Personnel and related accounts			
Social entities			
Government - Other receivables	434,358	434,358	
Government - Income tax	2,357,750	1,476,973	860,778
Other debtors	1,851,734	1,851,734	
Group and partner loans	97,978,041	97,978,041	
Current assets	**106,824,381**	**105,963,603**	**860,778**
Prepaid expenses	**17,584**	**17,584**	
Accruals and deferred income	**2,348,004**	**527,729**	**1,820,275**
Grand total	**151,778,970**	**116,768,413**	**35,010,558**

Note 5 .2 - Debt maturities

LIABILITIES (in euros)	December 2018	< 1 yr	1 to 5 yrs	> 5 yrs
Bank loans (*)	134,005,923	20,362,620	113,226,636	416,667
Sundry loans and financial liabilities (**)	176,892,098	1,892,098	30,000,000	145,000,000
Total financial debt maturities	**310,898,021**	**22,254,718**	**143,226,636**	**145,416,667**
Trade and other accounts payable	3,511,920	3,511,920		
Personnel and related accounts	277,610	277,610		
Payables due to social entities	363,711	363,711		
Tax liabilities (excluding IT, VAT, TGAP-Local tax)	7,472,980	7,472,980		
Government - Income tax (P)				
Suppliers of fixed assets	80,000	80,000		
Group and partner loans	49,647,865	49,647,865		
Other debts	5,624	5,624		
Total current liabilities maturities	**61,359,711**	**61,359,711**		
Prepaid income	30,781	30,781		
Total accrued charges and deferred income maturities	**30,781**	**30,781**		
Total debt maturities	**372,288,512**	**83,645,209**	**143,226,636**	**145,416,667**

(*) Loans repaid during the period: €223,744,853.
Loans subscribed during the period: €105,000,000.
(**) Apportioned debts/participations redeemed during the period: €4,121,500. (**) Apportioned debts/participations subscribed during the period: €58,500.
(**) Debenture loans repaid during the period: €25,000,000.
Debenture loans subscribed during the period: €150,000,000.

Note 6 - Breakdown of share capital

	Number	Par value
1 – Number of shares comprising share capital at December 31, 2017	7,857,732	€0.20
Capital increase		
Capital decrease		
2 – Number of shares comprising share capital at December 31, 2018	7,857,732	€0.20

Note 7- Table of changes in shareholders' equity

(in euros)

Shareholders' equity at	December 31, 2017	96,215,618
Capital increase		
Capital decrease		
Dividends (-)		(7,409,745)
Changes in invest. subsidies, regulated provisions		(7,110)
Net income for the period		12,461,360
Other changes		
Shareholders' equity at	**December 31, 2018**	**101,260,122**

Note 8 - Provisions

(in euros)	Amount Beginning Year	Changes during the fiscal year				Amount End Year
		Changes in consolidation scope	Allocations	Write-backs used	Unused write-backs and account transfers	
Description						
Regulated provisions	**8,150**	**0**	**356**	**(7,465)**	**0**	**1,041**
Provisions for translation losses	6,199	0	0	(6,199)	0	0
Provisions for risks	37,938,427	0	0	(4,510,304)	0	33,428,123
Provisions for contingencies	75,128	0	53,895	0	0	129,023
Provisions for risks and contingencies	**38,019,754**	**0**	**53,895**	**(4,516,503)**	**0**	**33,557,146**
Provision for intangible assets	0	0	0	0	0	0
Provision for property, plant & equip.	0	0	0	0	0	0
Provisions for other financial assets	143,392,797	0	14,104,109	(20,606)	0	157,476,300
Provisions for inventory	0	0	0	0	0	0
Provisions for trade receivables	0	0	0	0	0	0
Other provisions for depreciation	(0)	0	28,500	0	0	28,500
Provisions for depreciation	**143,392,797**	**0**	**14,132,609**	**(20,606)**	**0**	**157,504,800**
Grand total	**181,420,702**	**0**	**14,186,860**	**(4,544,574)**	**0**	**191,062,987**

Note 9 - Expenses payable

(in euros)	December 31, 2018
Amount payable included in the following balance sheet items	**Amount**
Bank loans	3,105,116
Sundry loans and financial liabilities	5,301
Trade and other accounts payable	1,789,094
Customers, accrued assets	
Tax and social security accounts payable	575,680
Interest earned on current account credit balances	112,907
Other debts	
Total accrued expenses	**5,588,098**

Note 10 - Deferred costs

	Net amount at beginning of period	Increase	Depreciation and amortization expense	Net amount at end of period
Deferred expenses	1,866,442	2,593,978	2,112,416	2,348,004

Deferred costs refer to the costs of taking out a loan.

The remaining costs to be amortized relating to loans repaid early for the period were fully amortized during the period (€1.4 million).

In 2018, these costs stood at €2,593,978. The were amortized using the EIR approach over the duration of the loan.

Note 11- Income receivable

(in euros)	December 31, 2018
Amounts receivable included in the following balance sheet items	**Amount**
Long-term investments	99,460
Investment-related receivables	
Trade and other accounts receivable	873,355
Tax and social security accounts receivable	287,059
Other operating receivables	631,852
Interest earned on current account debit balances	1,567,837
Transferable securities	
Total accruals	**3,459,563**

Note 12- Prepaid expenses and deferred income

(in euros)	December 31, 2018	
	Expenses	Income
Professional fees		
Others	17,584	30,781
Subsidies		
Total	**17,584**	**30,781**

Note 13 - Associates and equity investments

(in euros)	Amounts related to	
Balance sheet item	associates	companies in which the company has an equity investment
ASSETS		
Equity investments	460,545,632	4,652,808
Investment-related receivables	35,726,494	0
Other long-term investments	143,050	
Trade and other accounts receivable	3,008,321	310,654
Current accounts payable (incl. Interest accrued but not due)	97,702,250	275,791
Other receivables	388,185	
Total assets	**597,513,933**	**5,239,253**
LIABILITIES		
Financial liabilities	1,856,301	
Operating liabilities	1,429,006	100,446
Asset liabilities and related expenses		
Other debts		
Current accounts receivable (incl. Interest accrued but not due)	49,647,865	
Total liabilities	**52,933,173**	**100,446**

- A commercial lease with the Séché Group was authorized by the Board of Directors on April 28, 2016. The lease was signed for nine years and covers a surface area of 840m^2 for private use and 400m^2 (measured according to the terms of the "Carrez" act) shared with Séché Group on the 54th floor of the Montparnasse Tower as well as 25 parking spaces and 207.6m^2 in archiving space, for its exclusive use.

- An administrative services agreement with the Séché Group was authorized by the Board of Directors on April 28, 2016. This agreement was entered into for a period beginning on May 2, 2016 and ending on December 31, 2019, tacitly renewable for three years.

Séché Group provides the company and its subsidiaries services in a number of areas (strategy, sales, finance, legal).

The expense recognized for these agreements for 2018 was €2.2 million.

Note 14 – Income tax breakdown

	Income before tax and after profit sharing	Hypothetical tax	Tax loss carryforward	Tax consolidation effect	Tax payable	Net income
Operating income	(6,631,306)					(6,631,306)
Financial income	3,279,229					3,279,229
Operating income before except. items and taxes	(3,352,077)	(4,096,091)	4,096,091			(3,352,077)
Tax credits and dividend contribution		(18,461)			(18,461)	18,461
Non-recurring income	6,772,218	484,053	(484,053)			6,772,218
Tax adjustment		42			42	(42)
Tax consolidation				(9,022,800)	(9,022,800)	9,022,800
Total	**3,420,141**	**(3,630,457)**	**3,612,038**	**(9,022,800)**	**(9,041,219)**	**12,461,360**

Note 15- Effect of overriding tax assessments

(in euros)	**December 31, 2018**
Income for the year	12,461,360
Income tax	(9,041,219)
Income before tax	3,420,141
Change in regulated provisions	
- Other depreciation expenses	(7,110)
Pre-tax profit excluding overriding tax assessments	**3,413,031**

Note 16 - Change in deferred or unrealized taxes

Change in future tax liability	**December 31, 2018**
Nature of timing differences (in euros)	Baseline amounts
Other depreciation expenses	1,041
Total future increases	**1,041**
Provisions for pensions and retirement	117,578
Other non-deducted accounting charges	903,375
Amount of tax loss carryforwards	108,044,968
Total future decreases	**109,065,921**

Note 17 - Breakdown of revenues

(in euros)	December 31, 2018
Real estate leasing	212,648
Services provided	10,875,748
Inter-company transactions	1,063,750
Total revenues	**12,152,145**

Note 18 - Transfers of expenses

(in euros)	December 31, 2018
Transfers of operating expenses	2,597,311
Transfer of benefit in kind expenses	40,538
Total expense transfers	**2,637,849**

Note 19 - Net financial income

(in euros)	December 31, 2017		December 31, 2018	
Income statement items	**Expenses**	**Income**	**Expenses**	**Income**
Interest and financial expenses	7,746,489		8,973,292	
Financial and similar income		24,173,914		26,354,788
Write-backs or allocations (-) to net financial provisions	10,066,256	4,501,762	14,129,109	26,805
Transfers of financial expenses				
Net foreign exchange difference	1,682	4	2,294	2,330
Totals	**17,814,427**	**28,675,681**	**23,104,694**	**26,383,924**
Financial income		**10,861,253**		**3,279,229**

Note 20 - Financial income generated with affiliates

(in euros)	December 31, 2017		December 31, 2018	
Income statement items	**Expenses**	**Income**	**Expenses**	**Income**
Interest and financial expenses	30,508		487,547	
Financial and similar income		24,013,060		26,036,911
Transfers of financial expenses				
Totals	**30,508**	**24,013,060**	**487,547**	**26,036,911**
Net financial income earned with associates		**23,982,552**		**25,549,365**

Note 21 – Non-recurring income

(in euros)	December 31, 2017		December 31, 2018	
Income statement items	**Expenses**	**Income**	**Expenses**	**Income**
Extraordinary income on management transactions		581,000		539,870
Exceptional costs of management transactions	511,069		26,264	
Revenue from management transactions		69,931		513,606
Extraordinary income on equity transactions		3,030,536		4,198,708
Exceptional costs of equity transactions	8,074,530		2,457,509	
Revenue from equity transactions	5,043,994			1,741,199
Write-backs of except. provisions		573,257		4,517,769
Exceptional allocations to amortization and provisions	3,517,455		356	
Other provisions	2,944,198			4,517,414
Transfers of non-recurring expenses				
Totals	**12,103,054**	**4,184,793**	**2,484,129**	**9,256,347**
Non-recurring income	**(7,918,261)**			**6,772,218**

Note 22- Average headcount

(in euros)	December 31, 2018
Executives	22
Supervisory level and technicians	7
Workers	
Other	
Total	**29**

Note 23 - Remuneration of senior management

	Amount (in euros)
Remuneration of senior management	928,275
Of which remuneration of Directors	*579,074*

Note 24 - Off-balance sheet commitments

Commitments given

Séché Environnement supplied a deficiency guarantee to the urban communities of Strasbourg, Nantes Métropole and Pau for public service delegation contracts signed with these operators.

Off-balance sheet commitments arising from normal operations (in thousands of euros)	Amount
Commitments given:	
- Financial guarantees	110,241
- Arising from partners' liability in property companies	134
Total	**110,375**
Commitments given in connection with debt (in thousands of euros)	**Total**
Pensions, indemnities:	
- Endorsements	28,134
- Sureties	1,969
- Guarantees	9,846
- Others	
Total	**39,949**
Off-balance sheet commitments given in relation to the management of interest rates (in thousands of euros)	**Amount**
Commitments given	
- Swaps	20,000
- Caps	80,000
- Collars	15,000
- Ineligible instruments	
Total	**115,000**

Note 25 - Subsidiaries and ownership interests: breach of legal limits

French subsidiaries **Year 2018**	**Share capital**	**Share-holders' equity other than share capital**	**Share (%) of equity owned**	**GV equity shares held**	**Net book value of capital held**	**Loans and advances granted by the Company and not yet repaid**	**Guarantees given by the Company**	**REVENUE B/F TAX for the period**	**Income for the year**	**Dividends received by the company**
SASU Alcéa	2,500	**-1,546**	100.00%	3,200	3,200	4,682	912	**14,006**	649	**-**
SASU Béarn Environnement	500	**-262**	100.00%	5,243	5,243	-	6,138	**11,697**	-342	**-**
SASU Drimm	152	**21,184**	100.00%	12,832	12,832	1,677	9,221	**35,928**	4,934	**4,484**
SAS Séché Alliance	48	**-1,231**	99.94%	1,236	1,236	-		**12,486**	-708	**-**
SAS Gabarre Energie	600	**124**	51.00%	306	306	-		**1,569**	-75	**-**
SCI LCDL	8	**455**	99.80%	87	87	-		**78**	53	**-**
SCI Mézerolles	160	**5,123**	99.99%	1,099	1,099	-		**899**	490	**-**
SASU Opale Environnement	1,000	**762**	100.00%	8,278	8,278	669	2,967	**9,889**	1151	**-**
SASU Séché Développement	10	**131**	100.00%	1,830	1,830	0		**8,558**	129	**-**
SCI Les Chênes Secs	8	**-234**	99.80%	66	66	624		**16**	-24	**-**
SAS Sénergies	400	**575**	80.00%	320	320	402		**2,049**	72	**83**
SAS Séché Eco-industries	2011	**49,072**	100.00%	27,987	27,987	11,637	43,201	**117,904**	17,218	**15,223**
SAS Séché Eco-services	500	**6,628**	99.98%	496	496	6113	6,688	**100,079**	-727	**1,000**
SAS Séché Healthcare	250	**-52**	100.00%	8,798	8,798	1,786		**3,325**	-5,978	**-**
SAS Séché Energies	650	**-841**	100.00%	6,053	-	270		**942**	-853	**-**
SAS Sénerval	4,000	**3,927**	99.90%	19,743	19,743	42838	9,771	**45,373**	419	**-**
SAS Séché Transports	192	**1,176**	99.50%	530	-	-0		**33,115**	-235	**-**
SA Trédi	20,000	**-4,628**	100.00%	268,753	139,426	30,504	26,979	**124,280**	339	**-**
SASU Triadis Services	3,809	**-55**	100.00%	16,135	-	3,512	1,933	**49,981**	-1,813	**-**
Speichim Processing	150	**5,589**	100.00%	18,750	18,750	3,914	1,069	**28,175**	1,374	**1,330**
SAS Ecosite de la Croix Irtelle	100	**5,075**	99.00%	13,339	13,339	1,128	1,914	**8,561**	285	**455**
SAS Séché Env Ouest	820	**178**	100.00%	1,663	-	-	83	**5,963**	-373	**-**
SAS Karu Energy	8	**-9**	24.00%	2	2	31		**-**		**-**
SA La Barre Thomas	375	**-265**	40.00%	215	44	-		**4,692**	-176	**-**
SA Sogad	75	**1,297**	50.00%	1,513	1,513	-		**4,083**	659	**71**
SAEM Transval	150	**-15**	35.00%	53	47	-		**163**	60	**-**

Foreign subsidiaries	**Share capital**	**Share-holders' equity other than capital**	**Share (%) of equity owned**	**GV equity shares held**	**Net book value of capital held**	**Loans and advances granted by the Company and not yet repaid**	**Guarantees given by the Company**	**REVENUE B/F TAX for the period**	**Income for the year**	
Taris	738	**5,051**	92.99%	9,300	9,300	2,266		**8,412**	1,012	**-**
SADN Chile	7,818	**-2,978**	100.00%	7,116	7,116	6,911	209	**4,646**	-1,289	**-**
Solarca SL	343	**9,951**	76.01%	23,332	23,332	6,246		**14,928**	1,202	**61**
UTM GmbH	31	**843**	100.00%	4,053	4,053	-	750	**2,748**	320	**84**
Kanay	442	**-40**	49.00%	2,870	2,870	245	9,637	**14,090**	341	**-**

3.4.5.1 Five-Year Financial Summary

(in euros)	2014	2015	2016	2017	2018
SHARE CAPITAL AT PERIOD-END					
Share capital	1,726,974	1,571,546	1,571,546	1,571,546	1,571,546
Number of common shares outstanding	8,634,870	7,857,732	7,857,732	7,857,732	7,857,732
OPERATIONS AND INCOME FOR THE YEAR					
Pre-tax revenues	12,792,381	13,432,560	12,450,229	12,304,289	12,152,145
Income (loss) before tax, employee profit-sharing and amortization and provisions	9,564,728	23,214,822	19,000,414	9,670,887	15,227,544
Income taxes	(9,969,076)	(9,055,475)	(7,497,925)	(7,843,492)	(9,041,219)
Employee profit-sharing for the year					
Income after tax, employee profit-sharing and amortization and provisions	(4 2616 377)	27,300,155	19,474,371	8,288,347	12,461,360
Dividend paid to shareholders	8,203,127	7,464,845	7,464,845	7,464,845	
EARNINGS PER SHARE					
Income after tax, employee profit-sharing, but before amortization and provisions	2.26	4.11	3.37	2.23	3.09
Income after tax, employee profit-sharing and amortization and provisions	-4.94	3.47	2.48	1.05	1.59
Dividend per share[(1)]	0.95	0.95	0.95	0.95	
PAYROLL					
Average headcount for the period [(1)]	28	27	28	27	29
Payroll for the period	3,869,916	2,756,285	3,072,478	3,078,141	3,227,442
Amount of benefits paid for the period (Soc. Sec., soc. svcs.)	1,510,782	1,147,050	1,307,350	1,323,973	1,281,416

(1) Subject to approval by the General Shareholders' Meeting of April 26, 2019

3.5 REPORT OF THE STATUTORY AUDITORS ON THE PARENT COMPANY FINANCIAL STATEMENTS AT DECEMBER 31, 2018

Statutory Auditors' report on the parent company financial statements

Year ended December 31, 2018

To the Shareholders of Séché Environnement S.A.

Opinion

In accordance with the terms of our appointment by your General Meetings of Shareholders, we have audited the accompanying parent company financial statements of Séché Environnement SA, for the year ended December 31, 2018, as published in this Report.

In our opinion, the parent company financial statements, which comply with French accounting principles and methods, present fairly, in all material respects, the assets and liabilities and financial position of the company as at December 31, 2018.

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 in the Statutory Auditors Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2018 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 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 financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Measurement of equity investments

Risks identified

Equity investments, shown on the December 31, 2018 balance sheet for a net amount of €311.3 million, represent one of the largest line items on the balance sheet. They are recognized on their date of entry at the acquisition cost and amortized on the basis of their estimated value, representing what the company might agree to spend to obtain them if they had to acquire them.

As stated in Note 4, the estimated value is determined by management for fully consolidated companies, taking due account of the discounted estimated future cash flows of each company, net of debt, and taking due account of the latest share of the net consolidated position.

Determining the estimated value of these investments requires management to exercise judgment in its choice of the elements to be considered based on the equity investments concerned. Such elements may, depending on the circumstances, be historical information or projections.

We considered the evaluation of equity investments as a Key Audit Matter in the light of the potentially significant nature of any write-downs and the high degree of uncertainty as regards the estimates and judgment required of Management to assess the estimated values. The elements of judgment primarily include assumptions about the estimated cash flows of these interests, as well as the determination of the appropriate discount rate and perpetual growth rate applied to these flows.

Auditing procedures implemented in the light of identified risks

To assess the reasonableness of the estimation of estimated value of equity investments, on the basis of the information given to us, our work mainly involved verifying that the estimation of these values, determined by management, was based on an appropriate justification of the evaluation method and the figures used and, based on the securities of interest, to:

For valuations relying on historical data:

- check that the equity used matched the records of the entities which were subject to audit or analytical procedures.

For valuations relying on forward-looking data:

- obtain forecasts of cash flow and operating activities of the entities concerned prepared by operational management and assessing their consistency with forecast data drawn from their most recent strategic plans, prepared under the supervision of their executive management for each of these activities;
- check the consistency of the assumptions used with the economic environment on the balance sheet date and the date the financial statements were drawn up;
- compare the forecasts used for previous periods with the corresponding achievements in order to assess whether past objectives were met;
- check that the value resulting from the cash flow forecasts was adjusted by the amount of debt carried by the entity of interest.

Specific verifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law and regulations.

Information given in the management report and in the other documents on the financial position and the financial statements provided to shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the management report of the Board of Directors and in the other documents on the financial position and the financial statements provided to shareholders.

We certify the reliability and the consistency of the information related to the payment deadlines referred to in Article D.441-4 of the Commercial Code with the annual financial statements.

Information about corporate governance

We certify the existence, in the corporate governance section of the Board of Directors' management report, of the information required under Articles L. 225-37-3 and L. 225-37-4 of the French Commercial Code (Code de Commerce).

Concerning the information given in accordance with the requirements of Article L. 225-37-3 of the French Commercial Code (Code de Commerce) relating to remunerations and benefits received by the members of the Management Board and of the Supervisory and any other commitments made in their favor, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your company from controlling and controlled companies. Based on this work, we attest to the accuracy and fair presentation of this information.

Other information

In accordance with the law, we have verified that the information relating to shareholdings and controlling interests acquired together with the identity of the principal shareholders (in terms of capital or voting rights) has been disclosed in the management report.

Report on Other Legal and Regulatory Requirements

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Séché Environnement SA by the 1997 General Meeting for KPMG SA, and by the 2017 General Meeting for Mazars.

As at December 31, 2018, KPMG SA was in its 22nd year of total uninterrupted engagement while Mazars was in its 1st year. This represents, respectively, 21 years and 1 year since the company's shares were admitted to trading on a regulated market.

Responsibilities of Management and Those Charged with Governance for the Parent Company Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The annual financial statements were prepared by the Board of Directors.

Statutory Auditors' Responsibilities for the Audit of the Financial Statements

Objectives and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the 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 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 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 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 this 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 attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the 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.

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 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 (Code de Déontologie) for statutory auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

The Statutory Auditors

Nantes and Rennes, March 12, 2019

KPMG Audit KPMG SA	MAZARS
Franck Noël Partner	Ludovic Sevestre Partner
Gwenaël Chedaleux Partner	

4 Corporate Governance

4.1 ADMINISTRATIVE AND MANAGEMENT BODIES OF THE COMPANY

Séché Environnement is set up in the form of a French public limited company (*société anonyme*) with a Board of Directors.

Joël Séché serves as Chairman and Chief Executive Officer. The choice of this method of governance is linked to the Group's ownership structure in which family shareholders predominate.

No formal limitation has been placed on CEO's powers, exercised within the limits of the Company's purpose and subject to any powers that the law expressly grants to General Meetings and the Board of Directors.

As to governance, Séché Environnement refers to the recommendations of the AFEP-MEDEF Code (the corporate governance code of French listed companies), which was most recently amended in June 2018.

4.1.1 Composition of the administrative and management bodies of the Company

4.1.1.1 Composition of the Board of Directors

The composition of the Board of Directors is set out below.

The rules applicable to the appointment and removal of members of the Board of Directors are the legal and statutory rules laid down in Articles 16 *et seq.* of the Company's by-laws:

- the Board of Directors has between three and eighteen members, unless otherwise provided by law;
- the term of office of the Company's directors, appointed by the Ordinary General Shareholders' Meeting, was set at three years by the General Meeting of May 12, 2011. The term of office of the Director representing the employees, appointed to the Board of Directors in accordance with the Law of August 17, 2015 respecting social dialog and employment (the Rebsamen Act) and the Company's by-laws, was set at two years by the General Meeting of June 29, 2018;
- a Director's term of office expires at the end of the General Meeting called to approve the financial statements of the previous year in the year his or her term of office expires. Directors may be removed at any time by the Ordinary General Shareholders' Meeting, even if this removal does not appear on the agenda.

As of December 31, 2018, your company's Board of Directors was made up of the 11 members listed below:

		Date first appointed	GM that renewed the current mandate as of December 31, 2018	Current mandate runs until the GM to be held in
Director and Corporate Officer	Joël Séché Chairman and Chief Executive Officer	October 19, 1981	April 27, 2018	2021
Directors	Guillaume Cadiou	April 28, 2015	April 27, 2018	2021
	Pascaline de Dreuzy	April 27, 2017		2020
	Christophe Gégout	April 27, 2018		2021
	Séché Group, represented by Maxime Séché	December 1, 2015	April 27, 2018	2021
	Anne-Sophie Le Lay	April 27, 2018		2021
	Marina Niforos	April 27, 2017		2020
	Carine Salvy	April 28, 2015	April 27, 2018	2021
	Jean-Pierre Vallée	November 29, 1993	April 27, 2018	2021
	Philippe Valletoux	May 11, 2007	April 28, 2016	2019
Director representing the employees	Philippe Guérin	December 12, 2018		2021

4.1.1.2 Information concerning the Company's Directors

Guillaume Cadiou - Director

Business address: Kepler Cheuvreux – 112 avenue Kléber – 75116 Paris

Mandates and positions:

Current mandates as of December 31, 2018		Mandates expired over the last five fiscal years	
Kepler	Chairman of the Management Board	Calderys SAS	CEO - Europe until December 31, 2016
Cheuvreux SA		Imerys SA	Integration Director until December 31, 2017
Séché Environnement SA Member of the Compensation and Appointments Committee	Member of the Strategy Committee		
Kepler Services SA	Director		
Kepler Cheuvreux 360 SAS	Chief Executive Officer		
Kepler Cheuvreux IFE	Member of the Supervisory Board		
Kepler Cheuvreux Horizon	Chief Executive Officer		
Kepler Capital Markets SA (Eysins, Switzerland)	Proxyholder		
Kepler Corporate Finance SA (Eysins, Switzerland)	Proxyholder		

As of December 31, 2018, Guillaume Cadiou was not a director of any listed company other than Séché Environnement SA.

Profile:

French citizen, born on September 27, 1977.

A graduate of the École Polytechnique, the École Nationale des Ponts et Chaussées and the Collège des Ingénieurs, Guillaume Cadiou began his career as Deputy Head of the European Union Finance and Policy Bureau within the Budget Office of the French Ministry of the Economy, Finance and Industry from 2003 to 2006. From 2006 to 2008, Mr. Cadiou was a Project Manager reporting to the Chief Financial and Strategy Officer at Caisse des Dépôts et Consignations (CDC). From 2008 to 2010, he was Deputy Director of the Prime Minister's private office in charge of implementing the economic recovery plan. He held the position of Director of Strategy and Development of the Imerys Group from 2011 to 2014, before becoming Chief Executive Officer of one of its subsidiaries from 2015 to 2017. He has been Chairman of the Management Board of Kepler Cheuvreux since January 2018.

Pascaline de Dreuzy - Director

Business address: 7 rue du Laos - 75015 Paris

Mandates and positions:

Current mandates as of December 31, 2018		Mandates expired over the last five fiscal years	
TF1 SA	Director	Groupe Hospitalier Diaconesses–Croix Saint-Simon (ESPIC)	Director until June 2017
Navya SAS	Director	Fondation Œuvre de la Croix Saint-Simon	Director until June 2017
Fondation Hugot du Collège de France	Director	Institut Français des Administrateurs (Association)	Director until May 2016
Samusocial International	Director	SAPAR SA, a family-owned holding company of the PSA Group	Director until June 2014
		Navya SAS	Director until December 2018

As of December 31, 2018, Pascaline de Dreuzy was a director of one other listed company in addition to Séché Environnement: TF1 SA.

Profile:

French citizen born on September 5, 1958.

A Hospitals of Paris physician and a graduate of EMBA-HEC, Ms. de Dreuzy holds a Corporate Director's Certificate from the Institute of Political Studies of Paris/French Institute of Corporate Directors. Currently enrolled in a program to obtain an ICCF-HED Certificate of Corporate Finance, she has been managing group-wide, innovative and pioneering projects for the Necker Children's Hospital Group in Paris for over 25 years. There she developed her skills as a leader in the field of crisis management (palliative care, pediatric emergencies, emergency services, etc.) and as a manager of resource-constrained environments.

From 2011 to 2013, she served as a doctor-manager at a number of strategy consulting firms (ANAP, Arthur Hunt) before founding her own company, P2D Technology, devoted to building bridges between industry and health care through new technologies in order to promote home-support services; its services on offer combine human and digital solutions to improve the quality of patients' lives and to cut costs within the French national health system.

She has been a member of the Committee of Experts of a fund investing in innovation (Life Sciences, Digital and Environmental Technologies) at Bpifrance since 2015. At the same time, she entered the business world early as a director of one of the family holding companies controlling the PSA Group. She is very involved in corporate governance: as part of her mandate on the board of the French Institute of Corporate Directors (*Institut Français des Administrateurs*), she joined a number of groups of experts: CSR, Integrated Reporting, Risk Appetite, Governance of Family-Owned Businesses. She also sits on the board of the national French TV channel, TF1, as an independent director and is a member of its audit committee, Samusocial International, and the Fondation Hugot du Collège de France.

Christophe Gégout - Director

Business address: 28 boulevard Raspail – 75007 Paris

Mandates and positions:

Current mandates as of December 31, 2018		Mandates expired over the last five fiscal years
CEA (French Atomic Energy and Alternative Energies Commission)	Deputy Managing Director	
Neoen SA	Director Chairman of the Audit Committee	
Soitec SA	Director Chairman of the Audit and Risk Committee Member of the Strategy Committee Member of the Sensitive Strategic Issues Committee	
Allego B.V (Netherlands)	Director	

Profile:

French citizen, born on May 24, 1976.

A graduate of the Ecole Polytechnique, the Institute of Political Studies of Paris and the Paris Graduate School of Economics, Statistics and Finance (ENSAE), Christophe Gégout began his career in 2001 at the Directorate General of the Treasury before joining the National Budget Office in 2003. He joined the CEA (French Atomic Energy and Alternative Energies Commission) in 2009 as Chief Financial Officer and became its Deputy Managing Director in 2015.

In addition, Christophe Gégout has chaired ANCRE (National Alliance for the Coordination of Energy Research) since 2018.

Philippe Guérin – Director representing the employees

Business address: ZI Portuaire - 519 rue Denis Papin - 28150 Salaise sur Sanne

Mandates and positions: N/A

Profile:

French citizen, born on February 20, 1971.

Philippe Guérin has vast experience in the waste treatment industry.

He joined Trédi in 1991 under an “Automation Command and Control” internship and later became Assistant Manager of the “Electrical Maintenance and Instrumentation & Control Department before joining the “Production” Department as Supervisor in 2010. Since the control rooms were merged, he has been a console operator. Philippe Guérin was Secretary of the Works Council and a member of the Trédi Central Works Council. He was also the Secretary of the Group Works Council.

Anne-Sophie Le Lay - Director

Business address: Air France-KLM 2, rue Robert Esnault-Pelterie - 75007 Paris

Mandates and positions:

	Current mandates as of December 31, 2018	Mandates expired over the last five fiscal years
Air France KLM Group	Corporate Secretary Member of the Executive Committee Secretary of the Board of Directors	
Big Blank SAS	Chairman	
Air France-KLM International Mobility	Director	
Cercle Montesquieu	Vice-Chairman Education Director of the General Counsel Masters Degree Program	

As of December 31, 2018, Anne-Sophie Le Lay was not a director of any listed company other than Séché Environnement SA.

Profile:

French citizen born on May 8, 1971.

She has been Corporate Secretary of the Air France-KLM Group since February 2018. She is a member of the group's Executive Committee and Secretary of the Board of Directors. A legal practitioner at the Paris Bar and holding a Master's degree in Business and Real Estate Law, Anne-Sophie Le Lay began her professional career in 1996 as a specialist lawyer in business and real estate law in Paris. She later moved overseas to Toronto, Canada, where she worked as a consultant in a law firm. In 2001, she joined the Legal Affairs Department at the Renault Group, initially responsible for the legal arrangements for the sale of the land of Renault's former Billancourt plant site. In 2007 she took over the management of the Environment and Real Estate Law Department. A year later, she was placed in charge of the Legal Affairs Department for the Europe/Mediterranean region. IN that capacity, she was a member of the negotiating team with the Kingdom of Morocco to set up the Tangier plant. At the same time, she managed a number of cross-cutting issues linked to the international development of the Renault Group within the context of the Renault-Nissan Alliance. From 2011 to February 2018, she was General Counsel for the Renault Group.

Anne-Sophie Le Lay is also Vice-Chairman of the Cercle Montesquieu, an association of general counsels, and also the Education Director of the General Counsel's Masters Degree program in partnership with Science-Po Paris.

Marina Niforos - Director

Business address: 6 rue Alberic Magnard – 75016 Paris

Mandates and positions:

	Current mandates as of December 31, 2018	Mandates expired over the last five fiscal years	
Hellenic Corporation of Assets and Participations (HCAP)	Director, Chairman of the Governance and Appointments Committee		
European Network for Women in Leadership	Director		

As of December 31, 2018, Marina Nirofos was not a director of any listed company other than Séché Environnement SA.

Profile:

Citizen of Greece, the United States and France born on April 18, 1969.

A graduate of INSEAD (MBA), Cornell University, the University of Pennsylvania and Johns Hopkins University (majoring in Public Administration, International Relations and Economics), Marina Niforos worked for part of her career at the World Bank (1993 to 1998) for the benefit of Latin America and the Caribbean, where she was responsible for development strategy and the management of the Bank's investment portfolio (specifically Colombia and Ecuador). From 2001 to 2004, she served as Director of Strategy - Europe for the Pechiney Group before becoming Senior Financial Analyst reporting to the Vice-President of Strategy and the Chairman.

She was Executive Director of the INSEAD Diversity and Leadership Center from 2007 to 2010, when she became Chief Executive Officer of the American Chamber of Commerce in France, which she left in 2014. She has been Chairman of Logos Global Advisors, a strategic and emerging technologies advisory firm, since 2015. In addition, since February 2017, she has been serving as a non-executive member of the Board of Directors of the Hellenic Corporation of Assets and Participations, where she chairs the Governance and Appointments Committee. She is also a member of the Board of Directors of the European Network of Women in Leadership and the U.S. National Commission for UNESCO.

In 2018, she obtained an International Corporate Director's Certification from INSEAD (IDP-C).

Carine Salvy - Director

Business address: 75 Chemin des Coverays – 74400 Chamonix-Mont-Blanc

Mandates and positions:

Current mandates as of December 31, 2018		Mandates expired over the last five fiscal years	
Séché Environnement SA	Member of the Audit Committee	Direct Énergie SA	Director until April 2014
PSB Industries SA	Director	Eras SAS	Director until May 2014
Terega SAS	Director		
NSC Groupe SA	Director		
CALLA Consult EURL	Manager		
Mountain Path SAS	Chief Executive Officer		

At December 31, 2018, Carine Salvy was a director of the following listed companies, in addition to Séché Environnement SA: PSB Industries and NCS Groupe.

Profile:

French citizen, born on May 2, 1974.

A graduate of ESSEC and the IFA, Carine Salvy began her career as a utility sector financial analyst with Paribas in São Paulo and in New York, and later moved on to Lazard and Societe Generale in London. From 2005 to 2010 she was a portfolio manager for Ecofin, a company specializing in the energy and environmental sectors. In 2010, she founded CALLA Consult, a strategy and governance consulting firm. Appointed Chief Financial Officer of Poweo in 2012, she directed the merger-takeover of Direct Énergie to create the first alternative energy operator in France. In 2017, she co-founded Mountain Path, an organizational consulting service operating in the alpine sports sector. She is Senior Director of PSB Industries, a packaging company, a Director of the NSC Groupe, an industrial machinery company, and Terega, a natural gas transmission and storage operator.

Joël Séché – Chairman and Chief Executive Officer

Business address: Les Hêtres – CS20020 – 53811 Changé cedex 09

Mandates and positions:

Current mandates as of December 31, 2018		Mandates expired over the last five fiscal years	
Séché Éco-services SAS	Chairman	HIME SAS	Member of the Supervisory Board until July 2013
Séché Transports SAS	Chairman	Altamir	Chairman of the Supervisory Board until March 3, 2015
Séché Éco-industries SAS	Chairman	Amboise SCA	Member of the Supervisory Board until April 23, 2015
Séché Alliance SAS	Chairman		
Trédi SA	Director		
SCI La Croix des Landes	Manager		
SCI Les Chênes secs	Manager		
SCI Mézerolles	Manager		
SCI La Montre	Manager		
SCI de La Censie	Manager		
SCI Saint Kiriec	Manager		
SCI La Perrée	Manager		
Séché Group SAS	Chairman		
Pari Mutuel Urbain EIG	Director		
SAN (Soluciones Ambientales del Norte - Chile)	Chairman of the Board		
SOLARCA SL (Spain)	Director		
TARIS (Peru)	Director		

The companies in which Joël Séché is or was a director are all unlisted.

Profile:

French citizen, born on February 2, 1955.

Born into a family of entrepreneurs in the French *département* of Mayenne, he founded his first company at the age of 20. After starting out in the hauling business, he took over his family's civil engineering business, which employed a dozen or so people, and rapidly moved it to a nascent sector in the mid-1980s: waste treatment. Séché Environnement, listed on the Paris since 1997, is the result of an entrepreneurial project started thirty years ago in the field of waste treatment and today it focuses on waste recovery. Enjoying complementary technological strengths until becoming a versatile player in a position to handle all types of waste at his facilities, his history was one of reaching national stature before beginning international prospecting efforts.

Maxime Séché – Permanent representative of Séché Group

Business address: Les Hêtres – CS20020 – 53811 Changé cedex 09

Mandates and positions:

Current mandates as of December 31, 2018		Mandates expired over the last five fiscal years	
Séché Environnement SA	Salaried Deputy Chief Executive Officer, Member and Chairman of the Strategy Committee as the Permanent Representative of the Séché Group.	Séché Environnement	Director until December 1, 2015
Trédi SA	Director	Séché Healthcare SAS	Permanent representative of the Chairman of Séché Environnement until November 23, 2015
Sénergies SAS	Chairman and Member of the Management Board	Sodicome SAS	Permanent representative of the Chairman of Séché Environnement until April 13, 2016
Séché Énergies SAS	Permanent representative of the Chairman of Séché Environnement		
Solena SAS	Member of the Executive Committee		
Séché Environnement Ouest SAS	Permanent representative of the Chairman of Séché Environnement		
Ecosite Croix Irtelle	Permanent representative of the Chairman of Séché Environnement		
Séché Développement SAS	Permanent representative of the Chairman of Séché Environnement		
Énergécie SAS	Permanent Representative of the Chairman of Ecosite Croix Irtelle and a member of the Strategy Committee		
SOGAD SAS	Permanent representative of the Director of Séché Environnement		
Kanay (Peru)	Director		
SAN SA (Soluciones Ambientales del Norte- Chile)	Director		
Séché South Africa (South Africa)	Director		
SOLARCA SL (Spain)	Director		
Taris (Peru)	Director		

The companies for which Maxime Séché is or was a director are all unlisted, with the exception of Séché Environnement SA.

Profile:

French citizen, born on March 27, 1984.

A graduate of the EDHEC's "Grande Ecole" program specializing in entrepreneurship, Maxime Séché began his career in the financial sector, first at Societe Generale in Paris and London where he worked as a utilities sector analyst before moving on to the private equity department of Paris Orléans (now Rothschild & Co.). He then gained entrepreneurial experience as co-founder of an investment fund dedicated to renewable energies, and a software services company serving the renewable energies sector. Maxime Séché has been working for the Company under a permanent employment contract since December 2013 and holds the salaried position of Deputy Chief Executive Officer.

Jean-Pierre Vallée - Director

Business address: 3 allée Cassard – 44000 Nantes

Mandates and positions:

Mr. Vallée holds no office besides Director and, in this capacity, he is a member of the Compensation and Appointments Committee and the Strategy Committee at Séché Environnement SA.

Profile:

French citizen, born on February 12, 1952.

A graduate of the ICG – Promotion Gustave Eiffel, Jean-Pierre Vallée also holds a certificate from the French Institute of Corporate Directors (IFA). From 1996 to 2010 he worked for Poliet and Saint-Gobain in the Ready-Mix Concrete and Industrial Products Division, where he held a series of positions (Branch Manager, Regional Manager and National Manager) before taking charge of Acquisitions and Operations in this same Group.

Philippe Valletoux - Director

Business address: 28 boulevard Raspail – 75007 Paris

Mandates and positions:

Current mandates as of December 31, 2018		Mandates expired over the last five fiscal years
Séché Environnement SA	Member and Chairman of the Audit Committee Member and Chairman of the Compensation and Appointments Committee	
Société du parc du Futuroscope (SA)	Member of the Supervisory Board	

The company where Mr. Valletoux serves as a director is unlisted.

Profile:

French citizen, born on July 24, 1943.

Philippe Valletoux successively held the positions of Special Advisor to the Groupe Central des Villes Nouvelles (Central Agency for New Towns), Special Advisor to the Ministry of the Interior and Director of Education in the Local Development Department of the Caisse des Dépôts et Consignations. From 1995 to 2009 he was President of Floral (bond issues for local authorities). In 1987 he took charge of the Department of Local Financing at Crédit Local de France, where he was also advisor to the Chairman. In 2000, he joined Dexia Crédit Local as Vice Chairman of the Executive Committee until leaving in 2009.

4.1.1.3 Independence of Directors

Directors are considered independent if they have no relations of any sort with the Company, its Group or its Management, which might compromise the free exercise of their judgment.

The following criteria adopted by the AFEP-MEDEF Code used for assessing the independence of directors. Independent directors must:

1. Not be an employee or managing director of Séché Environnement or an employee, managing director or director of one of its consolidated companies or its parent company, or of one of the companies consolidated by the parent, and not have been in such a position for the previous five years;

2. Not be a managing director of a company in which Séché Environnement holds, directly or indirectly, the position of director or in which an employee is elected to such a position, or in which a managing director of the company (currently or within the previous five years) holds the office of director;

3. Not be, or be linked, directly or indirectly, to a customer, supplier, investment banker, commercial banker, significant advisor to Séché Environnement or to its group of companies or for which Séché Environnement or its group of companies accounts for a substantial portion of its business;

4. Not be a close family member of a corporate officer;

5. Not have worked as a Statutory Auditor for Séché Environnement within the previous five years;

6. Not have been a Séché Environnement director in the past 12 years;

7. Not receive any variable compensation in cash or securities, or any compensation linked to the performance of the Company or the Group as a non-executive director;

8. Directors representing major shareholders (+10%) of the Company or its parent may be regarded as independent directors where these shareholders play no role in controlling the Company.

As of December 31, seven of the eleven members of the Board of Directors may be regarded independent, that is, free of any relationship with the group that might impair his/her judgment, with the understanding that the director representing the employees may not be taken into account when establishing the degree of independence of the Board of Directors (in accordance with the AFEP-MEDEF Code).

Status as an independent director is reviewed once a year by the Compensation and Appointments Committee, which reports annually to the Board when it meets to approve the financial statements and each time an appointment is made.

AFEP-MEDEF Independence criteria	1	2	3	4	5	6	7	8	I/NI*
Chief Executive Officer									
Joël Séché, Chairman and CEO			x		x		N/A		**NI**
Directors									
Guillaume Cadiou	x	x	x	x	x	x	N/A	x	**I**
Pascaline de Dreuzy	x	x	x	x	x	x	N/A	x	**I**
Christophe Gégout	x	x	x	x	x	x	N/A	x	**I**
Maxime Séché – Permanent representative of Séché Group			x		x	x	N/A		**NI**
Anne-Sophie Le Lay	x	x	x	x	x	x	N/A	x	**I**
Marina Niforos	x	x	x	x	x	x	N/A	x	**I**
Carine Salvy	x	x	x	x	x	x	N/A	x	**I**
Jean-Pierre Vallée	x	x	x	x	x		N/A	x	**NI**
Philippe Valletoux	x	x	x	x	x	x	N/A		**I**
Director representing the employees**									**N/A**
Philippe Guérin	-	-	-	-	-	-	-	-	

X Independence criteria met
* Independent/Non-Independent
** The Director representing the employees is not counted when assessing the degree of independence of the Board of Directors

4.1.1.4 Board of Directors' Diversity Policy Scoreboard

Pursuant to Article L. 225-37-4 of the Commercial Code, the scoreboard below describes the diversity policy applied to the Board of Directors, setting out the criteria used, the objectives and implementation arrangements for this policy as well as the results achieved in the 2018 fiscal year.

Criteria	Objectives	Implementation and results
Composition of the Board of Directors*	Gender balance on the Board	Representation of women: Since the General Meeting of April 27, 2017 women have comprised at least 40% of the Board.
	Willingness of the Company to be guided by experiences, skill-sets and different and complementary profiles	Diverse and complementary profiles and skill-sets on the Board: the members of the Board each have different skill-sets which they exercise in the areas of company management, human resources, project management strategy, economics, finance and/or accounting, law, and knowledge of the industry in which the Company operates.
	Appointment of a director representing the employees	In December 2018, one director representing the employees (Board made up of ten members) was appointed to the Board, in compliance with legal and statutory requirements.
Independence of Directors*	One third of independent directors (Art. 8.3 of the AFED-MEDEF Code)	70% independent directors.
Directors' age	No more than one third of all directors over the age of 70	Just one director is over the age of 70.

* In accordance with the AFED-MEDEF Code, the director representing the employees is not counted when calculating the number of Board members, the quotas for the representation of men/women or the total number of independent directors.

4.1.2. Operation of administrative and management bodies

4.1.2.1 Operation of the Board of Directors

Operation and responsibilities of the Board of Directors

The Board of Directors establishes the guidelines of the Company's business activities, in particular its strategy, and ensures that they are implemented. Subject to the powers expressly granted to the shareholders' meetings, and in compliance with statutory provisions and the exclusive power of representation and management conferred by law on the Chief Executive Officer, the Board addresses all issues relating to the smooth functioning of the Company and, through its resolutions, settles any matter relating to it.

In order to meet the objectives it has set itself, the Board of Directors has adopted a working method that guarantees a fluid decision-making process.

As such, the Board meets regularly to discuss all matters within its remit, and each director is informed of the annual meeting schedule to ensure maximum attendance. Directors are informed as soon as possible of any change to the initial schedule. They also have the right to be represented.

Notices convening meetings are given by all appropriate written means (letter, e-mail or fax). The Board's Secretary is authorized to send out these notices. Barring unusual circumstances, they are sent out at the initiative of the Chairman within a reasonable time frame before each meeting. The Chairman sets the agenda for Board meetings. Prior to each meeting of the Board of Directors, the directors receive, within a reasonable time frame and subject to the need for confidentiality, a detailed agenda and a set of documents on the items on the agenda that require review and thought beforehand. Furthermore, based on the business on the agenda, the Chairman may decide to invite any person he deems necessary, whether or not an employee of the Company, to submit documentation or to participate in the preparatory discussions prior to deliberation.

The Board meets at least four (4) times a year, mainly to review and approve the interim financial statements, examine the budgets and deliberate on any matter within its remit. The duration of Board meetings must be sufficient to allow for analysis and in-depth discussion of matters within its remit.

The Statutory Auditors are invited to Board of Directors meetings under the conditions laid down in the law and in the by-laws. They are invited by recorded delivery letter at the same time as the members of the Board of Directors.

In accordance with applicable legal provisions, the tasks of the Board are primarily the following:

- to call General Meetings and to set the agenda;
- to draw up and approve the parent company and consolidated financial statements - drawing on the work of the Audit Committee - the annual Management Discussion and Analysis and forward-looking management documents;
- to authorize so-called "regulated" agreements;
- to decide on the appointment or the removal of the Chairman and Chief Executive Officer, the Chairman or the Chief Executive Officer and, at the recommendation of the Chairman and Chief Executive Officer or the Chief Executive Officer, appoint or remove Deputy Chief Executive Officers and set their compensation;
- to decide on the creation of committees tasked with considering any matters that it or the Chairman submits to them for an opinion on their review;
- to transfer the registered office to another location with the same *département* or an adjacent *département* subject to ratification of this decision by the next Ordinary General Shareholders' Meeting;
- to authorize surety bonds, endorsements and guarantees;
- to discuss the Company's strategy and any resulting transactions and, more broadly, any significant transaction involving large investments or divestments, drawing on the work of the Strategy Committee.

Furthermore, without prejudice to specific powers granted to it by law, the Board is notified of any major transaction to be carried out by the Company, notably:

- the annual budget, the funding plan and the multi-year plan presented by the Chairman and Chief Executive Officer or the Deputy Chief Executive Officer and submitted in advance to the Audit Committee for an opinion;
- structuring operations, such as mergers and disposals of interests and assets, extraordinary expenditures and any decision related to a plan for a merger, spinoff or acquisition involving the Company;
- all external communications linked to major transactions, in particular financing transactions, prior to disclosure to the extent possible.

The Board will conduct any controls and inspections that it deems advisable and disclose any documents it believes useful for fulfilling its mission.

It is kept informed of any significant event concerning the Group's operations.

Each Director is informed of his or her main responsibilities and acts in the interests of all shareholders in Board discussions and decisions. Decisions have always been made on a collective basis.

Main activities of the Board of Directors during the 2018 fiscal year

In 2018, Séché Environnement's Board of Directors met seven times (four of these meetings were scheduled). The average attendance rate (including directors present or represented) for all meetings stood at 100% (summary table below).

The following key topics were discussed:

- approval of the half-year (at 06/30/2018) and annual (at 12/31/2017) financial statements and discussions on the duties incumbent on the Board in this respect;

- examination of the revised 2018 budget, approval of the 2019 budget;
- approval and introduction of funding resources;
- examination and approval of investment projects;
- financial disclosures;
- preparation for the Annual General Meeting and the Extraordinary General Shareholders' Meeting;
- review of the minutes of the Strategy Committee on development activities;
- review of the work of the Audit Committee;
- review of the work of the Compensation and Appointments Committee, including any future changes in governance;
- examination of so-called "regulated" agreements covered by Articles L. 225-38 *et seq.* of the Commercial Code (refer to the Statutory Auditors' report on these agreements).

4.1.2.2 Conflicts of interest: Directors' Statement

To the knowledge of Séché Environnement, no conflict of interest has been identified between the duties of each Director with respect to Séché Environnement arising from his/her office and his/her personal interests.

For the record, over the past five fiscal years, no Director:

- was convicted of fraud, incriminated and/or publicly sanctioned by the statutory or regulatory authorities;
- was involved, as a member of a Board of Directors or Supervisory Board, general partner, founder or chief executive, in a bankruptcy or receivership;
- was involved, as a member of a Board of Directors, the Management Board or the Supervisory Board, general partner, founder or chief executive in a bankruptcy proceeding or receivership;
- was prohibited by a court from serving as a member of an administrative, executive or supervisory body of an issuer, or from taking part in the management or conduct of an issuer's affairs.

4.1.3 Specialized Committees

The Group has created three committees: the Audit Committee, the Compensation and Appointments Committee and the Strategy Committee, which provide opinions and recommendations to the Board of Directors in the areas assigned to them.

4.1.3.1 Audit Committee

Subsequent to the Company's broadening of governance in 2015, the Board of Directors set up an Audit Committee separate from the Board of Directors at its meeting of December 1, 2015.

The Audit Committee may have up to five members with financial or accounting expertise. It currently has four members. These four members are independent and none is a managing director of the Company: Pascaline de Dreuzy, Carine Salvy, Philippe Valletoux and Christophe Gégout.

Philippe Valletoux, an independent director, chairs the Audit Committee. The renewal of his term of office as a Board member and Chairman of the Audit Committee was recommended by the Compensation and Appointments Committee held on March 4, 2019 and was subject to particular scrutiny by the Board during its meeting of March 5, 2019.

For the record, the Chief Financial Officer provides assistance and attends Audit Committee meetings but does not have the right to vote. The Chairman of the Board and the Chief Executive Officer are always invited to meetings of the Committee but do not have the right to vote.

The task of the Audit Committee is to provide assistance to the Board in the areas of accounting policy, reporting, internal control, external audit, and financial disclosure in addition to helping with risk management and CSR monitoring.

Accordingly, the role of the Audit Committee includes the following tasks:

a/ With respect to the parent company and consolidated financial statements, and internal control:

- before referral to the Board, the Audit Committee (i) reviews the half-year and annual parent company and consolidated financial statements, including the Notes and the MD&A, (ii) where applicable, issues an opinion and (iii) prepares the draft budget;

- satisfies itself as to the relevance of the choice and correct application of the regulatory accounting policies used for the preparation of the parent company and consolidated financial statements;
- checks the accounting treatment of all major transactions carried out by the Company;
- examines the Company's large off-balance sheet liabilities;
- satisfies itself that the internal procedures for gathering and checking financial and accounting information ensure the quality and the reliability of the Company's financial statements and internal and external audits of the Group as well as the related replies of Executive Management;
- verifies the assertions of Executive Management related to the internal control procedures discussed in the annual financial statements;
- examines the scope of the consolidated companies and, where applicable, the reasons for which some companies are not included;
- examines any issue of a financial or accounting nature submitted by the Chairman of the Board;
- presents the Board of Directors with any accounting or financial-related observations it deems useful, in particular when it comes time to approve the Company's half-year and annual parent company and consolidated financial statements.

b/ With respect to external audit:

- submits recommendations to the Board on the selection of statutory auditors (auditing firms and networks of statutory auditors) with a view to appointing or renewing these auditors by the General Meeting;
- ensures that the Company organizes an appointments procedure and monitors the way this procedure is set up. For this, the Audit Committee will formulate a reasoned recommendation for appointing the statutory auditor from a shortlist of at least two candidates and document a duly reasoned preference for one of them;
- assesses whether it is possible to guarantee the independence of the Statutory Auditor where the fees collected from the Company represent more than 15% of all the fees he/she receives;
- analyzes and issues an opinion on their mission statement, fees, scope and timetable; reviews and issues an opinion on their recommendations and follow-up;
- once a year, reviews the list (appended to the internal regulations) of services other than the certification of the financial statements giving rise to pre-approval by the Audit Committee and approves, where applicable, all other services recommended by the statutory auditor;
- analyzes the supplemental report on the results of statutory audit submitted to it;
- examines any issue of a financial or accounting nature submitted to it by the Chairman of the Board and any matter relating to independence or conflict of interest brought to its attention.

c/ With respect to financial disclosure:

- reviews the Company's draft press releases concerning the half-year and annual financial statements and any other important financial disclosure.

d/ With respect to risk management:

- regularly examines, together with Executive Management, the main risks to which the Company is exposed by means of a risk map;
- monitors the greatest risks, measures the Company's risk exposure with respect to strategy and guarantees the effectiveness of risk management tools.

e/ With respect to monitoring CSR policy:

- reviews the monitoring of CSR policy implementation and the Corporate values.

Over the course of the 2018 fiscal year, in addition to examining the half-year and annual financial statements, preparing the budget for 2019 and examining external audits, including the examination of the new report issued by the statutory auditor to the Audit Committee, the Committee has:

- given further thought to the risk map with a view to beginning the process of submission to the Board of Directors;
- analyzed the impact of the coming into effect in May 2018 of the General Data Protection Regulation (GDPR) and the guidelines for its enactment into French law set out in the Decree of August 1, 2018, before implementing the procedures and measures necessary for bringing the Group's practices into compliance;
- studied and analyzed the impacts of the application as of January 1, 2019 of IFRS 16 on the Company's financial statements;
- satisfied itself as to the independence of the statutory auditors;
- acquainted itself with services provided by the statutory auditors other than the certification of the financial statements.

4.1.3.2 Compensation and Appointments Committee

The Compensation and Appointments Committee, set up in December 2015, has three members: Philippe Valletoux, Guillaume Cadiou and Jean-Pierre Vallée. This Committee may have up to five members, appointed by the Board.

Members appointed by the Board were selected based on their Human Resources and management expertise. No Managing Director may sit on the Compensation and Appointments Committee, which is currently made up of two independent directors. Philippe Valletoux, Independent Director, was appointed Chairman of the Committee.

The Chairman of the Board is regularly invited to attend the meetings of this Committee, except when discussions relate to his compensation.

The task of the Compensation and Appointments Committee is to:

- study and submit proposals relating to the compensation of senior officers, particularly with respect to (i) the variable portion of this compensation: it defines the rules for setting the variable component by taking due account of the performance of senior officers in the past fiscal year and the medium-term strategy of the Company and the Group; it then monitors the application of these rules, and (ii) all benefits in kind, warrants or stock options received from all the companies of the Group, provisions relating to their retirement, and any other benefits of any kind;
- stay informed of the compensation policy of the principal non-executive directors;
- recommend to the Board (i) an overall total for directors' fees to be proposed to the General Meeting and (ii) the rules for allocating these fees and the individual amount of payments due to Directors, taking due account of attendance of Directors at Board and committee meetings;
- give an opinion to the Board on the general policy on awarding warrants and/or stock options and on the stock option plan(s) established by the Group's Executive Management and/or any form of access to capital with respect to applicable rules and recommendations; submit its proposal on call options or warrants to the Board, laying out the reasons for its choice and the ramifications;
- examine any matter submitted to it by the Chairman and relating to the issues referred to above, as well as plans for share issues reserved to employees;
- in addition, the Compensation and Appointments Committee carries out the functions of an appointments committee. When the Committee meets or acts in this capacity, the serving Chairman of the Board will be associated with its work. The prerogatives of the Compensation and Appointments Committee when it acts in the capacity of an appointments committee are the following:

  - selection of new directors. The Committee is responsible for putting forward proposals to the Board after examining the following items: desired balance of the composition of the Board with respect to the composition and any changes in the Company's shareholders, as well as to achieving gender balance; seeking to achieve complementarity of skills and knowledge on the Board; search and assessment of potential candidates; advisability of renewing mandates.

    Accordingly, the Committee organizes a selection procedure for future independent directors;

  - senior executive succession: as part of the Company's risk prevention plan, the Committee will draw up, on a proposal from the Chairman, a senior executive succession plan to be able to offer the Board solutions for replacement in the event of an unforeseeable vacancy.

If the Chairman has to be replaced, an ad hoc committee will be formed, if circumstances warrant, within the Compensation and Appointments Committee. This ad hoc committee will strive to arrive at a consensus proposal and, in any event, it will submit the result of its efforts to the Board of Directors, which is the only body with the authority to decide.

During the 2018 fiscal year, the Compensation and Appointments Committee examined:

- the status of Independent Directors on the Company's Board;
- the composition of the Board and Committees in consideration of the director mandates expiring at the end of the General Meeting of April 27, 2018, based on the needs for the smooth operation of the Company and contributions to the work of these bodies;
- the nomination of persons to potentially replace those directors whose terms of office are expiring;
- the rules for awarding directors' fees;

- the enforcement of provisions of the Rebsamen Act respecting the representation of employees on the Board of Directors to which the Company became subject on January 1, 2018, and reviewed the most suitable appointment method based on the Group's situation;
- the compensation of senior officers.

4.1.3.3 Strategy Committee

The Strategy Committee has three members: Maxime Séché, Guillaume Cadiou and Jean-Pierre Vallée. This Committee may have up to five members, appointed by the Board. The members of the Committee have been selected based on their industrial and strategic skills and any relevant business experience.

The task of the Committee is to formulate, on proposal of or jointly with the Company's Executive Management, solutions or recommendations on the Company's strategy and oversee its implementation or modification.

It will give an opinion on acquisitions or disposals of ownership interests or assets of a significant value likely to result in a change to the structure of the Company's balance sheet and, in any event, on acquisitions or disposals of ownership interests and assets, as well as any external growth operation outside the scope of the Company's budget or strategy. It will give an account of its work to the Board of Directors.

During 2018, the Committee reviewed different significant strategic operations to expand the Group, which allowed it to make an acquisition in South Africa, and to study several existing opportunities for development, which are now underway.

4.1.3.4 Leading the Strategy Effort

The day-to-day leadership of the Group's strategy is driven by the principal senior Group managers under the direction of Joël and Maxime Séché. They ensure optimized Group management of the business, project development, funding and human resources. The Deputy Chief Executive Officer ensures the management of all strategic operating activities and optimizes the allocation of investments. On a daily basis, each Group senior officer, in agreement with Executive Management, takes the necessary steps within his/her remit to ensure that the established guidelines are followed. Each of these officers is accountable to Executive Management.

4.1.3.5 Attendance at Board of Directors and Committee meetings in 2018

	Board of Directors		Audit Committee		Compensation and Appointments Committee		Strategy Committee	
	meetings attended/ meetings held	rate of attendance	meetings attended/ meetings held	rate of attendance	meetings attended/ meetings held	rate of attendance	meetings attended/ meetings held	rate of attendance
Joël Séché	7/7	100%						
Guillaume Cadiou	7/7	100%			1/1	100%	4/4	100%
Pascaline de Dreuzy	7/7	100%	(1)					
Christophe Gégout	5/5	100%	(1)					
Séché Group (Maxime Séché)	7/7	100%					4/4	100%
Anne-Sophie Le Lay	5/5	100%						
Marina Niforos	7/7	100%						
Carine Salvy	7/7	100%	2/2	100%	1/1	100%		
Jean-Pierre Vallée	7/7	100%	2/2 (2)	100%	1/1	100%	(3)	
Philippe Valletoux	7/7	100%	2/2	100%				
Philippe Guérin*	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Number of meetings in 2018	**7**		**2**		**1**		**4**	
Overall attendance rate		**100%**		**100%**		**100%**		**100%**

*As the Director representing the employees, Philippe Guérin, was appointed only in December 2018, he did not attend any Board meetings during the reporting year.
(1) Pascaline de Dreuzy and Christophe Gégout were appointed to the Audit Committee on December 4, 2018.
(2) Jean-Pierre Vallée ceased to be a member of the Audit Committee on December 4, 2018.
(3) Jean-Pierre Vallée was appointed to the Strategy Committee on December 4, 2018.

4.2 SENIOR OFFICER AND ADMINISTRATOR COMPENSATION AND BENEFITS

4.2.1 Senior officer compensation policy

On December 2, 2008, the Board of Directors of the Séché Environnement Group began basing the compensation and benefits granted to senior officers and managing directors on the AFED-MEDEF Code. These recommendations concern the prohibition of holding a work contract concurrently with the mandate of senior officer, the banning of golden parachutes, the reinforcement of the supervision of supplementary pension plans, the attribution of stock options connected to the policy of association with the capital, and improvement of transparency about the compensation of senior officers.

4.2.1.1 Senior executive compensation policy

The senior executive compensation policy is set by the Board of Directors based on a proposal from the Compensation Committee.

The only managing director is Joël Séché.

The compensation policy for the Chairman and Chief Executive Officer implemented in 2018 was compliant with the policy approved by the General Meeting of April 27, 2018. This officer receives compensation from Séché Environnement SA due to his mandate as Chairman and Chief Executive Officer, except for any other compensation he might receive from the subsidiaries of the Group.

The compensation package of the Chairman and Chief Executive Officer is made up of fixed compensation, benefits in kind, and directors' fees, excluding any variable or extraordinary compensation, any awards of stock options or warrants or performance shares.

Likewise, there is no binding contractual obligation to pay an allowance or a particular benefit in the event of termination or a modification to his functions; senior executives do not receive any benefit upon termination, whether voluntary or compulsory, nor are they bound by a non-compete obligation.

The senior officers benefit from a defined-contribution supplementary pension plan. It is a funded pension plan concerning 4% of the annual salary paid, within the limit of tranche B of the annual social security ceiling.

The senior executive compensation policy for the 2019 fiscal year was set by the Board of Directors on March 5, 2019. Subject to its approval by the General Meeting of April 26, 2019, this policy is expected to remain unchanged.

Compensation, options and shares allocated to Joël Séché			
(in euros)	**2016**	**2017**	**2018**
Compensation due for the fiscal year (detail below)	421,426	420,547	420,547
Options allocated during the fiscal year	/	/	/
Value of performance shares granted during the fiscal year	/	/	/
Total	**421,426**	**420,547**	**420,547**

Breakdown of compensation of Joël Séché						
(in euros)		**2016**		**2017**		**2018**
	Due	**Paid**	**Due**	**Paid**	**Due**	**Paid**
Fixed compensation	400,000	400,000	400,000	400,000	400,000	400,000
Variable compensation	/	/	/	/	/	/
Exceptional compensation	/	/	/	/	/	/
Benefits in kind [1]	11,426	11,426	10,547	10,547	10,547	10,547
Directors' fees	10,000	10,000	10,000	10,000	10,000	10,000
Total	**421,426**	**421,426**	**420,547**	**420,547**	**420,547**	**420,547**

[1] Benefits in kind represented by the use of a company car

4.2.1.2 Compensation of non-executive directors

Maxime Séché, a non-executive director, receives compensation in his capacity as Deputy Chief Executive Officer.

Summary table of compensation, stock options and shares awarded to Maxime Séché in his capacity as Deputy Chief Executive Officer			
(in euros)	**2016**	**2017**	**2018**
Compensation due for the fiscal year (detail below)	174,173	158,153	158,527
Options allocated during the fiscal year	/	/	/
Value of performance shares granted during the fiscal year	/	/	/
Total	**174,173**	**158,153**	**158,527**

Summary table of the compensation of Maxime Séché in his capacity as Deputy Chief Executive Officer						
(in euros)		**2016**		**2017**		**2018**
	Due	**Paid**	**Due**	**Paid**	**Due**	**Paid**
Fixed compensation	159,227	159,227	151,116	151,116	151,450	151,450
Variable compensation [1]	5,805	5,805	4,238	4,238	4,278	4,278
Exceptional compensation			/	/	/	/
Benefits in kind [2]	9,141	9,141	2,799	2,799	2,799	2,799
Directors' fees		/	/	/	/	/
Total	**180,832**	**180,832**	**158,153**	**158,153**	**158,527**	**158,527**

[1] this relates to amounts paid in connection with profit-sharing/ incentive schemes
[2] Benefits in kind represented by the use of a company car

4.2.1.3 Compensation of non-executive senior officers

In connection with the total allocation of directors' fees authorized by the General Meeting, the compensation conditions applicable to Directors are set by the Board of Directors on a proposal from the Compensation Committee.

The only annual compensation granted to non-executive senior officers under their mandates is the directors' fees allocated by the Company. No Director received any compensation or benefits of any kind from any of the companies controlled by Séché Environnement.

The Company has made no commitments to its senior officers which are due or liable to come due as a result of the assumption, termination or modification of their functions or in the wake of such an event.

The guidelines for distributing the 2018 directors' fees allocation were the following:

On April 27, 2018 the Board of Directors, acting on a proposal from the Compensation and Appointments Committee, renewed the existing rules for allocating directors' fees from the previous year, namely (i) an amount of €10,000 is allocated to each Director, prorated to the number of meetings attended during the year, (ii) an amount of €1,500 is allocated to each Director for his/her actual attendance at specialized committee meetings of which he/she is a member and (iii) an annual amount of €1,000 is allocated to each Chairman of a specialized committee.

Furthermore, no stock options were granted to senior officers nor were any loans or sureties granted to members of the Board of Directors.

Table of directors' fees

(in euros)	2016	2017	2018
Pascale Amenc-Antoni	10,000	10,000	1,429
Guillaume Cadiou	14,500	16,000	17,500
Pierre-Henri Chappaz	13,000	2,000	/
Pascaline de Dreuzy	/	6,000	10,000
Christophe Gégout	/	/	7,143
Anne-Sophie Le Lay	/	/	7,143
Marina Niforos		6,000	10,000
Carine Salvy	13,000	14,500	13,000
Joël Séché	10,000	10,000	10,000
Maxime Séché	/	/	/
Séché Group	14,000	15,500	17,000
Jean-Pierre Vallée	14,500	14,500	14,500
Philippe Valletoux	16,500	18,000	16,500
Total	105,500	112,500	124,214

4.2.2 Transactions with senior officers or shareholders

Transactions between the Company and its senior officers or shareholders holding over 10% of the total voting rights or, in the case of a corporate shareholder, the company controlling the same pursuant to Article L. 233-3 of the Commercial Code during the 2018 fiscal year are described in the special report of the Statutory Auditors.

No other transaction that was not an arm's length transaction was entered into during the 2018 fiscal year between the Company and its senior officers or shareholders holding over 10% of the total voting rights or, in the case of corporate shareholders, the company controlling them.

Likewise, no loan or guarantee was granted to any of its directors.

4.3 REPORT OF THE BOARD OF DIRECTORS ON THE COMPENSATION OF THE MANAGING DIRECTOR

Pursuant to the provisions of subparagraph 2 of Article L. 225-37-2 of the Commercial Code, the Board of Directors has detailed the components of compensation awarded to Joël Séché in his capacity as Chairman and Chief Executive Officer.

Preliminary remarks:
Joël Séché, the sole managing director, does not have an employment agreement.

No termination benefits or non-compete clause is required of him by the Board of Directors should he step down from his functions.

Compensation in 2018
Fixed annual compensation granted to Joël Séché in fiscal year 2018 was set by the Board of Directors on December 2, 2008.

Therefore, his compensation, which amounted to €400,000 in 2018, has remained unchanged.

No compensation was paid to him by any of the Group's subsidiaries.

No variable annual, deferred or multi-year compensation was granted to Joël Séché.

Supplemental retirement plan
Joël Séché is covered by a supplemental defined-contribution retirement plan set up within the Séché Environnement Group. It is a funded pension plan concerning 4% of the annual salary paid, within the limit of tranche B of the annual social security ceiling.

The Company, which makes contributions to a third party insurer to which the Company has entrusted the management of this retirement scheme, is responsible for funding this plan.

Benefits in kind
Benefits in kind consist of providing Mr. Séché with a company car.

The cost of this benefit was €10,546.68 in 2018.

Directors' fees
Total directors' fees, amounting to €10,000, received in 2018 were allocated in accordance with the allocation rules established by the Board of Directors on April 27, 2018.

The Board of Directors

4.4 INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATING TO FINANCIAL REPORTING

4.4.1 Internal control procedures for the monitoring of activities

The internal control procedures set up by the Company to control its activities aim to guarantee that the management and operation of each Group company and the behavior of employees respect the guidelines given by the company's management, and in particular the Board of Directors.

These procedures relate to the main business operating cycles (purchasing procedure – sales procedure (individual and package offers) – investment procedure – centralization of cash flow management procedure) and are accompanied by an activity monitoring process: budget process, monthly reporting process for identifying shortcomings and putting the necessary corrective actions in place.

If warranted, they will be updated in order to collate the Group's practices in a reference framework and take into account the information system harmonization effort.

Each procedure is approved by Executive Management. It describes the general objectives assigned to it, its area of application and its scope, details all the steps in the procedure, documents procedure monitoring arrangements put in place by the Group and the need for everyone's involvement.

They may, if it proves necessary, be supplemented by technical notes, clarifying the Group's recommendations on the handling of specific operations.

The budget process, which involves each subsidiary, the Group's Executive Management and Group Management Control as a support function:

- provides for a comparison of the objectives set by each subsidiary with the strategic guidelines set at Group level, and ensures agreement on how to implement these guidelines;
- ensures that the effective level of activity, new guidelines issued by Management and any corrective measures are taken into account, via a review at least twice a year;
- the monthly reporting process, which is verified and centralized by the Group Management Control, provides Executive Management with a monthly review of activity and details on actual progress achieved with respect to the announced targets.

4.4.2 Internal control procedures for ensuring the reliability of financial disclosures and their compliance with laws and regulations in force

The organization put in place is aimed at guaranteeing financial disclosures that are accurate and compliant with general accounting principles and the standards and methods adopted by the Group, which are themselves developed out of the French regulatory framework. Furthermore, they aim to ensure that the finance and accounting function satisfy their obligations with respect to information concerning company players and all stakeholders (shareholders, investors, administration, etc.).

The role the finance function plays in this organization is crucial. The function:

- ensures the consistency and the integrity of the information system on which all French subsidiaries run;
- disseminates the procedures specific to financial processes and guarantees their implementation. To do so, at each reporting date it issues a memo with closing instructions and accounting principles used to draw up the financial statements of all the subsidiaries. These memos are updated regularly to take into account any problems encountered previously. Furthermore, on the half-year and annual closing dates, the involvement of the Statutory Auditors in each subsidiary is addressed in conclusions that are regularly forwarded to the Statutory Auditors of the Group and the Consolidation Department. A system for tracking published remarks is set up for the purposes of analysis, assessing the challenges at the Group level and implementing remedial actions;
- provides training and regular information to the accounting staff in order to ensure a minimum skill level while facilitating the sharing of best practices within the Group;
- upgrades and analyzes the viability of the consolidation and reporting tool and its interface with the Group's accounting and reporting information system. The main configurations will be the responsibility of the Group consolidation and reporting staff with the support of the service provider and the dissemination of any changes introduced carried out directly by the Central Division. Training for all new users is provided by Group staff;
- provides a permanent link between the statutory consolidation staff and the management control staff in order to permit the output of consolidated forecasting data as early in the process as possible. This monthly report is subject to a regular check against the actual data output by the consolidation process;
- processes the Group's major transactions (acquisitions, disposals, reorganizations) that have an impact on the financial disclosures output by the Group;
- discloses accounting and financial information intended for management bodies and directors;
- ensures the integrity of the reporting process and validates the information appearing in the registration document, verifies compliance with the rules of the French Financial Markets Authority (AMF) and the quality of the relationship with the AMF's front office;
- checks data disseminated as part of the Group's financial disclosure process.

5 Information about the Company and its share capital

5.1 SHARE CAPITAL

As of December 31, 2018 (and as of the date of this Registration Document), the share capital amounted to €1,571,546.40, divided into 7,857,732 shares of par value €0.20 each, fully paid up and fully negotiable.

Date Transaction	Number of new shares	Total number of shares in the Company	Par value of share	Nominal amount of capital increase		Amount of capital reduction	Issue premium	Subsequent amount of capital
				By contribution in cash or kind	By incorporation of reserves			
02/17/1997 Share split		50,000	FRF 100					FRF 5,000,000
10/08/1997 Share split		5,000,000	FRF 1					FRF 5,000,000
11/27/1997 Capital increase	400,000	5,400,000	FRF 1	FRF 400,000			FRF 73,600,000	FRF 5,400,000
12/19/1997 Capital increase	5,000	5,405,000	FRF 1	FRF 5,000			FRF 735,000	FRF 5,405,000
04/26/2001 Conversion of capital into euros		5,405,000	€0.20		€257,013.06			€1,081,000
10/01/2001 Capital increase *	160,405	5,565,405	€0.20	€32,081			€10,795,257	€1,113,081
07/05/2002 Capital increase **	2,473,057	8,038,462	€0.20	€494,611			€19,902,780	€1,607,692
12/12/2006 Issue 596 408							€10,908,302	€1,607,692
04/24/2007 Capital increase ***	596,408	8,634,870	€0.20	€119,282			€74,717,994	€1,726,974
06/17/2015 Capital reduction	(777,138)	7,857,732	€0.20			(€155,427.60)		€1,571,546.40

(*) Payment for the Alcor shares tendered to the Company
(**) Payment for the Trédi shares tendered to the Company
(***) exercise of 596,408 share subscription warrants by CDC.

5.2 MAIN SHAREHOLDERS

5.2.1 Share ownership and voting rights

Share ownership at December 31, 2018	Number of shares	%	Voting rights (3)	%
Mr. Joël Séché	1	0.00%	2	0.00%
Séché Group SAS (1)	3,928,866	50.00%	5,864,902	59.13%
Séché Group sub-total:	**3,928,867**	**50.00%**	**5,864,904**	**59.13%**
CDC Group	710,617	9.04%	710,617	7.17%
Other investors > 5%	784,407	9.98%	784,407	7.91%
Treasury stock (2)	55,077	0.70%	55,077	0.56%
Employee share ownership	36,149	0.46%	69,238	0.70%
Free float	2,342,615	29.81%	2,433,633	24.54%
Total	**7,857,732**	**100.00%**	**9,917,876**	100%

(1) Mr. Maxime Séché and Mr. Guillaume Séché control the majority stake in Séché Group.
(2) Treasury stock is stripped of voting rights. However, the table here presents the calculation of voting rights as recommended by the AMF for shareholding notification requirements.
(3) Pursuant to a resolution adopted by the Extraordinary General Meeting of October 8, 1997, a double voting right is attributed to all fully paid-up shares registered in the same shareholder's name for at least four years.

The Company is controlled as described above. However the Company believes there is no risk of said control being exercised improperly.

Between January 1, 2018 and the date of this Board meeting, Séché Environnement was informed that a shareholder had exceeded a notifiable threshold. In a letter dated December 10, 2018, Caisse des Dépôts notified the Company it had passively exceeded the statutory disclosure level of 7% of the Company's voting rights. This breach of the threshold resulted from a change in the number of voting rights issued.

Caisse des Dépôts currently holds 710,617 shares and voting rights, representing 9.04% of the share capital and 7.17% of voting rights.

5.2.2 Transactions carried out on Company shares by senior officers, associated persons and their relatives

In 2018, Mr. Joël Séché contributed to Séché Group – the family holding company that controls Séché Environnement – 402,399 Séché Environnement shares that he owned directly.

Following this transfer, Séché Group (i) was wholly owned by Mr. Joël Séché and (ii) owns 50.00% of the share capital and 58.81% of the voting rights in Séché Environnement.

Mr. Joël Séché donated the shares comprising the capital of Séché Group to Mr. Guillaume Séché and Mr. Maxime Séché.

These transactions were intended to shore up the family's control of the company Séché Environnement.

5.2.3 Changes in share ownership over the past three years

At December 31	2016	2017	2018
Joël Séché family (*)	50.0%	50.0%	50.00%
CDC Group	9.0%	9.0%	9.04%
Free float	39.8%	39.8%	39.8%
Treasury stock	0.7%	0.7%	0.7%
Employee share ownership	0.5%	0.5%	0.46%
Total	**100%**	**100%**	**100%**

(*) Mr. Joël Séché and Séché Group SAS (formerly the Amarosa family trust), majority controlled by Mr. Maxime Séché and Mr. Guillaume Séché

5.2.4 Shareholders' agreement

There are no agreements between shareholders.

5.2.5 Financial authorizations and delegations

Pursuant to Article L. 225-100 of the French Commercial Code, the table below summarizes the current authorizations granted by the Annual General Meeting to the Board of Directors:

AGM	Resolution	Subject	Length of authorization and expiry date	Limit or maximum nominal amount
04/27/2018	18th	Share buyback	18 months October 26, 2019	10% of shares representing the share capital
	19th	Capital reduction via cancellation of shares	18 months October 26, 2019	10% of share capital
	20th	Issue of shares or securities with pre-emptive rights	26 months June 26, 2020	€78,577 (1) €19,644,350 for issue of share warrants (2)
	21st	Issue of shares or securities without pre-emptive rights	26 months June 26, 2020	€47,146 (1) Debt securities €11,786,600 (2)
	22nd	Issue of shares or securities as payment for contributions in kind to the Company	26 months June 26, 2020	10% of share capital (1)
	23rd	Capital increase reserved for members of a savings plan without pre-emptive rights Award of free shares or securities without pre-emptive rights to members of a savings plan	26 months June 26, 2020	€47,146 (1)
04/27/2017	11th	Capital increase by incorporation of reserves, profits or additional paid-in capital	26 months June 26, 2019	€157,154
	12th	Share subscription and/or purchase options without pre-emptive rights for employees and senior officers of Group companies	38 months April 26, 2020	2% of share capital (1) with limit for senior officers
	13th	Award of free shares – either existing or to be issued – without pre-emptive rights	38 months June 26, 2020	2% of share capital (1) with limit for senior officers

(1) These amounts are deducted from the maximum overall nominal amount of €377,735 set forth by the twenty-fourth resolution of the Annual General Meeting of April 27, 2018.

(2) Common limit.

At the date of writing this Registration Document, the Board of Directors had not used any of these authorizations.

5.2.6 Information on stock option plans

In compliance with Articles L.225-177 et seq. of the French Commercial Code, the Extraordinary Annual General Meeting of April 27, 2017, in its twelfth resolution, delegated full powers to the Board of Directors – for a period of 38 months – to grant stock options conferring the right to subscribe for or purchase new shares in the Company to employees and executives and senior officers entitled to the same by the French Commercial Code. The total number of shares that may be potentially subscribed for under options outstanding and not yet exercised may not exceed 2% of the share capital and may not exceed legal limits or the maximum amount of €377,735 set forth by the twenty-fourth resolution of the Extraordinary Annual General Meeting of April 27, 2018.

At the date of this Registration Document, the Board of Directors had not used the above-mentioned authorization, and no stock options had been granted.

5.2.7 Information on the awarding of free shares

In compliance with Articles L.225-197-1 and L.225-197-2 of the French Commercial Code, the Extraordinary Annual General Meeting of April 27, 2017, in its thirteenth resolution, delegated full powers to the Board of Directors – for a period of 38 months – to award free existing shares or shares to be issued in the future to senior officers and certain members of the salaried staff, up to a limit of 2% of the share capital. The amount of the award is to be deducted from the overall limit of €377,735 set by the twenty-fourth resolution of the Annual General Meeting of April 27, 2018.

At the date of writing this Registration Document, the Board of Directors had not used this authorization.

5.2.8 Share buybacks

At the Annual General Meeting of April 27, 2017, the Company's shareholders authorized the Board of Directors, for a period of 18 months, to purchase up to 10% of the shares comprising the Company's share capital, pursuant to Articles L.225-209 et seq of the French Commercial Code and Articles 241-1 to 241-7 of the General Regulation of the Autorité des Marchés Financiers (AMF, French Financial Markets Authority).

The Annual General Meeting of April 27, 2018, in its eighteenth resolution, authorized the Board of Directors to trade in the Company's shares subject to the same terms.

This authorization, granted for a period of 18 months, replaced the previous authorization granted by the ninth resolution of the Annual General Meeting of April 27, 2017.

Pursuant to the provisions of Article L.225-211 of the French Commercial Code, the Board of Directors hereby reports to you on transactions performed by the Company on its own shares during the period from January 1 to December 31, 2018.

Situation at 12/31/2018

Number of shares purchased, sold or transferred since the start of the program	168,497
Percentage of shares held directly or indirectly as treasury stock	0.7%
Number of shares cancelled over the last 24 months	-
Number of shares held in the portfolio	55,077
Book value of portfolio (in euros)	1,446,870
Market value of portfolio at 12/31/2018 (1) (in euros)	1,465,048

(1) Based on the closing share price of €26.60 at December 31, 2018.

The theoretical impact of the proposed plan on the financial statements of Séché Environnement was measured for information purposes, based on the following assumptions:

- the cancellation of 1% of the weighted average number of shares in circulation, i.e. 78,000 shares;
- an average repurchase price of €29.26 per share, corresponding to the average closing price observed from January 1 to February 4, 2019, i.e. a total of €2.3 million for the repurchase of 1% of the share capital;
- Cost of financing this share buyback program: 3.35% before taxes.

Based on these assumptions, the impact of the share buyback program on the 2018 consolidated financial statements as presented in the Registration Document would have been as follows:

	Consolidated financial statements published as of 12/31/2018 *	Buyback and cancellation of 1% of capital (excl. impact on provisions)	Pro forma after buyback and cancellation of 1% of share capital (excl. impact on provisions)	Impact of buyback as %
Shareholders' equity (Group share) (€ thousands)	251,255	(2,282)	248,972	(0.9)
Consolidated shareholders' equity (€ thousands)	254,769	(2,282)	252,487	(0.9)
Net financial debt (€ thousands) **	349,551	2,282	351,833	0.7
Net income (Group share) (€ thousands)	15,580	(50)	15,530	(0.3)
Weighted average number of shares in circulation (thousands)	7,800	(78)	7,722	(1.0)
Net earnings per share (€)	2.00	(0.01)	2.01	0.7
Weighted average number of shares in circulation adjusted for the impact of dilutive instruments (thousands)	7,800	(78)	7,722	(1.0)
Diluted net earnings per share (€)	2.00	(0.01)	2.01	0.7

* After the Board of Directors approved the financial statements on March 5, 2019 and subject to their approval by the Annual General Meeting on April 26, 2019.

** Financial debt less cash and cash equivalents.

Description of the new share buyback program put forward for approval by the Combined Annual General Meeting of April 26, 2019

The description of the program provided below complies with Article 241-3 of the AMF General Regulation.

As the authorization granted to the Board of Directors by the Annual General Meeting of April 27, 2018 to trade in the Company's shares is due to expire on October 26, 2019, the Annual General Meeting to be held on April 26, 2019 will be asked (in the ninth resolution – see Chapter 6.4.1 "Combined Annual General Meeting of April 26, 2019") to renew the authorization to the Board of Directors to purchase the Company's shares up to a maximum price of €50 per share. This authorization will enable the Board of Directors to purchase up to 10% of the Company's shares. As the Company may not hold more than 10% of its own capital, and in view of the number of shares it already owns, which stood at 55,077 shares (0.7% of the share capital) on December 31, 2018 – the date of the most recent disclosure of the number of shares and voting rights held – the maximum number of shares the Company may purchase under this authorization would be 730,696 (9.30% of the share capital), unless it sells or cancels any shares it already owns.

The purpose of such share buybacks and the use made of the shares purchased are described in the ninth resolution subject to approval by the shareholders on April 26, 2019.

5.2.9 Shares pledged as collateral

Séché Environnement shares, like all shares in Séché Group companies, are not used as collateral.

5.2.10 Shares that do not represent capital

Séché Environnement has not issued any founders' shares or voting rights certificates.

5.3 ARTICLES OF INCORPORATION AND BY-LAWS

5.3.1 Corporate purpose (article 2 of the company by-laws)

The Company's purpose, in France and abroad, is:

- to acquire, manage and hold capital in any company;
- to develop, directly or indirectly, any activity relating to the management and disposal of waste, pollution remediation and soil decontamination;
- to perform administrative, commercial and information systems tasks, provide services and conduct all commercial and financial transactions of a nature to facilitate or expand the Company and its related interests;
- to transport goods by road, provide services in goods transport and leasing of vehicles for the transport of goods;
- to perform public or private work to develop land or waterways, public highways, parks and gardens;
- to trade in recovered materials;
- to create, purchase and exploit, directly or indirectly, any patents relating to its purpose;
- to purchase, sell, construct, lease, and operate, in any form, all buildings, warehouses, businesses and similar or connected industries, all interests in similar businesses;
- to acquire interests by means of contribution, merger, investment, subscription for shares, securities or bonds, or in any other manner in all businesses or companies relating to its corporate purpose and in general, in all businesses, trades or works that may provide a client base for its corporate activity or promote businesses in which itself or its subsidiaries may have an interest;
- to pursue any commercial, civil, industrial, financial or real estate business or a business of any kind which is of a nature to directly or indirectly further the Company's development or expansion in France or internationally;
- and more generally, to conduct all transactions that may be directly or indirectly related to the corporate purpose stated above and make it more profitable, whether such transactions concern financial, moveable or real estate property, without exception.

5.3.2 Board of Directors and executive management (articles 16 to 22 of the by-laws)

The Board of Directors determines the overall strategy for the Company's business activities and monitors its implementation. Subject to the powers expressly granted to Annual General Meetings and within the limits of the corporate purpose, it addresses all issues relating to the functioning of the Company and makes decisions to settle matters concerning it. The Board of Directors has at least three members and a maximum of eighteen members (subject to any exceptions provided for by law). Its members are natural or legal persons appointed by the Ordinary Annual General Meeting for a renewable term of three years. The Board of Directors also includes one or two members representing employees, depending on the number of Board members. These Directors are appointed by the Group Committee. The term of office of directors representing employees is two years and their term is renewable. The Board of Directors appoints a Chair, who must be a natural person, from among its members. The Chair organizes and manages the Board's work.

The Company's executive management is entrusted to either the Chair of the Board of Directors or to another individual appointed by the Board of Directors to act as Chief Executive Officer. The Chief Executive Officer represents the Company in its relations with third parties. He or she shall be granted exhaustive powers to act on behalf of the Company in all matters. He or she shall exercise these powers within the scope of the Company's purpose and subject to those powers expressly assigned by law to Annual General Meetings of Shareholders and the Board of Directors.

5.3.3 Annual General Meetings (chapter V – articles 26 to 37 of the by-laws)

Shareholders' decisions are made at Annual General Meetings convened under conditions laid down by law and regulations. They are held in any premises specified in the letter of invitation.

The deliberations of Annual General Meetings are binding on all shareholders.

Ordinary and Extraordinary Annual General Meetings, together with special meetings, voting under the conditions of quorum and majority specified by the provisions which respectively govern them, exercise the powers allocated to them by law.

Attendance or representation at Annual General Meetings

All shareholders are entitled to attend or to be represented at Annual General Meetings and to take part in decisions, regardless of the number of shares they hold, on proof of their identity and the ownership of the shares.

Voting rights at Annual General Meetings – Double voting rights

Subject to the provisions set out below, each capital or dividend share with equal par value entitles the holder to the same number of votes and each share gives entitlement to at least one vote.

However, by way of a resolution of the Extraordinary Annual General Meeting of October 8, 1997, a double voting right in comparison with the voting right accorded to other shares representing the same portion of the share capital is attributed to all fully paid-up shares registered in the same shareholder's name for at least four years. In the event of a capital increase by incorporation of reserves, profits or additional paid-in capital, the free registered shares granted to shareholders in respect of existing shares benefitting from such rights shall also confer double voting rights as of their issue.

The double voting right ceases ipso jure for any share converted to bearer or transferred in ownership. However, the transfer of shares through inheritance, the liquidation of marital property between spouses, or inter vivos donation in favor of a spouse or relative entitled to inherit does not interrupt the holding period referred to above.

The voting right attached to the share belongs to the life interest holder in Ordinary and Extraordinary General Meetings.

Any shareholder can vote by post using a form that they can obtain by following the instructions given in the notice convening the meeting.

5.3.4 Shares bearing life interest (article 14 of the by-laws)

Since the Annual General Meeting of December 11, 1998, and by exception to the provisions of Article L.225-110 of the French Commercial Code, the voting right attached to each share belongs to the life interest holder in Ordinary and Extraordinary Annual General Meetings.

5.3.5 Ownership thresholds (article 13.3 of the by-laws)

Any natural person or legal entity who, acting alone or with others, directly or indirectly comes into possession of a number of shares representing 3% of the Company's capital or voting rights, or beyond this 3% threshold any additional 1% fraction of the Company's capital or voting rights, must inform the Company thereof by registered letter with acknowledgement of receipt before the close of trade on the fourth trading day after crossing such threshold, specifying the number of shares and voting rights held.

The same obligation applies, with the same time limit, when a shareholder's interest drops below the above-mentioned levels.

On request, recorded in the minutes of the Annual General Meeting, from one or more shareholders owning at least 3% of the share capital, the non-observance of such obligation shall be penalized, by the loss of voting rights for shares in excess of the proportion which should have been disclosed for any meeting of shareholders held until the expiry of a two-year period following the date when notification was correctly made.

As well as the above disclosure obligation, the law also stipulates that disclosure is required when certain ownership thresholds are crossed (provisions of Article L.233-7 of the French Commercial Code).

5.3.6 Identification of holders of bearer shares (article 12 of the by-laws)

In compliance with Article L.228-2 of the French Commercial Code and with article 12 of its by-laws, the Company is entitled to ask Euroclear (securities clearing institution), at any time and at its own expense, to provide the name or, in the case of a legal entity, the corporate name, nationality and address of owners of securities that confer, immediately or at a later date, the right to vote in its own shareholders' meetings together with the quantity of securities held by each of them and, where applicable, any restrictions that may affect such securities.

5.3.7 Appropriation of income (article 41 of the by-laws)

The net proceeds for each year, after deduction of the Company's operating and other expenses, including all depreciation, amortization and provisions, constitute the net profit or loss for the year.

A deduction of at least one twentieth of net profits for the year, less any previous losses where applicable, is made and allocated to a reserve account known as the "legal reserve". This deduction is no longer mandatory once this reserve equals one tenth of the share capital. It resumes effect when, for any reason whatsoever, the legal reserve falls below the required amount.

Income available for distribution is constituted by the year's net profit, less any previous losses, together with sums to be held in reserves in application of the law or Company by-laws, plus income carried forward. However, the Annual General Meeting has the option of deducting from such profit, before distribution of dividends, sums that it deems suitable to stipulate, either to be carried forward to the following year, or to be allocated to one or more reserve accounts, general accounts or special accounts, for which it is free to determine the allocation or use.

The Annual General Meeting may distribute sums taken from the reserves it has at its disposal. All such decisions shall expressly indicate the reserve accounts from which deductions are made.

5.3.8 Payment of dividends (article 42 of the by-laws)

The terms and conditions for paying dividends are laid down by the Annual General Meeting or, failing this, by the Board of Directors.

Dividends must be paid out within nine months of the end of the financial year. An extension to this period can be granted by court decision. No dividends may be reclaimed from shareholders, except in the case of the distribution of fictitious dividends or fixed or interim interests, which are prohibited by law. Dividends remaining unclaimed five years after their allocation for payment are transferred to the State. When a balance sheet drawn up during or at the end of the financial year and certified by a Statutory Auditor shows that the Company has generated a profit during the year, after taking into account depreciation, amortization and provisions and, where applicable, any losses brought forward, together with sums to be posted to legally required reserves, advances on dividends can be paid out prior to the approval of the year's accounts. The total of such advances cannot exceed the total profit defined in this paragraph. The Ordinary Annual General Meeting has the option of granting shareholders the choice between payment in cash or in shares under legal and statutory conditions for all or part of the dividends or advance on dividends allocated for distribution.

5.4 INFORMATION AND DETAILS ABOUT THE COMPANY'S LEGAL DEVELOPMENTS DURING THE PERIOD

5.4.1 Company name and registered office

Company name: Séché Environnement SA

Registered office: Les Hêtres
CS 20020
53811 Changé Cedex 09
+33 (0)2 43 59 60 00

5.4.2 Legal form

A French limited company (*société anonyme*) with a Board of Directors, governed by the French Commercial Code.

5.4.3 Date of incorporation and term

The Company was incorporated on July 8, 1976 for a period of 99 years from its registration with the Trade and Companies Register unless extended or wound up earlier.

The Company was registered with the Laval Trade and Companies Register on August 10, 1976.

5.4.4 Trade and companies register

The Company is registered in the Laval Trade and Companies Register under number B 306 917 535.
APE Code: 7010Z.

5.4.5 Consultation of official company documents

The Company by-laws, minutes of Annual General Meetings and other corporate documents can be consulted at the Company's registered office.

5.4.6 Financial year

From January 1 to December 31 of the calendar year.

5.5 INFORMATION ON EQUITY INVESTMENTS

5.5.1 Séché Environnement Group scope of consolidation

The Group's scope of consolidation is provided in the notes to the financial statements on page 140 of this Registration Document.

In 2018, the Group directly or indirectly acquired:

- 24% of the shares in Karu Energy SAS;
- 5.2% of the shares in Sodicome, and now owns 100% of this company's shares.

The Group created the companies Séché South Africa Proprietary Limited (in South Africa) and Therm-Service (in Germany).

5.5.2 Table of subsidiaries and equity investments

The table of subsidiaries and equity investments is provided in the notes to the parent company financial statements on page 193 of this Registration Document.

5.6 RELATED-PARTY AGREEMENTS

5.6.1 Transactions with senior officers or shareholders

Transactions between the Company and its senior officers or shareholders holding over 10% of the total voting rights or, in the case of a corporate shareholder, the company controlling the same, are described in the special report of the Statutory Auditors.

Pursuant to Article L.225-38 et seq of the French Commercial Code, three related-party agreements were concluded during the year (see below).

5.6.2 Transactions with related parties

Related-party transactions are described in the notes to the consolidated financial statements of Séché Environnement (page 169 of this Registration Document).

5.6.3 Special report of the Statutory Auditors on related-party agreements and commitments

Statutory Auditors' special report on related-party agreements and commitments.

Annual General Meeting approving the financial statements for the year ended December 31, 2018

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby present our report on related-party agreements and commitments.

We are required to inform you, on the basis of the information provided to us, of the key features and terms and conditions of, as well as the reasons behind, the contractual agreements and commitments indicated to us or that we may have identified in the performance of our assignment. It is not our role to comment as to whether they are beneficial or to ascertain whether any other agreements or commitments exist. It is your responsibility, in accordance with Article R.225-31 of the French Commercial Code, to judge the merits of these agreements and commitments before approving them.

In addition, it is our responsibility to provide you with the information stipulated in Article R.225-31 of the French Commercial Code regarding the implementation during the past year of agreements and commitments previously approved at the Annual General Meeting, if any.

We performed the procedures we considered necessary in accordance with the professional standards issued by the Compagnie Nationale des Commissaires aux Comptes (France's National Association of Statutory Auditors) relating to this assignment. Our work consisted in verifying that the information provided to us is consistent with the underlying documents from which it was extracted.

AGREEMENTS AND COMMITMENTS SUBJECT TO APPROVAL BY THE ANNUAL GENERAL MEETING

Pursuant to Article L.225-40 of the French Commercial Code, we have been notified of the following agreements and commitments made during the past fiscal year, which were approved by the Board of Directors.

Tripartite agreement covering the transfer of an employee's employment contract from your company to Séché Group

Interested parties:

- Mr. Joël Séché, Chairman of Séché Group and Chairman, Chief Executive Officer, and Director of your company
- Mr. Maxime Séché, Permanent representative of Séché Group, Director of your company

Purpose and terms:

The Board of Directors of April 27, 2018 authorized the signing of a tripartite agreement to transfer the employment contract of Mr. Baptiste Janiaud, Chief Administrative and Financial Officer of your company, to Séché Group from May 1, 2018, on the same terms.

Justification that the agreement is in the company's interests:

The transfer relates to the provision by Séché Group of strategic services in which the individual concerned is specialized to the group's entities. It will enable your company to benefit from a more flexible service offering better suited to its real requirements and at a lower cost.

Amendment no. 1 to the administrative services agreement signed with Séché Group on April 28, 2016

Interested parties:

- Mr. Joël Séché, Chairman of Séché Group and Chairman, Chief Executive Officer, and Director of your company
- Mr. Maxime Séché, Permanent representative of Séché Group, Director of your company

Purpose and terms:

Following the transfer of Mr. Baptiste Janiaud's employment contract to Séché Group and the revision to the daily rate applicable to all Séché Group employees for 2018, completed under normal terms, the Board of Directors of April 27, 2018 authorized an increase in the maximum annual remuneration of Séché Group under this administrative services agreement to €1,524,125 excluding tax (compared with €1,065,000 in the initial agreement), and subject to the Company's authorization for any amounts in excess of this limit.

The expense recognized for 2018 was:

- Services: €1,401,612
- Travel expenses: €28,002

Justification that the agreement is in the company's interests:

As required by law, we hereby inform you that the preliminary approval granted by the Board of Directors does not include an explanation of the agreement's value to the Company, as required by Article L.225-38 of the French Commercial Code.

Amendment no. 2 to the administrative services agreement signed with Séché Group on April 28, 2016

Interested parties:

- Mr. Joël Séché, Chairman of Séché Group and Chairman, Chief Executive Officer, and Director of your company
- Mr. Maxime Séché, Permanent representative of Séché Group, Director of your company

Purpose and terms:

Following the increase in Séché Group's human and material resources and the revision to the daily rate applicable to all Séché Group employees for 2019, the Board of Directors of December 4, 2018 authorized an increase in the maximum annual remuneration of Séché Group under this administrative services agreement to €2,405,000 excluding tax.

Justification that the agreement is in the company's interests:

As required by law, we hereby inform you that the preliminary approval granted by the Board of Directors does not include an explanation of the agreement's value to the Company, as required by Article L.225-38 of the French Commercial Code.

AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE ANNUAL GENERAL MEETING

In accordance with Article R.225-30 of the French Commercial Code, we have been informed that the following related-party agreements and commitments, which were approved at the Annual General Meeting in previous years, continued to apply during the previous financial year.

Signing of a commercial lease with Séché Group

Interested party: Mr. Maxime Séché, Permanent representative of Séché Group, Director of your company

Purpose and terms:

The Board of Directors meeting on April 28, 2016 authorized the signing of a commercial lease between Séché Environnement and Séché Group. The Annual General Meeting of April 27, 2017 approved this agreement. The lease was signed ahead of the expiry of the lease for the 25th floor and covers a surface area of 840m^2 for private use and 400m^2 (measured according to the terms of the "Carrez" act) shared with Séché Group on the 54th floor of the Montparnasse Tower as well as 25 parking spaces and 207.6m^2 in archiving space, for its exclusive use.

The lease was signed for a period of 9 years with an annual rent of €572,200 before tax and provisional annual building management fees of €436,350 before tax. A guarantee deposit of €143,050 before tax was paid.

The expense recognized for 2018 was:

- Rent: €582,809
- Building management fees: €208,419

Signing of an administrative services agreement with Séché Group

Interested party: Mr. Maxime Séché – representative of Séché Group and member of the Board of Directors of Séché Environnement

Purpose and terms:

The Board of Directors meeting on April 28, 2016 authorized the signing of an administrative services agreement. The Annual General Meeting of April 27, 2017 approved this agreement. This agreement relates to the reorganization of services as described above.

Under this agreement, Séché Group provides the Company and its subsidiaries (hereafter "the Group") services in the following areas:
- to set the Group's strategic guidelines and its investment and divestment policies covering both organic and external growth;
- to seek and review expansion and business opportunities for the Group in France and internationally;
- to establish the sales policy, in particular for the drafting and preparation of the Group's business, marketing and communications plans;
- to draft the Group's research and development policy;
- to prepare the Group's financial policy, and in particular to consider the use of external long-term financing solutions;
- to advise the Company on the selection and recruitment of Chairpersons, Chief Executive Officers and operational management positions in the Group;
- to make recommendations in terms of the Group's organization and structure; and
- to determine the Group's legal policy and assist in monitoring the laws and regulations that apply to its activities.

In exchange for the provision of the services described above, Séché Group receives quarterly remuneration (before tax) calculated depending on the time spent by Séché Group employees for the execution of the administrative services agreement, up to an annual limit of €1,065,000 before tax, and subject to authorization by the Company for any amounts in excess of this limit.

The administrative services agreement was signed for the period from May 2, 2016 to December 31, 2019. It will be automatically renewed for a three-year period unless it is terminated by one of the parties by registered letter with acknowledgement of receipt three months before the end of a period.

The expense recognized for 2018 was:

- Services: €1,401,612
- Travel expenses: €28,002

Signed in Nantes and Rennes, March 12, 2019

KPMG Audit Department of KPMG S.A.	Mazars
Franck Noël Partner	Ludovic Sevestre Partner
Gwenaël Chedaleux Partner	

5.7 EMPLOYEE BENEFITS

5.7.1 Headcount

The Group's headcount is presented on page 47.

5.7.2 Employee incentive schemes

The employee savings policies (incentives, profit-sharing, savings plan) applied in Séché Environnement depend on the history and specific situation of each scope (Séché, Alcor, Trédi).

5.7.3 Incentives and profit-sharing

The Group's companies have signed various incentive and profit-sharing agreements to involve their employees in their company's performance.

Profit-sharing bonuses are mainly calculated based on each company's tax profits.

Incentive bonuses depend on each subsidiary's net income, operating income or current operating income calculated under IFRS accounting rules. Trigger levels and maximum limits also apply.

5.7.4 Company savings plans

A Group savings plan was established in 2007 to give all Séché Environnement's employees access to this type of savings scheme.

- at December 31, 2018, Séché Environnement group's employees held 36,149 Séché Environnement shares via the Séché Croissance employee savings fund. These holdings accounted for 0.46% of the share capital and 0.70% of voting rights;
- at December 31, 2017, Séché Environnement group's employees held 35,659 Séché Environnement shares via the Séché Croissance employee savings fund. These holdings accounted for 0.45% of the share capital and 0.65% of voting rights;
- at December 31, 2016, Séché Environnement group's employees held 38,740 Séché Environnement shares via the Séché Croissance employee savings fund. These holdings accounted for 0.49% of the share capital and 0.83% of voting rights.

5.7.5 Information on stock option plans

The authorizations granted to the Board of Directors by the Company's Extraordinary Annual General Meetings are presented on pages 226 and 227.

6 Additional information

6.1 PERSON RESPONSIBLE FOR THE REGISTRATION DOCUMENT

6.1.1 Person responsible

Mr. Joël Séché, Chairman of the Board of Directors of Séché Environnement.

6.1.2 Statement by the person responsible for the Registration Document

“I hereby declare, after having taken every reasonable measure for this purpose, that the information provided in this Registration Document is, to the best of my knowledge, true to fact and that no information has been omitted that would change the interpretation of the information provided.

To the best of my knowledge, I certify that the financial statements have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, financial position and profit or loss of the Company and all the consolidated entities, and that the management report presents a true and fair picture of the development of the business, results and financial position of the Company and all consolidated entities, as well as a description of the main risks and uncertainties to which they are exposed.

I have received a letter from the Statutory Auditors indicating that they have completed their work which consisted of verifying the information on the financial position and the financial statements provided in this Registration Document, which they have read in its entirety.

This letter contained no observations.

The Statutory Auditors have written reports on the historical financial information provided in this document, including the report on the consolidated financial statements (see page XX of this document).

The Chairman of the Board of Directors,

Mr. Joël Séché

Changé, March X, 2019

6.2 STATUTORY AUDITORS

6.2.1 Statutory Auditors

The Company's Statutory Auditors are:

KPMG – SA
Franck Noël
Statutory Auditor
7 boulevard Albert Einstein
Boîte postale 41125
44311 Nantes Cedex 3

The Annual General Meeting of Shareholders of April 27, 2018 appointed KPMG as Statutory Auditor for a period of six years. Its mandate will expire at the end of the Annual General Meeting called to approve the financial statements for 2023.

KPMG has been the Company's Statutory Auditor since August 14, 1997.

MAZARS
Ludovic Sevestre
Statutory Auditor
Member of the Rennes Regional Association of Statutory Auditors
9, rue Maurice Fabre
35000 Rennes

The Annual General Meeting of Shareholders of April 27, 2018 appointed Mazars as Statutory Auditor for a period of six years. Its mandate will expire at the end of the Annual General Meeting called to approve the financial statements for 2023.

Mazars has been the Company's Statutory Auditor since April 27, 2018.

Fees paid to the Statutory Auditors and members of their networks are shown in "Point 3.2.4.23 – Statutory Auditors' fees" on page 170 of this document.

6.2.2 Person responsible for the audit of environmental, social and safety data

KPMG – SA
Gwenaël Chédaleux
7 boulevard Albert Einstein
Boîte postale 41125
44311 Nantes Cedex 3

KPMG - SA
Anne Garans
3 cours du Triangle
92939 Paris La Défense Cedex

6.3 THIRD PARTY INFORMATION, STATEMENT BY EXPERTS AND DECLARATIONS OF INTEREST

None

6.4 DOCUMENTS ON DISPLAY

Corporate documents relating to the past three financial years (annual financial statements, minutes of Annual General Meetings, General Meeting attendance lists, lists of Directors, reports of the Statutory Auditors, by-laws, etc.) can be consulted at Séché Environnement's head office, at Les Hêtres - 53811 Changé Cedex 09.

The "Regulatory information" page of the Company's website is available at: https://www.groupe-seche.com/en/investors/regulatory-information.

6.4.1 Combined General Meeting of April 26, 2019

6.4.1.1 Report of the Board of Directors on the resolutions submitted to the Annual General Meeting of April 26, 2019

To the Shareholders,

We have convened the Annual General Meeting today to submit for your approval thirteen resolutions which are set out in this report.

Resolutions for consideration by the Ordinary Annual General Meeting

Approval of the financial statements (first to third resolutions)

The first three resolutions concern the approval of transactions and of the parent company financial statements of Séché Environnement and the consolidated financial statements at December 31, 2018. The Board of Directors asks the Annual General Meeting to approve the payment of a dividend of €0.95 per share, payable from July 5, 2019.

Information about the Company's management, the parent company and consolidated financial statements for 2018, and the proposed allocation of earnings is provided in the annual management report for 2018. This report includes a section on corporate governance.

Renewal of the directorship of Mr. Philippe Valletoux (fourth resolution)

Mr. Philippe Valletoux's directorship is due to expire at the end of this Annual General Meeting. The fourth resolution seeks to renew his term in office for a period of three years until the end of the Annual General Meeting called in 2022 to approve the financial statements for 2021.

Related-party agreements and commitments (fifth resolution)

In the fifth resolution, shareholders are asked to note that three new related-party agreements were signed during 2018 and that the related-party agreements signed between Séché Environnement and Séché Group and approved by the Annual General Meeting held on April 27, 2017 continued in 2018.

Attendance fees (sixth resolution)

The sixth resolution sets the total amount of attendance fees paid to the Board of Directors at €150,000 for the current year.

Approval of the principles and criteria for calculating, distributing and awarding items of remuneration to Mr. Joël Séché, Chairman and Chief Executive Officer (seventh resolution)

Pursuant to Article L.225-37-2 paragraph 2 of the French Commercial Code, the items of remuneration awarded to Mr. Joël Séché in respect of his role as Chairman and Chief Executive Officer are set out in the Report of the Board of Directors on Corporate Governance presented in a specific section of the Management Report.

In the seventh resolution, shareholders are asked to approve the principles and criteria for calculating, distributing and awarding items comprising the total remuneration and benefits of all kinds assigned to Mr. Joël Séché, Chairman and Chief Executive Officer.

Approval of the fixed, variable and exceptional items comprising the total remuneration and benefits of all kinds paid in the previous year (eighth resolution)

In the eighth resolution, shareholders are asked to note that (i) no variable or exceptional remuneration was paid or awarded to Mr. Joël Séché in 2018, and (ii) the benefits in kind awarded to Mr. Joël Séché in 2018 comprised the provision of a company car, and are asked to approve the fixed remuneration awarded to him in respect of the same fiscal year, as indicated in the Report of the Board of Directors on Corporate Governance included in a specific section of the Management Report.

Authorization for the Board of Directors to trade in the Company's shares (ninth resolution)

In the ninth resolution, your Board of Directors asks shareholders to authorize it, with the right of delegation provided for by law, to purchase the Company's own shares, representing up to 10% of the shares comprising the share capital, at any time.

This authorization, which will replace that granted by the Annual General Meeting of April 27, 2018, shall apply for a period of eighteen months. Pursuant to Articles L.225-209 et seq of the French Commercial Code, this authorization is intended to allow the Company to:

- enhance liquidity and allow market-making in its shares by an investment service provider operating under a liquidity agreement, in compliance with the code of ethics recognized by the AMF (French Financial Markets Authority) or any other applicable provisions;
- award or sell shares to employees and/or senior officers of the Company and/or Group or to allow employees to share in the profits generated by the Company's expansion, under the terms and conditions provided for by law, notably for stock purchase plans or as part of Company or Group savings plans or free share awards;
- award shares on the exercise of rights attached to securities giving immediate or deferred rights to the Company's capital;
- convert and subsequently grant shares in exchange or payment for a merger, acquisition, demerger or contribution of assets;
- reduce the share capital by cancelling the shares duly acquired, subject to approval by an Extraordinary Annual General Meeting of Shareholders;
- and to achieve any other purpose currently authorized or which should subsequently be authorized by law.

We ask shareholders to set the maximum purchase price at €50 per share and to set an overall limit of €39,288,650 for this share buyback program.

The Board of Directors will be able to use the authorization at any time it deems useful, including during a pre-offer period or in case of a public offer for the Company's shares or one made by the Company.

The purchase, sale or transfer of shares may be completed and paid for by any means, including the use of options or derivatives, block-buying mechanisms, either on the market or over the counter, warrants, or public offers.

Resolutions for consideration by the Extraordinary Annual General Meeting

Authorization for the Board of Directors to reduce the share capital by cancelling the shares owned by the Company (tenth resolution)

The tenth resolution asks shareholders, pursuant to Article L.225-209 of the French Commercial Code, to authorize the Board to cancel all or part of the shares acquired under authorized share buyback programs and to grant the Board full powers to reduce the share capital by an equivalent amount by canceling the shares thus acquired on one or more occasions and in the ways and amounts it deems fit, within a limit of 10% of the share capital per 24 month period.
This authorization would be valid for eighteen months from the date of the General Meeting and would replace the previous authorization granted in the nineteenth resolution approved by the Annual General Meeting on April 27, 2018, for the unused portion of such authorization, as applicable.

Delegation of authority to the Board of Directors to increase the capital by incorporation of reserves, profits or additional paid-in capital (eleventh resolution)

The eleventh resolution seeks to grant the Board of Directors the authority to increase the share capital, on one or more occasions, by incorporating reserves, profits or additional paid-in capital, followed by the issue and free award of capital shares or the increase in the par value of existing shares, or a combination thereof. The amount of the capital increase that may be completed may not exceed a nominal amount of €157,154.

This authorization, which will replace that granted by the Annual General Meeting of April 27, 2017, shall apply for a period of twenty-six months.

Overall limit on capital increases (twelfth resolution)

Pursuant to Article L.225-129-2 of the French Commercial Code, the twelfth resolution sets the total limit on immediate or forthcoming capital increases that may arise from all issues of shares or securities performed under the authorizations granted to the Board of Directors in the eleventh resolution of this Annual General Meeting, the twentieth, twenty-first, twenty-second and twenty-third resolutions of the Annual General Meeting of April 27, 2018 and the twelfth and thirteenth resolutions of the Annual General Meeting of April 27, 2017, at €184,360.

Powers to complete formalities (thirteenth resolution)

The thirteenth resolution assigns powers to complete the formalities required by regulations at the end of the General Meeting.

We kindly request that you approve the resolutions as submitted.

The Board of Directors.

6.4.1.2 Special report of the Board of Directors to the Annual General Meeting informing shareholders of the completion of share purchases that they authorized under a share buy-back program

The Annual General Meeting held on April 27, 2018, in its eighteenth resolution, delegated full powers to the Board of Directors, in compliance with Article L.225-209 et seq. of the French Commercial Code and Articles 241-1 to 241-6 of the AMF General Regulation, to purchase the Company's own shares on the stock market or over the counter, within the limit of 10% of shares representing its share capital. This authorization was granted for a period of 18 months.

This resolution replaced the previous authorization granted by the Annual General Meeting on April 27, 2017 under the same terms, and the use of which was reported at the previous Annual General Meeting.

Pursuant to the provisions of Article L.225-211 of the French Commercial Code, the Board of Directors hereby reports to you on transactions performed by the Company on its own shares in the period from January 1 to December 31, 2018.

Presentation of the authorizations granted to the Board of Directors

At the Annual General Meeting of April 27, 2017, the Company's shareholders authorized the Board of Directors to buy and sell shares in the Company for a period of eighteen months as part of a share buyback program. The maximum share price was set at €50 per share, and the number of shares to be purchased could not exceed 10% of the number of shares comprising the Company's share capital at the date of the General Meeting.

The Annual General Meeting of April 27, 2018 authorized the Board of Directors to trade in the Company's shares under the same terms, for a period of eighteen months, with a maximum purchase price of €50 per share. This authorization replaced the unused portion of the authorization granted by the Annual General Meeting on April 27, 2017, as from April 27, 2018.

Situation at 12/31/2018

Number of shares purchased, sold or transferred since the start of the program	168,497
Percentage of shares held directly or indirectly as treasury stock	0.7%
Number of shares cancelled over the last 24 months	-
Number of shares held in the portfolio	55,077
Book value of portfolio (in euros)	1,446,870
Market value of portfolio at 12/31/2018 (in euros)	1,465,048

6.4.1.3 Resolutions

To be considered at the Ordinary Meeting

First resolution
(Review and approval of transactions and parent company financial statements for the year ended December 31, 2018)

The General Meeting, voting under the quorum and majority conditions required for Ordinary Meetings, and after considering the Management Report of the Board of Directors, the Report of the Board of Directors on Corporate Governance included in a specific section of the Management Report, the reports of the Statutory Auditors and the parent company financial statements as presented by the Board of Directors:

- approves the parent company financial statements for the year ended December 31, 2018 as presented by the Board of Directors, showing net income after tax of €12,461,359.65, and the transactions reflected in these financial statements and summarized in these reports;
- approves, further to Article 223 quater of the French Tax Code, the amount of expenses and charges covered by Article 39-4 of the French Tax Code mentioned in these financial statements, totaling €3,762, and the amount of the corresponding tax charge, of €1,254.

The General Meeting grants full discharge to members of the Board of Directors for the performance of their duties during the period to December 31, 2018.

Second resolution
(Review and approval of the consolidated financial statements for the year ended December 31, 2018)

The General Meeting, voting under the quorum and majority conditions required for Ordinary Meetings, and after considering the Management Report of the Board of Directors, the Report of the Board of Directors on Corporate Governance included in a specific section of the Management Report, and the reports of the Statutory Auditors, approves the consolidated financial statements for the year ended December 31, 2018 as presented by the Board of Directors showing Group net income of €15,579,752.79, and the transactions reflected in these financial statements and summarized in these reports.

Third resolution
(Allocation of earnings and dividend payment)

The General Meeting, voting under the quorum and majority conditions required for Ordinary Meetings, having noted that net income for the 2018 financial year amounts to €12,461,359.65, that the legal reserve is full, that retained earnings amount to €12,992,049.20 and that accordingly, the amount available for distribution totals €25,453,408.85, decides on the following allocation and dividend payment as proposed by the Board of Directors:

- payment of a dividend of: €7,464,845.40;
- allocation to retained earnings: €4,996,514.25.

The dividend payment for the year is set at €0.95 per share.
The ex-dividend date is set at July 3, 2019 and the dividend will be paid out from July 5, 2019.

The amount corresponding to the dividend not paid on shares held by the Company on the payment date will be allocated to "Retained earnings".

In accordance with Article 243 bis of the French Tax Code, the dividend paid in respect of 2018 entitles individual shareholders domiciled in France for tax purposes to the 40% tax deduction provided for in Article 158,3-2° of this Tax Code.

The dividends paid on each share with respect to the three preceding fiscal years, and the corresponding tax deduction, were as follows:

Year	Dividend	Portion eligible for the 40% tax deduction
2015	€0.95	100%
2016	€0.95	100%
2017	€0.95	100%

Fourth resolution
(Renewal of the directorship of Mr. Philippe Valletoux)

The General Meeting, voting under the quorum and majority conditions required for Ordinary Meetings, renews the directorship of Mr. Philippe Valletoux for a three-year period ending at the Ordinary Annual General Meeting called to approve the financial statements for the year 2021.

Fifth resolution
(Approval of the agreements and commitments referred to in Articles L.225-38 et seq of the French Commercial Code)

The General Meeting, voting under the quorum and majority conditions required for Ordinary Meetings, having considered the Statutory Auditors' special report on the agreements and commitments referred to in Articles L.225-38 et seq of the French Commercial Code, takes note of the conclusions of said report and approves the agreements and commitments referred to in it.

Sixth resolution
(Setting of the amount of attendance fees awarded to members of the Board of Directors)

The General Meeting, voting under the quorum and majority conditions required for Ordinary Meetings, having considered the report of the Board of Directors and based on a proposal by the Board of Directors, sets the total amount of attendance fees awarded to the Board of Directors for the current year at €150,000.

Seventh resolution
(Approval of the remuneration policy applicable to Mr. Joël Séché in his capacity as Chairman and Chief Executive Officer)

The General Meeting, voting under the quorum and majority conditions required for Ordinary Meetings, having considered the report of the Board of Directors prepared under Article L.225-37-2 of the French Commercial Code, approves the principles and criteria for calculating, distributing and awarding the fixed, variable and exceptional items comprising the total remuneration and benefits of all kinds awarded to Mr. Joël Séché in his capacity as Chairman and Chief Executive Officer, as presented in the Report of the Board of Directors on Corporate Governance in a specific section of the Management Report.

Eighth resolution
(Approval of the remuneration paid or awarded to Mr. Joël Séché in his capacity as Chairman and Chief Executive Officer for 2018)

The General Meeting, voting under the quorum and majority conditions required for Ordinary Meetings, having considered the report of the Board of Directors drawn up in compliance with Article L.225-37-2 of the French Commercial Code and pursuant to the provisions of Article L. 225-100 II of the same Code:

- notes that no variable or exceptional remuneration was paid or awarded to Mr. Joël Séché, Chairman and Chief Executive Officer, in respect of the year ended December 31, 2018;
- notes the benefit in kind awarded to Mr. Joël Séché, Chairman and Chief Executive Officer, in respect of the year ended December 31, 2018, and consisting of the provision of a company car;

and approves the items of fixed remuneration paid or awarded to Mr. Joël Séché, Chairman and Chief Executive Officer, in respect of fiscal year 2018 as indicated in the Report of the Board of Directors on Corporate Governance included in a specific section of the Management Report.

Ninth resolution
(Authorization to be given to the Board of Directors to allow the Company to purchase its own shares, for a period of eighteen (18) months)

The General Meeting, voting under the quorum and majority conditions required for Ordinary Meetings, having considered the report of the

Board of Directors and in accordance with the provisions of Articles L.225-209 et seq of the French Commercial Code, authorizes the Board of Directors, with the right of delegation provided for by law, to purchase the Company's own shares, representing up to 10% of the shares comprising the share capital, at any time, i.e. for information purposes, 785,773 shares at the date of convening this Annual General Meeting.

The Annual General Meeting notes that, pursuant to Article L.225-209 of the French Commercial Code, when shares are purchased to enhance liquidity under the conditions set forth by the AMF General Regulation, the number of shares taken into account when calculating the 10% limit referred to above corresponds to the number of shares purchased less the number of shares sold during the period covered by the authorization.

The General Meeting decides that the Board of Directors, with the right of delegation provided for by law, may buy the Company's own shares for the following purposes:

- to allow market-making or liquidity enhancement of the Séché Environnement share by an investment services provider operating under a liquidity agreement in compliance with the code of ethics recognized by the AMF or any other applicable provisions;
- to award or sell shares to employees and/or senior officers of the Company and/or Group or to allow employees to share in some or all of the profits generated by the Company's expansion, under the terms and conditions provided for by law, notably to allow the granting of stock options or as part of Company or Group savings plans or free share awards;
- to award shares on the exercise of rights attached to securities giving immediate or deferred rights to the Company's capital, and in particular to meet obligations arising in respect of debt securities exchangeable for ownership shares;
- to convert and grant shares in exchange or payment for a merger, acquisition, demerger or contribution of assets;
- to reduce the share capital by cancelling the shares duly acquired, subject to approval by an Extraordinary Annual General Meeting;
- to achieve any other purpose currently authorized or which should subsequently be authorized by the by-laws and regulations; in such cases, the Company shall inform its shareholders via a press release or any other means provided for in current regulations.

The maximum purchase price is set at €50 per share, it being stipulated that, as applicable, this amount will be adjusted to take into account any reverse stock split that may be completed. Under Article R.225-151 of the French Commercial Code, the General Meeting sets the maximum amount the Company may assign to the share buyback program authorized above at €39,288,650.

The General Meeting decides that the Board of Directors may use this authorization at any time it deems useful, including during a pre-offer period or in case of a public offer for the Company's shares or one made by the Company.

The General Meeting decides that the purchase, sale or transfer of shares may be completed and paid for by any means, including the use of options, derivatives, block-buying mechanisms, either on the market or over the counter, warrants, or public offers.

The General Meeting grants the Board of Directors full powers, with the right of delegation provided for by law, to approve all decisions, conclude all agreements, carry out all formalities and, in general, take any steps necessary to the implement this authorization.

This authorization is granted for a period of eighteen (18) months. It terminates and replaces the unused portion of the authorization granted by the eighteenth resolution of the Annual General Meeting of April 27, 2018, as of today's date.

Resolutions for consideration by the Extraordinary Annual General Meeting

Tenth resolution
(Authorization for the Board of Directors to reduce the share capital by cancelling shares, for a period of eighteen (18) months)

The General Meeting, voting under the quorum and majority conditions required for Extraordinary Meetings, having been informed of the Board of Directors' report and the special report of the statutory auditors:

- authorizes the Board of Directors, in accordance with Article L.225-209 of the French Commercial Code, to cancel, on one or more occasions, all or some of the shares acquired under the share buyback program approved in the ninth resolution submitted to this General Meeting or share buyback programs authorized previously, or those that may be authorized by subsequent General Meetings;

- and accords the Board of Directors full powers to reduce the share capital by an equivalent amount on one or more occasions in the ways and amounts it deems fit, within a limit of 10% of the share capital per 24-month period, adjusted, where necessary, to take into account transactions carried out after this Meeting, to decide on the definitive amount of the capital reduction, to establish the terms and conditions thereof and note its completion, to deduct any difference between the book value of the canceled shares and their par value from any reserve and/or additional paid-in capital accounts, to amend the by-laws accordingly, and generally complete all necessary formalities.

This authorization is granted for a period of eighteen (18) months. It terminates and replaces the unused portion of the authorization granted by the nineteenth resolution of the Annual General Meeting of April 27, 2018, as of today's date.

Eleventh resolution
(Delegation of authority to the Board of Directors to increase the capital by incorporation of reserves, profits or additional paid-in capital, for a period of twenty-six months)

The General Meeting, voting under the quorum and majority conditions required for Ordinary Meetings, pursuant to Articles L.225-129, L.225-129-2 and L.225-130 of the French Commercial Code, having considered the report of the Board of Directors, delegates its authority to the Board of Directors to decide to increase the share capital on one or more occasions in the ways and amounts it deems fit, by successively or simultaneously incorporating reserves, profits or additional paid-in capital, followed by the issue and free award of capital shares or the increase in the par value of existing shares, or a combination thereof.

The General Meeting authorizes the Board of Directors to decide that fractional shares will not be negotiable or transferable and that the corresponding shares will be sold under the terms set by the Board of Directors; the sale of shares corresponding to fractional shares that were not awarded individually and the allocation of the resulting proceeds will be completed within the deadline set forth by regulations.

The amount of the capital increase that may be completed under this resolution may not exceed the nominal amount of €157,154, it being stipulated that this limit (i) does not take into account the nominal amount of any shares to be issued to maintain the rights of holders of securities redeemable for shares, pursuant to legal, regulatory and contractual conditions, (ii) may not, in any case, exceed the amount of reserve, profit or additional paid-in capital accounts at the time of the capital increase, and (iii) will be limited by and deducted from the overall limit on capital increases set by the twenty-fourth resolution of the Annual General Meeting of the Company held on April 27, 2018 or, as applicable, any overall limit set by a resolution of the same type that may succeed said resolution during the period for which this authorization applies.

The General Meeting grants full powers to the Board of Directors, with the right of delegation provided for by law, in accordance with the law and the Company's by-laws, to:

- implement this authorization, ensure its completion and make any necessary adjustments to take into account the impact of such operations on the Company's share capital;
- deduct the expenses of the capital increases from one or more available reserve accounts, on its own initiative, and, if it deems fit, to deduct from this amount any sums needed to increase the legal reserve; and
- complete all formalities required to complete each capital increase, note its completion, amend the by-laws accordingly and complete all formalities required to admit the securities issued under this authorization for trading.

This delegation is granted for a period of twenty-six (26) months. It terminates and replaces the unused portion of the authorization granted by the sixteenth resolution of the Annual General Meeting of April 27, 2017, as of today's date.

Twelfth resolution
(Overall limit on capital increases)

The General Meeting, voting under the quorum and majority conditions required for Extraordinary Meetings, having considered the Board of Directors' report, in accordance with Article L.225-129-2 of the French Commercial Code, sets the overall limit for any immediate or future capital increase resulting from all issues of shares or other securities under the authorizations granted to the Board of Directors in the eleventh resolution of this General Meeting, the twentieth, twenty-first, twenty-second and twenty-third resolutions of the General Meeting of April 27, 2018 and the twelfth and thirteenth resolutions of the General Meeting of April 27, 2017, at a nominal amount of €184,360, it being stipulated that this amount will be increased by any amounts needed for adjustments to the capital that may be required, in accordance with laws and regulations in effect, following the issue of securities or rights redeemable for shares.

This resolution terminates and replaces the unused portion of the twenty-fourth resolution of the Annual General Meeting of April 27, 2018.

Thirteenth resolution
(Powers)

Full powers are granted to the holder of an original copy, an abstract or a certified copy of these resolutions to carry out all publication and/or filing formalities required by law.

6.5 CROSS-REFERENCE TABLES

6.5.1 Cross-reference table for the Registration Document

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18.3	Indication of whether the issuer's major shareholders have different voting rights	5.2	226
18.4	Information on whether Séché Environnement is directly or indirectly owned or controlled – description of the nature of such control and the measures in place to ensure that such control is not abused	5.2	226
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20	**FINANCIAL INFORMATION CONCERNING THE ISSUER'S ASSETS AND LIABILITIES, FINANCIAL POSITION AND PROFITS AND LOSSES**		

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23	**THIRD PARTY INFORMATION, STATEMENT BY EXPERTS AND DECLARATIONS OF INTEREST**		
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6.5.2 Cross-reference table for the annual financial report and the management report

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2	**CONSOLIDATED FINANCIAL STATEMENTS**	3.1	116
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	■ Analysis of changes in the business, results, financial position and debt of the Company and the Group	2.3	100
	■ Expected future development of the Company and the Group	2.6	110
	■ Key financial and non-financial performance indicators for the Company and the Group	2.3	100
	■ Post-balance sheet events for the Company and the Group	2.6	110
	■ Information on the use of financial instruments, including exposure to financial risks and price, credit, liquidity and cash flow risks	1.2	31
	■ Principal risks and uncertainties faced by the Company and the Group	1.2	25
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3.2	**Legal, financial and fiscal information on the Company**		
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	■ Breakdown and changes in ownership structure ■ Name of controlled companies holding treasury shares and the percentage of the share capital they hold	5.2	225
	■ Acquisition during the financial year of significant interests in companies having their registered office in France	5.5	233
	■ Notifications of holdings of more than 10% in the capital of another listed company; transfer of cross holdings	5.1	233
	■ Purchase and sale by the Company of its own shares	5.2	227
	■ Statement of employee shareholdings	5.7	237

	■ Description of elements that may have an influence in case of a public offer: ▪ The structure of the Company's share capital, ▪ Statutory restrictions on the use of voting rights or share transfers or clauses of agreements brought to the Company's knowledge pursuant to Article L.233-11 of the French Commercial Code, ▪ Direct or indirect holdings in the Company's share capital of which it is aware pursuant to Articles L.233-7 and L.233-12 of the French Commercial Code, ▪ A list of owners of any securities bearing special rights of control and a description of said rights, ▪ The control mechanisms provided for in any employee share ownership system where the system does not exercise the rights of control, ▪ Agreements between shareholders of which the Company is aware and which could restrict the transfer of shares or the use of voting rights, ▪ Rules applicable to the appointment and replacement of members of the Board of Directors and to amendments to the Company's by-laws, ▪ The powers granted to the Board of Directors, in particular concerning the issue or buyback of shares, ▪ Agreements signed by the Company that are modified or terminated in case of a change of change in control of the Company, unless such disclosure would seriously harm its interests, except in cases subject to a legal obligation of disclosure, ▪ Agreements providing for payments to the members of the Board of Directors or employees if they resign or are dismissed for no real or serious reason or if their employment is terminated due to a public share offer.	 5.2 5.3 3.2 5.2 5.2 5.2 4.1 4.1 5.2 5.2	 225 230 140 226 227 226 200 210 226 226
	■ Table summarizing the current authorizations to increase the share capital granted by the General Meeting	5.2	226
	■ Indication of any adjustments: ▪ For securities redeemable for shares and stock options in case of a share buyback program ▪ For securities redeemable for shares in case of financial transactions	 5.2 5.2	 227 227
	■ Amount of dividends paid out in the last three financial years	2.8	114
	■ Amount of non-tax deductible expenses and charges	3.2	154
	■ Payment terms and breakdown of the balance of supplier and client accounts payable by term	2.7	112
	■ Injunctions or financial penalties for antitrust practices	N/A	N/A
	■ Agreements between any senior officer or shareholder owning more than 10% of the voting rights and a subsidiary (excluding current agreements)	5.6	234
3.3	**Information on senior officers**		
	■ List of all offices and functions held in any company by all senior officers during the year	4.1	200

	■ Remuneration and benefits of all kinds paid to each senior officer during the year by the Company, the companies it controls and the company that controls it	4.2	218
	■ Commitments relating to the assumption, termination or modification of senior officers' functions	4.1	212
	■ If any stock options have been awarded, an indication that the Board of Directors decided: ▪ Either to prohibit senior officers from exercising their options before they leave their functions; ▪ Or to require that they hold all or some of the shares acquired from previously exercised stock options in registered form until they leave their functions (setting out the applicable portion)	5.2	227
	■ Summary statement of transactions in the Company's shares by senior officers and related parties	5.6	234
	■ If any free shares have been awarded, an indication that the Board of Directors decided: ▪ Either to prohibit senior officers from selling the free shares awarded to them before they leave their functions; ▪ Or to set the number of these shares they are required to hold in registered form until they leave their functions (setting out the applicable number)	N/A	N/A
3.4	**CSR information**		
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5	**REPORT OF THE STATUTORY AUDITORS ON THE PARENT COMPANY FINANCIAL STATEMENTS**	3.5	195
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6.5.3 Additional documents

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Disclosure of the fees paid to the Statutory Auditors	3.2	170
Report on Corporate Governance and Internal Control and Risk Management Procedures	4.4	220
Report of the Statutory Auditors on the Report on Corporate Governance and Internal Control and Risk Management Procedures	4.5	221

Société Anonyme (French limited company) with share capital of €1,571,546 - registered in the Laval Trade and Companies register under number B 306 915 535
Les Hêtres - CS 20020 - 53811 Changé Cedex 9
Tel.: + 33 (2) 43 59 60 00 - Fax: + 33 (2) 43 59 60 61
Tour Maine Montparnasse - BP 25
33 avenue du Maine - 75755 Paris Cedex 15
Tel.: + 33 (1) 53 21 53 53 - Fax: + 33 (1) 53 21 53 54
E-mail: actionnaires@groupe-seche.com
www.groupe-seche.com