2019 Universal Registration Document

Annual financial report

Using waste management expertise to create a more sustainable world

Séché environnement

AMF AUTORITÉ DES MARCHÉS FINANCIERS

In accordance with Regulation (EU) 2017/2019, this Universal Registration Document was filed with the competent authority, the AMF (French Financial Markets Authority), on April 6, 2020. It was filed without prior approval, pursuant to Article 9 of said Regulation.

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MESSAGE FROM THE CHAIRMAN

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"Séché Environnement made considerable achievements at the strategic level and in terms of its operating, financial and non-financial performance in 2019.

Our Group confirmed its strategy of international growth by extending to its presence in Latin America and building strong positions in Southern Africa with the acquisition of Interwaste and in Italy with the purchase of Mecomer. While revenue generated outside of France now accounts for 25% of contributed revenue, Séché Environnement has also positioned itself in buoyant markets which are likely to accelerate our profitable growth strategy.

Séché Environnement continued to improve most of its financial and non-financial performance indicators across its markets – the circular economy, combating climate change and preserving biodiversity. For several years now, the Group has been maintaining a solid pace of organic growth, improving its gross operating income, strengthening its balance sheet with increased liquidity and flexibility, and enhancing its non-financial accomplishments through renewed governance, its success in generating renewable energy and reducing greenhouse gas emissions, and its concrete efforts in promoting biodiversity.

Indeed, the courses we have charted for our organization, in particular in the direction of greater industrial efficiency, have given us more relevant positioning and increased our commitment to meeting the needs of our clients in the area of industrial and environmental performance.

The financial objectives we recently announced are fully confirmed: in 2019, we achieved most of the objectives we had set for 2020.

Of course, at the time of writing this Universal Registration Document, concerns about the coronavirus outbreak mean we are cautious about the next few months. To date, the health crisis has not had any particular impact on our organization or our business, and we acted fast to protect our employees.

Our expectations for 2020 do not currently factor in the risk of a lasting, major crisis caused by coronavirus impacting economic growth and industrial output in the regions in which we do business, but we are carefully watching how the situation unfolds.

Despite this uncertainty for 2020, I would like to express my confidence in our Group's ability to successfully complete the roadmap through to 2022 which we outlined last December.

This roadmap provides for an even more international Group, with gross operating income 2% above the current level and a substantial reduction in debt, excluding acquisitions.

It is a portrait of a Group in a strong position to continue its future financial and non-financial value-creating growth in France and internationally by offering concrete solutions to the crucial environmental challenges facing our planet."

Joël Séché
Chairman

FOREWORD

USING WASTE MANAGEMENT EXPERTISE TO CREATE A MORE SUSTAINABLE WORLD

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.

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, bringing about remarkable advances in health as well as in quality of life and life expectancy. However, this mode of development has its limits, as it has led to a gradual depletion of the mineral and fossil resources that can be recovered at a reasonable economic, social and environmental cost, and put great pressure on the environment.

Waste production is one of the things that human beings do in society, and it stems from both natural phenomena and economic activity. If waste is not correctly collected, treated, and disposed of, it 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.

In contrast, if waste is correctly managed and recovered, this makes supply chains more secure and helps preserve the planet's natural resources. The transition from the linear economy adopted since the Industrial Revolution to today's circular economy is taking time.

Legislative pushes have proven critical to support the efforts made by companies committed to change. To do this, there must be harmonized international rules regarding the definition of waste, its treatment and reuse where possible, as well as end-of-life, disposal, and incineration policies to create value and enable the secondary materials and energy recovery markets to function better.

01 NON-FINANCIAL PERFORMANCE REPORT

1.1 SÉCHÉ ENVIRONNEMENT'S BUSINESS MODEL

1.1.1 BACKGROUND

Séché Environnement was founded more than 30 years ago as an entrepreneurial project focused on waste treatment, which now also offers waste recovery services. Building on its complementary technological strengths to become 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.

Key dates in Séché Environnement's history	
1985	Creation of the company in Changé (Mayenne) – non-hazardous waste storage
1993	Creation of an environment division with hazardous waste storage facilities
1996	First environmental certification (ISO 14001)
1997	Initial public offering in Paris
2001	Footprint extended nationwide with the acquisition of ALCOR
2002	Extension of hazardous waste treatment and international expansion (acquisition of TRÉDI)
2017-2020	International development (Spain, Peru, Chile, South Africa, Italy)

1.1.2 VALUE CREATION – BUSINESS MODEL

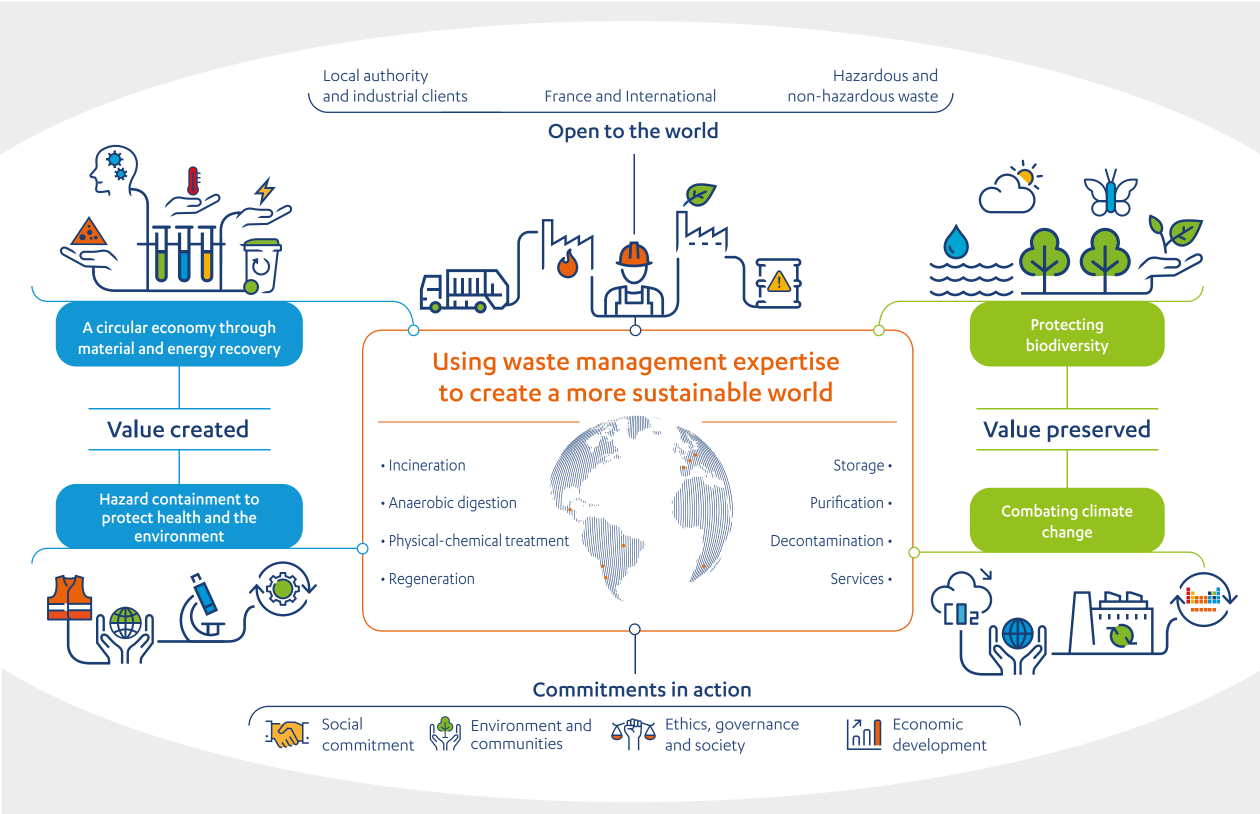
In a constantly changing world where societal concerns about the environment have greatly changed, fueling hopes for an economy that provides for its needs without exhausting the planet, the company has adapted and become a purveyor of resources as a participant in the circular economy.
Through waste recovery (as materials or energy), treatment (reducing toxicity), 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, reducing greenhouse gas emissions).

This is where Séché Environnement's core business lies, mostly downstream of waste collection and sorting operations, and fully in line with the French law against waste and for a circular economy, which was adopted in February 2020, for example in:

- Materials recycling: a priority;
- Energy recovery: one of the Group's key strengths;
- Reducing the dangers of waste.

Its market is a global one, serving industrial clients (82% of revenue) and local authorities (18%) in France (75%) and around the world (25%), with solutions for hazardous waste (65%) and non-hazardous waste (35%).
Séché Environnement's strategy is to export its expertise and know-how in hazardous waste management. International activities account for a growing share of the Group's revenue.

Séché Environnement's business model



The waste business, or rather businesses, has greatly changed in just a few years. Historically, the approach to the problem was based on the idea that waste was something to get rid of to stop it being a hazard. The goal of hazard containment to protect health and the environment is still relevant. But today, the business model gives more weight to environmental concerns and new economic interests. By listening to the needs of energy and commodity markets it is possible to extract the value-added portion of waste, as materials become ever scarcer (be it due to the depletion of deposits or accessibility problems).

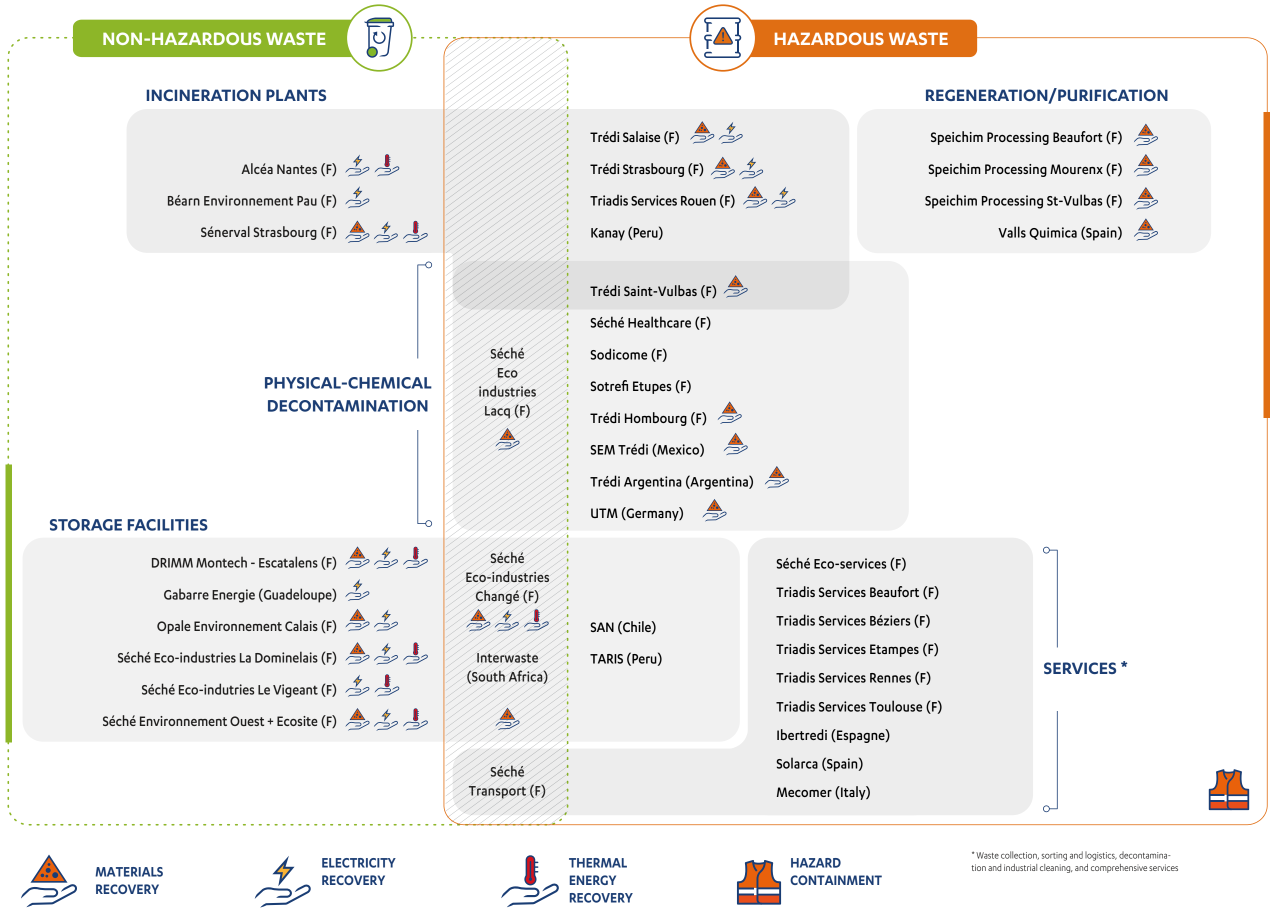
This circular economy approach comes with environmental concerns – we must conduct our business in optimum conditions for the future of our planet, by preserving biodiversity and combating climate change. Séché Environnement has invested in these two areas for many years.

1.1.3 FOOTPRINT, FACILITIES AND AN INTEGRATED BUSINESS STRATEGY

1.1.3.1 Footprint

The Group boasts a network of sites specialized in different activities in France and around the world, located close to its clients. It owns all its facilities except three managed under public service delegation agreements (Béarn Environnement, Alcéa and Séneval), the activities of which are consolidated; the SOGAD site in Agen is also managed under a public service delegation but is 50% owned and is not consolidated. The Béarn Environnement public service delegation ends in 2020.

The Group's sites by type of waste and type of waste treatment



1.1.3.2 Property, plant and equipment

The gross value of the Company's tangible fixed assets stood at €951.7 million at December 31, 2019 (versus €805.2 million at December 31, 2018). The Company owns 92% of its assets (98% in 2018), while the remaining 8% are held under financial leases (2% in 2018). This decline primarily reflects changes in the scope of consolidation and the impact of the first-time adoption of IFRS 16 on Leases.

Fully owned fixed assets mainly include:

- Land and land reserves (mainly for storage and platform activities);
- Plant and capital goods needed for business activities (storage cells, thermal treatment units, and regeneration, decommissioning, stabilization, 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 takes effect are 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 right to use the facilities) or as financial assets (for the portion relating to an unconditional right to receive cash).

At December 31, 2019, the gross value of these assets amounted to €72.2 million (compared with €72.7 million at December 31, 2018), with €2.7 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.

1.1.3.3 Comprehensive 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 involves anticipating the client's needs arising from its own industrial development or citizens' expectations, with a shared goal of enhancing productivity.

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

1.1.3.4 Industrial and regional ecology

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

1.1.3.5 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 so it can 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.

1.1.3.6 Effective logistics

A responsive team with expertise in chemical risks and the transportation of hazardous waste identifies waste at industrial sites and ensures it is securely transported to the appropriate treatment facility, in accordance with regulations. The Group's platforms provide a local solution, allowing the safe collection, grouping, transit, sorting, packaging or pre-treatment of waste by specialized teams before it is transferred to the appropriate facility.

In order to offer a comprehensive service, Séché Environnement's transport subsidiary, which is OHSAS 18001 certified, is equipped to handle any type of residual waste, be it packaged or loose, or in liquid or solid form.

1.1.3.7 Emergencies: rapid deployment capabilities

Responding to environmental emergencies is the job of Séché Urgences Interventions (SUI). The available solutions range from making the affected areas secure and removing waste and toxic chemicals, to destroying the waste through dedicated, approved disposal facilities. With the help of Triadis, SUI can provide its services anywhere in France in four hours or less, on any kind of pollution. Recent missions include the sinking of the Grande America container ship (transporting hydrocarbons), lead contamination following the fire at Notre-Dame de Paris and decontamination in the port of Rouen after the Lubrizol fire.

1.1.4 MARKETS AND COMPETITION

1.1.4.1 The global waste market

1.1.4.1.1 Comparison of regulatory standards

In the European Union, the 1975 Directive on Waste (75/442/EEC) defines waste as "any substance or object which the holder disposes of or is required to dispose of".

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, covering its collection, transport, recovery, and disposal in a way that is safe for the environment and human health.

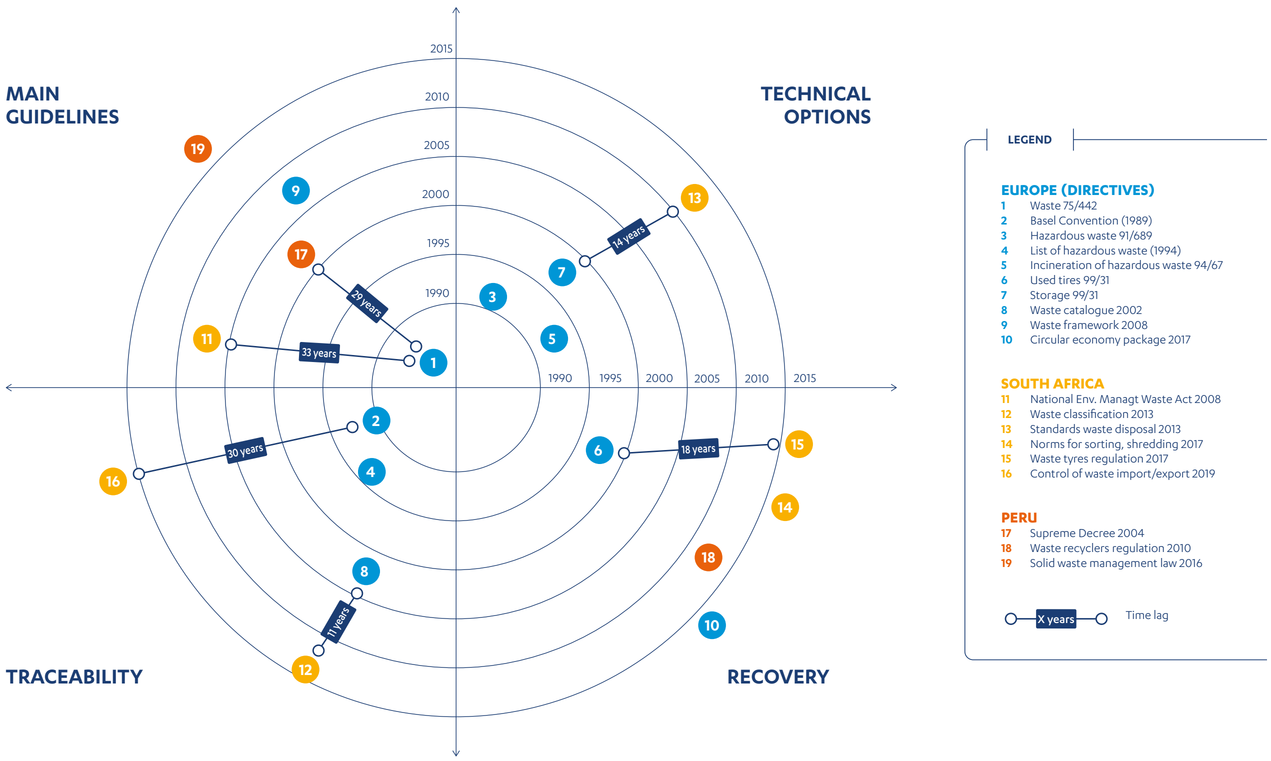
A far-reaching corpus of laws ranging from 1975 to the start of the 21st century organizes waste management in the European Union. These laws are reviewed regularly and supplemented at a national or European level to include new themes such as the circular economy and greater responsibilities for waste producers. In the rest of the world, waste management is gradually becoming more organized, with a lag of two or three decades. For example, in Peru, the first laws were only enacted in 2004 (Supreme Degree DS 057), while in South Africa, the National Environmental Management Waste Act was only introduced in 2008.

Regarding what happens to waste after its collection, in particular the different treatment options chosen, it is almost impossible to measure what is recovered or recycled. Europe is also well ahead in this area – its laws on tire recycling date back to 1999, compared with 2017 in South Africa; there are still no such laws in Peru.

The same applies for the classification of waste, which is essential to allow statistical measures – in Europe hazardous waste was classified in 1994 and other waste in 2002, but the classification was only completed in 2013 in South Africa. This situation explains the lack of consistent data on global waste production, as the definition of waste differs from one country to another.

The law on waste imports and exports was enacted in 2019 in South Africa, while OECD countries adopted an agreement (known as the Basel Convention) on international movements of hazardous waste in 1989. The waste management sector is becoming increasingly global, in particular for recycling, where hazardous components are banned. International flows of secondary raw materials are difficult to track and control, as shown by the recent refusal of waste by Asian countries (China since 2018), which have returned non-compliant waste (illegal plastic in particular) to Europe and North America.

Year in which regulations on waste were first introduced (examples), by country



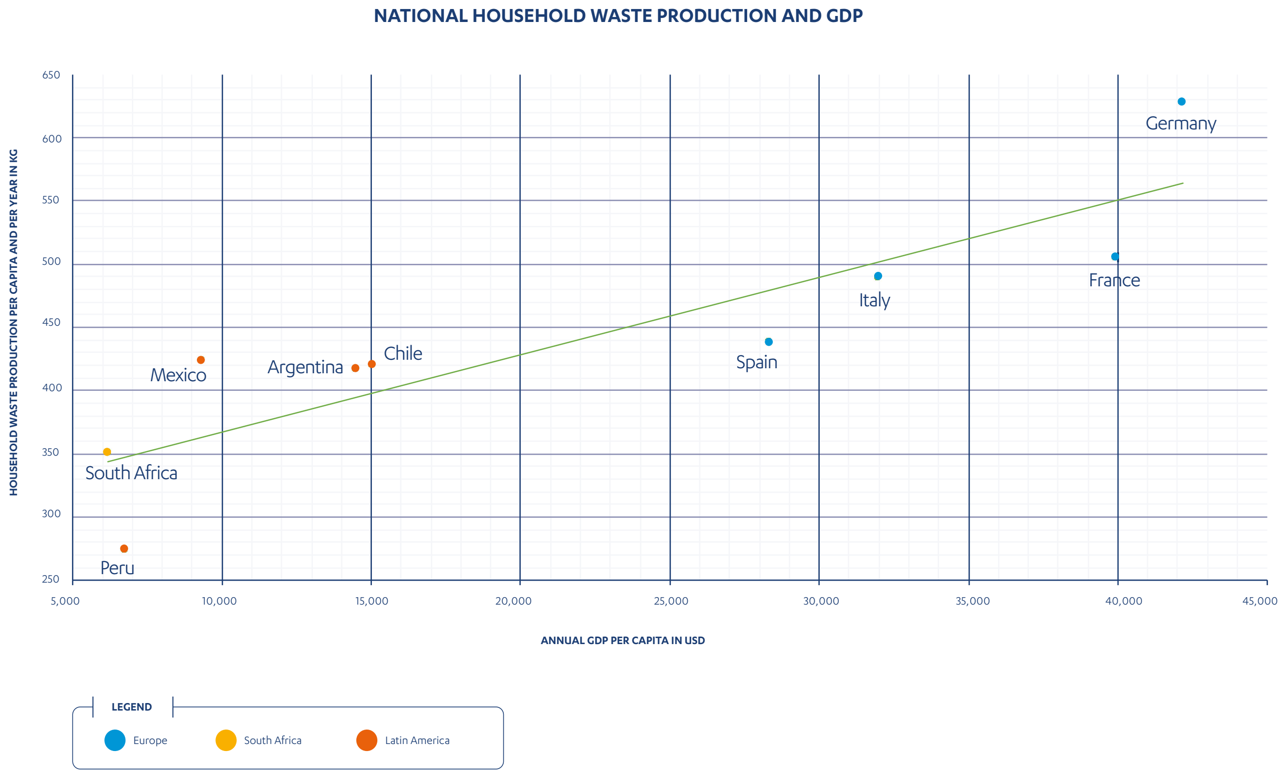
1.1.4.1.2 World Bank estimate of the household waste market

The very notion of waste “production” is ambiguous as there is no common definition and it is difficult to control. Therefore, the collection stage is used as a reference point, i.e. when the waste enters the waste treatment market. Household waste collected is the easiest to measure. In developing countries data are only available for cities and are therefore extrapolated.

The approach to hazardous and non-hazardous industrial waste is more arbitrary, even in the most developed countries, because it is difficult to identify waste treated internally. More generally, extrapolation is not pertinent owing to disparities in industrial structures between different countries.

For these reasons, the World Bank focuses on household waste. Overall, household waste production is correlated to per capita wealth (expressed as GDP) and urbanization. The quality of waste collected per capita, the composition of waste, regulatory standards and treatment methods are relatively similar among groups of low or high revenue countries. The diagram below shows data in Séché Environnement's countries of activity.

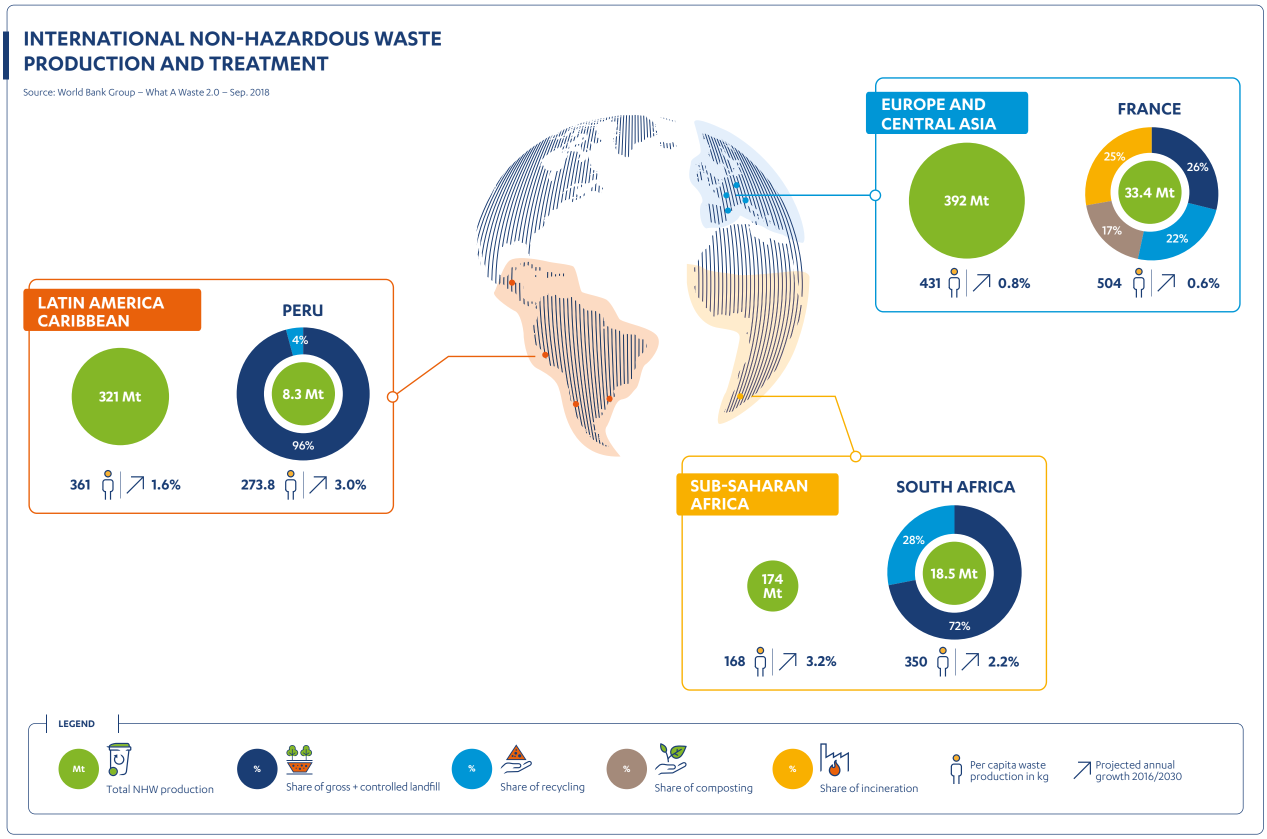
Correlation between a country's development and its waste production per capita



1.1.4.1.3 Séché Environnement's international growth regions

The World Bank Group's study entitled "What a waste 2.0" published in 2018 shows contrasting situations between geographic regions in terms of per capita waste production and estimates the growth in waste production between 2016 and 2030. Europe and Central Asia are expected to see growth of 0.8% per year, while the figure is twice as high in Latin America and the Caribbean (1.6% per year) and four times higher in Sub-Saharan Africa (3.2% per year).

Séché Environnement – three regions of operation, three levels of market maturity



France is the Group's main market, followed by European countries for specific hazardous waste (gas in Germany, liquid waste in Italy, solvent regeneration in Spain). Hazardous waste drives growth, as household waste is expected to increase by just 0.6% over the next fifteen years (slower than in the Europe-Central Asia region as a whole owing to a lag in eastern countries).

New export markets will drive growth. For major export markets, two countries have been chosen to represent the Group's strategy in their region: Peru in Latin America and South Africa. Although the target is hazardous waste, household waste will be used to assess the outlook for these countries as no statistics on industrial and/or hazardous waste are available.
According to the World Bank's approach, annual growth expected in South Africa will amount to 2.2%, below the average for Sub-Saharan Africa, as the country's economy is more advanced than its neighbors, which could provide future growth markets from a well-established base in South Africa. In contrast, in Peru, for similar reasons, expected growth (3.0%) exceeds the average for the continent, as the market is expected to catch up its neighbors.

Similarly, the differences in maturity between these markets are shown by the treatment technology used, which reflects the dates on which regulations establishing the waste treatment market entered into force. While France boasts a wide range of treatment solutions (recycling, composting, incineration, storage), South Africa currently only offers recycling or storage, while Peru only offers waste storage solutions. Séché Environnement has built Peru's first incinerator but it is intended for hazardous waste (including medical waste). The technology mix is set to evolve considerably in the next few years, moving closer to the European model.

1.1.4.2 The French waste market

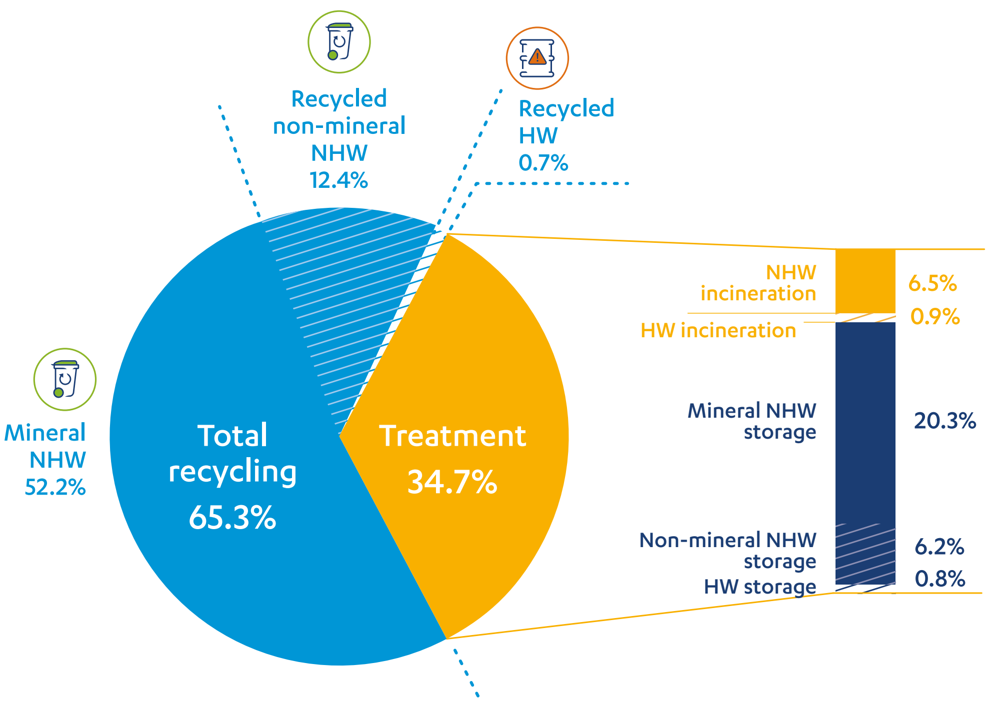
1.1.4.2.1 Total waste production in France

With 4.8 metric tons per capita in 2016, France's waste production is close to the European average, but excluding major mineral waste (220 million tons essentially from construction and public works), this figure is below the European average, at 1.5 tons. Waste production figures vary considerably between countries, mainly due to their geographical, demographic and industrial characteristics.

Total waste production (323 million tons) is falling, in line with the goals of the French law on the Energy Transition for Green Growth, which was enacted in 2015. This law requires a 30% reduction in non-inert non-hazardous waste volumes held in storage facilities in 2020 in relation to 2010, and a 50% reduction by 2025. In 2016 (latest available official statistics), these volumes were down 13% from 2010. However, waste production from water and waste treatment is rising. This is due to more complex waste management methods, which involve several treatment stages, such as sorting, pre-treatment and recovery. These additional treatment stages generate secondary waste, such as waste treatment sludge, waste sorting by-products (due to changing sorting recommendations and an increase in the population required to sort waste) and combustion by-products caused by incineration, showing that a large volume of waste is now recycled or recovered instead of going to storage sites.

TREATMENT OF 303.6 MT IN FRANCE IN 2016 TOTAL WASTE MARKET

Source: Data and Statistical Research department,
French General Sustainable Development Commission (CGDD) - December 2019



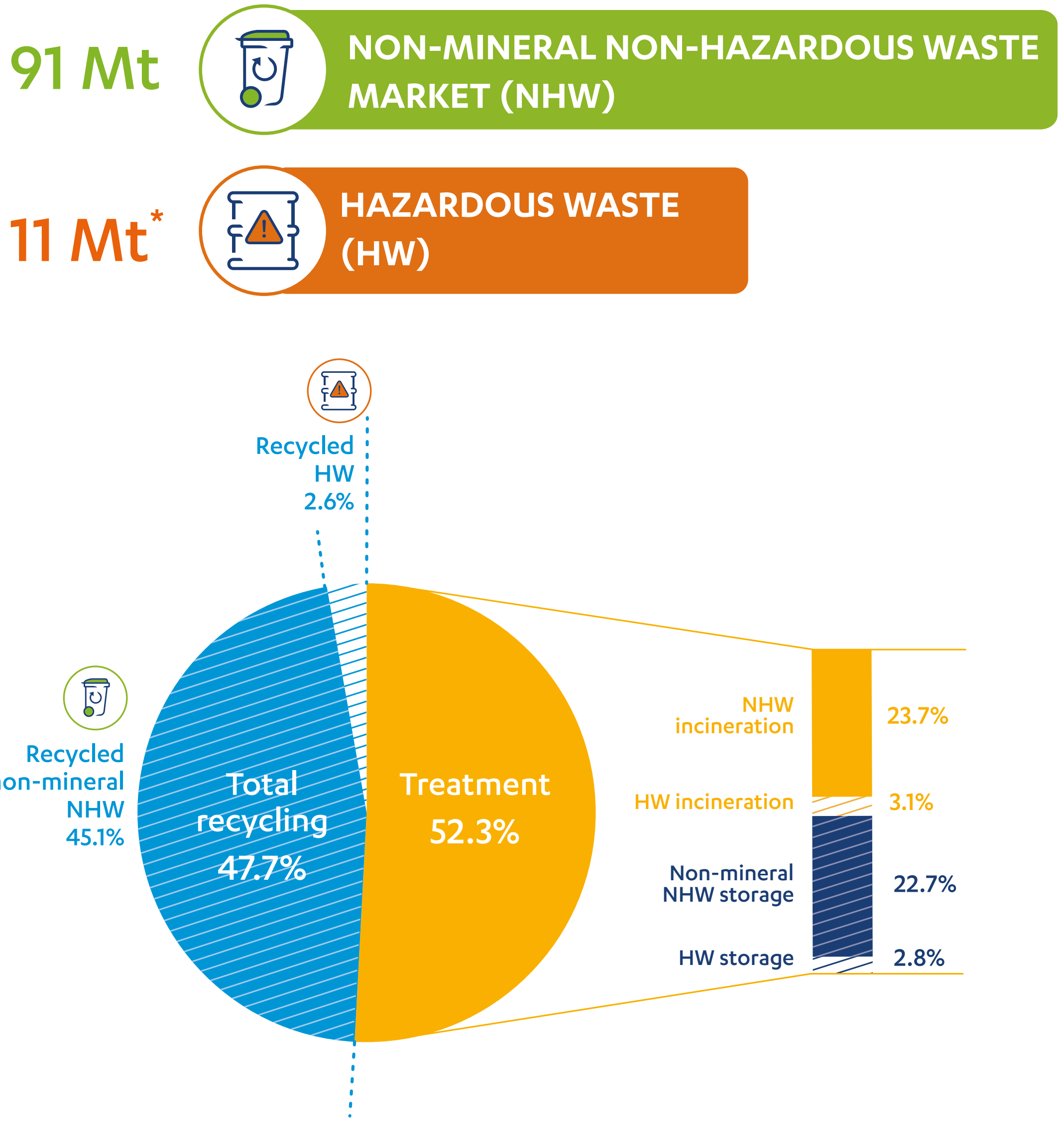
65.3% of the waste produced in France is recycled.

The volumes treated are around 6% lower than volumes produced for several reasons: the balance of imports/exports, inventory effects, dry or wet weight calculations, the traceability of recovery activities.

1.1.4.2.2 The Group's key markets in France: non-mineral waste

TREATMENT OF 102 MT IN FRANCE IN 2016 EXCL. INERT WASTE

Source: Data and Statistical Research department, French General Sustainable Development Commission (CGDD) - December 2019



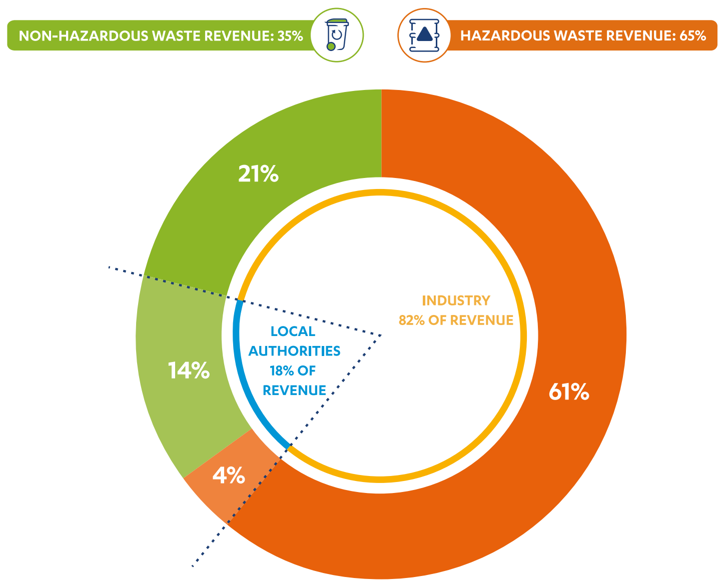
* o/w 3.4 Mt of secondary waste generated by environmental treatment (water) or waste treatment (final waste)

1.1.4.3 Séché Environnement's client base

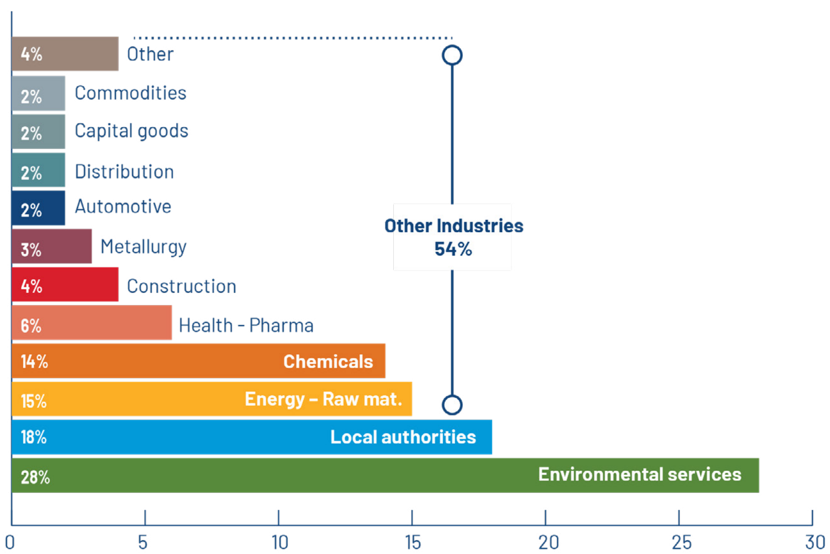
1.1.4.3.1 Client base and markets

Over the past year, the Group generated 18% of contributed revenue with local authorities (versus 21% in 2018) and 82% with industrial clients and environmental service companies (waste collectors, recycling companies, end-of-life waste recycling organizations, waste sorting and grouping platforms, etc.). The decline in the percentage of contributed revenue generated by local authorities in 2019 in relation to 2018 was due to Séché Environnement's internal and external growth strategy, which prioritizes industrial clients, in particular outside France.

BREAKDOWN OF CONTRIBUTED REVENUE AT 12/31/2019 BY SECTOR OF ACTIVITY



BREAKDOWN OF CONTRIBUTED REVENUE AT 12/31/2019 BY DIVISION AND BY CLIENT TYPE



1.1.4.3.2 Types of waste-producing clients

In 2019, Séché Environnement maintained business relations with around 13,000 industrial and local authority clients in France and around 5,000 internationally.

The ten biggest industrial clients generated around 15.6% of contributed revenue in 2019, compared with 18.1% in 2018) and the 20 biggest clients accounted for 22.7% of contributed revenue (vs. 26.5% in 2018).

On the local authorities market, contracts generally cover several years (3-5 years) and are automatically renewable. During the contract term, service prices may evolve based on an index or a basket of indices. These contracts concern non-hazardous waste recovery and treatment activities as well as hazardous waste treatment activities (polluted soils, residues from the purification of incineration fumes from household waste, etc.).

In 2019, the ten biggest local authority clients generated around 10.6% of contributed revenue in 2019, compared with 10.7% in 2018) and the 20 biggest clients accounted for 13.1% of contributed revenue (vs. 13.9% in 2018). The three biggest local authority clients are those for which Séché Environnement operates their household waste incinerator under a public service delegation, namely Strasbourg-Sénerval, Nantes-Alcéa and Pau-Béarn (see above).

Breakdown of client base	**Industry**		**Local authorities**	
	% of contributed revenue	Total	% of contributed revenue	Total
Client 1	**3.2%**	**3.2%**	**4.6%**	**4.6%**
Client 2	2.1%	5.3%	1.1%	5.7%
Client 3	2.0%	7.3%	1.0%	6.7%
Client 4	1.6%	8.9%	0.9%	7.6%
Client 5	1.4%	10.2%	0.6%	8.2%
Client 6	1.3%	11.5%	0.5%	8.7%
Client 7	1.1%	12.6%	0.5%	9.2%
Client 8	1.1%	13.7%	0.5%	9.7%
Client 9	1.0%	14.7%	0.5%	10.2%
Client 10	**0.9%**	**15.6%**	**0.4%**	**10.6%**
Client 15	0.8%	19.7%	0.3%	12.1%
Client 20	**0.5%**	**22.7%**	**0.2%**	**13.1%**

1.1.4.3.3 Contracts

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: €144 million over 12 years (2012-2024);
- Delegation agreement for the management of the Pau-Béarn incinerator: €160 million over 20 years (1999-2019). This contract ends in 2020.

The duration and amount of the contracts vary according to their complexity and purpose. Séché Environnement does not consider itself to be at any significant risk in respect of any one contract.

With industrial clients, 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 6% of contributed revenue in 2019 (5% in 2018).

1.1.4.4 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 which require 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.

1.2 RISK MAP AND MATERIALITY ANALYSIS

At the end of 2019, TENNAXIA (assisted by Grant Thornton for financial aspects) mapped the risks to which the Séché Environnement is exposed and analyzed the materiality of issues relating to its corporate social responsibility (CSR).

The mapping process and the analysis were supervised by the Audit Committee and the Board of Directors, which approved the conclusions at its meeting on December 5, 2019.

1.2.1 METHODOLOGY

1.2.1.1 Definitions

The notion of "materiality" does not explicitly appear in Decree no. 2017-1265 of 9 August 2017 applying Ministerial Order no. 2017-1180 of 19 July 2017 on the publication of non-financial information by certain large corporations. However, this approach is recommended in the guide to the CSR reporting requirement published by the MEDEF (French employer's association), which specifies in its introduction that "The new system clearly involves an approach based on "materiality" and a need for more relevant and useful information for businesses and their stakeholders. To meet non-financial performance reporting requirements, businesses must also publish a description of the main risks arising from their activity [...]".

THE RISK MAP – needed to meet disclosure requirements in terms of risk factors for the Universal Registration Document (URD) – is described in Article 16 of Regulation (EU) 2017/1129 of the European Parliament and of the Council of 14 June 2017, known as the European Prospectus Regulation 3, which entered into force on July 21, 2019. Risks are weighted and ranked to produce a list of risks broken down by severity, frequency and time frame (expected future impact). While the French decree establishing the non-financial performance report focuses on gross risks, the Prospectus Regulation 3 covers net risks, i.e. the residual risk remaining after applying prevention and mitigation policies.

THE MATERIALITY ANALYSIS matrix takes into account the expectations of stakeholders (employees, clients, suppliers, partners, etc.) and the issues facing the company. It incorporates risks (financial, regulatory, reputation and business continuity risks) as well as the extent to which each risk is managed.

THE RESULTS OF THE RISK MAPPING ARE USED TO PLOT THE HORIZONTAL SCALE OF THE MATERIALITY MATRIX, representing the impact of risks on the company's performance (ranking and prioritization in terms of probability and extent – AMF Memo of October 24, 2018 – by consulting internal and external stakeholders from the approved sample). Consultation of an additional sample of stakeholders allows the plotting of the vertical scale of the materiality matrix, representing the impact on external stakeholders.

1.2.1.2 Implementation in four stages

The two approaches (materiality and risks) arise from a shared protocol establishing a list of risks and potential opportunities to be submitted to a relevant, justified sample of internal and external stakeholders, which must be qualified according to the NF X30-029 protocol (individuals and legal entities). The four-step approach is shown in the following table.

Material risks or issues, shown in red and in boxes, will be explained in more detail.

Phase 1

Analysis of available documentary sources on the waste treatment activity

Past risk maps and publications by Séché Environnement	Peer analysis: VEOLIA, SUEZ, WASTE MANAGEMENT	SASB Waste Management standards	Web analysis Search for controversy

Phase 2

Initial identification of risks and specific issues by the Steering Committee

[20] Risks in total financial risks [8] + non-financial risks [11]	[32] Issues, covering 4 types of capital: human [5], economic [8], environmental [10], social [9]

Phase 3

Survey of stakeholders by TENNAXIA (NF X30-029 protocol)

Questions about risks		Questions about major issues	
Internal staff	External stakeholders	Internal staff	External stakeholders
Individual interviews (11)	Individual interviews (4)	Online questionnaire (21) 2 focus groups with tutoring (12)	Online questionnaire (13)

Possibility of bias in focus groups and individual responses, despite the robust methodological approach.
Consequently, a negative weighting is applied to individual responses, downgrading them by a factor of 1 to 2 in relation to those provided by the members of the two focus groups with tutoring

Target result: analysis of the relative criticality of risks	Target result: weighting of issues by type of capital
Type: financial - business continuity - reputation - regulatory	**Economic capital:** Economic development
Frequency: rare – non-recurring – regular – frequent	**Human capital**: Social commitment
Severity: minor – moderate – major – critical	**Natural capital**: Environment and communities
Impact over time: decreasing – stable – increasing	**Social capital**: Ethics, governance and society

Gross risk map

according to Non-Financial Performance Report definition

Impact of risk management through procedures, facilities, etc.	Perception of how the issue is managed by the company
Net risk map *according to Prospectus Regulation 3 definition*	**Global issue map** *Materiality matrix*

Phase 4

Correlation between risks and issues - choice of main and specific risks

[6] Major non-financial risks	[10] Associated key issues
Regulatory compliance risk	Compliance with regulations and permits Management of traceability
Risk relating to the operation of industrial sites	Management of waste treatment procedures and risks Limitation of local impact: noise, odors, etc.
Civil and criminal liability risk, in particular relating to health and safety and the environment	Aqueous waste and atmospheric emissions Health of local communities
Risk relating to employer attractiveness and employee retention	Stable workforce Employee skills development
Occupational health and safety risk	Health, safety, quality of life in the workplace
Ethics and non-compliance risk	Respect for human rights and fundamental freedoms Combating corruption

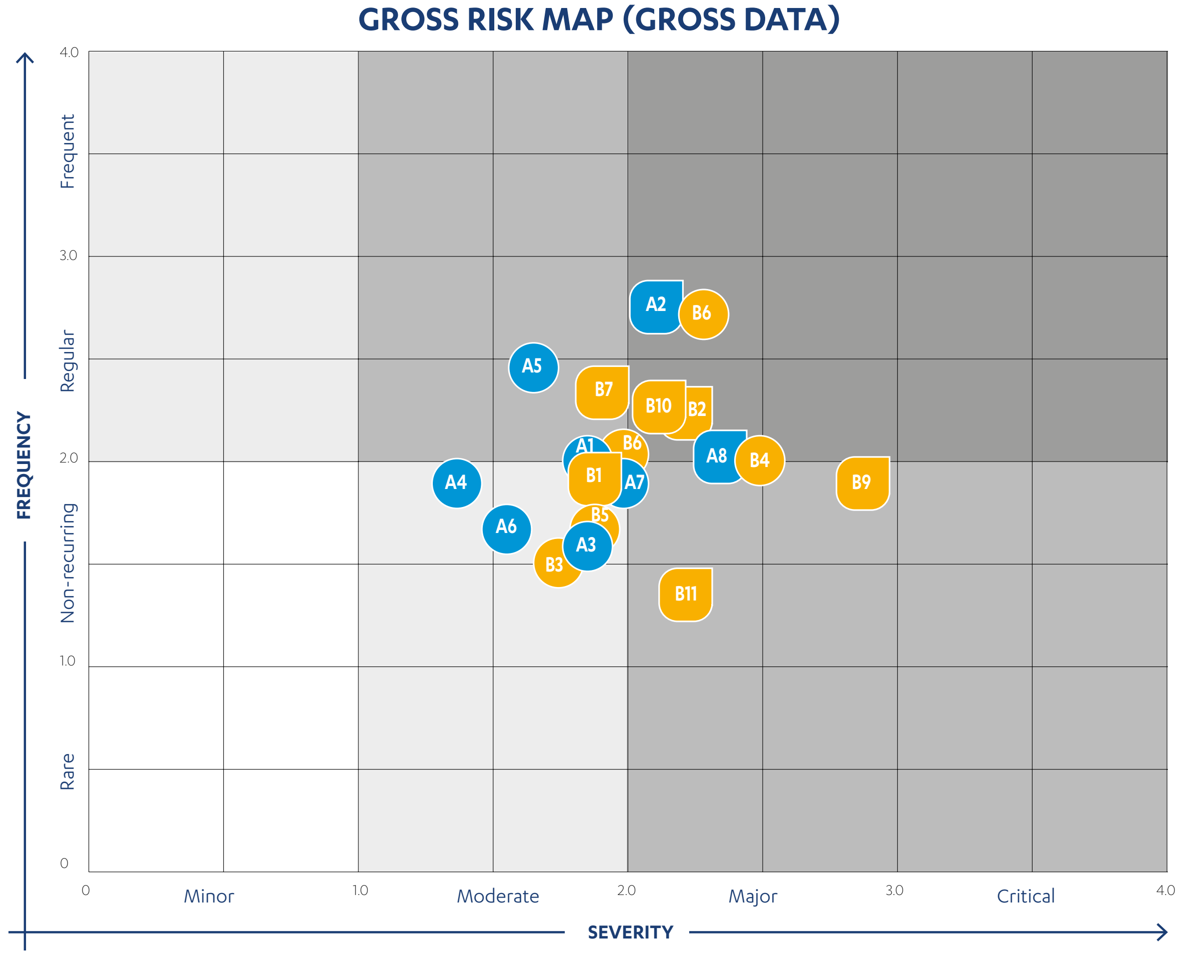
[2] Cross-business non-financial and/or financial risks incurred
Country risk Image risk (media risk)

[4] Financial risk - Grant Thornton assignment	[3] Other important issues not identified as being major risks
Risk relating to fluctuations in the price of raw materials and energy Exchange rate risk Insurance risk Interest rate risk	**Circular economy and efficient management of resources** **Energy efficiency and greenhouse gas (GHG) emissions** **Site planning and biodiversity**

1.2.2 RISK MAP

1.2.2.1 Gross exhaustive risks (according to the French definition used for non-financial performance reporting)

RISK MAP



NON-FINANCIAL RISKS

- **B1** Risk relating to market trends, technology and competition
- **B2** Country risk
- **B3** Risk relating to natural disasters, climate change and seasonality
- **B4** Civil and criminal liability risk, in particular relating to health and safety and the environment
- **B5** Risk relating to the safety of individuals, and tangible and intangible assets, values and information systems

NON-FINANCIAL RISKS

- **B6** Occupational health and safety risk
- **B7** Risk relating to employer attractiveness and employee retention
- **B8** Risk relating to the operation of industrial sites
- **B9** Regulatory compliance risk
- **B10** Ethics and non-compliance risk
- **B11** Image risk (media risk)

IMPACT OVER TIME (future outlook)

▢ Increase ◯ Stable

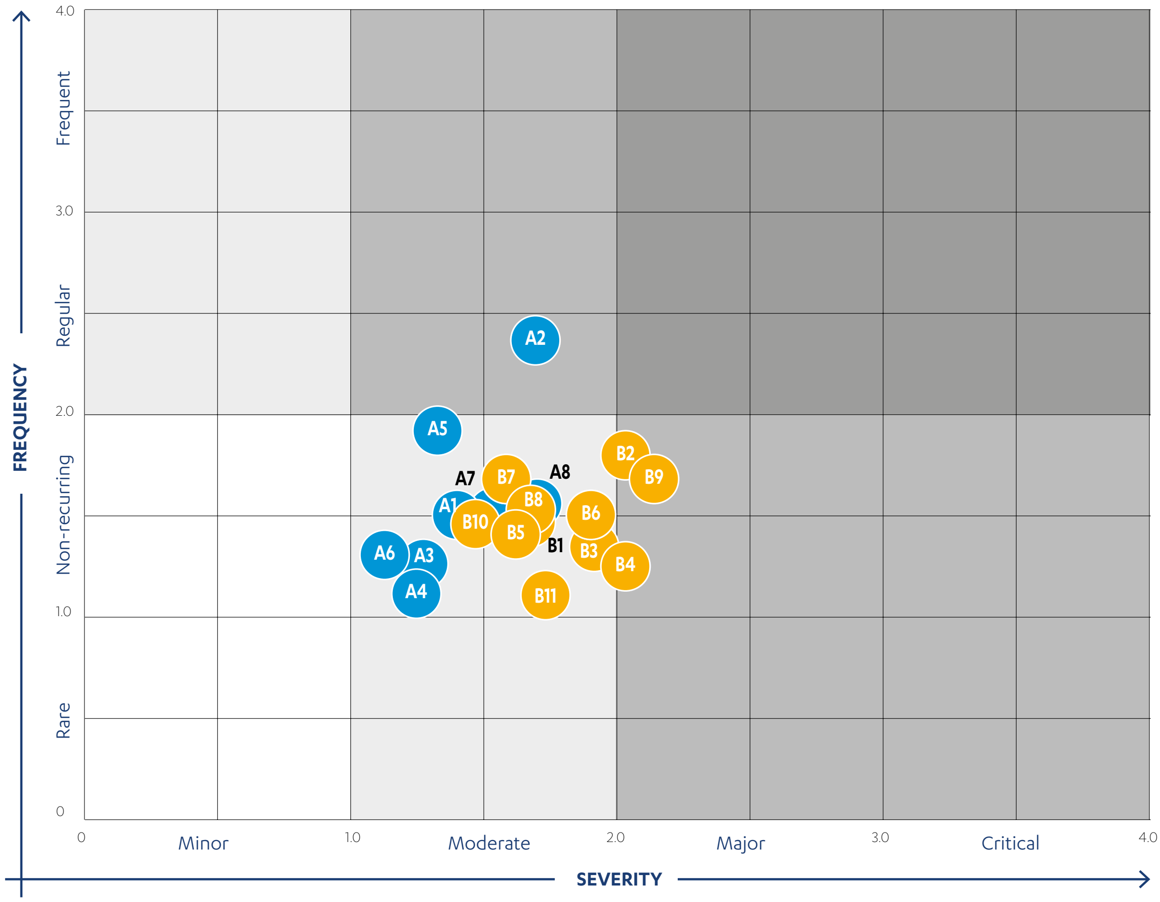
FINANCIAL RISKS

- **A1** Interest rate risk
- **A2** Foreign exchange risk
- **A3** Liquidity risk
- **A4** Counterparty risk
- **A5** Risk relating to fluctuations in the price of raw materials and energy
- **A6** Risk relating to asset impairment losses
- **A7** Risk relating to changes in the Group's activities
- **A8** Insurance risk

1.2.2.2 Main net risks (according to the Prospectus Regulation 3 definition)

RISK MAP

RISK MAP AFTER MITIGATION (NET DATA)



NON-FINANCIAL RISKS

- **B1** Risk relating to market trends, technology and competition
- **B2** Country risk
- **B3** Risk relating to natural disasters, climate change and seasonality
- **B4** Civil and criminal liability risk, in particular relating to health and safety and the environment
- **B5** Risk relating to the safety of individuals, and tangible and intangible assets, values and information systems
- **B6** Occupational health and safety risk
- **B7** Risk relating to employer attractiveness and employee retention
- **B8** Risk relating to the operation of industrial sites
- **B9** Regulatory compliance risk
- **B10** Ethics and non-compliance risk
- **B11** Image risk (media risk)

IMPACT OVER TIME (future outlook)

Increase Stable

FINANCIAL RISKS

- **A1** Interest rate risk
- **A2** Foreign exchange risk
- **A3** Liquidity risk
- **A4** Counterparty risk
- **A5** Risk relating to fluctuations in the price of raw materials and energy
- **A6** Risk relating to asset impairment losses
- **A7** Risk relating to changes in the Group's activities
- **A8** Insurance risk

Endogenous and exogenous risks for the company are anticipated early, and whenever possible, controlled. Risk prevention occurs at three levels:

- **BEHAVIOR**
The sustainable development policy, which is underpinned by clearly defined, public commitments and combined with regulatory monitoring and proper integration of the sites into their environment, makes it possible to anticipate and mitigate a number of risks;

- **ORGANIZATION**
Certification (environment, health and safety, biodiversity management) facilitates the introduction of procedures that limit risks of abuse;

- **OPERATION**
Feedback and internal audits led by a qualified team (or by external experts such as insurers or emergency services such as firefighters) allow the proactive implementation of remedial measures.

1.2.2.3 Main net non-financial risks

Following the analysis stage, six specific major risks were identified:

1. Regulatory compliance risk;
2. Risks relating to the operation of industrial sites;
3. Civil and criminal liability risk, in particular relating to health and safety and the environment;
4. Risks relating to employer attractiveness and employee retention;
5. Occupational health and safety risks;
6. Ethics and non-compliance risks.

Two cross-disciplinary risks were also identified:

1. Country risk;
2. Image risk (media risk).

Besides the specific risks inherent to the operation of industrial sites and civil and criminal liability risks relating to health and safety and the environment (numbers 2 and 3 above), all other risks could potentially increase in the short or medium term. After applying risk prevention, mitigation and avoidance policies, the net risk severity only remains high for “country”, “civil and criminal liability”, and “regulatory compliance” risks.

These risks are addressed in Chapter 3, “Major material risks”.

1.2.2.4 Risks compared with global risk assessments

Although the risks identified for Séché Environnement and some issues affecting stakeholders (biodiversity and climate change) are specific to its activity, they align with the conclusions of the assessment performed for the Global Risks Report published by the World Economic Forum (Davos, January 2020), which consider that the main long-term risks now concern the environment. This applies to four of the top five global risks in terms of impact severity:

1. Climate action failure;
2. Weapons of mass destruction;
3. Biodiversity loss;
4. Extreme weather;
5. Water crises.

1.2.3 MATERIALITY ANALYSIS

1.2.3.1 Comparison of stakeholders' and the company's expectations

Creating a circular economy means ensuring harmonious co-existence between different technological, economic, social and societal factors. An approach based on materiality requires prioritizing issues, and setting thresholds in terms of relevance and relative importance. To do this, two filters are applied:

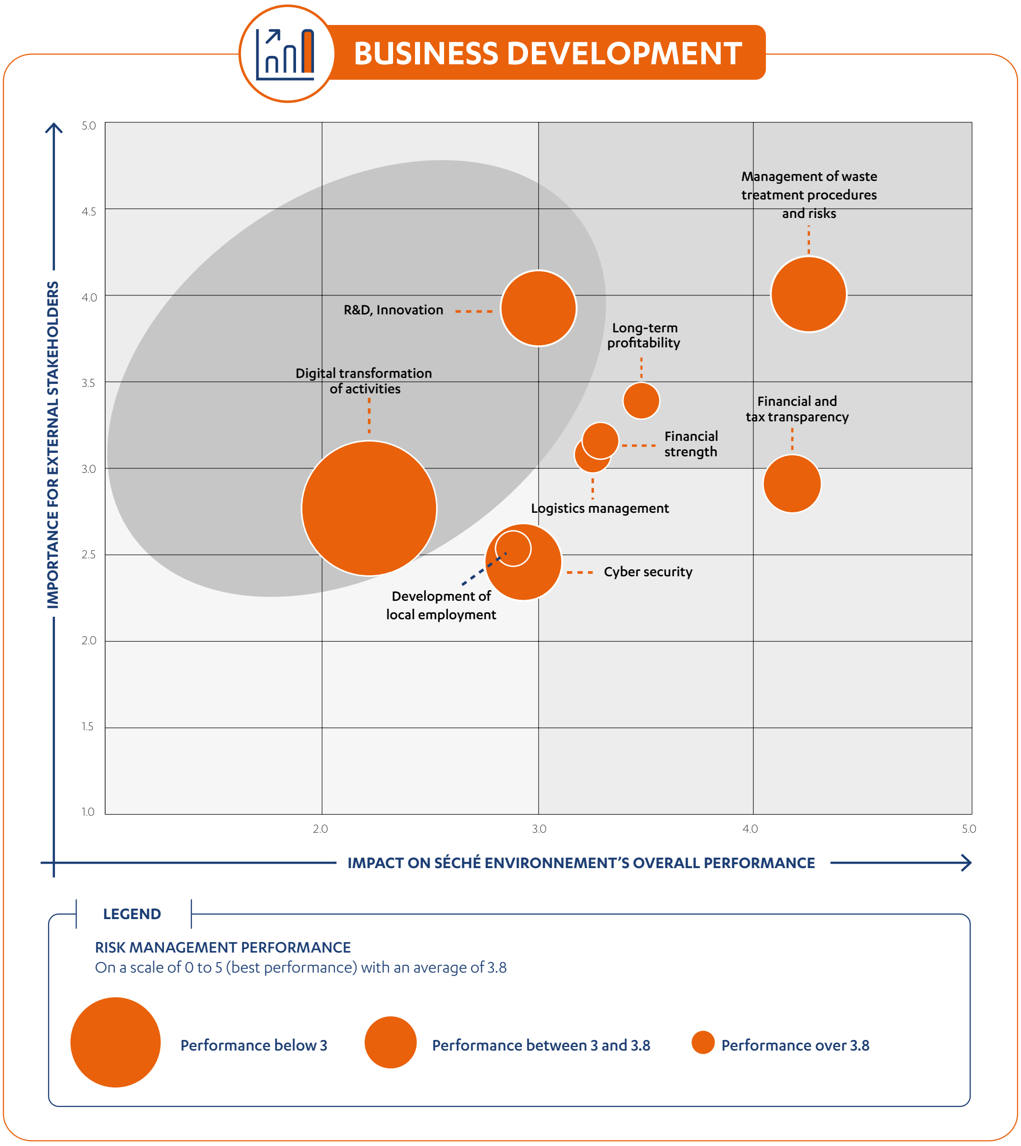
- **CONTEXTUALIZATION**, because before assigning priorities it is essential to compare data with reality in terms of business activity, past performance, regulations, and academic and forward-looking aspects;

- **MEANING FOR THE COMPANY** depending on its strategy, its business plan and vision, its values and its corporate culture.

Accordingly, the materiality analysis was based on the four key components of the Group's business plan (recovering and treating harmful waste in France and abroad).

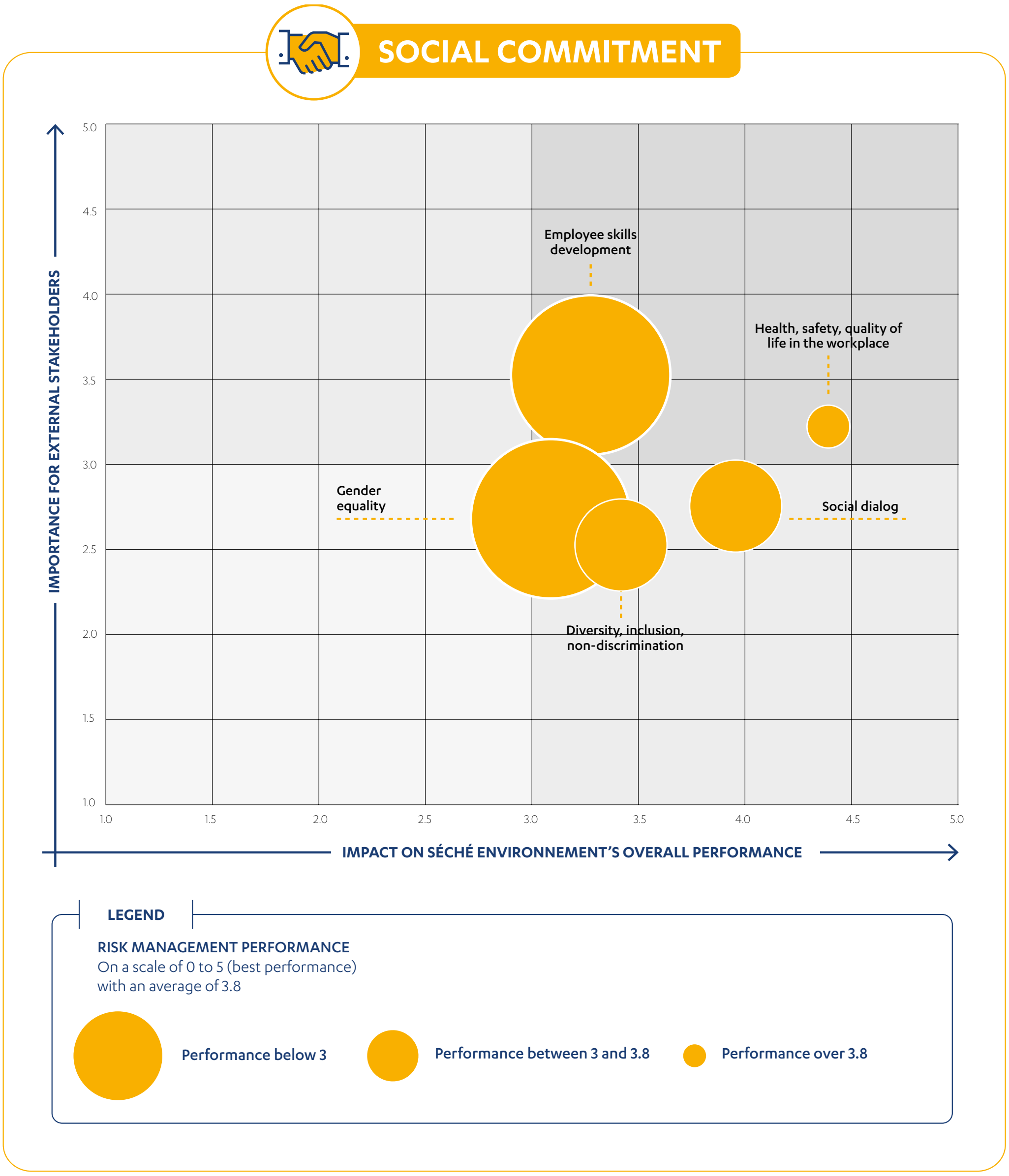
1.2.3.1.1 Economic development

- Ensure the Group's future through controlled, profitable, long-term growth;
- Provide clients with comprehensive services while respecting individuals, environments and regulatory standards, and ensuring safety, traceability and transparency.



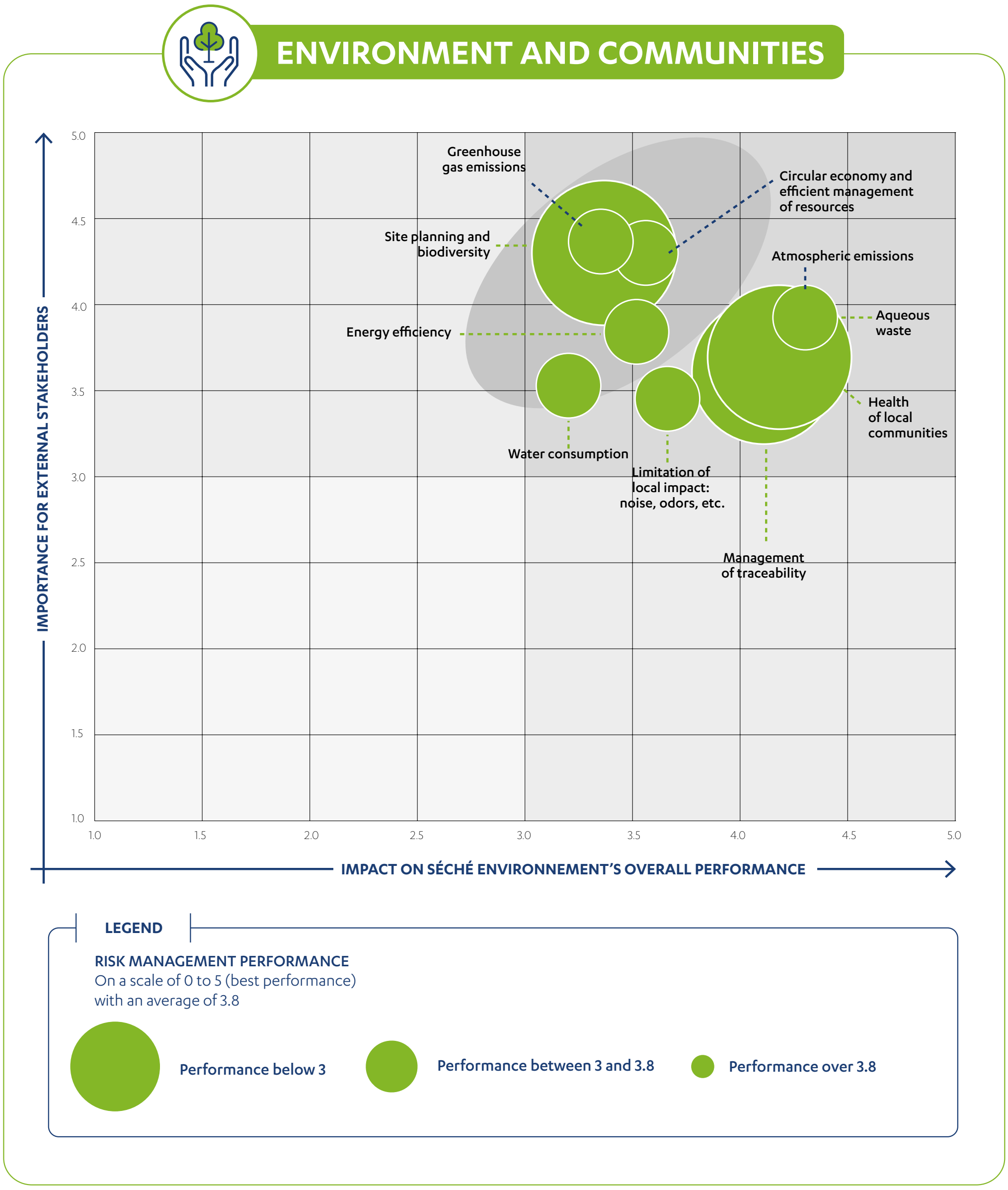
1.2.3.1.2 Social engagement

- Foster the career development of Group employees with an appropriate recruitment and training policy that encourages diversity;
- Be attentive to employees' health and safety conditions in the workplace.



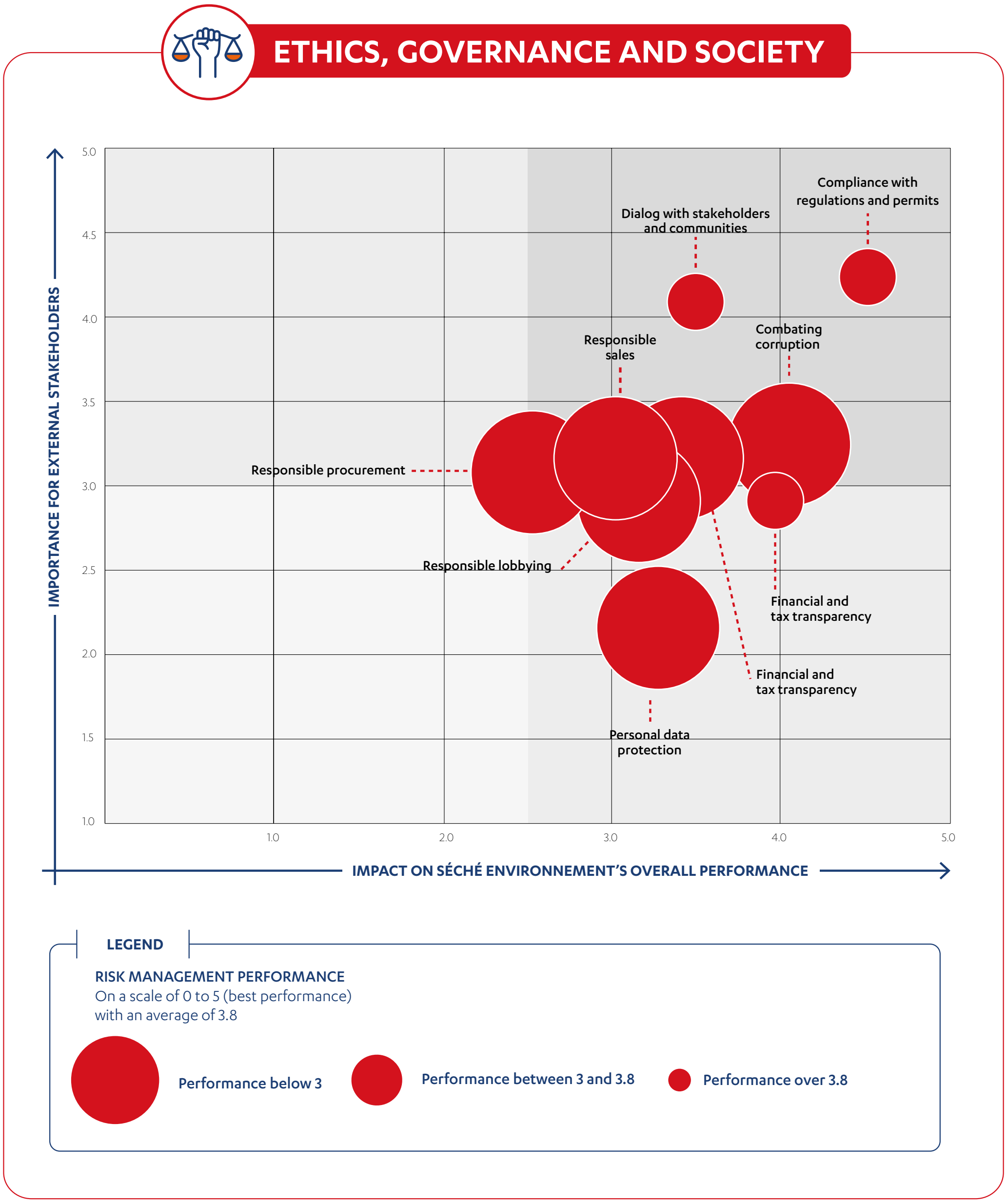
1.2.3.1.3 Environment and communities

- Help to 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.



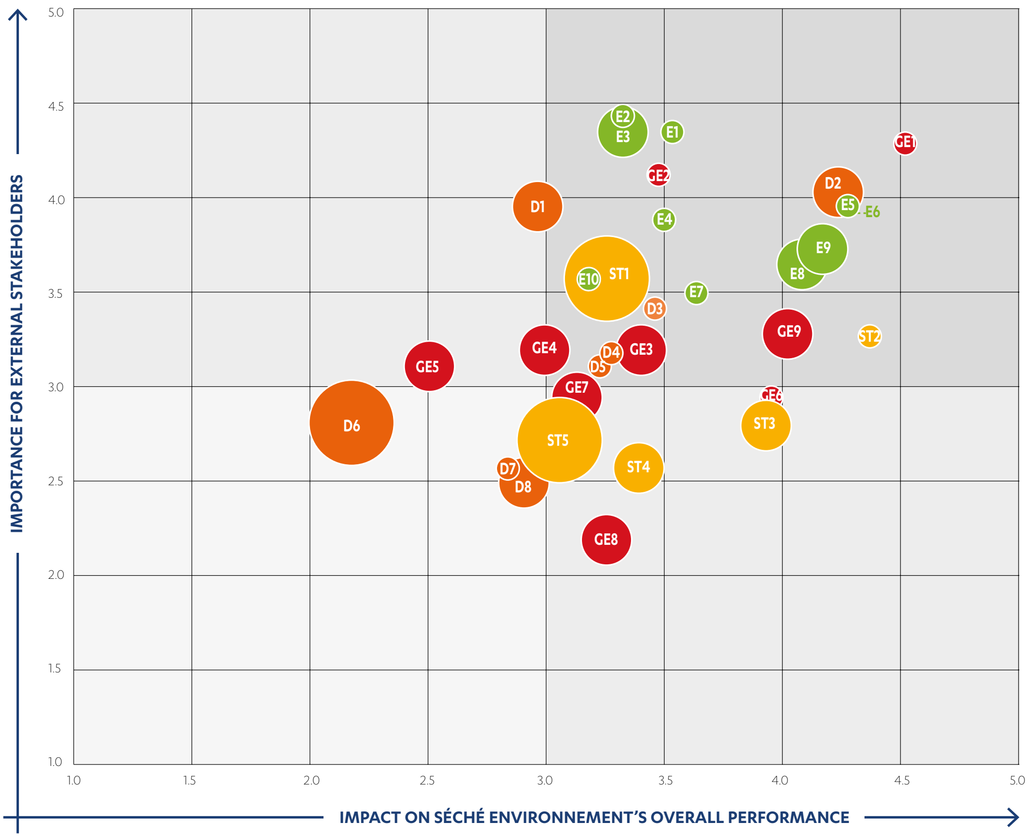
1.2.3.1.4 Ethics, governance and society

- Forge relationships of trust with all local and regional economic and social players;
- Drive economic and social development in areas where sites have been established (local industrial ecology).



1.2.3.2 Global materiality matrix

GLOBAL MATERIALITY MATRIX



ENVIRONMENT AND COMMUNITIES

E1 Circular economy and efficient management of resources
E2 Greenhouse gas emissions
E3 Site planning and biodiversity
E4 Energy efficiency
E5 Atmospheric emissions
E6 Aqueous waste
E7 Limitation of local impact, noise, odors
E8 Management of traceability
E9 Health of local communities
E10 Water consumption

ECONOMIC DEVELOPMENT

D1 R&D, Innovation
D2 Management of waste treatment procedures and risks
D3 Long-term profitability
D4 Financial strength
D5 Logistics management
D6 Digital transformation of activities
D7 Development of local employment
D8 Cyber security

SOCIAL COMMITMENT

ST1 Employee skills development
ST2 Health, safety, quality of life in the workplace
ST3 Social dialog
ST4 Diversity, inclusion, non-discrimination
ST5 Gender equality

ETHICS, GOVERNANCE AND SOCIETY

GE1 Compliance with regulations and permits
GE2 Dialog with stakeholders and communities
GE3 Respect for human rights and fundamental freedoms
GE4 Responsible lobbying
GE5 Responsible procurement
GE6 Financial and tax transparency
GE7 Responsible sales
GE8 Personal data protection
GE9 Combating corruption

LEGEND

RISK MANAGEMENT PERFORMANCE
On a scale of 0 to 5 (best performance) with an average of 3.8

Performance below 3 — Performance between 3 and 3.8 — Performance over 3.8

By comparing the materiality matrix with the net risk matrix, it is possible to assign a corresponding key issue to each risk. In addition, three further key issues – which do not involve major net risks – are also important for stakeholders, namely:

- The circular economy and efficient management of resources;
- Energy efficiency and greenhouse gas (GHG) emissions;
- Site planning and biodiversity.

[6] Major non-financial risks	[10] Associated key issues
Regulatory compliance	Compliance with regulations and permits Management of traceability
Specific risks relating to the operation of industrial sites	Management of industrial procedures and risks Limitation of local impact: noise, odors, etc.
Civil and criminal liability in particular relating to health and safety and the environment	Aqueous waste and atmospheric emissions Health of local communities
Employer attractiveness and employee retention	Stable workforce Employee skills development
Occupational health and safety	Health, safety, quality of life in the workplace
Ethics and non-compliance	Respect for human rights and freedoms, anti-corruption

These points are addressed in Chapters 3 (Major risks) and 4 (Key issues for stakeholders).
The most important issues (top right-hand quartile) are also the best managed (small diameter), reflecting the Group's choice to allocate resources according to its priorities.

1.2.4 INTEGRATION OF THE SUSTAINABLE DEVELOPMENT GOALS (SDGS) IN THE BUSINESS STRATEGY

Séché Environnement has been a signatory of the 10 principles of the Global Compact since 2003. To allow these ten principles to be put into practice, they were translated into the United Nations Millennium Development Goals, calling for peace, humanity, the planet and prosperity. These goals were further adapted into 17 universal, inclusive, interconnected aims – the Sustainable Development Goals (SDGs). The SDGs aim to transform societies by eradicating poverty and ensuring a just transition to sustainable development by 2030.

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, for Séché Environnement and its activity in the circular economy, the choice of its priority SDGs – and its direct commitment to achieving them – are broken down into two main categories:

- Integration of goals shared by all businesses:

  - 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 goals that are particularly relevant to 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

In light of its commitment to the SDGs, the Group has announced targets with indicators to measure how they are being met. In particular, three of these indicators (b, c, and d below) were used as criteria for the ESG impact loan taken out in 2018:

- For goals shared by all businesses:
  a. A fall in workplace accidents, with a frequency rate of below 5 in 2021 (see 3.5);
  b. An improvement in overall ESG (environmental, social, and governance) performance as measured by ÉthiFinance, with a 3-point increase from the reference year 2017 (74 points) (see 2.5).

- For specific goals:
  c. Regarding energy production and use and its impact on climate change, a commitment to maintain energy independence over 220%, the level recorded in the reference year 2017 – see 4.1.3.4);
  d. Regarding water and biodiversity, implementation of the action plan signed with Act4nature in July 2018, which was reiterated in the Entreprises Engagées pour la Nature initiative in December 2019, over four years (see 4.3).

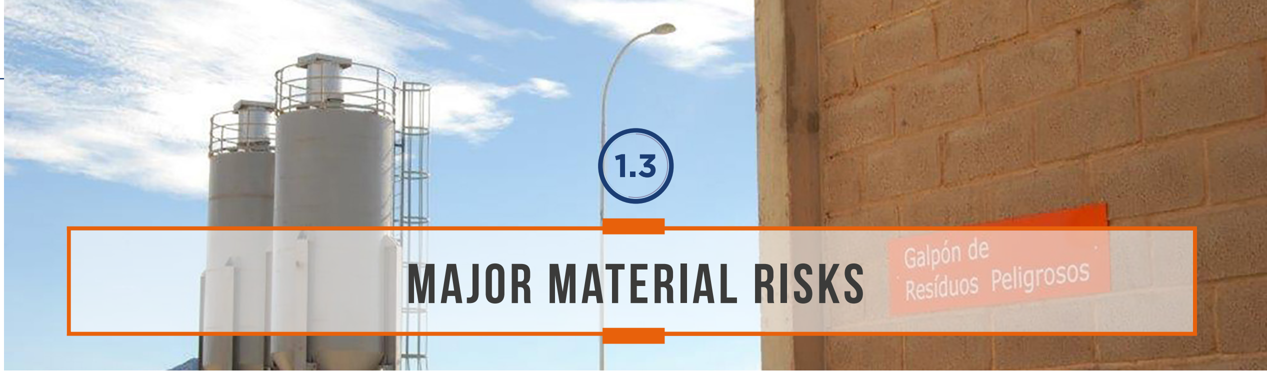
1.2.5 ESG RATINGS

1.2.5.1 ÉthiFinance

Séché Environnement's ESG rating was assessed by a team of analysts from ÉthiFinance in May 2019 using the same method and the same assessment questionnaire as in 2018. The overall rating rose from 74 in 2017 to 78 in 2019. The time needed to perform the assessment means the rating for 2020 will be available from June, three months after the publication of the Registration Document.

1.2.5.2 ÉcoVadis

ÉcoVadis awarded Séché Environnement a score of 68/100 and a Gold medal.



1.3 MAJOR MATERIAL RISKS

1.3.1 REGULATORY RISKS

Associated key issues

- Compliance with regulations and permits;
- Management of traceability.

1.3.1.1 Type of material non-financial risk

1.3.1.1.1 Regulatory compliance risks

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 major industrial activities, which prioritizes intervention at 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.

In France, the Group's waste treatment sites are classified environmental protection facilities (ICPEs) and are subject to operating permits granted by prefects. Most of them are Seveso-classified sites and meet the corresponding requirements. Internationally, the Group's sites are subject to similar regulations set out in the local laws of their country of operation (implemented more recently and more slowly – see 1.1.4.1.1 Comparison of regulatory standards).

The purpose of these regulations is to increase the technical performance of limits on pollution emissions (discharges into the air or aquatic environments) and to ensure their constant monitoring through drastic standards relating to dust, heavy metals, nitrogen monoxide and dioxins, based on the techniques implemented (storage, incineration, etc.). They seek to protect mankind and preserve nature (see 3.3 Civil and criminal liability risk, in particular relating to health and safety and the environment).

1.3.1.1.2 Risks related to regulatory change

In the event of changes to regulations or case law, the competent regulatory bodies have the authority to modify the requirements that apply to a site already licensed for operation. 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. Penalties range from fines to the suspension or withdrawal of permits, which may unfavorably affect the Group's image, activities, financial position, earnings, and outlook.

1.3.1.1.3 Illustration with the application of French law no. 76-663 of July 19, 1976 on classified environmental protection facilities

- Paragraph 1 of Article 6: The prefect may impose additional requirements beyond those that appear in permits already issued, 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 entail for the environment.

In such a situation, the Group would be 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 on these costs by raising its treatment prices). One example is the expansion of financial guarantees for classified facilities from 2014;

- Of tighter conditions on permits, and consequently increases in the cost of monitoring increasingly stringent obligations, as well as stronger administrative controls, which could lead to a risk of operating permits being suspended, revoked, or not renewed;

- Of a lengthening of the procedures for renewing or modifying operating permits, increasing their costs (in a context of hardening opposition from local populations and nonprofits), without any guarantee of ultimate success.

1.3.1.2 Recognizing and managing the risk

1.3.1.2.1 Risk prevention – organization and procedures

A regulatory audit unit (PROGRES) comprised of a qualified, independent team reporting directly to the Operations Division, ensures all parties observe the obligations applying to the Group.

By keeping a constant watch on regulatory developments, wherever possible the Group seeks to anticipate such developments and often sets more stringent requirements regarding the terms of acceptance of waste and its treatment (the digitalization of waste monitoring forms is in progress), the technical design of each site (ongoing improvements), and the conduct of operating units (constant monitoring and measurement).

The Group applies the controls needed to detect any accidental or chronic pollution that could breach regulations. All the Group's sites monitor the impact and effects of their liquid, solid and gaseous discharges (see 3.2 Specific risks relating to the operation of industrial sites).

To facilitate the acceptance of sites by local communities, studies of local wildlife and flora are regularly carried out, either when permits are renewed or extended, on request by government authorities, or to meet legitimate requests by local information and monitoring committees set up by law or on the Group's initiative. This aspect overlaps with the reputation risk management policy (see 3.7.2 Image risks).

The Group's sites are subject to regular and/or unannounced checks by the authorities (in particular by the DREAL, regional environment agencies), which allow it keep in touch with government departments.

1.3.1.2.2 Anticipating regulatory developments – application times

Regulatory change usually stems from directives or other European rules which set a deadline for their enactment into national law by member states to give operators time to make the necessary changes.

For example, Directive 2010/75 on Industrial Emissions, known as the IED, imposes a review of the conditions for granting permits for facilities in a given sector when the Official Journal publishes the conclusions of the Best Available Techniques (BAT) for that sector. This occurred following the publication of Commission Implementing Decision 2019/2010 on November 12, 2019 setting out the conclusions for the Best Available Techniques (BAT) for waste incineration under the Industrial Emissions Directive. The conclusions follow those applicable to waste treatment published in August 2018.

After five years of work involving representative industry organizations, the conclusions revise the BAT Reference Document (BREF) on waste incineration, which was published in 2006. They serve as a strict benchmark for setting emission limit values (ELV) for the facilities concerned (see 3.2 and 3.3 on risks relating to the operation of industrial sites, which will be impacted by the new standards).

The publication of these conclusions led to a review of the conditions applied to existing permits. Facilities have one year from the publication of the conclusions to submit a review file to the prefect. Facility upgrades to bring them into line with new requirements must be completed within four years of the publication date, i.e. before December 4, 2023. This deadline allows the company time to complete the necessary studies well ahead of the effective date of the new regulation, including R&D work (see 5.3.1 and 5.3.2 NanoWet project for nanomaterials and the Mimosa project for mercury).

Associated key performance indicators (KPIs)

Based on information available at the time of writing, Séché Environnement can confirm it is subject to no proceedings that could cast doubt over any of its permits for non-compliance with regulations. The Group has not received any injunction to upgrade its facilities that could have a significant impact on its financial position, and it is up to date with the financial guarantees granted for the operation of its classified environmental protection facilities.

1.3.2 RISKS RELATING TO THE OPERATION OF INDUSTRIAL SITES AND TECHNOLOGICAL RISKS

Associated key issues

- Management of waste treatment procedures and risks;
- Limitation of local impact: noise, odors, etc.

1.3.2.1 Type of material non-financial risk

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 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 industry, especially at sorting centers and processing platforms, as shown on the Géorisques portal run by the Ministry of the Ecological and Inclusive Transition.

However, the Group 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;
- "Chronic" pollution (pollution that could be caused by an accumulation of pollutants beyond the critical load that can be handled by each receiver), if it is not detected despite the systemic measurements performed by the Group and the authorities, could unfavorably impact the Group's earnings and financial position and (at least temporarily) jeopardize its operating permit (see 3.1 Regulatory risks).

Other environmental and pollution risks and local impacts (noise, odors, etc.) are covered in 3.3.2.2 Civil and criminal liability risk, in particular relating to health and safety and the environment.

1.3.2.2 Recognizing and managing the risk

These activities are governed by regulations and are subject to administrative operating permits and regular checks by the competent authorities (DREAL). All sites must respect the regulatory obligations set out in their permits and the law, including when such regulations become stricter. The Group constantly adapts its working methods, from the design of its facilities to their management, in accordance with the most stringent regulations (see 3.1 Regulatory risks).

Its approach includes obtaining certification for all its waste treatment facilities according to standard ISO 14001 and ISO 9001 where appropriate. Most facilities and construction sites are also certified OHSAS 18001 or MASE (chemical environment). 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 adapted to the characteristics of each site and complying with the Group's HSEQ policy. An electronic document management system that organizes and pools documents that cover the same businesses has been undergoing deployment since 2018.

As classified environmental protection facilities, all of the Group's sites have a system in place to mitigate the impact of accidents. This system is designed to protect employees, local communities, and the environment. Depending on the size of the site, its location, and the applicable regulations, the system activated may be the internal emergency plan, the ETARE plan (established with the local fire and rescue department), the internal operations plan (POI) and/or the special intervention plan (PPI).

Accident simulation drills are conducted in cooperation with outside emergency services (firefighters, paramedics, etc.) for the purposes of mutual training and to optimize the response in the event of an accident. Safety audits are also performed with insurers.

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

The main policies taken out are:

- Property damage/operating loss insurance, with a maximum coverage of €150 million based on the value of each site, and limits and/or sub-limits for coverage extensions;

- Civil liability and environmental damage insurance with an €80 million coverage limit for all damages and 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 04/21/2004 have been incorporated into the civil liability policy. Larger coverage limits have been taken out for household waste incineration centers under a public service delegation in accordance with the obligations set out in the specifications.

Associated key performance indicators (KPIs)

Number of stoppages due to accidents: 1 in 2019 – Triadis Rouen (partial stoppage)

The fire in a chemicals factory classified as a Seveso upper tier site owned by Lubrizol and located near to the Group's Triadis Rouen site led to the closure of the Triadis incinerator in Rouen via a domino effect. Triadis provided industrial ecology services to Lubrizol by supplying it with steam energy produced from its waste treatment activities. Séché Urgences Interventions was involved in the decontamination of the Lubrizol site, mostly by capturing and treating polluted water used to extinguish the fire which ended up in the river Seine.

1.3.2.3 Dashboard of associated key issues

Percentage of waste tonnage treated at OHSAS 18001 sites

	2018	2019
France – Storage	88%	87%
France – Incineration	90%	89%
France - Platforms	100%	100%
International (Kanay, Taris, SAN, Mecomer, Solarca, Interwaste)	-	95%

Safety expenses

In €k in France	2017	2018	2019
Provision of workwear and personal protective equipment	1,878	2,091	1,825

1.3.3 CIVIL AND CRIMINAL LIABILITY RISK, IN PARTICULAR RELATING TO HEALTH AND SAFETY AND THE ENVIRONMENT

Associated key issues

- Health;
- Aqueous waste and atmospheric emissions [(1)].

1.3.3.1 Type of material non-financial risk

1.3.3.1.1 Health of local communities arising from secondary products or raw materials

When products, materials or substances become waste, the presence of hazardous substances can make the waste unfit for recycling or the production of quality secondary raw materials. It is therefore necessary to promote measures to reduce the presence of hazardous substances in materials and products, including recycled materials, and to ensure that sufficient information on the presence of hazardous substances is available throughout the life cycle of products and materials. Brominated flame retardants present in some types of plastic are an example of this. To meet end-of-waste criteria, the recycler must observe new obligations:

- Waste producers and owners are no longer liable under waste regulations and the corresponding obligations. An operator implementing end-of-waste status is liable as a product seller, which is subject to different requirements under the French Consumer Code;

- Applying the European End of Waste regulation allows the substance or product to move freely between member states, while the ministerial order is only valid in France. Consequently, an operator applying the ministerial order must contact the relevant authority of the country to which it wants to export the product to determine whether French end-of-waste criteria are recognized in that country. The same is true for an operator that is applying the European regulation to export the waste-derived substance or object to a country that is not a European Union member.

1.3.3.1.2 Pollution and environmental damage during operations

The European Industrial Emissions Directive (IED) introduces an integrated approach to the prevention and reduction of pollution caused by industrial and agricultural facilities that fall within its scope of application. It is the equivalent to the chronic risks covered in Directive 2012/18/EU of July 4, 2012, known as the Seveso 3 Directive.

The business sectors in which the Group operates expose it to a high risk in terms of its civil and environmental liability, in particular in terms of managing aqueous waste and atmospheric emissions. Caps on contaminant concentrations are set in each site's operating permit, along with penalties in the event of non-compliance (ranging from a formal notice to comply to the withdrawal of operating permits and fines).

1.3.3.1.3 Pollution and environmental damage at the end of operations

Legal, regulatory and administrative requirements expose the Group to a high level of liability – in particular with regard to the environment – for assets the Group no longer owns or activities it no longer carries out.

When a previously authorized facility is decommissioned, the IED [(2)] imposes site remediation measures. The operator evaluates the pollution status of the soil and groundwater and compares it to its initial state. If there is significant pollution, 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 requirement to renovate the site to allow its future use (Article L.512-6-1). As such, the regulations in force make it necessary to set aside provisions or bonds for this purpose.

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(1) The Group cannot set detailed environmental targets in absolute terms because it depends on the quality and mix of waste it treats for its clients (industrial clients with a wide range of types of waste). As a result, the Group cannot commit to a given performance objective for sulfur emissions into the atmosphere, to take one example, because these emissions depend on the volume and sulfur content of the waste its clients give it for treatment. Another example shows how the Group is entirely dependent on the type of waste its clients entrust to it for treatment: limits to how it can actively restrict its own waste. Such waste is nearly non-existent when incinerating liquid waste, while at the other extreme, the tonnage remains the same when treating polluted soil.
(2) https://aida.ineris.fr/consultation_document/639

1.3.3.2 Recognizing and managing the risk

1.3.3.1.2 Measures taken for the health and safety of consumers

A ministerial order dated February 22, 2019 sets the criteria to be met for the operator of a classified environmental protection facility (Speichim Processing in this instance) to be able to assign regenerated chemicals end-of-waste status. Regeneration is defined as any waste recycling operation consisting in restoring an equivalent level of performance to that of the chemical or object from which the waste was produced, taking into account its intended use (solvents).

In the circular economy, Séché Environnement treats the hazardous properties of the waste entrusted to it and sells secondary raw materials that meet end-of-waste criteria, namely, products or substances with the following characteristics:

- Common use for specific purposes;
- Existence of a market;
- Technical requirements for specific purposes (precise specifications);
- Compliance with applicable laws and standards;
- No harmful overall effects on the environment or human health.

To protect consumers' health and safety, in 2015, Trédi and Speichim Processing signed the Responsible Care Global Charter[3], a unified commitment by the chemicals industry to ensure sound chemicals management throughout their life cycle and to promote the role played by chemicals in improving quality of life and their contribution to sustainable development.

1.3.3.2.2 Preventing environmental risks and pollution

Environmental expenditure

Environmental expenditure includes the 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 noise emissions; and
- Protecting biodiversity and the landscape.

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. In France, these expenses amounted to €1.116 million in 2019, compared with €6.757 million in 2018 (which was an atypical year due to the increase in provisions for thirty-year monitoring for Opale Environnement).

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(3) https://www.francechimie.fr/responsible-care

As well as technical equipment, work is managed accordingly (examples):

- Noise: all sites concerned obey prevention rules designed to ensure effective protection of all internal and external staff. A map of "working situations / zones" was produced using instantaneous and dynamic noise measurements (using dosimeters);

- Dust: watering and planting greenery during construction; for incineration emissions, electrostatic precipitators and gas scrubbing;

- Odors: working in the direction of the wind, on a limited surface area covered with anti-odor tarpaulins featuring active carbon filters at nights and on weekends, and masking odors from the storage of household waste; closed rooms and air suction for waste bunkers.

Organization of prevention and emergency response, crisis communications

As classified environmental protection facilities, all the Group's sites have internal operation plans (POI) and special intervention plans (PPI) adapted 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, paramedics, etc.) for the purposes of mutual training.

The Group has set up a crisis team at general management level which can be activated in the event of a crisis, to mobilize all the resources needed to ensure a rapid return to order after ensuring the safety of people and property. The crisis team will also manage communications in full transparency.

Associated key performance indicators (KPIs)

The information available at the time of writing enables Séché Environnement to state that it 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.

1.3.3.3 Dashboard of associated key issues

The main sources of potential pollution are contaminants contained in aqueous waste and atmospheric emissions. These data are carefully monitored.

1.3.3.3.1 Methodology and source of data

Regarding the disclosure of discharges of various contaminants into the air and water, in 2015 Séché Environnement began fully applying the ministerial order of December 26, 2012, which requires that classified environmental protection facilities disclose their discharges into the air and water of all pollutants listed in Appendix II of the order, when such discharges exceed the thresholds also set out in that Appendix. An exception is made for data reported in RSDE statements on discharges of hazardous substances into water, which are expressly required for certain sites. International data are collected using an equivalent method and in accordance with local legislation, where applicable.

1.3.3.3.2 Controls of atmospheric emissions

Atmospheric emissions are primarily caused by incinerators and combustion facilities. Flue gas (primarily carbon dioxide, water vapor, nitrogen, and oxygen) includes pollutants such as dust (2 to 5 g/Nm^3), carbon monoxide (20 to 80 mg/Nm^3), dioxins (1 to 0.1 ng/Nm^3), and heavy metals (90 to 100 mg/Nm^3).

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. The elimination of dust also removes a large proportion 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. Data for France and internationally are shown separately (2019) owing to differences in local regulations.

Contaminants discharged per year	2017	2018	2019	
	France		France	International
Nitrogen oxides in t NO_2	489	498	495	16
Sulfur dioxides in t SO_2	109	131	137	2
Hydrochloric acid in t HCl	7.8	10.4	9.5	0.4
Dust in t	4.6	2.9	5.0	n/a
Dioxins and furans in grams (4)	0.2738	0.0764	0.1397	-

The international business mix and regulatory requirements differ to those in France.

1.3.3.3.3 Quality of water released into the 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.

The aquatic environments used are purification plants designed for this purpose, then strong-current bodies of water (e.g. the 100 m^3/hour release from Salaise into the Rhone, which has an average rate of flow of 3.7 million m^3/hour). There is no discharge into sensitive environments or areas.

The principal sources of emissions into the aquatic environment are:

- Waste storage, which produces purified leachates (partially reused in stabilization);
- Physico-chemical processing units;
- Wet treatment of incineration gases.

Contaminants discharged (in tons per year)	2017	2018	2019	
	France		France	International
Soluble salts	7,902	6,851	5,821	n/a
Total metals	0.3	0.4	0.2	n/a

In 2019, water consumption outside France was below 100,000 m^3, discharge is negligible. See 4.3.2.3.

(4) The 2017 increase is temporary and one-time, related to a unique technical issue that was quickly resolved, but which influenced certain measurements.

1.3.4 RISKS RELATING TO EMPLOYER ATTRACTIVENESS AND EMPLOYEE RETENTION

Associated key issues

- Stable workforce;
- Employee skills development.

1.3.4.1 Type of material non-financial risk

The Group's activities use many increasingly diverse and technical tools requiring special skills that are regularly updated in line with technical and regulatory developments in order to adapt to business changes.

The "waste management" sector is less attractive than the "environment" sector overall. The risk is that the Group could lose skilled workers and not be able to replace them rapidly, despite its policy of individual monitoring and career management, mentoring, training and the identification of talented employees within the Group.

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

1.3.4.2 Recognizing and managing the risk

1.3.4.2.1 Recruitment policy

The Group has a proactive recruitment policy spanning a variety of media (careers page on the Group website, ads on job boards, relations with universities, jobs fairs, social media).
Applicants have the opportunity to:

- Join an international Group offering a wide range of businesses and which places sustainable development and its corporate responsibility at the center of its corporate strategy;
- Work with small teams who share the same drive for excellence, where everyone can work autonomously with increasing responsibilities and with short decision-making processes;
- Share a common ambition to meet the highest standards and foster wellness for all.

The Group's participation in student jobs fairs allows it to promote jobs related to the environment and chemicals. For example, it attends the Mondial des Métiers fair in Lyon, and other regional jobs fairs organized in partnership with the MEDEF employers' association, local chambers of commerce and the FACE nonprofit.

1.3.4.2.2 Visibility among universities

Séché Environnement develops its brand awareness by contributing to the training of upcoming generations by developing special relationships via industry/academic exchanges, and encouraging managers to host conferences or provide teaching. It also welcomes apprentices, which also boosts its attractiveness as an employer (26 work-study contracts in France).

1.3.4.2.3 Employee skills development

The continual improvement of its employees' skills is central to the Group's human resources policy. It draws on an ambitious training policy that aims to allow each member of staff to acquire an appropriate level of knowledge, expertise and behavioral skills. On-the-job training remains a key part of professional development. Through this training, the Group seeks to:

- Contribute to the development of professional practices;
- Provide employees with all the knowledge they need to optimally carry out their assigned tasks;
- Boost business expertise, for example with e-learning courses available since 2019.

Based on these policy guidelines, the training plan takes into account:

- Collective needs, as changes to the issues facing the company require the teams and their jobs continually adapt;
- Individual needs, by identifying special requests and actions. Employees now all have a personal training account (CPF), which can be used at any point in their career, including during any periods of unemployment, to follow a certified training program. The CPF replaced the former individual training entitlement (DIF) program. Employees retained the training hours accumulated under the DIF program. The Group's employees were invited to enter their outstanding DIF training hours on the application www.moncompteformation.gouv.fr. This application will enable them to find training courses eligible for the CPF scheme and thereby boost their employability.

1.3.4.2.4 Employee retention

The company's talent management policy is based on acknowledging employees' expectations and their performance. Séché Environnement conducts professional development reviews in accordance with French regulations (Labor Code Article L.6315-1). An essential managerial tool, the professional development review is a chance for the company to:

- Touch base with the employee about their work;
- Review how the company's plans fit with the employee's individual plans;
- Discuss the employee's needs and expectations in line with their professional development or career plans;
- Determine what actions are needed to 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. It leads to concrete actions related to the employee's training or professional development.

It is held once every two years and is also proposed to employees returning to work after certain types of leave (maternity leave, parental leave, adoption leave, sabbatical leave, secure voluntary mobility, long-term sick leave, etc.).

The Group is also rolling out annual performance reviews for managerial and non-management staff. These reviews provide employees with a structured framework by including targets for the year ahead and are also an opportunity to review the past year. The template for management and non-management performance reviews has been redesigned. The design of the new template was overseen by HR experts and co-constructed with operational staff from the Operations and Sales divisions and the support functions.

The professional development review and the performance review are rounded out with career reviews, which are important for careers and skills management, especially for management-level staff. Career reviews bring together HR and management to review employees, assess skills and performance and to measure capacities for development from different points of view. They can also be used to identify talented employees or draw up pools of candidates with a view to succession planning and to make decisions regarding mobility, promotions, compensation, etc.

The Group is also developing an internal mobility policy for France and abroad by prioritizing the advertisement of job vacancies within the Group, to allow employees to continue their careers within the Group.

Associated key performance indicators (KPIs)

Total worldwide headcount at December 31	**2017**	**2018**	**2019**
Constant scope 2018	2,509	2,546	2,700
Consolidation of INTERWASTE and MECOMER	-	-	-
Current scope 2019	2,509	2,546	4,634 ☑
Change in global headcount for current scope – 2019/2018	**-**	**-**	**+82%**
Percentage of international staff	**25.0%**	**24.8%**	**56.9%**

Changes in headcount

Permanent & fixed-term contracts (including transfers)	**2017**	**2018**	**2019**		
	France		France	International	Worldwide
Hires	330	384	438	1,191	1,629
Departures	263	351	357	1,164	1,521

For international activities, emphasize the importance of construction contracts in staff hires/departures (in particular for Kanay).

Training

	2017	**2018**	**2019**		
	France		France	International	Worldwide
Average no. of hours per FTE per year	16.6	16.8	17.0	13.3	14.9

1. 3.4.3 Key indicators

1.3.4.3.1 Providing the staff needed to ensure the Group can function correctly in all regions

Total worldwide headcount at December 31	**2017**	**2018**	**2019**
France	1,881	1,914	1,995
Europe	205	217	283
Americas	422	415	485
Africa	-	-	1,871
Total worldwide	2,508	2,546	4,634
Percentage of international staff	**25.0%**	**24.8%**	**56.9%**

Weekly working hours vary between countries: 35 hours in France, 39 in Italy, 40 in Spain and Germany, 40-45 in South Africa, 45 in Chile, and 48 in Mexico and Peru.

1.3.4.3.2 Adjusting employment levels throughout the year

	2017	**2018**	**2019**		
	France		France	International	Worldwide
Full time equivalent headcount	1,849	1,883	1,977	2,637	4,613
Average headcount	1,865	1,899	1,961	2,488	4,449
Headcount at December 31	**1,881**	**1,914**	**1,995**	**2,639**	**4,634**

The headcount at a given date (the most frequently used) is the headcount defined in Article R.225-102-1 of the French Commercial Code to calculate the threshold for applying rules relating to non-financial reporting; the full time equivalent headcount is used to calculate thresholds for mandatory energy audits (Articles L.233-1 to 233-4 of the Energy Code) and greenhouse gas emission reviews (Article 75 of law no. 2010-788 of July 12, 2010 setting out the national commitment to the environment)[5].

The difference between the full time equivalent headcount and the headcount at December 31 reflects part time workers.

The average headcount (average of the total at the end of each month) compared with the headcount at December 31 shows any variation (activity peaks or troughs) and represents the average volume of work completed during the year. It is used, for example, to calculate the average number of training hours per employee per year.

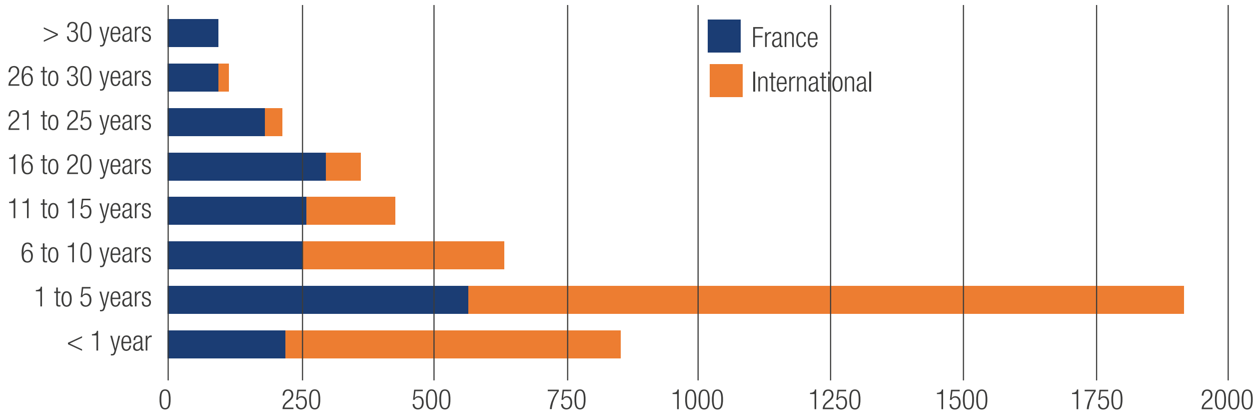
1.3.4.3.3 Seeking stability by limiting fixed-term contracts

Types of employment contract	**2017**	**2018**	**2019**		
	France		France	International	Worldwide
Permanent contracts	1,794	1,822	1,897	2,169	4,066
Fixed-term contracts	87	92	98	470	568
Total	1,881	1,914	1,995	2,639	4,634
Percentage of permanent contracts	**95.4%**	**95.2%**	**95.1%**	**82.2%**	**87.7%**

(5) See 4.1 The circular economy and energy recovery and 4.2 Climate change and greenhouse gas emissions.

Stability in the workforce facilitates the acquisition of experience, which has a positive impact in terms of preventing accidents. Prioritizing permanent employment contracts contributes to workforce stability. Certain international structures are relatively recent, as reflected in the seniority pyramid:

Seniority pyramid



1.3.4.3.4 Managing gender diversity

Headcount at December 31	**2017**	**2018**	**2019**		
	France		France	International	Worldwide
Men	1,441	1,463	1,514	2,108	3,622
Women	440	451	481	531	1,012
Total	1,881	1,914	1,995	2,639	4,634
Percentage of women	**23.4%**	**23.6%**	**24.1%**	**20.1%**	**21.8%** ☑

Many positions relate to heavy industry with specific features such as shift work or night work, and as a result women account for a smaller portion of the headcount than in laboratory, sales and/or administrative positions.

See also 6.1.2 Law on the freedom to choose one's future career (September 5, 2018).

1.3.4.3.5 Overseeing management

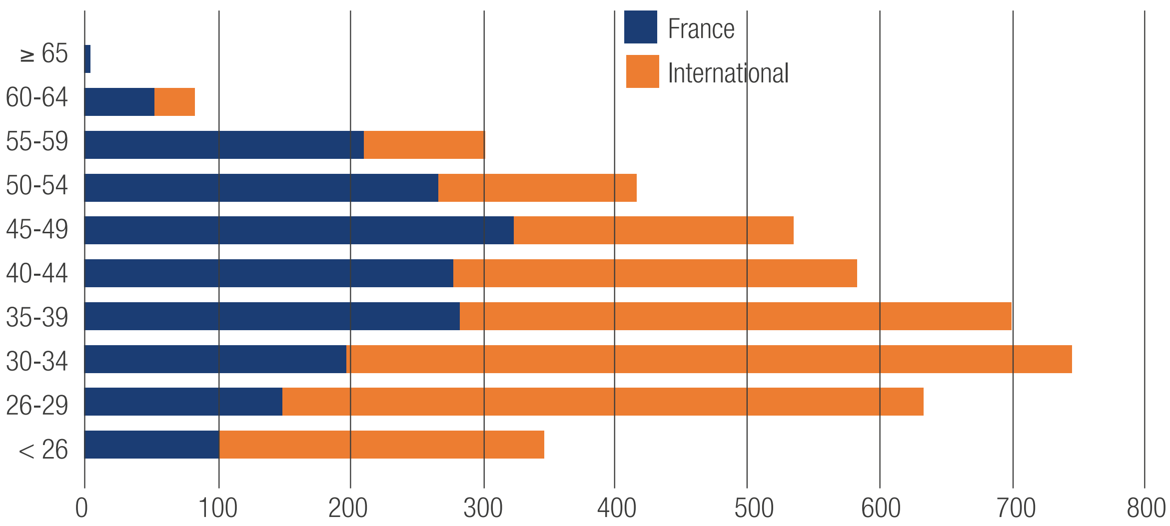
Headcount at December 31 – Management	**2017**	**2018**	**2019**		
	France		France	International	Worldwide
Executives	433	439	468	81	549
Supervisors	490	511	529	329	858
Employees	289	272	282	384	666
Workers	669	692	716	1,845	2,561
Total	1,881	1,914	1,995	2,639	4,634
Percentage managers + supervisors	**49.1%**	**49.6%**	**50.0%**	**15.5%**	**30.4%**

1.3.4.3.6 Training

Number of	2017	2018	2019		
	France		France	International	Worldwide
Employees trained	1,305	1,427	1,420	1,823	3,243
Training hours	30,656	32,464	35,301	35,009	70,310 ☑
Employees trained as a percentage of the average headcount	**70.0%**	**75.1%**	**72.4%**	**73.3%**	**72.9%**

1.3.4.3.7 Ensuring a balance between generations – the age pyramid

Age pyramid ☑

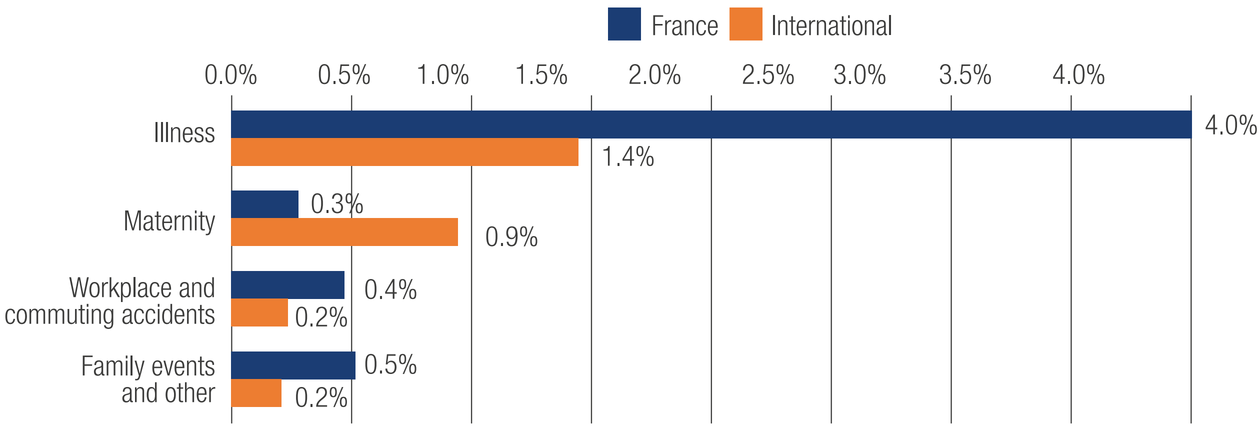


There may be a correlation between age and exposure to certain types of workplace accidents.

1.3.4.3.8 Managing absenteeism

Number of days of absence	2017	2018	2019		
	France		France	International	Worldwide
Total	37,756	39,999	36,943	10,211	47,154
Per employee (average headcount)	20.2	21.1	18.8	4.1	10.6
Absenteeism as a % of days due to be worked	**5.5%**	**5.8%**	**5.2%**	**2.6%**	**4.3%**

Absenteeism rate
as a % of the number of days due to be worked



1.3.5 OCCUPATIONAL HEALTH AND SAFETY RISKS

Associated key issues

- Health, safety;
- Quality of life at work.

1.3.5.1 Type of material non-financial risk

The prevention of occupational risks involves all actions taken to protect employees' health and safety, improve working conditions and foster well-being in the workplace. This is a regulatory requirement for the employer, and the main obligations in this area are set out in the French Labor Code.

It is part of companies' corporate social responsibility aimed at reducing workplace accidents and occupational illness and limiting the human, social and economic consequences of their activity.
To fulfil its responsibilities and meet the corresponding performance obligation, the employer must adapt the risk prevention policy to the company's activity and organizational structure and anticipate forthcoming changes.

The Group's businesses incur the usual risks inherent to industrial operations. In addition, the Group's activities involve the handling of chemicals that pose potential health risks (toxic waste, asbestos, PCB) and the use of technical tools in an industrial environment that could give rise to workplace accidents or occupational illness.

1.3.5.2 Recognizing and managing the risk

To implement an occupational risk prevention policy, it is necessary to draw on methods and expertise to:

- Measure risks: this is a legal obligation for employers and a crucial part of the risk prevention process, which involves determining the most appropriate preventive actions covering technical, human and organizational aspects of the company's activity. The results of the risk assessment are formally recorded in the single workplace risk prevention document;
- Implement an occupational risk prevention process aimed at continually improving the company's occupational health and safety performance;
- Complete all mandatory periodic verifications (Group-wide master agreement in place since 2013).

1.3.5.2.1 Risk assessment

For each site, the Group's health and safety team, assisted by the local HSEQ team and the site manager, prepares a memo summarizing how risk exposure is managed. Once finalized, the memos are presented to the Economic and Labor Relations Council (CES). They summarize all of the static and dynamic results measured, and conclude with a progress action plan, which is updated with each new version. Among the factors considered:

- Hazards identified at the site in terms of chemical risks related to the waste, products, and substances processed or generated at the site;
- Work situations exposed to chemical risk and the results of measurements taken in a work environment;
- The organizational, preventive and precautionary measures put in place;
- Biological monitoring agreed with the occupational physician, if appropriate.

One of the key steps of this methodology, which is unique to Séché Group, is identifying zones in which the waste to be treated and the waste generated are likely to be held, 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 the zones 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/zone" pairs and strengthen the instructions if need be.

In addition, the Group also analyzes the extent to which positions involve difficult working conditions. Accordingly, it organizes action and monitoring plans including targets for:

- Reducing multiple exposures to difficult working conditions;
- Adapting and adjusting 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.

1.3.5.2.2 Organization of risk prevention

Under a central structure dedicated to occupational health and safety, site managers are responsible for risk prevention, assisted by the expertise of:

- An HSEQ manager who adapts the Group's policy to each site;
- Regional incident prevention officers who assist with day-to-day safety management;
- Economic and Labor Relations Councils (CSE) set up by the 2018 French Labor law;
- Each site trains first-aid officers as part of its training program.

In accordance with the laws (Article 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 their interventions more effective in terms of medical monitoring and complementary/multidisciplinary skills.

1.3.5.2.3 Training

Special training is provided: Managing and optimizing safety behaviors, with the goal of reducing risky behavior that could result in accidents. Supervisors speak to operators on the ground during regular field visits and establish whether the safety measures in place are suitable or not. The goal is to implement corrective measures if need be and to report 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 those concerned. They include an individual assessment quiz that determines whether or not the operator is permitted to do the task.

Associated key performance indicators (KPIs)

Workplace accidents	**2017**	**2018**	**2019**	
	France		France	International
Number of workplace accidents with absence	53	66	66	55
Number of days’ absence	2,263	2,655	3,298	794
Frequency of workplace accidents with absence (FR)				
FR – Employees	12.5	17.1	16.5	n/a
FR – Employees and temporary staff	14.6	20.0	19.8	8.6
Severity rate (SR)				
SR – Employees	0.72	0.81	1.03	n/a
SR – Employees and temporary staff	0.72	0.88	0.99	0.12

The aim is to achieve a workplace accident frequency rate of below 5 by 2021. This target was set by Executive Management at the 2019 Health and Safety seminar and was formally accepted by all site and business line managers. Internationally, the sharing of best practices will be rolled out between 2020 and 2022.

Occupational illness (France scope due to specific regulations in this area)

In 2019, there were 12 applications to recognize musculoskeletal disorders (MSDs), 6 of which were contested, and 1 of which was upheld. One application concerned burnout, but there were no requests to recognize chronic pathological illnesses or inexcusable negligence, including post-employment.

1.3.5.3 Comments on associated key issues (France)

1.3.5.3.1 Frequency rate of workplace accidents with absence

- 57% of sites had no workplace accidents (44% in 2014, 51% in 2015, 48% in 2016, 67% in 2017, 62.5% in 2018);
- 49% of sites have had no workplace accidents for two years or more.

The accident frequency rate is higher among temporary staff than among employees. This emphasizes the need to improve training for temporary workers and to monitor their understanding. However, the severity rate is much lower for temporary staff (0.63 compared with 1.03), which suggests that the accidents are less serious but that temporary workers may be more inclined to stop working.

1.3.5.3.2 Analysis of risks and difficult working conditions

Since measurements of noise risk management and the risk of chemical exposure were made in 2016, methodologies have been enhanced to take regulatory developments into consideration, confirming that residual exposure levels are insignificant.
All sites completed an analysis of difficult working conditions in 2019. Six types of exposure were measured and reported by the employer to complete the new "professional risk prevention account" for relevant employees. The 2019 analysis showed that 15% of the workforce are exposed to difficult working conditions, as in previous years:

- Workers exposed:
  - 265 employees for shift work;
  - 25 for repetitive tasks;
  - 5 for night work.

- No workers are exposed to:
  - Noise;
  - Extreme temperatures;
  - Compressed air (not applicable to the Séché scope).

1.3.6 ETHICS AND NON-COMPLIANCE RISKS

Associated key issues

- Respect for human rights and fundamental freedoms;
- Prevention of corruption.

1.3.6.1 Type of material non-financial risk

Corporate ethics is the application of ethical principles or values when doing business. It concerns all discretionary decisions and behavior that are not subject to regulations. Corporate ethics apply to individual behavior by a company's employees and the behavior of the company itself, as a legal person, in its strategy and conduct on a daily basis, both of which are interlinked.

Ethical risk also involves a financial risk as the company's brand image could be tarnished by scandals, in particular relating to their financial, social or environmental practices. While ethical risk is difficult to measure due to the absence of objective elements that can be used to calculate the value of a brand or the real impact a scandal would have on a company, the risk is nonetheless sufficiently tangible to be one of the main reasons why companies take preventive measures.

The main ethical risks to which the Group is exposed are:

- Corruption;
- Tax avoidance;
- Respect for human rights;
- Lobbying.

1.3.6.2 Recognizing and managing the risk

1.3.6.2.1 Appointment of a Group Head of Compliance

Compliance involves applying procedures within the company to comply with hard rules (local and international laws and regulations) and soft rules (Universal Declaration of Human Rights, ILO conventions, rules specific to the company's business sector, etc.).

The Group is particularly attentive to sharing and respecting ethical values. Adherence to the values expressed in its Codes of Ethics, the first edition of which dates from 2003, is essential both in the company's own internal relations and in its relationships with its clients, suppliers, authorities, local communities, and more generally speaking, all of its outside stakeholders.

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

Séché Environnement's Board of Directors appointed a Group Head of Compliance who reports to Executive Management, on October 1, 2019. His duties are to ensure the Group observes compliance obligations in terms of its civil and/or criminal liability and to protect its reputation. His remit covers all activities and all geographical areas. He is responsible for ensuring compliance with regulations and the ethics and rules of conduct set by the company.

1.3.6.2.2 Whistleblowing

All members of staff or external service providers may use the internal whistleblowing procedure to report any problems with the interpretation of rules set out in the Codes of Ethics or the Anti-Corruption Code of Conduct, or doubts regarding the application of said rules in any given situation which could mean the Group is held liable or which could harm its reputation and/or image.

The whistleblowing procedure covers 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. This alert system has been strengthened to adapt to the requirements of the Sapin II law, particularly in the event of alerts that relate to actions considered to involve corruption or influence peddling.

The alert may be reported by name or anonymously. Reports are treated confidentially and whistleblowers are protected from any kind of reprisal. The whistleblowing procedure meets the criteria required by the Sapin II law.

No alerts were reported over the period.

1.3.6.2.3 Fighting corruption

To prevent corruption and influence peddling, the Group has taken a series of measures to comply with the requirements of the Sapin II law, which took effect in June 2017.

Séché Environnement's management bodies reiterated their commitment to fighting corruption in a message from the Chairman to all the Group's employees which set out their strict obligation to respect the Anti-Corruption Code of Conduct and the Group's zero-tolerance policy regarding such behavior and invited them to use the whistleblowing procedure with confidence.

In 2019, the Group updated its corruption risk map by holding interviews with over 20 managers representing various activities and subsidiaries and reviewing procedures and methods to determine the residual risk incurred by the Group. This update of the identification and ranking of residual risks aimed to set new targeted priorities and to adapt the anti-corruption program to the Group's development, in particular to take into account the new scope following recent acquisitions.

Classroom-based training was organized in international subsidiaries to roll out the anti-corruption program. This approach also aimed to identify local regulations on corruption applicable in its international subsidiaries and to create a network of compliance officers serving as local contacts for the Head of Compliance for assessing third parties, for example.

The countries in which Séché Environnement operates were ranked by Transparency International in its 2018 Corruption Perceptions Index, which spans 180 countries. Scores range from 0 (country perceived as being highly corrupt) to 100 (country perceived as being very clean). The average score for the countries in which Séché Environnement does business is 67, which is similar to France's score of 72.

1.3.6.2.4 Tax avoidance

In accordance with French law no. 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. In 2019, its international subsidiaries paid €5.734 million in income tax or property ownership tax in their countries of operation.

1.3.6.2.5 Human rights

This relates to promoting and complying with the provisions of the International Labor Organization's conventions on:

Freedom of association and the right to collective bargaining

The Group is 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. Internationally (Mexico and European Union countries mainly), seven subsidiaries are covered by collective bargaining agreements and employee representation structures.

Elimination of discrimination in employment

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. The Group observes the rules set out in the French Equality and Citizenship law of January 27, 2017, which requires companies with over 300 employees to train recruitment managers in non-discrimination in the hiring process.

Séché Environnement is committed to respecting privacy and has never received a complaint in this area, either from its employees or from any other parties.

Elimination of forced 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.

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 patronage operations under current legislation, provided that such operations respect the framework of values and priorities defined by the Group".

1.3.6.2.6 Influence and lobbying

Lobbying

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 of this 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).

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

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 influencing future regulations that encourage sustainable growth in a preserved environment.

Taking 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, in a spirit of transparency and dialog with all stakeholders, with an eye toward sustainable development.

1.3.7 CROSS-DISCIPLINARY RISKS

1.3.7.1 Country risk

1.3.7.1.1 General risks arising from international activities

The main material risks relating to operations are the same internationally as they are in France. However, specific local features (national regulations, the country's level of development, economic situation, etc.) also come into play. For activities that export waste to the Group's French waste treatment facilities, the issues are more complex due to the risk of not obtaining permits to export the waste and/or transport it through the territorial waters passed through by authorized transporters on the journey.

1.3.7.1.2 Specific features of the Group's countries of operation

The Group generates 75% of its contributed revenue from subsidiaries that carry on their business in France, and 8% in Western Europe, where country risk is low. Revenue generated internationally essentially comes from Latin America and South Africa, where the specific risks, based on the COFACE (6) classification (October 2019) and comments by the Ministry for Europe and Foreign Affairs (7) (extracts) are:

South Africa		2019 estimate	
Country risk assessment	Business climate assessment	GDP growth (%)	Inflation (%)
B Fairly high	A4 Reasonable	0.5	4.9

With GDP of USD 370 billion (62% of GDP in Southern Africa; 21% of GDP in Sub-Saharan Africa), South Africa – the only African country member of the BRICS countries and the G20 – is the continent's second largest economy, behind Nigeria and ahead of Egypt.

It boasts the most modern and most diversified economy in Africa (despite its heavy dependence on mining, which accounts for 7% of GDP), with a strong services sector (in particular in financial services, 21% of GDP), a high level of exports, political stability and reliable institutions, especially judicial institutions, abundant natural resources, high quality infrastructure, a growing middle class, and a sophisticated financial sector.

Argentina		2019 estimate	
Country risk assessment	Business climate assessment	GDP growth (%)	Inflation (%)
C High	B Fairly high	-1.5	32.0

Argentina has been in economic crisis since the start of 2018 due to a slump in commodities prices and poor harvests. The Argentine peso has fallen sharply, despite central bank intervention. To face the crisis, the government has negotiated a $56.3 billion aid package to cover Argentina's external funding needs, with a requirement to balance the budget by 2019. The austerity measures introduced, combined with the sharp rise in official interest rates, have severely slowed economic activity.

(6) https://www.coface.fr/Actualites-Publications/Publications/Carte-des-evaluations-pays-octobre-2019
(7) https://www.diplomatie.gouv.fr/fr/dossiers-pays/

Spiraling inflation and currency devaluations, together with the IMF program have sent public debt, which is mostly in dollars, skyrocketing. However, the trade balance began to pick up in 2019, and the budget deficit improved.

Chile		2019 estimate	
Country risk assessment	Business climate assessment	GDP growth (%)	Inflation (%)
A3 Satisfactory	A3 Satisfactory	3.0	3.0

As Latin America's fourth largest economy, behind Brazil, Argentina, and Colombia, in recent years, Chile has become one of the continent's strongest economies. However, the country has some weaknesses, in particular its strong dependence on commodities (especially copper, which accounts for half of its exports), high energy dependence and recent unrest due to the cost of living and rising social inequality.

While Chile has a competitive market with high standards, the solidity and strength of its economy and its overall political stability make it an attractive destination for both exporters and investors.

Mexico		2019 estimate	
Country risk assessment	Business climate assessment	GDP growth (%)	Inflation (%)
B Fairly high	A4 Reasonable	1.0	3.6

As the world's 15th largest economy, a member of the G20 and the OECD, Mexico is Latin America's second largest economy. Mexican growth, which was previously moderate but steady, is slowing sharply.

Its economic fundamentals are solid, despite a steady rise in debt and uncertainties surrounding Donald Trump's policies on trade, immigration and tariffs. The tripartite agreement signed by the United States, Canada and Mexico on December 10, 2019 (the United States-Mexico-Canada Agreement, or USMCA), aims to replace the existing North American Free Trade Agreement (NAFTA).

Peru		2019 estimate	
Country risk assessment	Business climate assessment	GDP growth (%)	Inflation (%)
A4 Reasonable	A4 Reasonable	3.5	2.0

Peru is a mid-sized economy, which has maintained strong economic growth since the end of the "golden decade" for commodity exporters (2005-2014), unlike most of its neighbors. The country is dependent on the strength of the mining industry, in particular copper.

Despite the disproportionate informal economy and major social, ethnic and geographical disparities, the country has a high Human Development Index score, and has seen a rapid drop in poverty.
Its economic outlook is good, but the international situation is slightly less favorable (terms of trade, slowdown in global trade, growth of its major trading partners such as China, commodity prices). Overall, Peru's macroeconomic fundamentals (public debt, budget and current account deficit, currency stability, etc.) remain excellent. Peru is the only country in Latin America whose financial rating has not been downgraded by the major agencies in the past two years. It probably has the lowest country risk in the region.

To allow comparison, France's country risk assessment is A2 (low risk) and its business climate assessment is A1 (very low risk).

1.3.7.2 Image risk (media risk)

1.3.7.2.1 Key issues for stakeholders

A company's reputation is a strategic asset. Reputation risk has become a major risk, corresponding to the impact a management error could have on a company's image. A company's reputation is highly dependent on its relations with its stakeholders. Adopting an ethical approach inspires confidence among clients (economic capital), suppliers (industrial capital), employees (human capital), shareholders (financial capital) and society in general (corporate capital).

Séché Environnement is not currently aware of any controversy concerning it.

1.3.7.2.2 Communications policy

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 concrete information and awareness-raising 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.

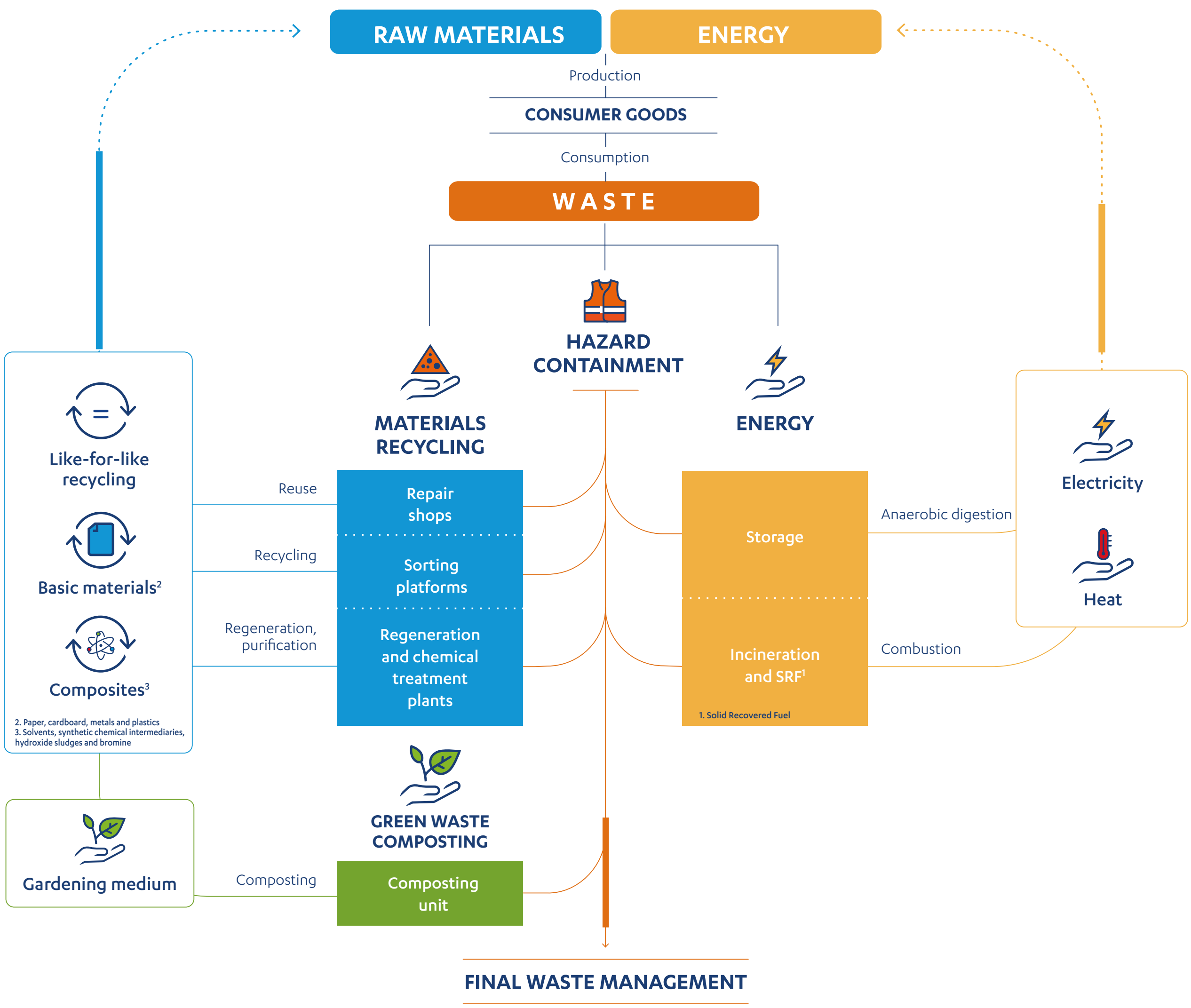
	2017	2018	2019		
	France		France	International	Worldwide
Number of visitors	11,100	8,600	8,247	633	8,880

The peak in visitor numbers reached in 2017 was due to a period of public consultations for the renewal of operating permits. Since then, strict regulations on Seveso sites and restrictions under France's Vigipirate national security alert system have led to a drop in visitor numbers.

1.4 KEY ISSUES FOR STAKEHOLDERS IN THE BUSINESS MODEL

1.4.1 DRIVING THE CIRCULAR ECONOMY

1.4.1.1 Recycling materials: a priority – review of materials



Séché Environnement is involved in different 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 – waste producers. The Group works indirectly with waste producers by facilitating the orientation of their waste to solutions where they become secondary raw materials (e.g. sorting platforms for non-hazardous waste including household packaging on behalf of local communities).

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

1.4.1.1.1 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.

Via recovery of ash and metals:

At two of its sites (La Dominelais and La Croix-Irtelle), Séché Environnement operates facilities to remove ferrous materials and allow the maturing of ash produced in household waste incinerators. The metals are recovered for use in steelmaking and the ash is used in roadbeds as a substitute for quarry aggregates.

1.4.1.1.2 Recycling molecules of interest drawn from industrial waste

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.) provides a response to the depletion of natural resources, and to the difficulty of accessing them for technical or political reasons.

Solvents and chemical synthesis intermediates

Through distillation, Séché Environnement purifies chemical synthesis intermediates required by certain industries and serves as a backup supply 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. The Group applies two recovery methods in this market:

- Reuse: restoring transformers to serviceability after diagnosing those 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 firms 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.

1.4.1.1.3 Séché Environnement’s “materials” recovery review

Production of secondary raw materials and waste:

As Séché Environnement’s business is waste treatment, the Group produces final waste which is what remains after the treatment of 3,264 kilotons 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 tons recovered for clients (recycling solvents, household package sorting platforms, etc.).

Waste production in kt (criterion D)	2017	2018	2019		
	France		France	International	Worldwide
Hazardous Waste (HW)	120.5	121.4	111.0	0.6	111.6
Non-Hazardous Waste (NHW)	21.7	26.4	41.9	-	41.9
o/w tonnage transferred to another Group center					
Hazardous Waste (HW)	83.6	82.9	77.9	-	77.9
Non-Hazardous Waste (NHW)	18.9	18.7	20.0	-	20.0

Waste recovery in kt (criterion R)	2017	2018	2019		
	France		France	International	Worldwide
Hazardous Waste (HW)	22.5	21.2	23.4	-	23.4
Non-Hazardous Waste (NHW)	211.2	244.7	186.5	24.1	210.6
Total	**233.7**	**265.9**	**209.9**	**24.1**	**234.0**

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 French law on the Energy Transition for Green Growth.

Consumption of raw materials and efficiency in their use:

The operations with the highest material consumption per ton of waste treated are first storage and stabilization, followed by treatment processes (physical-chemical treatment 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 material 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 comprising this consumption incorporates products involved in calculating Scope 3 greenhouse gas emissions.

Consumption in kt	2017	2018	2019		
	France		France	International	Worldwide
Raw materials purchased (chemicals)	31	34	28	n/a	28
Raw materials purchased (PW usage)	120	138	147	n/a	147
Total raw materials purchased	**151**	**172**	175	**n/a**	175
Secondary raw materials (chemicals)	4	5	4	n/a	4
Secondary raw materials (PW usage)	148	88	77	n/a	77
Total secondary raw materials	**152**	**93**	81	**n/a**	81
Total consumption	303	265	256	n/a	256
Percentage from waste					
Chemical usage	11.4%	12.8%	12.5%	n/a	12.5%
Public works usage	55.2%	28.9%	34.4%	n/a	34.4%

1.4.1.2 Energy recovery: one of the Group's key strengths – energy review

Energy recovery is a method of treatment preferred over disposal but reserved for waste that cannot be reused or recycled. The Group is positioned in the businesses of renewable energy and energy recovered from waste in the form of heat and electricity.

1.4.1.2.1 Methane recovery in rural facilities

Storage of household and similar waste is only used for final waste, that is the portion that cannot be recycled or recovered under current technical or economic conditions. 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 of this type (landfill mining) was carried out at the Opale Environnement site (Pas-de-Calais) as part of a European research program.

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.

1.4.1.2.2 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 waste). 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 incinerator runs constantly without interruption except for maintenance. As heat usage is seasonal, the proportions of steam and electricity produced 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 (purification residue, combustion residue and ash).

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.

1.4.1.2.3 Solid recovered fuel (SRF)

Energy recovery from non-recyclable combustible waste (solid recovered fuel, SRF) is a major part of the French law on the Energy Transition for Green Growth insofar as it is indissociable from the stated aim of reducing the volume of waste sent to landfill by 50% by 2025.

The goal is to take advantage of the calorific value of certain waste that cannot be recovered in material form, while lowering the environmental impact of its thermal oxidization in light of its chemical composition. SRF 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 waste sorting by-products, homogeneous industrial waste (stable composition) that cannot be recovered in material form, which have calorific value and which are not an identified source of pollution. SRF is mainly comprised of sorting rejects, as well as very mixed waste that cannot be reused for its materials (recycling) because it is physically too small to be recycled (wood, paper, cardboard, plastic wrap) or multilayer materials, dark plastics, bulk packaging, granulates, etc. SRF is easy to store and can therefore be used later as needed for energy.

The facility installed in 2017 at the Changé site was the first unit in France dedicated to recovering heat from SRF to cover the energy needs of a district heating network. It was designed and built with an industrial ecology approach. To optimize the use of the SRF, the furnace is used to cover the needs of the agricultural cooperative Déshyouest (animal feed dehydration) in summer and to heat water for Laval's municipal heating system in winter via a 10 km pipe.

1.4.1.2.4 Energy review

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

Energy review in GWh/year	**2017**	**2018**	**2019**		
	France		France	International	Worldwide
Energy production	**689.9**	**769.4**	**733.5**	**-**	**733.5** ☑
Outside energy sales	600.6	679.2	647.2	-	647.2
Own use (internally)	89.2	90.2	86.3	-	86.3
Percentage of renewable energy[(8)]	31.4%	29.9%	31.1% ☑	-	-
Energy consumption	**314.7**	**313.1**	**314.0**	**175.0**	**489.0** ☑
Own use (internally)	89.2	90.2	86.3	-	86.3
Energy purchased	225.4	222.9	227.7	175.0	402.7
Energy independence as a %	**219%**	**246%**	**234%** ☑	**-**	**150%**

The decline in the rate of energy independence in France in 2019 was due to temporary partial shutdowns of the Salaise 2 incinerator (full revamping) and the Triadis Rouen incinerator (following the fire at the Lubrizol chemicals plant located nearby).

(8) Energy from biomass is considered to be renewable and is interpreted in the industry as being energy produced from biogas or 50% from domestic waste incineration (percentages set by ADEME).

1.4. 2 GREENHOUSE GAS EMISSIONS AND CLIMATE CHANGE

Waste treatment generates greenhouse gas emissions representing 2.6% of total emissions in France (2.8% worldwide). However, this figure masks a more complex carbon footprint. Waste occurs as the end of a product's life and it is only possible to measure the overall impact by taking a life cycle approach. Reducing the volume of raw materials that will ultimately be transformed into waste avoids greenhouse gases caused by the extraction, transformation, transport and end-of-life treatment of materials. These different types of emissions are not recorded as "waste" in national inventories but in other items, in particular "manufacturing industries", "energy sector" and "transport".

1.4.2.1 Regulatory context

1.4.2.1.1 No carbon tax for waste

Regulatory changes found in tax and environmental legislation in France (Grenelle II, law no. 2015-992 of August 17, 2015 on the 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.

However, although other taxes on waste such as the General Tax on Polluting Activities in France are not directly intended to reduce greenhouse gas emissions, they may mitigate the impact of waste management on climate change by fostering the circular economy.

While the emission trading scheme (ETS) does not apply to incineration and neither the national low carbon strategy nor the Green Deal mention incineration, the European Effort Sharing Regulation (ESR) sets member states emission reduction targets, and they can apply domestic taxes if appropriate.

1.4.2.1.2 Obligation to publish information on the resulting financial risks

Article 173 of the French law for the Energy Transition for Green Growth, 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. The primary operational risks identified relate to:

- Intense outbreaks of cold weather which, if they are exceptional in scale or continue for long periods, could limit access to our sites (blocked highways, roads, or railways – inability for heavy vehicles to travel), as well as the costs of upkeep, maintenance, and additional energy consumption 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, which may negatively impact the Group's profitability due to the water management obligations that affect its classified facilities.

1.4.2.1.3 Mandatory performance disclosures – scope: France

Article 75 of French law no. 2010-788 of July 12, 2010 requires companies to produce a greenhouse gas emissions report (BEGES). Since 2011 (reference year), Séché Environnement has applied the BEGES methodology for its greenhouse gas emissions report, supported by the Bilan Carbone®© V7 initiative set up by the French environment agency, ADEME, which is now run by the Bilan Carbone® nonprofit. In accordance with regulatory requirements, the operational scope is all direct and indirect sources of greenhouse gas (GHG) emissions associated with energy, i.e. Scope 1 emissions (GHG whose source, whether stationary or mobile, is controlled by the corporation) and Scope 2 emissions (GHG resulting from the generation of electricity, heat or steam imported and consumed by the corporation for its activities).

There are no similar reporting requirements in the countries in which Séché Environnement does business abroad.

1.4.2.2 Waste carbon cycles (short and long-term)

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

1.4.2.2.1 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: this is the short, or biogenic carbon cycle. In this natural, balanced cycle, the impact of biogenic CO_2 on the greenhouse effect is considered to be close to zero. For this reason, biogenic carbon must be quantified separately, since it is considered not to have an impact on climate change. For waste management activities, biogenic carbon originates in the fermentable component of waste (biodegradable matter, cardboard, organic household waste, etc.) and is re-emitted as CO_2 during treatment. 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.

1.4.2.2.2 The very long-term fossil carbon cycle

The carbon contained in fossil matter was trapped in “geological reservoirs” in cycles spanning several million years, 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 over a time scale of around 100 years. Over this time scale, carbon of fossil origin contributes to increasing the concentration of CO_2 in the atmosphere and has a decisive impact on climate change.

1.4.2.3 The Group’s greenhouse gas emissions (scopes 1 and 2)

In ktCO_2eq	2017	2018	2019	
	France		France	International
Bilan Carbone ® – fossil	540.1	576.0	566.6 ☑	58.6
Bilan Carbone ® – biogenic	299.5	332.4	327.9 ☑	-
Bilan Carbone ® – total	**839.6**	**908.5**	**894.5** ☑	**58.6**
Uncertainty in the Bilan Carbone ® measurement	52.9	56.6	57.2	20.3

Figures for 2018 have been corrected for a material error in the published figures, by 0.1% for the total (907.4) and 34.1% for uncertainty (41.5).

1.4.2.4 The Group's greenhouse gas emissions (scope 3) – France

1.4.2.4.1 Purchasing products or services

The main sources of scope 3 emissions (source 9) relate to materials purchased, which generated emissions of 95.6 ktCO_2eq, with an uncertainty of 19.0 ktCO_2eq (20%).

Raw materials used for public works, mainly for the construction of storage sites (clay, stones, etc.) and for inerting hazardous waste (hydraulic binders) contributed 72.1 ktCO_2eq with an uncertainty of 148 ktCO_2eq (20%). When calculating the impact of raw materials used for public works, 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 tons received (lime, soda, nitrogen, acids, etc.) are listed annually in terms of weighed value on delivery, 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 applied is therefore higher.

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

Overall, raw materials for chemical use are estimated to emit 23.4 ktCO_2eq with an uncertainty of 11.9 ktCO_2eq (51%).

1.4.2.4.2 Waste and end-of-life of products sold

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

1.4.2.5 Measures taken to adapt – transport in France

Scope 1 greenhouse gas emissions are calculated for all the transportation carried out by Séché Environnement's own means (diesel consumed by vehicles). For the remainder – client or leased trucks – it is very difficult to know the exact type of trucks used, their route or their fill rate. Those sources in scope 3 are very uncertain and therefore of little relevance. However, they are a subject of attention for the implementation of an emissions reduction plan.

1.4.2.5.1 Transporters' CO_2 charter

Séché Transport has signed the "Objectif CO_2 – Les transporteurs s'engagent" charter. Under this initiative, its fleet of trucks is gradually being renewed with the acquisition of vehicles meeting the Euro 6 emissions standard (tractors and straight trucks) with full regeneration of exhaust gases. Drivers also receive ongoing training.

The third triennial commitment period began in 2017 (with emissions of 4,171 tCO_2eq). In 2019, emissions had been cut to 3,110 tCO_2eq, an improvement of 25%.

1.4.2.5.2 Choice of multimodal transport

Road or river transport is prioritized over road transport whenever possible, but there are significant constraints in terms of the infrastructure and its availability (in particular during the full rail strike in December 2019).

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

In 2019, 37 trains and 1,308 containers, representing 21.7 million freight ton kilometers, were removed from the roads and transported by rail. CO_2 emissions per ton transported by rail are only 12% of what they are by road.

1.4.2.6 Greenhouse gases avoided

1.4.2.6.1 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. In the Bilan Carbone® methodology, biogenic carbon emissions avoided will no longer be recorded 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 activities have also helped to abate other greenhouse gases (nitrogen oxides) by injecting urea into flue gas treatment. In addition, CO_2 capturing 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".

1.4.2.6.2 GHG emissions avoided through energy recovery and gas recycling

GHG avoided in ktCO_2eq	2017	2018	2019
Scopes 1 and 2 GHG avoided through energy recovery, excluding own energy consumption	80.7	92.7	69.7 ☑
Scope 3 GHG avoided through the recycling of R134a gas (refrigerant gas)	2.5	0.5	0.2

The usual way of calculating GHG emissions avoided through energy recovery from waste is to estimate the volume of CO_2 that would have been emitted to obtain the same volume of secondary energy (electricity, heat) based on the energy mix in the country in question (France in this instance).

The decline in GHG avoided in 2019 was caused by the reduction in energy production due to temporary partial shutdowns of the Salaise 2 incinerator (full revamping) and the Triadis Rouen incinerator (following the fire at the Lubrizol plant located nearby).

1.4.2.7 Greenhouse gases abated by the treatment of industrial gases with high global warming potential (GWP)

Gases with high global warming potential such as CFCs, Halons, SF_6 etc. (23,900 times the GWP of CO_2) are abated in the Group's facilities.

GHG abated in ktCO_2eq	2017	2018	2019
GHG abated, e.g. industrial gases treated	2,638	2,612	4,002

Among the various gases, a higher proportion were alkanes. However, databases contain no abatement factor (global warming potential) for these gases, so they are not counted as avoided GHGs.

1.4.2.8 ECOCERT Climate Commitment Management System certification

Séché Environnement has held Climate Commitment certification from ECOCERT Environnement since 2015. It was the first company in its sector to obtain certification for all its sites in France.

This standard is the result of an initiative by ECOCERT Environnement, 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.

1.4.3 BIODIVERSITY

1.4.3.1 Rebuilding biodiversity is in the Group's DNA

1.4.3.1.1 Longstanding commitments and organization of the DNA initiative

Aware of the role that business can play, Séché Environnement's Dedicated to Nature through Action (DNA) program will supply tools for structuring and measuring the preservation of territorial biodiversity, in a concrete, sustainable, and measurable way. DNA extends the Group's continued voluntary involvement in France's National Biodiversity Strategy which was recognized by the Ministry of Ecology for the 2013-2016 period.

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 Group has used its own indicators to measure its performance for several years:

- Biodiversity indicators (amphibians, birds, bats) at storage sites;
- Bat monitoring protocol with the French National Museum of Natural History;
- Inventory of plantings and/or flower meadows;
- Sustainable management, such as grazing by goats or sheep;
- Creation or restoration of ponds, building of insect hotels, installation of birdhouses and bird feeders.

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

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.

All sites in France have a biodiversity coordinator, and the Group's international sites are signing up to the initiative. Preserving biodiversity involves all members of staff, with tangible protection initiatives and efforts to raise awareness of the importance of biodiversity through simple, information campaigns.

1.4.3.1.2 Confirmation and reiteration of public commitments

The reorganization of government departments, in particular with the creation of the French Office for Biodiversity and the rollout of three parallel commitments for local authorities, businesses and partners, temporarily slowed the momentum of the national biodiversity strategy.

The Act4Nature initiative set up by the EpE association in 2018 offset this shortfall by giving companies the opportunity to maintain, or ramp up, their efforts towards biodiversity and to continue promoting them via the new setup. Séché Environnement is involved in the Act4Nature initiative. Overseen by the EpE association, it brings together 65 businesses that are committed to integrating biodiversity into their overall strategy, to create a genuine collective dynamic, with both shared and individual commitments.

On December 12, 2019, the Ministry of the Ecological and Inclusive Transition (MTES) launched a new system of commitments for businesses, based on two organizations which share the same goals but cover different geographical areas:

- EEN – Act4nature France, overseen by the MTES, whose remit is limited to France;
- Act4nature International, sponsored by EpE, with the support of MEDEF and l'AFEP, associations of mostly large international corporations.

Séché Environnement joined both schemes, which provide support in rolling out the initiatives in both France and around the world.

1.4.3.1.3 DNA plan and review of 2019 action – Act4nature

Séché Environnement's DNA 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. International sites have recently joined.

A steering committee acts as the link between local initiatives and Executive Management, which sets the general targets and action principles. Each of the sites involved in the initiative has a biodiversity coordinator whose mission is to deploy the four DNA commitments, under the responsibility of the local management team.

1. Situate biodiversity actions on a space-time continuum of improvement
Actions taken under this commitment must be ongoing. The biodiversity coordinator assesses areas of biodiversity at the site and chooses a theme related to the flora/fauna or habitat issues identified. A set of adjustments or actions will be implemented based on this theme. Biodiversity monitoring protocols will then be introduced to measure the improvements in biodiversity arising from the action taken. The conclusions will allow the action to be intensified or a new theme to be selected.

2. Make biodiversity a cause that will bring people together within the Group
The first step under this commitment is to encourage employees to become more interested in biodiversity, for example by:

- Publishing a diary of local "Nature" events for employees;
- Promoting subsidiaries' "Biodiversity news" across the Group using all available communications channels.

The second phase consists in choosing at least one theme to be developed:

- Select, organize and implement a theme to raise awareness of biodiversity;
- Analyze employee awareness;
- Monitor participation and restore momentum.

3. Use biodiversity as a lever to inspire stakeholders

To implement this project, the biodiversity coordinator takes the following steps:

- Identifying stakeholders in line with the site's activity and biodiversity;
- Creating a partnership with a stakeholder on a joint project;
- Completing the project with the stakeholder and communicating to promote its achievements;
- Monitoring participation and restoring momentum.

4. Develop people's interest in preserving biodiversity by means of an artistic or cultural approach

The biodiversity coordinator organizes a working group to address a shared theme in three stages:

Inform:

- Facilitate access to information and sharing knowledge about the consequences of our consumption habits and preserving biodiversity;
- The idea is to show that our choices can have an impact on nature and our health.

Show:

- Foster contact between staff members and organizations with good environmental practice;
- Suggest simple ways of establishing good habits via exhibitions, meetings, outings, etc.

Act:

- Organize demonstration workshops to encourage good habits.
- Examples: set a challenge, organize a biodiversity day, create a workshop on saving water, invite local farmers to sell their produce in the company, etc.

Séché Environnement's DNA plan is being deployed in a renewable four-year cycle from 2019. Some actions are continuous or span several years. The goal is to achieve an average of 25% of the commitments at the end of the first year of the plan.

1.4.3.1.4 Biodiversity policy – one of the criteria of the ESG impact loan

By incorporating biodiversity in its business strategy, Séché Environnement was able to use the execution of its biodiversity action plan as one of the three ESG (environmental, social, and governance) criteria used to set the interest rate reduction/penalty applied on its ESG impact loan taken out in 2018. This is an example of "green finance".

The assessment criteria to be met is progress of 25% in terms of the Act4Nature commitments. The achievement of this goal was confirmed in an audit by KPMG, which issued a certificate to this end.

18 sites (16 in France, 1 in Spain and 1 in Peru) have 84 commitments ongoing.

Number of commitments	Progress rate 25%	50%	75%	100%
Commitment 1	18	-	-	-
Commitment 2	24	7	-	-
Commitment 3	12	1	5	-
Commitment 4	10	6	1	-

1.4.3.1.5 Patronage of science and associations

In June 2019, Séché Environnement concomitantly signed two partnership and patronage agreements in a joint session at the French National Museum of Natural History (MNHN), reflecting a shared commitment to preserve biodiversity by three types of players – scientists, NGOs, and business:

- With the MNHN, to reduce pollution, and marine pollution in particular, with the Marinarium in Concarneau, through sponsorship of its educational program;
- With the bird protection association Ligue de Protection pour les Oiseaux, in support of daily life, food choices, cultural techniques, and land occupation, under the “De la terre et des ailes” program.

1.4.3.1.6 Biodiversity management certification by ECOCERT Environnement

In 2016, Séché Environnement was awarded “Biodiversity Commitment” certification for all its sites covering more than 10 hectares (storage sites), by ECOCERT Environnement. 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 Biodiversity Commitment certification are as follows:

1 - Universal certification that can be adjusted to all types of organizations worldwide (small or large company, community, territory, natural park or conservation area);
2 - Certification that treats local biodiversity as being affected throughout the organization’s value chain, in places directly and indirectly related to its operations;
3 - Certification that strives to encourage awareness of the role and dependency that organizations have with respect to biodiversity;
4 - Certification that gets stakeholders involved in order to connect the organization with its local area to share information and learn from experience;
5 -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;
6 - 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;
7 - 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.

1.4.3.2 Review of water resources and consumption

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 the 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.

1.4.3.2.1 Water removal, in particular in France, which accounts for the most of the Group’s water consumption

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

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.

1.4.3.2.2 Return to the natural environment

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 (See Civil and criminal liability risk, in particular relating to health and safety and the environment).

1.4.3.2.3 Water used and returned to the natural environment

In thousands of m³	**2017**	**2018**	**2019**	
	France		France	International
Consumption by origin				
Drawn from water tables	2,527	2,684	2,806	n/a
Purchased from water supply system	510	515	471	n/a
Other (surface water + demineralized water purchased)	125	144	130	n/a
Total water consumption	3,162	3,343	3,405 ☑	93
Proportion extracted from groundwater	80.0%	80.3%	81.8%	n/a
Consumption by use				
Used in incineration	3,017	3,196	3,017	-
Other business lines	145	147	413	93
Total water consumption	3,162	3,343	3,430	93
Recycled water (avoiding drawdowns)	149	162	131	-
Return to natural environment				
Total return via wastewater treatment site	2,177	2,397	2,782 ☑	n/a
Percentage of consumption	68.9%	71.7%	81.1% ☑	n/a
Net consumption (consumed – returned)	**985**	**946**	**648**	**93**

1.5

HOW R&D HELPS MANAGE THE KEY ISSUES

1.5.1 RESEARCH & DEVELOPMENT STRATEGY

1.5.1.1 Scientific goals and partnerships

The multidisciplinary hands-on R&D approach applied within the Group aims to:

- Ensure constant improvements to existing processes in terms of productivity, safety and regulatory compliance;
- Provide a response to clients' specific requirements in terms of waste recovery and treatment by drafting and implementing ad hoc procedures;
- Anticipate new regulations and changing expectations in society by exploring new areas of eco-development.

This strong culture of innovation boosts Séché Environnement's performance and addresses the major challenges it faces in terms of health and safety, the circular economy and the environment.

Besides its proprietary projects, Séché Environnement also pursues a collaborative R&D strategy with partners in industry and the academic world. For example, in 2019 it worked with industrial players including Arkema, GRTgaz, Enosis, and Durag, and technological or scientific universities such as IMT Atlantique, IMT Albi Carmaux, INSA Lyon, INSA Toulouse, as well as Bordeaux, Nantes and Ghent universities. These partnerships covered what happens to mercury and its behavior during incineration (Mimosa project), the recycling of methacrylate (MMATwo project), the development of regional green energy production solutions (Plainénergie project).

1.5.1.2 Research resources and results

To maximize synergies between its different areas of development, since 2018, Séché Environnement has centralized its R&D activities within a single division, which has a new research center equipped with the most recent facilities at its site in Saint-Vulbas (Ain). This site currently employs around ten highly qualified experienced scientists (graduates from universities or engineering schools) with expertise in chemicals, chemical physics, biology and scientific processes.

Séché Environnement estimates that in 2019, 5% of consolidated revenue was directly or indirectly generated by its research and development activities, via the implementation of new processes and industrial applications and innovation brought to existing processes. The Group has received research tax credits totaling €4.5 million since 2009, including €0.7 million in 2019 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:

- €0.9 million in 2019;
- €0.3 million in 2018;
- €0.6 million in 2017.

1.5.2 CONTINUAL IMPROVEMENT IN PROCESSES AND PRODUCTIVITY

1.1.5.2.1 Energy efficiency: a new vacuum evaporator

Vacuum evaporators are one of the most effective solutions for reducing and treating liquid industrial waste. Vacuum evaporation is clean, safe, and extremely versatile and its running costs are very low. The technique transforms residual effluents into two flows – one with concentrated residue and one with high quality water. Following conclusive tests on effluents from various industrial uses (wastewater containing detergents, soluble oil waste, etc.), the system chosen uses the principle of vacuum evaporation via Mechanical Vapor Compression (MVC), which is a low-energy solution. In financial terms, this process will significantly reduce effluent treatment costs because it removes the need for demulsification, in particular for soluble oil waste.

1.5.2.2 Optimizing the anaerobic digestion of non-hazardous waste: Métafor

Anaerobic digestion, or methanization, is a biological process based on the decomposition of organic matter by microorganisms a controlled environment. The optimization of methanization facilities is essential to the expansion of this process in France. The Métafor project aims to produce a panel of expertise to help the operators of our non-hazardous waste storage facilities to optimize methane production while ensuring biological security across the system. The panel includes laboratory analysis, the classification of inputs, in particular with information on their methane production capacity, real time biological monitoring, and recommendations on how to operate such facilities.

1.5.3 INDUSTRIAL RISK MANAGEMENT

1.5.3.1 Potential nanoparticle emissions from the end-of-life incineration of nanomaterials: NanoWet

Although nanoparticles or nanomaterials are now widely used in various forms in all business sectors, there are currently no French or European regulations on managing the associated waste, at the manufacturing, use, or end-of-life stage. The ADEME-led programs named CORTEA (knowledge, reduction at source, and treatment of air emissions), NanoFlueGas and NanoWet examined the treatment of nano-structured waste by incineration with combustion of the gas produced at 850°C and 1,100°C respectively. The scientific and technical objectives of these programs were to characterize particle emissions in post-combustion solid and gas effluents, to measure the effectiveness of flue gas treatment, and to issue recommendations on minimizing the associated risk.

In real industrial conditions, bag filters (identified as the Best Available Technique) proved highly effective, with the results confirmed in laboratory conditions. Examination of washing towers demonstrated that the collection of carbon-based nanoparticles was extremely effective.

1.5.3.2 What happens to mercury during incineration: MIMOSA

The Mimosa project was set up ahead of the reduction in mercury emissions by waste-to-energy (WTE) plants, including the obligation to provide constant measurements. The aim is to better understand the occurrence of erratic variations in the presence of mercury in combustion exhaust gas to allow better management and more effective elimination before it is released into the atmosphere.

The work carried out under this project, which was funded by the ADEME under its CORTEA program, involved an industrial experiment at the Alcéa site operated by Séché Environnement for Nantes Métropole. The data collected were used to establish the parameters to be applied for the operation of the WTE plant in order to comply with the forthcoming emission limit value set in the Incineration BREF (Best Available Techniques Reference Document), which takes effect in December 2023. The study also improved understanding of the different forms of mercury during the thermal waste treatment process. As a result, mercury transformation mechanisms relating to local thermodynamic conditions were understood, and thermochemical modelling was used to correlate the actual data with the initial hypotheses. The Mimosa program also assessed mercury capture phenomena during flue gas treatment.

1.5.4 CONTRIBUTING TO THE CIRCULAR ECONOMY

1.5.4.1 PMMA recycling, an important process for society: MMAtwo

Polymethyl methacrylate (PMMA) is a polymer widely used for its optical properties. Approximately 300,000 metric tons of PMMA worth around €1 billion are produced each year in Europe. It is currently estimated that only 30,000 tons of PMMA waste are collected for recycling each year in Europe, or 10% of annual production, although PMMA can be transformed into its monomer by thermal depolymerization, thereby saving precious resources and avoiding CO_2 emissions.

The majority of PMMA recycling in Europe currently uses a lead-based process that does not allow the treatment of low-grade PMMA. In addition, current PMMA waste recycling focuses on post-industrial PMMA rather than on end-of-life PMMA, which accounts for the majority of total PMMA waste and is either exported, stored or incinerated.

The MMAtwo project aims to transform post-industrial PMMA waste and end-of-life waste into a high quality raw material and thereby contribute to the circular economy.

1.5.4.2 Recovery of residual waste as renewable gas: PLAINÉNERGIE

The Communauté de Communes de la Plaine de l'Ain (CCPA), Syndicat Mixte du Parc Industriel de la Plaine de l'Ain (SMPIPA), GRTgaz, Séché Environnement, ENOSIS, PROVADEMSE, INSAVALOR, and laboratories DEEP and LISBP at INSA Lyon and Toulouse signed a partnership agreement to carry out the PLAINÉNERGIE project. This is the first project in Europe to transform non-recovered waste into a renewable source of gas by combining pyro-gasification and biological methanation. This innovative project lies at the heart of the energy transition and the circular economy.

PLAINÉNERGIE aims to produce an experimental industrial facility to allow the treatment and conversion into energy of a wide range of residual waste collected by the CCPA community of towns and the PIPA industrial park to produce renewable gas that will ultimately be injected into the existing gas network.

The project combines two innovative waste recovery technologies: pyro-gasification and biological methanation. Pyro-gasification involves various techniques that have been specifically adapted and are particularly effective in converting waste that cannot be recycled into energy. It breaks the waste down into different molecules to form syngas. A biological methanation process converts this syngas into synthetic methane, which can replace natural gas for all uses (residential, industrial, fuel).

1.6 SPECIFIC NON-FINANCIAL PERFORMANCE DISCLOSURES REQUIRED BY THE FRENCH COMMERCIAL CODE SCOPE: FRANCE

1.6.1 SOCIAL ASPECTS

1.6.1.1 Employer-employee relations

Séché Environnement believes that the quality of social dialog between management and employee representatives is an ethical requirement and a sign of effectiveness and performance because it improves feedback and employee engagement and commitment. To this end, the Group encourages the negotiation and signing of company-wide agreements that reflect its requirements and those of workers on the ground.

Only one lawsuit was brought against the Group in 2019.

1.6.1.2 Law on the freedom to choose one's future career (September 5, 2018)

The law on the freedom to choose one's future career (September 5, 2018) introduced a system to reduce the pay gap between men and women.

This new obligation provided the opportunity to consider new ways of promoting gender equality in our subsidiaries. Working groups comprising HR teams and operational staff were set up to address this matter in units with more than 50 and more than 250 employees.

Séché Environnement is committed to the principle of non-discrimination. In France, all subsidiaries had already incorporated this principle in their agreement on gender equality, which applies to hiring, mobility and training:

- In line with the commitments taken under this agreement on gender equality, Séché Environnement has reaffirmed that it will foster equal opportunities, fair treatment and diversity;
- Regarding recruitment, Séché Environnement ensures the traceability of applications from internal and external candidates. Candidates are selected based on objective criteria (training, professional experience, technical and behavioral skills, etc.). At the end of the recruitment process, the chosen candidate is offered a position. If necessary, Séché Environnement diversifies its recruitment channels during the recruitment process;
- In addition, it ensures that all employees have equal access to professional training.

1.6.1.3 Collective bargaining agreements

% of workforce	2017	2018	2019
Union des Industries Chimiques (UIC)	34	32	31
Waste activities	50	53	53
FG3E	7	7	7
Road transport	5	5	6
Public works	3	3	3
Metallurgy	1	-	-

1.6.1.4 Company-wide agreements

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

	2019
Number of agreements signed during the year	
Workplace equality	1
Mandatory annual negotiations	19
Incentives/profit-sharing	1
Other subjects	2
Number of subsidiaries covered by an agreement	
Strategic Workforce Planning	9
Inter-generation employment contracts	9
Difficult working conditions	9
Gender equality	9

1.6.1.5 Profit-sharing and incentive schemes

The Group fosters employees' commitment to delivering results with incentive bonus schemes negotiated with labor unions.

For most people, employee savings schemes are an essential complement to individual rainy-day savings and long-term investments.

94% of Séché Environnement Group employees are covered by a profit-sharing agreement and 50% by an incentive scheme:

- 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 or no. of employees	2017	2018	2019
Total profit-sharing pool	1,392	1,407	1,259
Number of beneficiaries	800	832	1,015
Total incentive bonus pool	451	911	608
Number of beneficiaries	891	1,079	1,073

The Group does not distribute free shares, nor award stock options. The Group savings plan allows employees to invest in the Séché Croissance employee savings plan and to share in their company's growth. Outstanding amounts in these schemes are as follows:

Séché Croissance employee savings plan	2017	2018	2019
No. of Séché Environnement shares held	35,659	36,149	34,469
Share of Séché Environnement's capital	0.45%	0.46%	0.44%
Share of Séché Environnement's voting rights	0.65%	0.70%	0.67%

1.6.1.6 Measures for people with disabilities

Séché Environnement and all of its subsidiaries have been committed since 2010 to a policy to assist people with disabilities. A survey was conducted to highlight the strengths and weaknesses of each subsidiary. A Disability officer is present within each scope in order to optimize best practices for the inclusion of staff with disabilities. Multiple disability awareness documents have been put together as part of this policy, and the company enlists service providers specialized in this field when hiring (CAP Emploi, a temp agency focused on inclusion, etc.). Each year in November, the Company actively participates in Disability Employment Week, particularly by organizing job awareness days.

In full-time equivalents	2017	2018	2019
Within the company	67	50	64.8
Subcontracted from specialized associations	9	10	8.6
Number of beneficiaries	76	60	73.4

1.6.2 LAW NOT APPLICABLE TO THE GROUP'S SCOPE OF ACTIVITY – "FOOD" LAW

French law no. 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 enacted on November 1, calls for the disclosure of information regarding the company's social commitments to fighting food poverty, respect for animal welfare, and responsible, fair, sustainable food (Art L.225-102-1 of the French Commercial Code). Likewise, French law no. 2016-138 of February 11, 2016 governing food waste calls for reporting on it as part of the circular economy.

As Séché Environnement is not active in this sector and the Group has no company restaurant, it is not concerned by this regulation and such indicators are irrelevant.

1.7 METHODOLOGY

1.7.1 REGULATORY TEXTS USED FOR REFERENCE

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 social 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 no. 2010-788 of July 12, 2010 relating to a national commitment for the environment, and its 2012 application decree including societal information;
- Decree no. 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 measurements of climate change impacts;
- Ordinance no. 2017-1180 of July 19, 2017 and decree no. 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 two texts have applied to Séché Environnement since its 2018 fiscal year.

1.7.2 DEFINITION OF SCOPES

1.7.2.1 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 2019.

The rules for adding entities to the scope or removing them are based on consolidation definitions (IFRS 10/IFRS 5). 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 classified environmental protection facilities (ICPEs) subject to operating permits (including 17 Seveso or Seveso upper tier 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.

1.7.2.2 Specific scopes used for environmental indicators

The scope for tracking environmental indicators – unlike social ones – is defined for Séché Environnement as being all classified environmental protection facilities 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, environmental data:

- are in principle reported with that of Séché Environnement whenever the legal structure that received the public service delegation and is a subsidiary of the Group holds the local permit: this is true of Alcéa, Séneval, and Gabarre Énergie (Guadeloupe); the latter two, however, are exceptions:

  - Séneval – the operator of the Strasbourg incinerator – and Eurométropole, its owner – decided to fully close the site for asbestos removal and revamping for three years from the end of summer 2016. Because Séneval has been shut down for the last two fiscal years, its environmental data (unlike its HR data) are not relevant. Consequently and as a special exception, its 2014 to 2019 environmental data (air, water, energy, greenhouse gases, waste, etc.) have 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 delegating local authority that holds the main operating permit.

- Are not consolidated when the operating permits are in the name of the local authorities in question. This is true, for instance, of the Scherwiller composting site, which is managed by Séché Éco-Industries.

For the same reason, the facilities operated by Séché Éco-Services (in France) and Solarca (internationally) at industrial sites are not included in Séché Environnement's environmental reporting data because they are reported by the industrial firms in question, which hold the operating permits.

1.7.2.3 Particular case of international work

In recent years, decontamination work was performed outside of national borders, without specific local structures, primarily with international funding (FAO, UNEP, etc.). This work led to the importing of waste after it was made safe, to be treated in France. The environmental impacts are therefore included in the "France" scope, as are the corresponding staff.

1.7.3 MEASUREMENTS AND DATA PROCESSING

1.7.3.1 Types of indicators

The Group uses three types of indicators:

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

1.7.3.2 Origin of data

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

Environmental data in this report are extracted from declarations (including GEREP reporting) made regularly by 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 come 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 the French National Accounting Council (CNC) of October 21, 2003.

1.7.3.3 Consolidation methods

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

For entities that enter the scope of consolidation during the year:

- HR data are fully integrated as of the end of the year (types of workers at year-end by age, gender, duties, status, etc.);
- Environmental flow indicators (consumption, discharges) and HR indicators (training hours, wage pyramid, etc.) are not counted, as data for less than twelve months are not significant.

1.7.3.4 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 IPCC Fifth Assessment Report. Faced with the challenge of regularly updating the emission factors in the Base Carbone® database to be used as a priority for regulatory GHG reporting 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® database to allow for updates. The version of the Base Carbone database integrated into the model is version 14 of December 22, 2017;
- Emissions calculations based on regulatory methods (V4 published in October 2016);
- A method for calculating the uncertainties relating to emissions, based on IPCC recommendations;
- Calculation methods that relate exclusively to scope 1 and 2 emissions under the regulatory method.

1.7.3.5 Materiality

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

Certain inaccuracies or reporting errors in previous years (particularly for environmental indicators) have been detected during completion of the current year reporting. A materiality threshold of 5% of 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, a comment explains the correction.

In the particular case of the greenhouse gas emissions report (BEGES), which is a complex indicator derived from calculations, an uncertainty calculation is performed based on the elementary data sources:

- 1% Data recorded by legal measurements (metrology control)
- 10% Data from invoices;
- 30% Data obtained by calculation / extrapolation;
- 80% Data estimated because they are 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 protocols are derived from participatory science work carried out by the French National Museum of Natural History (Natural Wealth Inventory – IPN).

1.7.3.6 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 source, approval, data blocking, alert management, proof request management.

The environmental data are 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 reporting of polluting emissions and waste). 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 for the Group's environmental reporting.

International data is reported using electronic spreadsheets, which are consolidated by the International division.

1.7.3.7 Transparency – data auditing

In accordance with the ministerial order stating the terms of audit set out by law no. 2010-788, Séché Environnement has assigned KPMG the task of verifying all environmental, social, and societal information presented in this chapter, beginning in 2013. Since 2014, KPMG has verified a selection of indicators marked by the symbol þ to a reasonable assurance level.

1.8

REPORT BY ONE OF THE STATUTORY AUDITORS APPOINTED AS AN INDEPENDENT THIRD PARTY ON THE CONSOLIDATED NON-FINANCIAL PERFORMANCE STATEMENT INCLUDED IN THE MANAGEMENT REPORT

Séché Environnement SA
Registered office: Les Hêtres - CS20020 , 53811 Changé Cedex 09

Report by one of the Statutory Auditors, appointed as an independent third party, on the consolidated non-financial performance statement

Year ended December 31, 2019

To the shareholders,

In our capacity as Statutory Auditor of Séché Environnement Group, appointed as an independent third party and accredited by COFRAC under number 3-1049 [9], we hereby report to you on the consolidated non-financial performance report for the year ended December 31, 2019 (hereinafter the “Report”), presented in the Group management report pursuant to the provisions of Articles L. 225-102-1, R. 225-105 and R. 225-105-1 of the French Commercial Code.

Responsibility of the entity

It is the responsibility of the Board of Directors to establish a Report 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 Report was prepared by applying the company’s procedures (hereinafter the “Guidelines”), which are summarized in the Report and available on request from its 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. In addition, we have implemented a system of quality control including documented policies and procedures regarding compliance with the applicable legal and regulatory requirements, rules of ethics, and French professional standards.

Responsibility of the Statutory Auditor appointed as an independent third party

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

- the Report’s compliance with the provisions set out in Article R.225-105 of the French Commercial Code;
- the fairness of the information provided pursuant to part 3 of sections I and II of Article R. 225-105 of the French Commercial Code, i.e. the outcomes of policies, including key performance indicators, and measures relating to the main risks, hereinafter the “Information.”

(9) The scope of which is available at www.cofrac.fr.

It is our responsibility to express, at the company's request, and outside the scope of accreditation, a conclusion of reasonable assurance that the information selected [10] by the company and identified by the symbol ☑ in chapter 1 - Non-financial performance report, was established, in all significant aspects, in accordance with the Guidelines.

However, it is not our responsibility to provide any conclusion on the company's compliance with other applicable legal and regulatory provisions, particularly with regard to anti-corruption and tax avoidance measures, or on the compliance of products and services with the applicable regulations.

Nature and scope of our work

We performed our work in accordance with Articles A. 225-1 *et seq* of the French Commercial Code and the professional guidance issued by the French Institute of Statutory Auditors (Compagnie nationale des commissaires aux comptes) relating to this engagement and with ISAE 3000 [11]:

- We familiarized ourselves with all the entities included in the scope of consolidation, and with the report on the main risks;
- We assessed the suitability of the Guidelines in terms of their relevance, completeness, reliability, neutrality and clarity, taking into account, where appropriate, best practices within the sector;
- We verified that the Report covers each category of information stipulated in section III of Article L. 225-102-1 governing social and environmental affairs, the respect for human rights and the fight against corruption and tax evasion;
- We verified that, when relevant to the main risks or policies presented, the Report presents the information stipulated in section II of Article R.225-105 and that, where appropriate, it includes an explanation of the reasons why information required under the second paragraph of section III of Article L. 225-102-1 is not presented.
- We verified that the Report presents the business model and describes the main risks relating to the Group's business activity, including, where relevant and proportionate, the risks generated by its business relations, products or services as well as policies, measures and outcomes, including key performance indicators for the main risks.
- We consulted documents and conducted interviews to:
    - assess the process of selecting and validating the main risks and the consistency of the results and key performance indicators used with regard to the main risks and policies presented;
    - corroborate the qualitative information (action and results) we deemed to be the most significant [12]. For some risks (ethical and non-compliance risks, management of the traceability of waste, specific risks relating to the operation of industrial sites) we performed our work at the level of the consolidating entities, while for other risks, we carried out our work at the level of the consolidated entity and in a selection of entities [13].
- We verified that the Report covers the consolidated scope, i.e. all companies within the consolidation scope in accordance with Article L. 233-16, with the limits specified in the Report;
- We reviewed the internal control and risk management procedures implemented by the entity and assessed the collection process to ensure the completeness and fairness of the Information;

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(10) Total headcount at December 31 and breakdown by age, Average number of training hours per employee, Percentage of women in the total headcount, Percentage of women managers, Water returned to nature as a percentage of total water consumption, Renewable energy produced as a percentage of total energy production, Energy independence rate, Scopes 1 and 2 greenhouse gas emissions, Greenhouse gas emissions avoided due to energy recovery.

(11) ISAE 3000 – *Assurance engagements other than audits or reviews of historical financial information.*

(12) Assessment of difficult working conditions; Training in safety in the workplace; Measures for the employment of persons with disabilities; Occupational health and safety management standards; Collective bargaining agreements and employer-employee relations; Actions to protect biodiversity; Projects to improve waste treatment; Commitments to reducing greenhouse gas emissions; Anti-corruption procedures; CSR ratings and awards.

(13) Human resources information: Interwaste (South Africa). Environmental information: Interwaste (South Africa); Béarn Incinération, Alcéa, Trédi Saint-Vulbas, SPP Saint-Vulbas, Trédi Salaise, SEI Changé (France).

- For the key performance indicators and other quantitative outcomes that in our judgment were of most significance [14], we carried out:
  - analytical procedures that consisted in verifying the correct consolidation of collected data as well as the consistency of changes thereto;
  - substantive tests, on a sampling basis, that consisted in verifying the proper application of definitions and procedures and reconciling data with supporting documents. These procedures were conducted for a selection of contributing entities [15] and covered between 40% and 76% of the consolidated data selected for these tests;
- We assessed the overall consistency of the Report in relation to our knowledge of all the entities included in the consolidation scope.

We believe that the procedures we have performed, based on our professional judgment, are sufficient to provide a basis for a conclusion of limited assurance; a higher level of assurance would have required us to apply more extensive procedures.

Means and resources

Our work was performed by a team of six people over a period of five weeks between December 2019 and March 2020.
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 Report.

Conclusion

Based on our work, nothing has come to our attention that cause us to believe that the consolidated non-financial performance report does not comply with the applicable regulatory provisions and that the Information, taken as a whole, is not fairly presented in accordance with the Guidelines.

Report of reasonable assurance for a selection of non-financial information

Nature and scope of our work

For the information selected by the entity and identified by the symbol ☑ in chapter 1 - Non-financial performance report, we performed work of the same type as described in the paragraph entitled "Nature and scope of our work" above, for information we judged to be the most significant as well as a more detailed review, in particular in terms of the number of tests.

As such, the selected sample represents between 40% and 76% 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 entity and identified by the symbol ☑ in chapter 1 - Non-financial performance report, was prepared, in all its material aspects, in accordance with the Guidelines.

Paris-La Défense, March 10, 2020
KPMG SA

Anne Garans
Partner
Sustainability Services

Gwenaël Chédaleux
Partner

(14) Reasonable assurance: see footnote on page 2 of this report. Moderate assurance: Frequency of workplace accidents with employee absence, Absenteeism, Women as a percentage of the Board of Directors.
(15) Human resources information: Interwaste (South Africa). Environmental information: Interwaste (South Africa); Béarn Incinération, Alcéa, Trédi Saint-Vulbas, SPP Saint-Vulbas, Trédi Salaise, SEI Changé (France).

02

2019 ACTIVITY REPORT

2.1

COMMENTS ON 2019 ACTIVITY AND RESULTS

2.1.1 HIGHLIGHTS OF THE PERIOD

In 2019, Séché Environnement pursued its international expansion with the acquisition of Kanay in Peru, Interwaste Holdings Ltd in South Africa, Mecomer in Italy, and Ciclo in Chile. These acquisitions represent total full-year revenue of around €115 million.

At an operational level, some of the Group's facilities experienced partial shutdowns in the second half of the year, for revamping work (Salaise 2 and Salaise 3 furnaces), the restarting of production at the Strasbourg-Sénerval incinerator, and the closure of the Triadis site in Rouen following the fire at the nearby chemical plant owned by Lubrizol.

Over the period, the Group saw robust organic growth in most of its markets in France and worldwide, in line with its forecasts. The strong gross operating performance and the high level of free cash generation enabled the Group to keep its consolidated net debt in line with its targets, despite the high level of industrial and financial investments.

Thanks to its financial flexibility and strong cash generation, the Group confirms the strength of its balance sheet and reaffirms its ability to achieve its medium-term economic, operational and financial goals.

2.1.1.1 Strategic international acquisitions

Acquisition of a majority stake in Kanay (Peru)

On January 31, 2019, in accordance with its purchase option on Kanay's shares, Séché Environnement acquired an additional 7% stake in Kanay's capital, increasing its holding from 49% to 56%. It subsequently purchased the remaining shares and at June 30, 2019, it held 100% of Kanay's capital.

Kanay is active in medical waste treatment and decontamination in Peru and is actively expanding into the hazardous waste markets, especially through incineration activities.
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 and it employed 246 people.

Kanay has been fully consolidated since January 1, 2019 (previously accounted for under the equity method).

Acquisition of Interwaste Holdings Limited (South Africa)

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 put forward by Séché Environnement on November 2, 2018 involves a Scheme of Arrangement put to shareholders by the Interwaste Board of Directors at a price of ZAR 1.20 per share, putting the total value of Interwaste shares at around €35.2 million(1) (including 41 million shares held as treasury stock). Following the removal of the outstanding conditions precedent, the Scheme of Arrangement and the delisting of Interwaste from the Johannesburg Stock Exchange were finalized on March 5, 2019.

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

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

Interwaste was founded in 1989 and has a workforce of around 2,000 employees. In 2018 it generated consolidated sales of ZAR 1,164 million (around €77.5 million) and EBITDA of ZAR 202 million (around €13.4 million), with current operating income totaling ZAR 101 million (around €6.7 million), and net income of ZAR 0.6 million (around €0.0 million) (2).

Its growth has been led by an experienced, professional, autonomous management team. Boasting ISO 14001 and OHSAS 18001 certification, Interwaste has recent, high quality infrastructure meeting international standards to provide its industrial clients with an integrated offer of waste management solutions.

Interwaste has been fully consolidated since January 1, 2019.

With this acquisition, Séché Environnement aims to build a strong position in South Africa, thus taking advantage of the growth and transformation of waste markets as part of a circular economy approach.

A holding company, Séché South Africa, was created to hold Interwaste's shares and accelerate the Group's development in the promising regions of southern Africa.

Acquisition of Mecomer (Italy)

Created in 1987, Mecomer is a recognized specialist in the management of solid and liquid industrial waste, in particular high added value waste generated by the chemical, pharmaceutical and energy sectors.
With its analysis laboratory and two transfer facilities located in the Milan region, certified to ISO 14001, OHSAS 18001 and ISO 9001, the Company provides its industrial clients with innovative, technology-intensive local solutions for the characterization, grouping, trading and transfer of the most technical waste. Thanks to a high-performing logistics solution in terms of safety and environmental friendliness, Mecomer delivers relevant solutions to the core issues facing its clients in developing a circular economy.
In 2018, Mecomer posted revenue of €32.2 million, for adjusted EBITDA (IFRS) of €6.2 million and current operating income of €4.9 million. At year-end 2018, its adjusted net debt (IFRS) totaled €4.5 million and it employed 150 people.

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(1) Based on a ZAR/EUR exchange rate of 0.0625.
(2) Based on a ZAR/EUR exchange rate of 0.0666 (average exchange rate of 2018).

This acquisition brings substantial synergies with facilities that complement each other perfectly from both an industrial and geographical standpoint, allowing the Group to roll out new, local industrial waste management solutions focused on the circular economy for its shared core customers in these regions.

The acquisition of Mecomer also strengthens Séché Environnement's position as an integrated regional player on the European hazardous waste recovery and treatment markets.

The Group acquired 90% of Mecomer's capital. Stefano Ferrante, the son of the Mecomer's founder, kept a minority stake and will continue to support the company's growth alongside Séché Environnement as Chief Executive Officer.

Mecomer has been fully consolidated since April 1, 2019.

Acquisition of a majority stake in Ciclo (Chile)

Ciclo SA has innovative plans to develop integrated industrial waste management solutions with an approach that fosters the circular economy and sustainable development.
This will create facilities that meet the highest international standards for the recovery, treatment and storage of industrial waste, in particular hazardous waste.

Ciclo, which is located in the north of the Santiago metropolitan region, will complement SAN perfectly from a geographical standpoint, enhancing Séché Environnement's nationwide footprint and considerably strengthening its presence in Chile's economic center. It will also significantly bolster the Group's commercial position and increase its recovery and treatment capacities among its core client base of industrial firms, mostly active in the energy and mining sectors.

Séché Environnement acquired a 70% stake, as Ciclo's long-standing shareholders wish to support the company's development alongside Séché Environnement.

The project is expected to be developed during 2020 for expected revenues of around €3 million at the end of the first full year of operations, with substantial growth in subsequent years.

2.1.1.2 Reduced capacity availability at some sites in the second half of the year

Séché Environnement began major investments to modernize some of its waste recovery and treatment sites in the second half of 2019.

In accordance with its contract with the delegating authority, the Group also restarted production at the Strasbourg-Sénerval site after five years of asbestos removal work.

It also suffered the fallout from the fire at the Lubrizol chemical plant in Rouen.

Although these events did not cause a significant shortfall in revenue, waste was – to varying degrees – transferred to other sites, giving rise to temporary additional expenses. The Group estimates that this impacted its full-year EBITDA by around €4 million.

Revamping of Salaise 2 and energy recovery investments at Salaise 3

In the third quarter of 2019, Séché Environnement began the modernization of furnace no. 2 (Salaise 2) at its thermal hazardous waste treatment facility in Salaise-sur-Sanne. This work meant the facility was fully unavailable for three months, in line with the initial timetable. It involved the replacement of key components such as the furnace, the post-combustion facility (flue gas treatment, etc.) and the electrostatic precipitator.

These investments totaled €6 million. They improved the facility's availability rate (by around 30%), its productivity (by reducing maintenance requirements) and its safety (by modernizing its management).

At the same time, the Group invested around €0.9 million in the boiler of the Salaise 3 furnace under the steam energy supply contract signed with the Osiris consortium, which manages services and infrastructure for members of the Les Roches-Roussillon chemicals platform - France's biggest grouping of chemical firms.

This supply of lost energy will replace fossil fuel consumption and reduce the platform's CO_2 emissions by around 120,000 tons per year, the equivalent to the emissions generated by the electricity consumption of 80,000 European homes.

These investments will continue in 2020, for a total of €3.0 million.

Restarting of the Strasbourg-Sénerval incinerator

The Strasbourg-Sénerval incinerator, which is operated by Séché Environnement under a public service delegation, was closed for nearly five years for asbestos removal. Production at this site was restarted in the second half of 2019, and it returned to normal operations, gradually reducing the transfer of waste to other sites.

The restarting of the incinerator and the gradual increase in the volume of heat recovered led to additional expenses, which were borne by Séché Environnement under its agreement with the contracting authority.

Impact of the Lubrizol fire on Triadis' facilities in Rouen

In the fourth quarter of 2019, the activities of the Triadis-Rouen hazardous waste incinerator and the waste grouping and sorting platform were heavily impacted by the fire at the nearby Lubrizol chemicals plant on September 20, 2019. The grouping and sorting platform was closed for around three weeks, while the incinerator resumed activity after around three months.

This situation caused additional operating costs, notably due to the use of alternative waste treatment solutions for Séché Environnement's clients (transfers to other facilities). Séché Environnement has filed claims with its insurers, in particular to compensate the operating losses incurred (beyond the excess amount set out in its insurance policies).

2.1.1.3 Financing growth

New bond issue

On May 20, 2019, Séché Environnement issued a new €80 million bond in two tranches:

- €60 million maturing in 7 years (2026) with a coupon of 2.90%;
- €20 million maturing in 8 years (2027) with a coupon of 3.05%.

The proceeds from this issue refinanced the Group's international acquisitions.

The issue was carried out on considerably better terms and conditions than the previous bond issue in July 2018 [3] and was subscribed for by French and European investors.

ESG impact loan: improvements on all criteria and a reduced interest rate

At the end of the first year of the ESG impact loan set up in July 2018[4], Séché Environnement had improved its performance in all the areas required to obtain a lower cost of borrowing, i.e.:

- Energy independence: increased from 220% in 2017 to 246% in 2018;
- Tangible action to preserve biodiversity: commitment to a binding action plan under the Act4Nature - Entreprises Engagées pour l'Environnement initiative;
- ESG rating by Éthifinance: the rating improved in 2018 against 2017, allowing the Group to benefit from a 0.05% reduction in the interest rate on its bank loan for 12 months from July 1, 2019.

In addition, in June 2019, Séché Environnement made further commitments in favor of sustainable development and biodiversity by signing two new patronage agreements. The first was signed with the National Natural History Museum's Marinarium in Concarneau to reduce pollution, and marine pollution in particular, and the second agreement was signed in support of the "De la terre et des ailes" program run by the bird protection association Ligue de Protection pour les Oiseaux, in support of daily life, food choices, cultural techniques, and land occupation.

These patronage initiatives also fulfil the criteria set in the ESG impact loan agreement to obtain lower interest rates.

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(3) See press release of July 11, 2018.
(4) See Ibid.

2.1.1.4 Strong economic, operating and financial performance

With contributed revenue [5] of €687.8 million, up 22.7% compared to 2018, Séché Environnement reported a strong increase in its consolidated activities, reflecting both the quality of its organic growth across its historic scope of operations (+4.4%) and the contribution of its expanded international scope (€102.5 million).

Across the scope of its historic operations, the Group recorded solid growth in France (up 4.1%), where it benefited from a buoyant economic environment, while its international subsidiaries (up 6.7% at constant scope and exchange rates) confirm the solid performance of its core markets.

In 2019, Séché Environnement came within range of meeting its 2020 contributed revenue target [6].
Consolidated operating income increased substantially.

In particular, Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) totaled €135.4 million (+24.6%), reflecting a further increase in gross operating profitability, which rose to 19.7% of contributed revenue (vs. 19.4% in 2018).

The gross operating performance results from:

- In France, mostly favorable volume and price effects, which underpinned treatment activities in the two business divisions, though these were offset by €7.2 million in one-time expenses caused by the unavailability of certain facilities and the non-renewal of partial exemptions from the property ownership tax;
- Internationally, mostly from the contribution of the new entities acquired in 2019, for €18.4 million;
- The impact of the first-time application of IFRS 16 in the amount of +€8.3 million;

Current operating income stood at €47.8 million (+8.1%), or 7.0% of contributed revenue (vs. 7.9% in 2018).

The increase in current operating income reflects the positive EBITDA trend, but some charges were incurred:

- In France, a non-recurring depreciation and amortization expense of €2.6 million in connection with the startup of new landfill sites;
- Internationally, amortization expenses of €3.0 million on intangible assets relating to the entities acquired in 2019 [7];
- The impact of the first-time adoption of IFRS 16 in the amount of +€0.5 million;

Operating income came to €46.8 million, 6.8% of contributed revenue (vs. €38.0 million, or 6.8% of contributed revenue, in 2018).

Financial income came out at -€17.5 million vs. -€13.4 million in 2018. On the one hand, this change reflects the increase in the cost of net debt (increase in average net financial debt for the period to finance acquisitions, and the increase in the cost of gross debt, reflecting recent refinancing and its effect on the extension of debt maturity) and, on the other, the impact of miscellaneous financial expenses of -€1.7 million.

(5) Contributed revenue refers to reported revenue minus IFRIC 12 revenue and diversion compensation collected by Séneval (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.
(6) See press release of June 26, 2018.
(7) Amortization of intangible assets pursuant to IFRS 3.

Taking into account minority interests of -€1.1 million (vs. (-€0.6 million a year ago), net income (Group share) stood at €17.8 million, vs. €15.6 million in 2018 (+14.1%).

2.1.1.5 A solid financial position with preserved flexibility and a stronger liquidity position

Financially, the Group confirmed its financial flexibility by improving its free cash flow generation and completed a new bond issue to refinance its acquisitions, giving it a longer maturity with better interest rate conditions.

At December 31, 2019, the Group's operating cash flow (8) totaled €56.7 million (vs. €38.4 million a year earlier), reflecting an increase of 47.1% for the period.

The ratio of free cash flow to EBITDA stood at 42%, well above the target of 35% set by the Group for 2020 (9).

Available cash amounted to €92.3 million at December 31, 2019 (vs. €66.8 million one year earlier), helping to strengthen the Group's liquidity position to €287.3 million (vs. €261.6 million at December 31, 2018).
Industrial investments totaled €72.5 million in 2019, vs. €65.1 million a year earlier, representing 10.5% of contributed revenue and in line with the Group's medium-term objectives (between 10% and 11%) (10).

After financial investments of €69.8 million for the acquisitions made in 2019, and the integration of the acquired entities' financial debt for €26.9 million, consolidated net financial debt (as defined in the banking contract) came to €399.4 million at December 31, 2019 (vs. €317.4 million one year earlier), taking the financial leverage ratio to 3.1x EBITDA (vs. 2.9x the previous year), a level substantially below the 3.95x set out in the financial covenant – which could be raised to 4.2x in the event of any acquisitions.

(8) Cash before development investments, financial investments, IFRIC 12 investments, dividends, and debt repayment.
(9) See Ibid.
(10) See press release of December 17, 2019.

2.1.2 COMMENTS ON 2019 ACTIVITY AND RESULTS

2.1.2.1 Selected financial information on the Group's activities and results

Simplified consolidated income statement (in € millions)

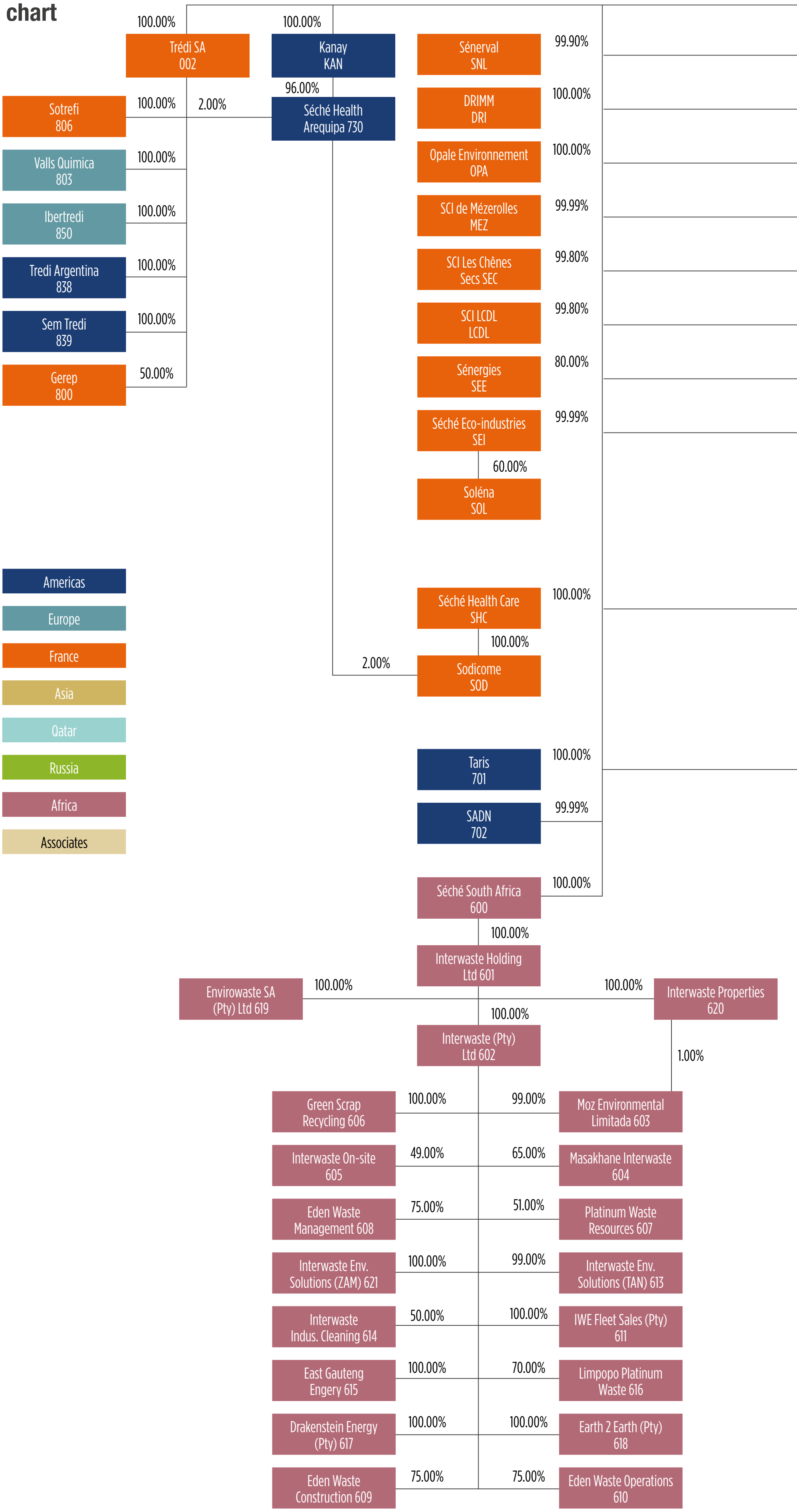
(in millions of euros)	2018	2019 – actual	Gross change
Revenue	585.3	704.4	+20.3%
o/w contributed revenue	***560.5***	***687.8***	***+22.7%***
EBITDA	108.7	135.4	+24.6%
% of revenue (1)	*19.4%*	*19.7%*	-
Current operating income	44.2	47.8	+8.1%
% of revenue (1)	*7.9%*	*7.0%*	-
Operating income	38.0	46.8	+23.1%
Financial income	(13.4)	(17.5)	-
Taxes	(8.8)	(10.4)	-
Net income from consolidated companies	**15.8**	**18.9**	**+19.6%**
Share of income of associates	0.4	ns	-
Net income before minority interests	**16.2**	**18.9**	**+16.7%**
Minority interests	(0.6)	(1.1)	-
Net income (Group share)	**15.6**	**17.8**	**+14.1%**

Unless explicitly specified otherwise, percentages are calculated based on contributed revenue.

In 2019, the scope of consolidation included 77 companies, compared with 53 in 2018. This increase mostly reflects the companies acquired during the year, in particular:

- Kanay, consolidated from January 1, 2019;
- Séché Health Arequipa, consolidated from January 1, 2019;
- Séché South Africa (the holding company for the Interwaste Holdings Ltd sub-group), consolidated from January 1, 2019;
- Mecomer, consolidated from April 1, 2019;
- Ciclo, consolidated from October 1, 2019.

Consolidation organizational chart



For all subsidiaries in the scope of consolidation, the percentage of voting rights is equal to the percentage of ownership.

2.1.2.2 Comments on business activity in 2019

At December 31, 2019, Séché Environnement reported consolidated revenue of €704.4 million, up 20.3% compared to revenue reported at December 31, 2018. Reported consolidated revenue includes non-contributed revenue of €16.6 million (vs. €24.8 million in 2018).

Net of non-contributed revenue, contributed revenue totaled €687.8 million at December 31, 2019 (vs. €560.5 million a year earlier), an increase of 22.7% over the year at current exchange rates (negligible currency effect).

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

Breakdown of revenue by geographic region

At December 31	2018		2019		Gross change
	In €m	As a %	In €m	As a %	+4.1%
Subsidiaries in France (excl. IFRIC 12 revenue and compensation)	496.5	88.6%	516.7	75.1%	-
o/w scope effect	-	-	-	-	-
International subsidiaries	64.0	11.4%	171.1	24.9%	+157.6%
o/w scope effect	-	-	*102.5*	-	-
Total contributed revenue	**560.5**	**100.0%**	**687.8**	**100.0%**	**+22.7%**
IFRIC 12 revenue	7.7	-	-	-	-
Diversion compensation	17.1	-	16.6	-	-
Total reported consolidated revenue	**585.3**	**-**	**704.4**	**-**	**+20.3%**

Consolidated data at current exchange rates

At constant exchange rates, contributed revenue at December 31, 2018 came to €560.7 million, illustrating a negative foreign exchange effect of -€0.2 million.

During 2019, growth was supported by positive trends in most business activities in France and solid performances internationally:

- **In France**, contributed revenue totaled €516.7 million at December 31, 2019 vs. €496.5 million a year earlier, reflecting an increase of 4.1% for the period.

  Within the recovery and treatment sectors, most businesses did well in terms of activity, driven by the solid showing of industrial markets and the stability of contracts with local authorities and by the implementation of the circular economy (see below, Breakdown of revenue by division and Breakdown of revenue by activity). Treatment businesses are trending particularly well while Services saw higher activity in the second half of the year in particular within the Hazardous Waste Division, with an excellent performance for environmental emergency services. Revenue earned in France accounted for 75.1% of contributed revenue in 2019 (vs. 88.6% in 2018);

- **Internationally**, revenue totaled €171.1 million at December 31, 2019, vs. €64.0 million one year earlier. This increase reflects the consolidation of subsidiaries acquired during the period, for €102.5 million.

At constant scope, revenue earned by international subsidiaries totaled €68.6 million, up 7.2% at current exchange rates and 6.7% at constant exchange rates. Organic growth outside France is mainly fueled by the business momentum of the subsidiaries in Chile (+53.0%). In Europe, Valls Quimica (regeneration) recorded a decline in revenue (-6.8%) due to its strategy of refocusing on chemical recovery activities with higher added value and to a less bullish industrial environment in Spain. Solarca (industrial services) saw business performance decline (by 9.8%) compared to a particularly dynamic 2018.

Revenue earned by international subsidiaries accounted for 24.9% of contributed revenue in 2019 (vs. 11.4% in 2019).

Breakdown of revenue by division

At December 31	2018		2019		Gross change
	In €m	As a %	In €m	As a %	
Hazardous Waste division	349.7	62.4%	450.5	65.5%	+28.8%
o/w scope effect	-	-	*75.1*	-	-
Non-Hazardous Waste division (excl. IFRIC 12 revenue and compensation)	210.6	37.6%	237.3	34.5%	+12.6%
o/w scope effect	-	-	*27.4*	-	-
Total contributed revenue	**560.5**	**100.0%**	**687.8**	**100.0%**	**+22.7%**
IFRIC 12 revenue	7.7	-	-	-	-
Diversion compensation	17.1	-	16.6	-	-
Total consolidated revenue	**585.4**	**100.0%**	**704.4**	**-**	**+20.3%**

Consolidated data at current exchange rates

During the 2019 business year, the waste treatment and recovery subsidiaries in France were boosted by the solid showing of its industrial markets, the stability of contracts with local authorities, and, more broadly, by the favorable regulatory environment related to the development of the circular economy. Internationally, the Group pursued a vibrant market penetration strategy, in particular via the entities acquired in 2017 and 2019.

The HW division (65.5% of consolidated contributed revenue) recorded revenue of €450.5 million at December 31, 2019, up 28.8% compared to last year.

This sharp increase reflects a **scope effect** (€75.1 million) and strong industrial markets in France and internationally:

- **In France**, the division brought in €310.4 million in revenue, representing growth of 7.9% compared to last year.

  Over the period, the division's growth was driven by industrial markets, which are still showing robust volumes and pricing, benefiting waste treatment activities. Services, in particular Decontamination services, made up for the project delays incurred early in the year thanks to the excellent performance turned in by SUI's environmental emergency intervention services in the second half of the year;

- **Internationally**, revenue totaled €140.1 million at December 31, 2019 vs. €62.1 million one year earlier).

  This figure factors in a **scope effect** of €75.1 million linked to the full-year consolidation of Kanay and Interwaste and the consolidation of Mecomer over nine months.

  Across the historic scope, revenue from subsidiaries outside France stood at €65.0 million, up 4.7% compared to 2018 at current exchange rates (4.1% at constant exchange rates). This increase reflects a dynamic market penetration strategy that boosted growth in treatment volumes, in particular in Latin America (Chile, etc.), while Solarca's volumes (services) are weighed against the brisk business it did in 2018, with a decline of 9.8%.

With contributed revenue of €237.3 million, up 12.6% compared to December 31, 2018 (€210.8 million), the **NHW Division** accounted for 34.5% of contributed revenue.

The increase in the division's revenue includes a scope effect of €27.4 million, reflecting the contribution of Interwaste (South Africa).

For the historical scope, the division recorded contributed revenue of €209.9 million at December 31, 2019, down by 0.5% compared to 2018:

- **In France**, the division brought in €206.3 million in revenue, down slightly on last year (-1.3%). While the division benefited fully from the implementation of regulations related to the circular economy, which support its recovery and treatment operations, Decontamination activities fell sharply (25.9%) compared to last year;
- **Internationally**, revenue totaled €3.6 million at December 31, 2019, vs. €1.9 million one year earlier). The division's organic growth reflects, in particular, the major increase in the contribution from SAN in Chile.

Breakdown of revenue by activity

At December 31	2018		2019		Gross change
	In €m	As a %	In €m	As a %	
Treatment	280.2	50.0%	339.8	49.4%	+21.2%
o/w scope effect	-	-	*46.1*	-	-
Recovery	94.0	16.8%	102.4	14.9%	+8.9%
o/w scope effect	-	-	*2.5*	-	-
Services	186.2	33.2%	245.6	35.7%	+31.9%
o/w scope effect	-	-	*54.0*	-	-
Total contributed revenue	**560.5**	**100.0%**	**687.8**	**100.0%**	**+22.7%**
IFRIC 12 revenue	7.7	-	-	-	-
Diversion compensation	17.1	-	16.6	-	-
Total consolidated revenue	**585.3**	**-**	**704.4**	**-**	**+20.3%**

Consolidated data at current exchange rates

Treatment activities recorded contributed revenue of €339.8 million at December 31, 2019 (vs. €280.2 million one year earlier).

This increase reflects **changes in scope**, for €46.1 million, following the consolidation of Kanay, Mecomer, and partially Interwaste.

At constant scope, revenue from treatment activities was €293.7 million, reflecting organic growth of 4.8% for the period:

- **In France**, this activity grew 2.7%. It benefited from favorable price and volume effects due to a good level of industrial output, which supported the hazardous waste incineration businesses, while the non-hazardous waste recovery and treatment businesses were underpinned by a favorable market environment and the enactment of regulations associated with the circular economy;
- **Internationally**, treatment activities were up significantly (by 53.8%) due to the strong growth registered in Chile.

Treatment activities accounted for 49.4% of contributed revenue in 2019 (vs. 50.0% in 2018).

Recovery activities brought in €102.4 million in contributed revenue at December 31, 2019 (vs. €94.0 million in 2018).

This increase includes a **scope effect of** €2.5 million due to the consolidation of Interwaste.

At constant scope, revenue was up 6.2% to €99.9 million:

- **In France**, the revenue brought in by recovery activities totaled €78.7 million (up 9.3%), buoyed by positive developments in hazardous waste recovery activities (chemical purification) and by the contribution of energy recovery activities, which are benefiting from the upgrading of the SRF furnace boiler in Changé;
- **Internationally**, revenue fell slightly (by 1.2%) to €21.2 million, impacted by changes at Valls Quimica (Regeneration) whose activities are increasingly focused on businesses with higher value added against a backdrop of less buoyant economic conditions in Spain.

Recovery activities accounted for 14.9% of contributed revenue in 2019 (vs. 16.8% in 2018).

Services activities recorded contributed revenue of €245.6 million at December 31, 2019 (vs. €186.2 million one year earlier).

Changes in scope accounted for €54.0 million, representing the consolidation of Interwaste's service activities.

At constant scope, service activities were stable against 2018 (+0.7%):

- **In France**, revenue amounted to €161.6 million, up +3.9% over the period. The decline in the contribution of Decontamination activities at the start of the year was offset by stronger activity levels in the second half, in particular for Séché Urgences Interventions, which specializes in environmental emergencies;
- **Internationally**, revenue came in at €30.1 million, showing a modest decline of 2.0% attributable to Solarca (chemical purification) whose 2019 performance compares unfavorably to 2018's very high level of activity.

Services activities accounted for 35.7% of contributed revenue in 2019 (vs. 33.2% in 2018).

2.1.3 EBITDA

As at December 31, 2019, consolidated Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA) rose 25.6% from 2018, at €135.4 million, representing 19.7% of contributed revenue (vs. €108.7 million, 19.4% of contributed revenue one year earlier).

This increase of €26.7 million compared to 2018 was primarily due to:

- The impact of the first-time adoption of IFRS 16 in the amount of +€8.3 million;
- **A scope effect** of €18.5 million linked to the integration of companies acquired over the period, or 18.0% of earned revenue.
  It should be noted that excluding Kanay, whose activity was impacted by a change in management and by a decline in decontamination contracts in 2019, gross operating profitability for the newly acquired scope amounted to 20.2% of revenue;
- **At constant scope** (11):
  - The growth in operating margin of €7.2 million, caused by volume effects and positive price effects related to a solid level of business, particularly in treatment facilities;
  - The recognition of non-recurring income and expenses of -€7.2 million, of which -€3.2 million related to the non-renewal of the property tax exemption which the Group enjoyed in 2018 and -€4.0 million due to the partial unavailability of facilities in the second half of the year.

Excluding these one-time effects, the gross operating margin on the historic scope came out at 19.8% of contributed revenue.

Breakdown of EBITDA by geographic scope

In €m	2018			2019		
	Consolidated	France	International	Consolidated	France	International
Contributed revenue	560.5	496.5	64.0	687.8	516.7	171.1
EBITDA	108.7	97.0	11.7	135.4	104.5	30.9
% of contributed revenue	*19.4%*	*19.5%*	*18.3%*	*19.7%*	*20.2%*	*18.1%*

Consolidated data at current exchange rates
For each geographic scope, the main changes were:

(11) At constant scope and excluding the impact of IFRS 16

In France, EBITDA reached €104.5 million, or 20.2% of contributed revenue, compared to €97.0 million (19.5% of contributed revenue) in 2018.

This increase of €7.5 million over the year primarily reflects:

- The impact of the first-time adoption of IFRS 16 in the amount of +€6.4 million;
- Positive volume and price effects for treatment activities across all divisions;
- The one-time effects of partial unavailability due to the shutdown of Salaise 2, the restarting of the Strasbourg-Sénerval incinerator and the partial closing of Triadis facilities in Rouen (following the Lubrizol factory fire) in the amount of -€4.0 million;
- The impacts of the non-renewal of an exemption of a portion of property tax in the amount of -€3.2 million.

Excluding these one-time effects, the gross operating income of French operations came out at 21.6% of contributed revenue.

Internationally, EBITDA rose to €30.9 million, or 18.1% of contributed revenue (vs. €11.7 million, 18.3% of contributed revenue, in 2018).

This €19.2 million increase was due to:

- The impact of the first-time adoption of IFRS 16 in the amount of +€1.9 million;
- **A scope effect** of €18.5 million attributable to the integration of the companies acquired in 2019 into the consolidation scope. Gross operating income brought in by the acquired entities came to 18.1% of earned revenue;
- **At constant scope** there was a slight decline of -€1.2 million due to the lower contribution by Solarca's activities (Services) and the PCB markets in Mexico, which compare unfavorably to the high level of activity and profitability in 2018.

Gross operating income across the historic scope of operations came to 18.1% of revenue at December 31, 2019.

2.1.4 CURRENT OPERATING INCOME

At December 31, 2019, current operating income stood at €47.8 million, or 7.0% of contributed revenue (vs. €44.2 million, 7.9% of contributed revenue, in 2018).

This increase is due to:

- The impact of the first-time adoption of IFRS 16 in the amount of +€0.5 million;
- **Changes in scope**, for +€10.5 million, representing a current operating margin of 10.2% for the newly acquired entities. This contribution includes an amortization expense of -€3.0 million for intangible assets recognized on the acquisition of Interwaste and Mecomer. These intangible assets will be amortized over a period of five years for Interwaste and seven years for Mecomer, as required by IFRS 3.
  Adjusted for these amortization expenses, the current operating income of the acquired entities stands at 13.2% of earned revenue;
- **On a like-for-like basis**, current operating income totaled €36.8 million, representing 6.3% of contributed revenue (vs. €44.2 million a year earlier). This increase reflects stable EBITDA at constant scope, which was offset by the increase in depreciation and amortization (+€7.4 million), including a non-recurring depreciation expense of €2.8 million for the creation of new landfill sites.

Breakdown of current operating income by geographic scope

In €m	2018			2019		
	Consolidated	France	International	Consolidated	France	International
Contributed revenue	560.5	496.5	64.0	687.8	516.7	171.1
Current operating income	44.2	36.2	8.0	47.8	32.2	15.6
% of contributed revenue	*7.9%*	*7.3%*	*12.5%*	*7.0%*	*6.2%*	*9.1%*

Consolidated data at current exchange rates

For each geographic scope, the main changes were:

In France, current operating income totaled €32.2 million, or 6.2% of contributed revenue (vs. €36.2 million, 7.3% of contributed revenue, in 2018).

This change is attributable to:

- The impact of the first-time adoption of IFRS 16 in the amount of +€0.4 million;
- The contribution of EBITDA (+€1.2 million) less the increase in depreciation and amortization expenses of €5.5 million, of which €2.8 million relates to the non-recurring depreciation of investments in the creation of new landfill sites.

Internationally, current operating income totaled €15.6 million, or 9.1% of contributed revenue (vs. €8.0 million, or 12.5% of contributed revenue, in 2018).

This €7.6 million increase includes:

- The impact of the first-time adoption of IFRS 16 in the amount of +€1.0 million;
- **Changes in scope** for +€10.5 million, representing current operating margin of 10.2% for the newly acquired subsidiaries. This total includes amortization expenses on intangible assets recognized on the acquisition of Interwaste and Mecomer, for -€3.0 million;
- **On a like-for-like basis**, the contribution of EBITDA, for -€1.2 million, less amortization and provisions totaling -€1.9 million. Across the historic scope of operations, current operating income came out to 7.1% of revenue in 2019.

2.1.5 OPERATING INCOME

At December 31, 2019, operating income came to €46.8 million, 6.8% of contributed revenue (vs. €38.0 million, or 6.8% of contributed revenue, a year earlier).

This change mainly reflects:

- The impact of the first-time adoption of IFRS 16 in the amount of +€0.5 million;
- Various effects, including:
    - a loss of €0.7 million on non-consolidated investments;
    - an expense of €0.7 million for the impact of business combinations.

2.1.6 FINANCIAL INCOME

At December 31, 2019, financial income came to -€17.5 million compared to -€13.4 million one year earlier.

This change is attributable to:

- The impact of the first-time adoption of IFRS 16 in the amount of -€0.9 million;
- A modest increase in the cost of net debt, to €15.7 million (vs. €13.9 million last year) linked to the increase in average net financial debt combined with an increase in the cost of gross debt to 3.04% (vs. 2.86% in 2018) attributable to the longer maturities obtained during the debt refinancing operation in May 2019;
- The increase in other financial income and expenses, to -€1.7 million (vs. 0.6 million in 2018) due to:
    - The impact of unwinding the discount on the thirty-year provision, for -€0.5 million;
    - Impairment losses on non-consolidated investments, for -€0.4 million;
    - A foreign exchange loss, for -€0.3 million.

2.1.7 INCOME TAX

In 2019, the income tax expense was €10.4 million (vs. €8.8 million in 2018) due to the improvement in the Group's earnings capacity. The tax rate came out to 35.41%, due in particular to the prudent activation of tax loss carryforwards.

2.1.8 SHARE OF INCOME OF ASSOCIATES

The share of net income of associates was primarily composed of the Group's share in the income of GEREP and SOGAD. It was immaterial as of December 31, 2019 (vs. €0.4 million in 2018, when this amount included Kanay).

2.1.9 CONSOLIDATED NET INCOME

At December 31, 2019, consolidated net income was €18.9 million (vs. €16.2 million in 2018), reflecting an increase of 16.7% compared to last year and standing at 2.8% of contributed revenue.

After recognizing minority interests in net income (€1.1 million vs. €0.6 million in 2018, representing in particular minority interest holdings in Solarca and Mecomer), net income (Group share) stood at €17.8 million (vs. €15.6 million for 2018).

As a reminder, this includes the impact of the first-time application of IFRS 16 in the amount of -€0.4 million.

2.2 CONSOLIDATED FINANCIAL POSITION

Simplified consolidated balance sheet	2018	2019
In millions of euros	Actual	Actual
Non-current assets	648	787
Current assets (excluding cash and cash equivalents)	203	239
Cash and cash equivalents	67	92
Assets held for sale	-	-
Shareholders' equity (including minority interests)	255	263
Non-current liabilities	402	535
Current liabilities	261	319
Liabilities held for sale	-	-

2.2.1 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 €139.0 million, mainly due to:

- Property, plant and equipment and intangible assets: +€140.0 million, mostly reflecting industrial investments and net financial investments for the period (€140.5 million) and the increase in intangible assets (+€59.2 million) due to the amortization recorded on the acquisitions made in 2019;
- Non-current financial assets and investments in associates: -€2.3 million, due to change in the consolidation scope (change of consolidation method for Kanay);
- Other non-current financial assets: +€2.4 million, mainly due to changes in the amounts receivable from Eurométropole Strasbourg in compensation payments for the incinerator. This amount receivable is recoverable over the remaining term of the delegation contract (until June 2030).

2.2.2 CURRENT ASSETS (EXCLUDING CASH AND CASH EQUIVALENTS)

Current assets excluding cash amounted to €238.4 million, up by €36.0 million on December 31, 2018.

This change mainly reflects:

- The €12.2 million increase in Other operating assets arising from the €11.3 million increase in tax receivables;
- The €22.3 million increase in Client accounts receivable, mostly reflecting the impact of business combinations (for €19.8 million).

2.2.3 SHAREHOLDERS' EQUITY

The change in shareholders' equity (Group share) over the period breaks down as follows:

(in millions of euros)	Group	Minority interests
Shareholders' equity at January 1, 2019	**251.3**	**3.6**
Other comprehensive income	(5.1)	ns
Net income (Group share)	17.8	1.0
Dividends paid	(7.4)	(0.7)
Treasury stock	ns	-
Business combinations	-	4.6
Transactions between shareholders	(1.2)	(0.4)
Other changes	-	-
Shareholders' equity at December 31, 2019	**255.4**	**8.1**

2.2.4 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:

	12/31/2018			12/31/2019		
(in millions of euros)	**Non-current**	**Current**	**TOTAL**	**Non-current**	**Current**	**TOTAL**
Hedging instruments	0.6	-	**0.6**	0.2	-	0.2
Provisions	20.5	2.0	**22.5**	40.1	5.4	45.5
Other liabilities	0.4	221.2	**221.6**	9.7	244.0	253.7
Income tax payable	-	1.6	**1.6**	-	6.4	6.4
Total (excl. financial debt)	**21.5**	**224.8**	**246.3**	**50.0**	**255.8**	**305.8**
Financial debt	380.6	36.4	**417.0**	485.2	63.2	548.4
Total	**402.1**	**261.2**	**663.3**	**535.2**	**319.0**	**854.2**

Current and non-current liabilities excluding financial debt amounted to €305.8 million, up +€59.5 million, reflecting mainly:

- Changes in provisions for €23.0 million, in particular the provision for deferred taxes under IAS 12, in the amount of €6.9 million, provisions for employee benefits totaling €8.2 million, and other current and non-current provisions, for €8.1 million;
- Other liabilities, totaling €32.1 million mostly reflecting Supplier accounts payable, in the amount of €27.2 million.

Changes in the Group's net financial debt are presented in chapter 2.3.2.

2.3 CASH, FINANCING AND CAPITAL

2.3.1 CASH FLOW

2.3.1.1 Cash from operating activities

In 2019, the Group generated €110.4 million in cash flows from operating activities (vs. €86.2 million in 2018), an increase of €24.2 million.

This change reflects the combined effect of:

- The change in WCR of -€5.0 million over the year, a decline of -€3 million compared to the change recorded in 2018);
- €5.9 million in net taxes paid in 2019, compared with €4.3 million in 2018 (a cash flow loss of €1.6 million);
- The change in gross operating cash flow generated (+€28.9 million) correlating to the change in current operating income excluding calculated expenses and non-recurring expenses;

2.3.1.2 Investments

(in millions of euros)	2018	2019
Industrial investments	65.2	72.5
Financial investments	1.0	1.1
INVESTMENTS RECORDED	**66.1**	**73.6**
Industrial investments	53.1	69.0
Financial investments	(1.1)	-
Acquisition of subsidiaries - Net cash flow	-	69.8
INVESTMENTS PAID OUT	**52.0**	**138.8**

Industrial investments amounted to €72.5 million in 2019.

They mainly concerned:

- Recurrent investments totaling €48.4 million, representing 7.0% of contributed revenue (vs. €38.7 million in 2018 – excluding investments in concessions for €7.8 million – or 6.9% of contributed revenue).

These investments broke down as follows:

- €16.4 million for land reserves and the construction of storage cells (vs. €11.7 million in 2018);
- €8.1 million in category 2 expenses (vs. €8.3 million in 2018);
- €9.2 million for maintenance of industrial facilities and equipment (vs. €11.2 million in 2018).
- €7.7 million for the vehicle fleet (vs. €2.7 million in 2018);
- €4.7 million for regulatory and safety equipment (vs. €2.5 million in 2018);
- €2.2 million for IT systems (vs. €2.3 million in 2018).

- **Non-recurrent investments** totaling €24.1 million, or 3.5% of contributed revenue (vs. €18.6 million, or 3.3% of contributed revenue, in 2018).
  These primarily included R&D investments in waste treatment businesses (€12.7 million, vs. €12.3 million in 2018), in services businesses (€7.5 million vs. €4.1 million in 2018), and in energy recovery businesses (€2.2 million vs. €2.2 million in 2018).

By business division, industrial investments (excluding IFRIC 12 investments) broke down as follows:

	2018		2019	
	€m	%	€m	%
HW division	36.2	63.1%	46.8	64.6%
NHW division	21.1	36.9%	26.7	35.4%
Total	**57.3**	**100.0%**	**72.5**	**100.0%**

By geographical region, industrial investments (excluding IFRIC 12 investments) broke down as follows:

	2018		2019	
	€m	%	€m	%
France	**48.3**	**84.1%**	**57.5**	**79.3%**
Germany	0.8	1.4%	0.5	0.7%
Spain	2.8	4.9%	2.2	3.1%
Italy	-	-	0.9	1.2%
Argentina	ns	-	ns	-
Chile	0.7	1.2%	1.3	1.8%
Mexico	0.1	0.2%	ns	0.0%
Peru	3.9	6.8%	2.6	3.6%
South Africa/Mozambique	-	-	7.1	9.8%
Rest of world	0.8	0.4%	0.4	0.6%
International total	**9.1**	**15.9%**	**15.0**	**20.7%**
Consolidated total (excl. IFRIC 12)	**57.4**	**100.0%**	**72.5**	**100.0%**

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. Investments in concessions under public service delegations operated by the Group are now complete and no future commitments have been made.

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)	**2018**	**2019**
Cash flow (before taxes and financial expenses) (A)	92.4	121.4
Industrial investments (B)	65.2	72.5
HW	56%	65%
NHW (excl. investments in concessions)	32%	35%
Concession investments (IFRIC 12)	12%	-
(A) / (B)	**142%**	**168%**
Financial investments (C)	1.0	69.8

Note that investments in concessions are financed by specific secured financing lines.

2.3.1.3 Financing

Total net cash relating to financing activities amounted to €41.8 million in 2019, essentially reflecting:

- Flows relating to new borrowings: +€111.1 million vs. €265.3 million in 2018;
- Flows relating to loan repayments: -€43.8 million vs. -€264.1 million in 2018;
- Interest expense: -€15.8 million vs. -€13.1 million in 2018;
- Flows relating to dividends paid to shareholders and minority interests: -€8.1 million vs. -€7.4 million in 2018;
- Cash flows without gain of control: -€1.6 million vs. €0.0 million in 2018.

2.3.2 DEBT AND FUNDING STRUCTURE

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

(in millions of euros)	**12/31/2018**	**12/31/2019**
Bank debt (excl. non-recourse bank loans)	200.7	203.6
Non-bank debt	29.1	32.0
Bond debt	174.2	254.0
Lease liabilities	9.4	43.2
Miscellaneous financial debt	3.0	4.2
Short-term bank borrowings	0.6	11.5
Equity investments	-	-
TOTAL FINANCIAL DEBT (current and non-current)	**417.0**	**548.5**
Cash balance	(67.4)	(92.3)
NET FINANCIAL DEBT	**349.6**	**456.2**
of which due in less than one year (1)	31.0	61.0
o/w due in more than one year	380.6	395.1
NET BANK DEBT (2)	**317.4**	**399.4**

(1) The cash balance is considered over less than one year
(2) Calculated according to the definition provided in the banking contract.

At December 31, 2019, 94% of gross financial debt after recognizing hedging instruments was hedged at fixed rates (vs. 99% in 2018).

Gross financial debt amounted to €548.5 million at December 31, 2019, compared with €417.0 million one year earlier.

This €131.5 million increase mainly reflects the financing of acquisitions and the integration of the financial debt of acquired entities into the consolidation scope, i.e.:

- New borrowings, for +€119.6 million;
- Reimbursements, for -€43.8 million;
- Changes in scope, for +€26.9 million (including €5.4 million in current bank loans), resulting from the consolidation of the financial debt of the companies acquired in 2019;
- Other changes, totaling +€28.8 million, including +€27.3 million relating to the first-time application of IFRS 16.

The breakdown of gross financial debt by currency is as follows:

At December 31	2018		2019	
	€m	%	€m	%
Euros	417.0	100.0%	547.4	99.8%
ZAR (South Africa)	-	-	0.2	<0.1%
PEN (Peru)	ns	ns	0.3	<0.1%
CLP (Chile)	-	-	0.6	0.1%
USD (Peru)	-	-	ns	ns
Consolidated total	**417.0**	**100.0%**	**548.5**	**100.0%**

At December 31, 2019, the cash balance stood at €92.3 million, up 36.9% compared to the previous period, reflecting a further improvement in cash and cash equivalents reported on the balance sheet.

At this date, the Group's net financial debt amounted to €456.2 million.

According to the definition provided in the banking contract, which specifically excludes some categories of debt (including non-recourse debt) and the effects of the first-time application of IFRS 16, net debt stood at €399.4 million at December 31, 2019, representing controlled financial leverage of 3.1x EBITDA (vs. 2.9x one year earlier).

2.4

EXPECTED TRENDS, OUTLOOK AND SIGNIFICANT POST-BALANCE SHEET EVENTS

2.4.1 POST-BALANCE SHEET EVENTS

2.4.1.1 Increase of Séché Environnement's holding in Solarca and simplification of international organizational structures

In early 2020, Séché Environnement acquired 10% of Solarca's share capital from its founder, Joan Enric Carreres, under the terms set out in the purchase agreement in 2017, for less than €3 million.
Séché Environnement now owns 86% of Solarca's capital, while Joan Enric Carreres retains 14% and remains the company's Chief Executive Officer.

Séché Environnement also finalized the merger of Taris and Kanay in Peru in early 2020. This simplification in the organizational structure will have a positive effect in terms of business and industrial integration on the markets in question.

2.4.1.2 Non-renewal of the public service delegation for the Pau-Béarn incinerator

In early 2020, the delegating authority notified Séché Environnement of its decision not to renew its public service delegation agreement for the management of the Pau-Béarn household waste incinerator, which is due to end on March 31, 2020.

In 2019, this contract contributed consolidated revenue of around €8.8 million to Séché Environnement, for EBITDA of around €2.7 million and current operating income of around €0.5 million.

2.4.1.3 Selection of a BEE partner in South Africa

Under the BEE (Broad-based Black Economic Empowerment) regulation, in 2019, Interwaste, a wholly owned subsidiary of Séché Environnement, organized the selection of a BEE partner to acquire a portion of its share capital. The process is currently being finalized, pending outstanding regulatory approvals. On completion of the transaction, a minority interest will acquire 16.8% of Interwaste's capital. This partnership will improve Interwaste's rating under the BEE regulation and, together with other BEE initiatives organized by Interwaste (including training, support for black communities, etc.), will shore up the Group's long-term future in this country.

2.4.1.4 Risks relating to the coronavirus outbreak

At the time of writing, Séché Environnement considers that the risks arising from a coronavirus epidemic essentially concern the availability of its human resources and its organization and its dependence on economic growth and industrial output in the regions in which the Group operates.

As of this same date, Séché Environnement's facilities in France and around the world are operating business continuity plans, with no material impact on the Group's profitability.

As lockdown measures were implemented very recently and are frequently changing in the countries in which the Group does business, it is not possible to provide an accurate estimate of the impact of the coronavirus. In view of the uncertainty as to how the pandemic will evolve, the Group will keep the market informed of any financial impact.

2.4.1.5 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.

2.4.2 OUTLOOK

Séché Environnement presented its forecasts for its activity, results and financial position for 2020 at its Investor Day on June 26, 2018 (12). It confirmed these forecasts and announced its outlook for 2022 at its Investor Day on December 17, 2019 (13).

As mentioned in paragraph 2.4.1.4 above, as of the date of writing, Séché Environnement considers that the coronavirus epidemic is not having a significant impact on the Group's activity. As a result, these forecasts do not take into account the potential risk of the crisis having a significant and long-lasting impact on growth and industrial output in the regions where the Group operates.

2.4.2.1 Outlook for 2020

Ongoing positive trends in France and the main international markets allow Séché Environnement to expect consolidated growth to remain at its current level, with quality growth in France and a strong increase in international activity.

In this long-term favorable environment, Séché Environnement expects its consolidated revenue at end-2020 to amount to between €650 million and €700 million (2019 scope). The first effects of the industrial efficiency plan and the cost savings plan should take gross operating margin (EBITDA / contributed revenue) higher in 2020 compared to 2019, to 20% of contributed revenue in both France and internationally (at constant scope).

Séché Environnement has a major investment program for 2020, with projects to expand capacity in South Africa (Interwaste), Italy (Mecomer) and Chile (Ciclo project).

(12) See the press release of June 26, 2018.
(13) See the press release of December 17, 2017.

In organizational terms, it will invest in a new ERP solution over three years from 2020, which, among other benefits, will better structure oversight of its operations in line with the Group's operational optimization policy.

All of these development projects should total around €30 million in 2020, in addition to the Group's standard maintenance and development investments (estimated at around 11% of contributed revenue). Investments will be made in line with targets in terms of free cash flow generation [14] (35% of EBITDA) and financial flexibility, with the financial leverage ratio maintained at around 3.0x EBITDA at the end of 2020 (at constant scope).

2.4.2.2 Roadmap through to 2022

By 2022: Séché Environnement presented its main strategic guidelines regarding market positioning, development, and its industrial and organizational policies, which translate into the following outlook:

Development strategy:

In France, Séché Environnement intends to continue expanding in the high added value businesses of the circular economy, in particular in the recovery of scarce resources from hazardous waste and energy recovery from non-hazardous waste, as well as in added value service activities.

Internationally, the Group plans to take significant positions in emerging economies offering solid growth prospects in terms of volume and value, buoyed by the tightening of local environmental standards and rising barriers to entry. To achieve this, the strong organic growth expected on these markets could be enhanced by small-scale acquisitions if opportunities arise.

Activity growth:

Séché Environnement expects contributed revenue to amount to between €750 million and €800 million at the end of 2022, with around 30% generated internationally (compared with around 25% in 2019) – at constant scope.

Operating profitability and cash flow generation:

Profitable growth, industrial efficiency and productivity gains enable Séché Environnement to set a target EBITDA of between 21% and 22% of contributed revenue.

The free cash flow generation [15] target of 35% of 2022 EBITDA is fully confirmed, with an improved financial leverage ratio (net financial debt / EBITDA) of below 3.0x 2022 EBITDA – excluding acquisitions – (vs. a mid-cycle ratio of around 3.0x).

(14) See above.
(15) See below.

2.5

PARENT COMPANY FINANCIAL STATEMENTS AND APPROPRIATION OF INCOME

2.5.1 PRESENTATION OF SÉCHÉ ENVIRONNEMENT SA'S INCOME STATEMENT

(In thousands of euros)	12/31/2018	12/31/2019	Change
Revenue	12,152	12,434	+282
Operating income	(6,631)	(5,732)	899
Financial income	3,279	35,417	32,138
Non-recurring income	6,772	(5,450)	(12,222)
Income tax (incl. tax consolidation)	9,041	9,153	112
Net income	**12,461**	**33,388**	**20,877**

Séché Environnement SA's net income for 2019 came to €33.3 million, up €20.8 million in relation to the previous year (€12.5 million).

This increase was mainly due to:

- The €32.1 million increase in financial income as a result of higher dividends paid by Séché Environnement's subsidiaries;
- And the €12.2 million decline in non-recurring income, partly due to the recognition of a loss on the sale of consolidated subsidiaries (which was offset by a recovery of financial income) and partly due to the change in the provision booked pending the return to profitability arising from changes in the tax rate (significant reversal in 2018).

2.5.2 RESULTS OF SÉCHÉ ENVIRONNEMENT SA OVER THE PAST FIVE YEARS

The table of results for the five previous years is included in the Notes to the parent company financial statements, on page 215.

2.5.3 PAYMENT DEADLINES

Pursuant to the provisions of Article 441 of the French Commercial Code, information about client and supplier payment deadlines is as follows:

	Invoices received and unpaid at the closing date and due for payment						Invoices issued and not settled at the closing date and due for payment					
	0 day (indi-cation)	1-30 days	31-60 days	61-90 days	91 days and more	Total (1 day and more)	0 day (indi-cation)	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	-					56	-					35
Amount incl. tax of invoices concerned (€k)	-	-3	38	16	59	110	-	34	26	26	1,500	1,586
Percentage of total amount of purchases incl. tax made during the year (€k)	-	-	0.1%	0.1%	0.2%	0.4%						
Percentage of in revenues Total incl. tax for the year							-	0.2%	0.2%	0.2%	9.2%	9.7%
(B) Invoices excluded from (A) concerning disputed liabilities or receivables or those not recognized												
Number of invoices excluded	8						NONE					
Total amount of invoices excluded (€k)	65						NONE					
The payment deadlines used as reference are those set out in contracts or legal deadlines.												

2.5.4 APPROPRIATION OF INCOME

After noting the profit for the period of €33,387,735.14, the Board of Directors proposed the following appropriation:

- 1. 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 8, 2020 and the dividend will be paid out from July 10, 2020. Dividends payable for treasury shares at December 31, 2019, totaling €51,111.90, are paid directly into retained earnings;

- 2. Allocation of €25,922,889.74 to retained earnings, taking the total amount of retained earnings to €43,967,529.79.

2.6 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 is prohibited by law. Dividends remaining unclaimed within five years of their allocation for payment are transferred to the State.
Dividends per share paid in respect of the past three years and the corresponding tax credit are shown below:

Year	Dividend	Entitlement to deduction
2016	€0.95	100%
2017	€0.95	100%
2018	€0.95	100%

03 2019 CONSOLIDATED FINANCIAL STATEMENTS

3.1

CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2019

3.1.1 CONSOLIDATED FINANCIAL POSITION

(In thousands of euros)	12/31/2018	12/31/2019	Notes
Goodwill	265,220	309,714	2.4.1
Intangible fixed assets under concession arrangements	53,588	49,441	2.4.1
Other intangible fixed assets	16,879	35,712	2.4.1
Property, plant and equipment	235,907	316,735	2.4.2
Investments in associates	3,276	431	2.4.3
Non-current financial assets	8,886	7,996	2.4.4
Non-current derivatives - assets	210	-	2.4.4
Non-current operating financial assets	40,551	42,889	2.4.4
Deferred tax assets	23,729	24,300	2.4.7
Non-current assets	**648,245**	**787,218**	
Inventories	12,920	14,553	
Trade and other receivables	157,184	179,480	
Current financial assets	3,597	3,586	
Current derivatives - assets	32	-	2.4.4
Current operating financial assets	28,680	40,765	2.4.4
Cash and cash equivalents	67,425	92,276	2.4.4
Current assets	**269,839**	**330,660**	
Assets held for sale	-	-	
TOTAL ASSETS	**918,083**	**1,117,878**	
Share capital	1,572	1,572	
Additional paid-in capital	74,061	74,061	
Reserves	160,042	161,918	
Net income	15,580	17,825	
Shareholders' equity (Group share)	**251,255**	**255,376**	**2.4.9**
Minority interests	3,515	8,096	
Total shareholders' equity	**254,769**	**263,472**	
Non-current financial debt	380,599	485,238	2.4.4
Non-current derivatives - liabilities	630	189	2.4.4
Employee benefits	6,217	14,358	2.4.5
Non-current provisions	14,203	18,891	2.4.6
Non-current operating financial liabilities	430	9,681	2.4.4
Deferred tax liabilities	60	6,883	2.4.7
Non-current liabilities	**402,138**	**535,240**	
Current financial debt	36,377	63,228	2.4.4
Current derivatives - liabilities	74	83	2.4.4
Current provisions	1,973	5,442	2.4.6
Tax liabilities	1,562	6,439	
Current operating financial liabilities	221,189	243,974	2.4.4
Current liabilities	**261,176**	**319,166**	
Liabilities held for sale	-	-	
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**918,083**	**1,117,878**	

3.1.2 CONSOLIDATED INCOME STATEMENT

(In thousands of euros)	12/31/2018	12/31/2019	Notes
Revenue	**585,308**	**704,419**	
Other business income	6,294	8,137	
Transfers of expenses	555	3,644	
Income from ordinary activities	**592,157**	**716,200**	**2.4.10**
Purchases used for operational purposes	(70,023)	(95,662)	
External expenses	(234,283)	(266,375)	2.4.11
Taxes and duties	(45,796)	(46,268)	2.4.11
Employee expenses	(133,322)	(172,522)	2.4.11
EBITDA	**108,732**	**135,373**	
Expenses for rehabilitation and/or maintenance of sites under concession arrangements	(11,569)	(10,855)	
Depreciation & amortization, impairment, and provisions	(53,195)	(73,058)	2.4.12
Other operating items	239	(3,657)	2.4.12
Current operating income	**44,206**	**47,803**	
Other non-current items	(6,219)	(1,040)	2.4.13
Operating income	**37,987**	**46,763**	
Cost of net financial debt	(13,958)	(15,736)	
Other financial income and expenses	605	(1,737)	
Financial income	**(13,353)**	**(17,473)**	**2.4.14**
Income tax	(8,799)	(10,358)	2.4.15
Share of income of associates	396	(45)	
Net income from continuing operations	**16,230**	**18,888**	
Income from discontinued operations	-	-	
Net income	**16,230**	**18,888**	
o/w attributable to minority interests	*(650)*	*(1,063)*	
o/w Group share	***15,580***	***17,825***	
Non-diluted earnings per share (in euros)	*2.00*	*2.27*	
Diluted earnings per share (in euros)	*2.00*	*2.27*	

3.1.3 CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

(In thousands of euros)	**12/31/2018**	**12/31/2019**
Other comprehensive income not subsequently reclassified to profit or loss:		
Actuarial gains/losses on employee benefit liabilities	102	(6,689)
Income tax effects	(50)	2,121
Amount before income tax (A)	**52**	**(4,568)**
o/w share of income of associates	*(30)*	*(41)*
Other comprehensive income subsequently reclassified to profit or loss:		
Change in net investments	(409)	(1,125)
Change in fair value of derivatives	(212)	100
Tax effect on the items listed above	73	193
Foreign exchange rate adjustments	(666)	274
Amount before income tax (B)	**(1,214)**	**(558)**
o/w share of income of associates	-	-
TOTAL OTHER COMPREHENSIVE INCOME	**(1,162)**	**(5,126)**
Net income	**16,230**	**18,888**
TOTAL COMPREHENSIVE INCOME	**15,068**	**13,762**
o/w Group share	*14,384*	*12,687*
o/w attributable to minority interests	*684*	*1,075*

3.1.4 STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(In thousands of euros)	**Share capital**	**Additional paid-in capital**	**Treasury stock**	**Consolidated reserves**	**Foreign exchange rate adjustments**	**Fair value reserves**	**Group share**	**Attributable to minority interests**	**Total shareholders' equity**
At December 31, 2017	**1,572**	**74,061**	**(3,355)**	**183,607**	**(6,093)**	**(5,422)**	**244,370**	**2,832**	**247,202**
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)
At December 31, 2018	**1,572**	**74,061**	**(3,260)**	**185,861**	**(6,516)**	**(462)**	**251,255**	**3,515**	**254,769**
Other comprehensive income	-	-	-	(4,562)	257	(832)	(5,137)	12	(5,126)
Net income	-	-	-	17,825	-	-	17,825	1,063	18,888
Total comprehensive income	**-**	**-**	**-**	**13,263**	**257**	**(832)**	**12,687**	**1,075**	**13,762**
Dividends paid	-	-	-	(7,409)	-	-	(7,409)	(710)	(8,119)
Treasury stock	-	-	51	-	-	-	51	-	51
Business combinations	-	-	-	-	-	-	-	4,609	4,609
Transactions between shareholders	-	-	-	(1,203)	-	-	(1,203)	(392)	(1,595)
Other changes	-	-	-	-	-	-	-	-	-
At December 31, 2019	**1,572**	**74,061**	**(3,209)**	**190,512**	**(6,259)**	**(1,294)**	**255,376**	**8,096**	**263,472**

3.1.5 CONSOLIDATED STATEMENT OF CASH FLOWS

(In thousands of euros)	December 31, 2018	December 31, 2019	Notes
Net income	**15,834**	**18,888**	
Share of income of associates	-	45	
Dividends from joint ventures and associates	71	325	
Depreciation & amortization, impairment, and provisions	53,854	75,239	
Income from disposals	(1,025)	835	
Deferred taxes	4,904	1,106	
Other income and expenses	2,914	58	
Cash flows	**76,551**	**96,496**	
Income tax	3,896	9,252	
Cost of gross financial debt before long-term investments	11,994	15,611	
Cash flows from operating activities before taxes and financing costs	**92,440**	**121,359**	
Change in working capital requirement	(1,966)	(5,045)	2.4.18
Tax paid	(4,306)	(5,893)	
Net cash flows from operating activities	**86,168**	**110,421**	
Investments in property, plant and equipment and intangible assets	(54,632)	(71,769)	
Disposals of property, plant and equipment and intangible assets	1,515	2,719	
Increase in loans and financial receivables	(956)	(1,083)	
Decrease in loans and financial receivables	2,019	1,085	
Takeover of subsidiaries net of cash and cash equivalents	(109)	(69,794)	2.4.18
Loss of control over subsidiaries net of cash and cash equivalents	144	5	
Cash flows from investments	**(52,020)**	**(138,837)**	
Dividends paid to equity holders of the parent	(7,410)	(7,408)	
Dividends paid to holders of minority interests	(41)	(710)	
Capital increase or decrease from controlling company	-	-	
Cash and cash equivalents without loss of control	(27)	-	
Cash and cash equivalents without gain of control		(1,593)	
Change in shareholders' equity	47	35	
New loans and financial debt	265,263	111,078	2.4.4.b
Repayment of loans and financial debt	(264,115)	(43,822)	
Interest paid	(13,093)	(15,795)	
Net cash flows from financing activities	**(19,376)**	**41,785**	
Total cash flows from continuing operations	**14,772**	**13,369**	
Net cash flows from discontinued operations	-	-	
TOTAL CASH FLOWS FOR THE PERIOD	**14,772**	**13,369**	
Cash and cash equivalents at beginning of year	52,278	66,806	
Cash and cash equivalents at end of year	66,806	80,741	
Effect of changes in foreign exchange rates	(244)	566	
(1) Of which:			
Cash and cash equivalents	67,425	92,276	
Short-term bank borrowings (current financial debt)	(619)	(11,535)	

3.2 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. 2.1 ACCOUNTING PRINCIPLES AND METHODS

3.2.1.1 Basis for preparing and presenting the financial statements

The consolidated financial statements at December 31, 2019 reflect the accounting position of Séché Environnement and its subsidiaries (hereinafter, the "Group") and the Group's interests in joint ventures and associates.

The consolidated financial statements were approved by the Board of Directors on March 6, 2020, and submitted to the General Shareholders' Meeting for approval on April 30, 2020.

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, 2019 are compliant with the IFRS standards and interpretations as adopted by the European Union as of December 31, 2019 (available at the following URL: http://ec.europa.eu/finance/company-reporting/ifrs-financial-statements/index_fr.htm).

A- NEW STANDARDS AND INTERPRETATIONS APPLICABLE ON OR AFTER JANUARY 1, 2019

• IFRS 16 "Leases", adopted by the European Union:

From January 1, 2019, the new IFRS 16 Leases replaces standards IAS 17, IFRIC 4, SIC 15 and SIC 27 and their interpretations.

The Group has a dedicated IT solution to collect contractual data and perform the calculations required by the standard across its entire scope (France and internationally).

1. Provisions of the standard

IFRS 16 provides a single lessee accounting model, requiring lessees to recognize an asset representing their right to use the leased asset for the duration of the lease term and an associated liability for lease payments. 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 its application, the Group has excluded short-term leases and contracts involving assets of low value for the purposes of simplification.

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 conventional "3/6/9" leases, a term of nine years was used in accordance with the conclusions of the ANC (French accounting standards authority) relating to commercial leases in France published on February 16, 2018.

The Group has not identified any service agreements with a lease component within the meaning of IFRIC 4.

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.

For reasons of simplification, the Group applied a single rate of 3.26% for all French and European entities (the Group's average cost of debt). All French debt is held by the parent company under a centralized cash flow management arrangement for French companies, so the entities are not able to apply a specific borrowing rate.

For countries outside Europe, each country's average cost of debt was applied. Restatements outside Europe are not material. Sensitivity to a change in interest rates is deemed to be limited.

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 followed the modified retrospective approach to apply the new standard, under which it recognizes a lease liability on the date of initial application measured at the present value of remaining lease payments, and a right-of-use asset adjusted by the amount of any prepaid or accrued lease payments; all the impacts of the transition are recognized in equity.

The following table shows the impact of the first-time adoption of IFRS 16 on the opening and annual closing balance sheet:

(In thousands of euros)	Dec. 31, 2018 (IAS 17)	Impact of IFRS 16 transition	Jan. 1, 2019 restated	Dec. 31, 2019
Property, plant and equipment	10,266	26,978	37,244	48,313
o/w land	*89*	*1,634*	*1,723*	*1,727*
o/w buildings	*1,670*	*16,091*	*17,761*	*19,911*
o/w production facilities & fittings	*5,514*	*6,555*	*12,069*	*11,682*
o/w transportation equipment	*2,993*	*2,660*	*5,652*	*14,934*
o/w office equipment	-	*39*	*39*	*59*
Non-current operating financial assets	-	122	122	-
Total assets	**10,266**	**27,100**	**37,366**	**48,313**
Shareholders' equity (Group share)	674	-	674	4,778
Minority interests	204	-	204	-
Non-current lease liabilities	6,312	21,596	27,908	30,611
Current lease liabilities	3,076	5,504	8,580	12,924
Total liabilities	**10,266**	**27,100**	**37,366**	**48,313**

Assets representing the right of use are included in the lines in which the corresponding assets would be recorded.

The reconciliation performed on January 1, 2019 of the liability defined by IFRS 16 and the amount of minimum future lease payments under operating leases based on IAS 17 revealed a difference of around €5 million, mainly due to the exclusion from IFRS 16 of leases with variable components.

Lease expenses over the year break down as follows:

In thousands of euros	2019
Amortization of right-of-use assets	(13,287)
Interest on lease liabilities	(1,945)
Expenses on lease payments restated under IFRS 16	**(15,232)**
Variable, short-term and/or low value lease payments	(20,164)
Lease payments recorded as external expenses	**(20,164)**
Total	**(35,396)**

The first-time application of IFRS 16 produced:

- A positive impact on EBITDA of €8.3 million;
- A positive impact on current operating income of €0.5 million, taking into account amortization expenses in the amount of €7.7 million;
- A negative impact of €0.9 million on financial income corresponding to interest on operating lease liabilities.

- **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 IFRSs, 2015-2017 Cycle;
  - IFRIC 23, Uncertainty over Income Tax Treatments;
  - IFRIC 22, Foreign Currency Transactions and Advance Consideration.

B- STANDARDS AND INTERPRETATIONS ADOPTED BY THE IASB BUT NOT YET APPLICABLE AT DECEMBER 31, 2019

Standards	Applicable from	Subject
IFRS 14	January 1, 2016	Regulatory Deferral Accounts
IFRS 17	January 1, 2021	Insurance Contracts
Amendments to IFRS 10 and IAS 28	Postponed indefinitely	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020	Amendments to References to the Conceptual Framework in IFRS Standards
Amendments to IFRS 3	January 1, 2020	Definition of a business
Amendments to IAS 1 and IAS 8	January 1, 2020	Definition of Material
Amendments IFRS 9, IAS 39 and IFRS 7	January 1, 2020	In line with the Interest Rate Benchmark Reform

An assessment of the impact of applying these standards and amendments is under review.

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 and IAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture;

The application of these amendments had no influence the Group’s financial statements.

3.2.1.2 Use of estimates

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

- **Assessment 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 3.2.1.7 d) "Recoverable value of tangible and intangible assets".

- **Assessment used for tax loss carryforwards and potential future tax savings:**

Whether or not to capitalize deferred taxes relating to tax loss carryforwards is based on a determination of the probable use of these assets within a reasonable amount of time (See Note 3.2.1.15 b) "Deferred taxes").

- **Assessment used for provisions:**

The variables likely to cause a material change in the amount of provisions 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 agreements;
  - Provisions for miscellaneous litigation.

- **Assessment 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 3.2.1.13 d) "Employee benefits".

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 its 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, its legal form, 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 foreign currency financial statements of consolidated entities

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 exchange rate adjustments 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 Foreign exchange rate adjustments;
- For the third-party share, under minority interests.

When a foreign subsidiary is sold, the related foreign exchange rate adjustments are recognized in income.

3.2.1.5 Translation of foreign currency transactions

In accordance with IAS 21, The Effects of Changes in Foreign Exchange Rates, transactions in foreign currencies are converted into euros at the exchange rate in force at the transaction date. At the closing of the accounts, all assets and liabilities denominated in foreign currencies are converted at the exchange rate in effect on the closing date. Foreign exchange gains and losses arising from this conversion are booked in the income statement.

Foreign exchange gains and losses resulting from conversion and from the elimination of intra-Group transactions or receivables expressed in a currency different from the accounting currency are recorded in the income statement unless they originate from intra-Group long-term financing transactions which may be regarded as equity transactions. In this case they are recognized in consolidated equity (as a foreign exchange rate adjustment), 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 waste (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.

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 in 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 expected useful life.

Intangible assets with indefinite useful lives are reassessed for impairment under the procedure described in Note 3.2.1.7 d) "Recoverable value of tangible and intangible 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 depreciation and amortization and any impairment. 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.

Depreciation and amortization is determined on a straight-line basis according to the useful life of each component of property, plant or equipment.

Depreciation and amortization is calculated based on the book value of the asset, where appropriate net of any residual value.

Property, plant and equipment	Amortization period
Buildings	5-25 years
Complex plant	1-20 years
Other equipment	1-25 years

The depreciation of landfill cells is recognized as they are filled.

Leased assets that meet the criteria of IFRS 16 are restated on the assets side of the balance sheet and a financial liability is recognized for the amounts payable in respect of their initial value (see Note 3.2.1.1 A).

d. Recoverable value of tangible and intangible 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) which are submitted to impairment tests are booked as cash-generating units (CGU), groups of similar assets that generate independent cash flows:

- In France, due to the ever-increasing integration of the Group's activities, the development of its Comprehensive Services offering, and the corresponding increase in 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; As South Africa and Italy were acquired during the year and no evidence of impairment arose during the period, no impairment tests were carried out on these CGUs.

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 sales costs.

Useful value 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. In Europe, the annual perpetual growth rate used was 0.2% at December 31, 2019, the same as that used at December 31, 2018; For the other scopes, the growth rate used was 1.67% at December 31, 2019, also unchanged from December 31, 2018;
- A single discount rate is used for the Europe scope, and a specific discount rate per country is applied 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	2018	2019
FRANCE	4.88%	4.90%
ARGENTINA	13.06%	13.11%
MEXICO	10.70%	10.70%
CHILE	8.64%	8.64%
PERU	9.27%	9.29%

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 also provide 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 of the facilities 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 3.2.1.6 "Accounting treatment of revenue";
- Costs of maintenance and repair are booked under expenses. They may be booked as accrued expenses 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 2020	Annual, according to index	No	No	Yes
SENERVAL	Construction Operation	Until 2030	Monthly, according to index	No	No	Yes, in case of serious failure or in the public interest
ALCEA	Construction Operation	Until 2024	Annual, according to index	No	No	Yes

For the Béarn contract, the amendment to the public service delegation contract signed by the Company and SMTD on March 4, 2014 reduced the term of the agreement to 20 years (ending on March 31, 2020), pursuant to a ruling by the Conseil d'Etat known as the Olivet ruling.

The Séneval 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 establish the liability 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, rider no. 9, signed on December 18, 2018, and rider no. 10 signed on July 12, 2019. Production restarted at this facility in late August 2019.

3.2.1.9 Government subsidies

The subsidies booked by the Group are mainly related to assets. These investment subsidies are deducted from the gross carrying amount of the asset and are recognized in income over the useful life of the depreciable asset. This marks a change in accounting method for this financial year - see Note 3.2.1.19).

3.2.1.10 Financial assets and liabilities

Financial instruments used by the Group include:

- Non-derivative financial assets;
- Non-derivative financial liabilities;
- Derivatives.

The Group recognizes these instruments in accordance with IFRS 9 Financial Instruments. On initial recognition, financial assets are recorded at amortized cost, at fair value through other comprehensive income, or at fair value through profit of loss.

According to IFRS 9, this classification is determined based on:

- The type of instrument (debt or equity);
- The characteristics of its contractual cash flows;
- The business model (the manner in which an entity manages its financial assets).

The classification and measurement rules applied to financial assets and liabilities are as follows:

IFRS 9	
Category	**Séché Environnement**
Assets at fair value through profit or loss	- Cash and cash equivalents: demand deposits, money-market SICAV - Non-consolidated, non-transferable securities - UCITS units (*)
Option: assets at fair value through other comprehensive income not subsequently reclassified to net income	Not applicable: irrevocable option by asset category not used by the Group
Assets at amortized cost	- Receivables on non-consolidated equity investments - Deposits and guarantees - Other operating receivables (tax, social security, etc.) - Trade and other receivables
Liabilities at amortized cost	- Bank loans - Trade and other payables
Liabilities at fair value through profit or loss	Not applicable to the Group

(*) Not meeting the criteria to qualify as cash equivalents.

a. Non-derivative financial assets

Non-derivative financial assets include equity instruments (previously classified as Available-for-sale assets under IAS 39), loans and receivables tied to non-consolidated equity interests, operating receivables, 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 that do not satisfy the criteria of cash equivalents set out in IFRS 7.

By default, equity instruments are measured at fair value through profit or loss unless the Group irrevocably elects to classify them at fair value through other comprehensive income on the date of initial recognition (except instruments held for trading) without the possibility of recycling gains or losses to profit and loss. If the option is applied, 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.

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 on initial recognition (which in most cases corresponds to their nominal value), then at amortized cost (under the effective interest rate method) less any impairment.

The Group exercises its judgment to measure expected credit losses over the entire expected lifetime of some of its financial assets.

<u>Impairment of trade receivables</u>:

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 expected risk of 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”.

<u>Impairment of others loans and receivables</u>:

Impairment 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, sight deposits, term deposits and liquid investments in marketable securities. Callable overdrafts, which are an integral part of the Group’s cash management policy, represent a portion of cash and cash equivalents for the purposes of the statement of cash flows.

Cash equivalents are predominantly comprised of money market SICAV (open-ended mutual funds). They are recorded at fair value, and any changes in fair value are taken to income.

Term deposits are available at any time, with minimum guaranteed interest for each successive six-monthly period. Withdrawal 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 liabilities.

The Group’s financial liabilities are recorded initially at their fair value less transaction costs, then at amortized cost using the effective interest rate 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. As such, the difference between interest payable and interest receivable is booked as interest income or interest expense over the life of the hedged liabilities;
- Swaptions are used by the Group, as an option, to switch from a variable rate to a fixed rate. When the option is exercised, the accounting principles governing swaps apply;
- Caps, floors and collars are used to limit the risk of interest rate fluctuations 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 either 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”. Variations in the time value of options are booked to other comprehensive income.

Accumulated gains or losses on hedging instruments recorded in equity 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 Note 3.2.4.6 "Current and non-current provisions".

The main provisions booked by the Group relate to 30-year monitoring expenses, costs of major maintenance and the renewal of facilities under delegated management, and other risks and disputes.

a. Provisions for 30-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 30-year monitoring of its final waste landfill sites.

Expenses for 30-year monitoring mostly include treatment costs for leachates and biogas and site monitoring and upkeep. The operator must hold financial guarantees (bank bonds) to cover these costs in case it fails. The costs are estimated when the financial guarantees are set up, using an estimate of leachates to be treated (based on the tonnage of waste stored and rainfall patterns) and standard average costs recommended by ADEME (French environment and energy management agency). The amount of these financial guarantees is assessed every three years based on the costs that would be incurred by the Group if the site ceases to operate.

The provision recorded is based on the amount of these financial guarantees. It is booked progressively over the operating term, and will be written back over the thirty-year monitoring period.

As 30-year monitoring provisions cover more than 12 months, they 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, which are 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.

Defined contribution plans:

With respect to defined contribution plans, the Group'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 social insurance and medical coverage.

Defined benefit plans:

Defined benefit plans are plans through which the employer guarantees its employees or certain categories of employees the future level of benefits or supplemental income 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 managed in-house.

Within the Group, defined benefit plans include termination benefits and long-service awards.

Retirement and related obligations 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. The 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 principles:

- Actuarial gains and losses (change in assumptions or experience adjustments) are recognized in "Other comprehensive income";
- The full impact of changes to plans is recorded 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 assets is calculated using the same rate as the discount rate applied to 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 financial income 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 commitments and similar liabilities concern the Group's French subsidiaries.

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 liability 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 of plan assets measured at fair value, where appropriate.

3.2.1.14 Borrowing costs

Interest on loans is booked under expenses in the year in which it was accrued, with the following exceptions:

- Borrowing costs directly attributable to the purchase, construction or production of assets requiring a long preparation period before being able to be used or sold are incorporated directly into the costs of the assets;
- Costs directly attributable to the establishment of financing or re-financing arrangements are deducted from the loan in question and recycled through the income statement using the effective interest rate method.

3.2.1.15 Income 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

IFRS 15 Revenue from Contracts with Customers describes when revenue should be recognized, in what amount and when.

The Group applies IFRS 15 using the cumulative effect method (without practical simplification measures).

The standard recommends recognizing revenue at the time the customer obtains control of the goods and services purchased. Some degree of judgment is required to determine when transfer of control occurs (at a given time or progressively).

Séché Environnement Group’s customer contracts are divided into contracts signed with local authorities and contracts with industrial companies:

- Contracts with local authorities:

Contracts signed with local authorities generally cover several years (3-5 years, automatically renewable). As they cover categories of waste that remain relatively stable over time and are produced fairly recurrently, tariffs are set based on the type of waste and are weighted by volume.

The portfolio of local authority clients currently includes three public service delegation agreements for the management of household waste incinerators, which have specific features and involve significant amounts.

Exceptions to these multi-year contracts notably include decontamination contracts, which are necessarily one-time contracts (generally covering a few days to a few months). They can vary in size, and are sometimes significant for the Group (ranging from several hundred thousand euros to several million euros) depending on the extent of the work required.

- Contracts with industrial companies:

Contracts with industrial clients are generally spot or short-term contracts (less than one year). As they cover extremely varied categories of waste, tariffs depend highly on the chemical composition of the waste, how hazardous it is, the complexity of treatment methods, capacity availability, etc. Each "batch" of waste produced by an industrial client therefore has a separate tariff, since a single client may produce different types of waste at different times. The services proposed include landfill, incineration, sorting or transport, as appropriate.

This tariff policy also applies to decontamination contracts with industrial clients, which bear the same features as such contracts signed with local authorities.

Exceptions to this include:

- Waste outsourcing agreements signed with major industrial clients, which are generally initially signed for an average of between 18 months and 5 years;
- Energy supply contracts relating to energy recovery activities, some of which fall within a regulated contractual framework, cover long periods or include contracts covering several years, with variable terms.

A description of these types of contracts under IFRS 15 is provided below:

	Type of contract	Contracts and service obligations identified	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.	Contracts with local authorities sometimes including two performance obligations: - Construction - Waste treatment Facility maintenance and obligations to perform major maintenance and renewal, regarded as costs incurred 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 significant 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 include the storage of hazardous and non-hazardous waste.	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.	Progress of work on the basis of treated waste tonnage
Incineration	These contracts cover thermal treatment (such as incineration) for 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.	Progress of work on the basis of waste tonnage treated
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 with a performance obligation for waste sorting and/or treatment	The price is generally set on the basis of an amount per ton of treated waste.	Progress of work on the basis of waste tonnage treated
Comprehensive services	These contracts relate 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 Radiation protection	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 flat rate for the entire service	Progress of work on the basis of waste tonnage treated Progress depending on completion of the service
Transportation	These contracts are concluded for the transport of waste, residues from the purification of incineration fumes from household or industrial waste, and ash.	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 department of departure/arrival and the type of vehicle used	On completion of the service
Material recovery	These contracts are concluded for services covering the regeneration of used products, the purification of synthesis intermediates, 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.	On delivery on the basis of quantities produced
Energy recovery	The purpose of these contracts is to supply electricity and steam based on biogas, solid recovered fuel, or wood.	Contract including a performance obligation tied to the sale of energy	The price is generally set on the basis of an amount of energy produced.	On delivery on the basis of quantities produced

As regards 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 an expense for the period representing 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 consideration received as revenue generated in the framework of a public service concession is booked in accordance with the IFRIC 12 Interpretation (See Note 3.2.1.8, Public service delegation (concession) contracts).

The notion of Comprehensive Services:

The notion of Comprehensive Services is, in reality, an offer of services in its own right, which is monitored separately from other services.

It includes a waste management solution offered to industrial firms that wish to receive an integrated service, generally provided on the client's premises (for the waste generated by that client). The offering covers the collection and sorting of waste at the site as well as its transport and treatment. We consider that this offering represents a unique service obligation.

It is by nature a recurrent service (it is provided continuously, on a daily basis), over the long term and is covered by multi-year contracts with an initial term of between 18 months and 5 years.

These services are invoiced on a mixed basis:

- A flat rate for the recurrent management service (remuneration of the Group's teams working directly at the industrial client's site);
- And a variable amount depending on the tonnage actually treated.

In both cases, the Comprehensive Services offering is invoiced on the basis of an ongoing transfer of control of the service, based on units consumed (invoicing based on time actually spent by teams on site and a variable portion based on tonnage actually collected/removed).

As the Comprehensive Services offering is provided on an ongoing basis, revenue is recognized on the basis of progress towards completion. Insofar as invoicing reflects the rate at which the service is provided to the client, under the practical expedient available under IFRS 15 paragraph B16, revenue from the Comprehensive Services offering is recognized based on the amount it has the right to invoice.

Accordingly, the progress towards completion measurement of revenue for the Comprehensive Services offering does not use the stage of completion method as provided for in IAS 11.

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, 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 of financial assets.

3.2.1.18 Earnings per share

Basic earnings per share are calculated by dividing net income (Group share) by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share are calculated by dividing net income (Group share) by the weighted average number of ordinary shares outstanding during the period, plus the effects of dilutive options.

3.1.19 Change in accounting method and accounting estimates

a. Change in accounting and presentation method

To enhance its financial disclosures, from the financial year beginning on January 1, 2019, the Group opted to deduct government investment grants from the gross amount of the investment concerned, as provided for in IAS 20 Accounting for Government Grants and Disclosure of Government Assistance. This option, which is already used by other European companies in the waste recovery sector, better reflects the Group's business model in terms of its industrial investments.

Government investment grants, which were previously recognized in deferred income, are now deducted from the gross carrying amount of the asset and are recognized in income over the useful life of the depreciable asset as a reduced depreciation expense.

The impact of this change in presentation on the Group's financial statements is shown below:

(In thousands of euros)	12/31/2018	Impact of change in presentation	Jan. 1, 2019 restated
Property, plant and equipment	235,907	(12,751)	223,156
Current operating financial liabilities	221,189	(12,751)	208,438

In addition, the Group complies with the changes to standards set out in Note 2.1.1 Basis for preparing and presenting the financial statements.

b. Change in accounting estimates

The Group did not apply any changes in accounting estimates.

3.2.2 CHANGES IN CONSOLIDATION SCOPE AND OTHER SIGNIFICANT EVENTS

3.2.2.1 Main changes in the consolidation scope

The list of the Group's subsidiaries and associates is presented in Note 3.2.3 "Consolidation scope".

a. Acquisition of the South African group Interwaste:

On January 9, 2019, Séché South Africa Proprietary Limited took full control of the South African group Interwaste Holdings Limited and its subsidiaries.

With this acquisition, Séché Environnement aims to build a strong position in South Africa and southern Africa, thus taking advantage of the growth and transformation of waste markets as part of a circular economy approach.

Interwaste Holdings Limited and its subsidiaries were fully consolidated in the Group's consolidated financial statements from January 1, 2019, with the exception of Interwaste Industrial Cleaning Pty Ltd, which was consolidated under the equity method.

The acquisition price was €32 million, paid on February 27, 2019.

The breakdown of the acquisition price at December 31, 2019 is provided in the table below:

(In thousands of euros)	On the acquisition date (at the ZAR/EUR exchange rate as of January 1, 2019)
Net assets and liabilities acquired	30,491
Goodwill arising from the acquisition (see 2.4.1 a)	1,923
Fair value of the transferred group	32,414
Cash and cash equivalents acquired	5,954

For the allocation of the purchase price the gross fair value of client contracts was measured at €4 million, which will be amortized over an average of four years from January 1, 2019 (see 3.2.4.1 b).

Over the period, the Group completed all the work needed to allocate the acquisition price pursuant to the requirements of amended IFRS 3 on Business Combinations. This allocation shall be final.

b. Acquisition of the Italian group Mecomer:

On April 17, 2019, Séché Environnement acquired 90% of the Italian group Mecomer, which comprises the companies Mecomer S.r.l, and Depo S.r.l.

Through this acquisition, Séché Environnement is now at the forefront of the Italian hazardous waste management market with an established local presence at the center of one of the most industrialized regions in Southern Europe.

Stefano Ferrante, the current manager and son of Mecomer's founder, kept a minority 10% stake and will continue to support the company's growth alongside Séché Environnement as Chief Executive Officer.

Mecomer group was fully consolidated in the Group's consolidated financial statements from April 1, 2019.

The fair value of the transferred group is estimated at €48.7 million. The price paid out in 2019 was €34 million.

The breakdown of the acquisition price at December 31, 2019 is provided in the table below:

(In thousands of euros)	On the acquisition date
Net assets and liabilities acquired	19,733
Goodwill arising from the acquisition (see 2.4.1 a)	28,947
Fair value of the transferred group	48,680
Cash and cash equivalents acquired	5,406

For the allocation of the purchase price the gross fair value of client contracts was measured at €15 million, which will be amortized over 7 years from January 1, 2019 (see 3.2.4.1 b).

Over the period, the Group completed all the work needed to allocate the acquisition price pursuant to the requirements of amended IFRS 3 on Business Combinations.

c. Acquisition of the Chilean company Ciclo SA:

On October 3, 2019, Séché Environnement, acting via its subsidiary Séché Chile SpA, acquired 70% of Ciclo SA.

This acquisition will allow the Group to pursue innovative plans to develop integrated industrial waste management solutions in the Santiago metropolitan area with an approach that fosters the circular economy and sustainable development. This will create facilities that meet the highest international standards for the recovery, treatment and storage of industrial waste, in particular hazardous waste.

Ciclo SA was fully consolidated in the Group's consolidated financial statements from October 1, 2019.

The amount of goodwill was provisional at December 31, 2019 as the estimate of the acquisition price and its breakdown were ongoing at the closing date.

The breakdown of the acquisition price at December 31, 2019 is provided in the table below:

(In thousands of euros)	On the acquisition date (at the CLP/EUR exchange rate as of October 1, 2019)
Net assets and liabilities acquired	2,857
Goodwill arising from the acquisition (see 3.2.4.1 a)	4,038
Fair value of the transferred group	6,895
Cash and cash equivalents acquired	810

d. Acquisition of an additional stake in the Peruvian company Kanay, with gain of control:

On March 29, 2019, Séché Environnement exercised its purchase options to acquire the remaining 51% stake in Kanay for €1.2 million. This acquisition of a majority stake led to the fair value revaluation of the previously owned interest by -€1 million, which was offset by the removal of the previously owned equity-accounted shares in the amount of €0.2 million, representing a final impact on operating income of -€0.7 million, recognized in "Other operating income and expenses" (see 3.2.4.13).

Goodwill of €9 million was recognized on this acquisition (see 3.2.4.1 a).

The company is now wholly owned by the Group and is fully consolidated. This acquisition of control changed the consolidation method applied for Kanay, which was previously accounted for by the equity method.

e. Acquisition of an additional stake in the Peruvian company Taris:

In March 2019, Séché Environnement acquired an additional 7.01% stake in Taris, increasing its ownership interest from 92.99% to 100%, for €1.6 million.

As this company was already fully consolidated, the difference between the acquisition price and the additional share of consolidated equity was deducted from shareholders' equity (Group share) in the amount of €1.2 million.

f. New subsidiaries:

- January 2019: Séché Health Arequipa, a fully consolidated Peruvian company. This company was established on August 29, 2018 and began operating in the first half of 2019;
- May 2019: Creation of Séché Urgences Intervention, a fully consolidated French company, which began operating in the second half of 2019;
- September 2019: Creation of Séché Chile SpA, a fully consolidated Chilean company.

The contribution of the material acquisitions described above to the main income statement items was as follows:

	December 31, 2019					December 31, 2019
(In thousands of euros)	**Reported**	**Impact of acquisitions**	**Group Interwaste (1)**	**Group Mecomer (2)**	**Kanay (1)**	**Restated**
Revenue	704,419	102,562	64,443	34,780	3,339	601,857
EBITDA	135,373	18,634	10,658	9,792	(1,816)	116,739
Current operating income	47,803	10,528	4,626	8,139	(2,237)	37,275
Operating income	46,763	10,523	4,620	8,138	(2,236)	36,240
Financial income	(17,473)	(1,784)	(667)	(104)	(1,013)	(15,689)
Net income	**18,888**	**4,921**	**2,480**	**5,689**	**(3,249)**	**13,966**
o/w attributable to minority interests	(1,063)	(893)	(324)	(569)	-	(170)
o/w Group share	**17,825**	**4,028**	**2,156**	**5,121**	**(3,249)**	**13,797**

(1) Consolidated from January 1, 2019.
(2) Consolidated from April 1, 2019.

No acquisitions that led to the ownership of a controlling interest were made in the 2018 fiscal year.

No significant disposals, whether or not leading to loss of control, were made in 2019 or 2018.

3.2.2.2 Other highlights of the period

Refinancing of bank debt:

In May 2019, Séché Environnement refinanced its financial debt over the medium term with an €80 million bond issue in two tranches:

- €60 million maturing in 7 years (2026) with a coupon of 2.90%;
- €20 million maturing in 8 years (2027) with a coupon of 3.05%.

These transactions enabled Séché Environnement to refinance its recent international acquisitions, which were previously financed by drawing on the syndicated credit facility.

3.2.3 CONSOLIDATION SCOPE

Company name	City	Country	% interest	% interest	Consolidation method	Consolidation method
			12/31/2018	12/31/2019	12/31/2018	12/31/2019
PARENT COMPANY						
Séché Environnement	Changé	France	Parent	Parent	Parent	Parent
CONSOLIDATED SUBSIDIARIES						
Alcéa	Changé	France	100	100	Full	Full
Béarn Environnement	Pau	France	100	100	Full	Full
Ciclo	Quilicura	Chile	-	70	-	Full
Depo	Milan	Italy	-	90	-	Full
Drakenstein Energy Pty	Johannesburg	South Africa	-	100	-	Full
Drimm	Montech	France	100	100	Full	Full
Earth 2 Earth Pty Ltd	Johannesburg	South Africa	-	100	-	Full
East Gauteng Energy Pty Ltd	Johannesburg	South Africa	-	100	-	Full
Ecosite de la Croix Irtelle	Changé	France	100	100	Full	Full
Eden Waste Construction Ltd	Johannesburg	South Africa	-	75	-	Full
Eden Waste Management Ltd	Johannesburg	South Africa	-	75	-	Full
Eden Waste Operations Ltd	Johannesburg	South Africa	-	75	-	Full
Energécie	Changé	France	74.6	74.6	Full	Full
Envirowaste SA Pty Ltd	Johannesburg	South Africa	-	100	-	Full
Gabarre Energies	Les Abymes	France	51	51	Full	Full
Gerep	Paris	France	50	50	Equity	Equity
Greens Scrap Recycling Pty Ltd	Johannesburg	South Africa	-	100	-	Full
IberTredi Medioambiental	Barcelona	Spain	100	100	Full	Full

Interwaste Environmental Solutions Ltd	Johannesburg	South Africa	-	100	-	Full
Interwaste Environmental Solutions Pty Ltd	Johannesburg	South Africa	-	99	-	Full
Interwaste Holding Ltd	Johannesburg	South Africa	-	100	-	Full
Interwaste Industrial Cleaning Pty Ltd	Johannesburg	South Africa	-	50	-	Equity
Interwaste On-site Pty Ltd	Johannesburg	South Africa	-	49	-	Full
Interwaste Properties Pty Ltd	Johannesburg	South Africa	-	100	-	Full
Interwaste Pty	Johannesburg	South Africa	-	100	-	Full
IWE Fleet Sales Pty	Johannesburg	South Africa	-	100	-	Full
Kanay	Lima	Peru	49	100	Equity	Full
Karu Energy	-	Guadeloupe	24.00	24.00	Equity	Equity
La Barre Thomas	Rennes	France	40	40	Equity	Equity
Limpopo Platinum Waste Pty Ltd	Johannesburg	South Africa	-	70	-	Full
Masakhane Interwaste Pty Ltd	Johannesburg	South Africa	-	65	-	Full
Mecomer	Milan	Italy	-	90	-	Full
Moz Environmental Limitada	Johannesburg	South Africa	-	100	-	Full
Opale Environnement	Calais	France	100	100	Full	Full
Platinum Waste Resources Pty Ltd	Johannesburg	South Africa	-	51	-	Full
Sabsco Asia	Singapore	Singapore	76	76	Full	Full
Sabsco Limited	Kent	United Kingdom	76	76	Full	Full
Sabsco Malaysia	Petaling Jaya	Malaysia	76	76	Full	Full
SAEM Transval	St Georges les Baillargeaux	France	35	35	Equity	Equity

Company name	City	Country	% interest	% interest	Consolidation method	Consolidation method
			12/31/2018	12/31/2019	12/31/2018	12/31/2019
CONSOLIDATED SUBSIDIARIES						
SCI LCDL	Changé	France	99.8	99.8	Full	Full
SCI Les Chênes Secs	Changé	France	99.8	99.8	Full	Full
SCI Mézerolles	Changé	France	99.99	99.99	Full	Full
Séché Alliance	Changé	France	99.94	99.94	Full	Full
Séché Chile Spa	Las Condes	Chile	-	100	-	Full
Séché Développement	Changé	France	100	100	Full	Full
Séché Eco-Industries	Changé	France	99.99	99.99	Full	Full
Séché Éco-Services	Changé	France	99.98	99.98	Full	Full
Séché Energies	Changé	France	100	-	Full	-
Séché Environnement Ouest	Changé	France	100	100	Full	Full
Séché Health Arequipa	Lima	Peru	-	100	-	Full
Séché Healthcare	Changé	France	100	100	Full	Full
Séché South Africa	Johannesburg	South Africa	100	100	Full	Full
Séché Transports	Changé	France	99.5	99.5	Full	Full
Séché Urgences Interventions	La Guerche-de-Bretagne	France	-	100	-	Full
Sem Trédi	Mexico City	Mexico	100	100	Full	Full
Sénergies	Changé	France	80	80	Full	Full
Sénerval	Strasbourg	France	99.9	99.9	Full	Full
Singapore MTT	Singapore	Singapore	76	76	Full	Full
Sodicome	Saint-Gilles	France	100	100	Full	Full
Sogad	Le Passage	France	50	50	Equity	Equity
Solarca Castilla	Puertollano	Spain	76	76	Full	Full
Solarca France	Marseille	France	71.03	71.03	Full	Full
Solarca Portugal	Setubal	Portugal	76	76	Full	Full
Solarca Qatar	Doha	Qatar	37.24	37.24	Full	Full
Solarca Russia	Moscow	Russia	76	76	Full	Full

Solarca SL	La Selva Del Camp	Spain	76	76	Full	Full
Solarca USA	La Porte, Texas	United States	76	-	Full	-
Solena	Viviez	France	60	60	Full	Full
Soluciones Ambientales Del Norte	Antofagasta	Chile	100	100	Full	Full
Sotrefi	Etupes	France	100	100	Full	Full
Speichim Processing	Saint-Vulbas	France	100	100	Full	Full
Taris	Lima	Peru	92.99	100	Full	Full
Therm-Service	Seevetal	Germany	76	76	Full	Full
Trédi Argentina	Buenos Aires	Argentina	100	100	Full	Full
Trédi SA	Saint-Vulbas	France	100	100	Full	Full
Triadis Services	Etampes	France	100	100	Full	Full
UTM	Lübeck	Germany	100	100	Full	Full
Valls Quimica	Valls	Spain	100	100	Full	Full

Non-consolidated subsidiaries

Some companies were not included in the consolidation scope, due to their inactivity.

(In thousands of euros)	% held by Group	Amount of shareholders' equity	Income from past year	Fair value of holding
Solarca Chile	75.24%	(5)	(6)	ns
Solarca Maroc	76.00%	NP	NP	ns
Solarca Italia	76.00%	NP	NP	ns
Solarca South Africa	76.00%	17	15	ns
Solarca Brasil	76.00%	19	(17)	ns

NP: Not provided 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:

Gross value								
(In thousands of euros)	**France**	**Germany**	**Spain**	**Chile**	**Peru**	**South Africa**	**Italy**	**Total**
At December 31, 2018	257,255	3,582	12,050	2,765	15,461	-	-	291,113
Changes in consolidation scope	-	-	-	4,038	8,956	1,987	28,947	43,928
Impairment	-	-	-	-	-	-	-	-
Foreign exchange rate adjustments	-	-	-	(405)	885	86	-	566
Other	-	-	-	-		-	-	-
At December 31, 2019	**257,255**	**3,582**	**12,050**	**6,398**	**25,302**	**2,073**	**28,947**	**335,607**

Impairment								
(In thousands of euros)	**France**	**Germany**	**Spain**	**Chile**	**Peru**	**South Africa**	**Italy**	**Total**
At December 31, 2018	(20,220)	-	(5,674)	-	-	-	-	(25,894)
Changes in consolidation scope	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-
Foreign exchange rate adjustments	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
At December 31, 2019	**(20,220)**	**-**	**(5,674)**	**-**	**-**	**-**	**-**	**(25,894)**

Net value								
(In thousands of euros)	**France**	**Germany**	**Spain**	**Chile**	**Peru**	**South Africa**	**Italy**	**Total**
At December 31, 2018	237,035	3,582	6,376	2,765	15,461	-	-	265,220
Changes in consolidation scope	-	-	-	4,038	8,956	1,987	28,947	43,928
Impairment	-	-	-	-	-	-	-	-
Foreign exchange rate adjustments	-	-	-	(405)	885	86	-	566
Other	-	-	-	-	-	-	-	-
At December 31, 2019	**237,035**	**3,582**	**6,376**	**6,398**	**25,302**	**2,073**	**28,947**	**309,714**

In the absence of indications of impairment losses, impairment tests are performed annually, at December 31. Following the impairment test carried out in 2019 (using the methods described in Note 3.2.1.7 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 reduce the fair value of the Group's cash flow by €101.6 million. This would not lead the Group to recognize an impairment. A 0.2 point decrease in the perpetual growth rate would reduce the fair value of the Group's cash flow by €43 million. A 1 point annual decrease in the revenue growth rate over the first three years of the business plan would reduce the fair value of the Group's goodwill by €23.4 million. No impairment would be booked in this respect.

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. Statement of changes in other intangible fixed assets

(In thousands of euros)	Software, patents	Intangible fixed assets under concession aarrangements	Other intangible fixed assets	Total
Gross value				
At December 31, 2017	**10,512**	**61,837**	**20,784**	**93,134**
Acquisitions	1,513	7,759	1,793	11,065
Disposals	(381)	(100)	(940)	(1,421)
Other	73	-	(35)	38
At December 31, 2018	**11,717**	**69,496**	**21,602**	**102,816**
Acquisitions	1,111	-	3,036	4,147
Disposals	(510)	-	(36)	(546)
Change in consolidation scope	99	-	24,416	24,515
Foreign exchange rate adjustments	23	-	359	381
Change in accounting method	-	-	(4,355)	(4,355)
Other	8	-	(241)	(233)
At December 31, 2019	**12,448**	**69,496**	**44,781**	**126,726**
Depreciation & amortization and impairment				
At December 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	-	-	-	-
At December 31, 2018	**(10,054)**	**(15,908)**	**(6,387)**	**(32,349)**
Allocations	(1,180)	(4,147)	(4,136)	(9,463)
Impairment	-	-	61	61
Disposals	570	-	(371)	199
Change in consolidation scope	(6)	-	21	15
Foreign exchange rate adjustments	(1)	-	(50)	(51)
Other	15	-	2	17
At December 31, 2019	**(10,656)**	**(20,055)**	**(10,860)**	**(41,571)**
Net amounts				
At December 31, 2017	**1,142**	**49,618**	**15,071**	**65,831**
At December 31, 2018	**1,663**	**53,588**	**15,215**	**70,467**
At December 31, 2019	**1,792**	**49,441**	**33,920**	**85,154**

No intangible fixed assets were generated internally.

Other changes mostly correspond to reclassifications within the financial statements.

The "Change in consolidation scope" line under intangible fixed assets, representing €24.4 million, corresponds to the recognition of goodwill on client contracts identified on the acquisitions of Mecomer and Interwaste, for €15 million and €4 million respectively (see Note 3.2.2.1).

The "Change in accounting method" line reflects the reclassification of investment grants.

3.2.4.2 Property, plant and equipment

a. Statement of changes in property, plant and equipment

(In thousands of euros)	Land	Buildings	Production facilities	Transportation equipment	Fixtures and fittings	Office equipment	Fixed assets under construction	Leases	Total
Gross value									
At Dec. 31, 2018	**34,299**	**183,186**	**425,651**	**20,898**	**90,276**	**11,665**	**19,810**	**19,401**	**805,184**
Acquisitions	1,165	9,433	20,785	2,692	6,841	1,378	24,331	5,766	72,391
Disposals		(16,588)	(14,701)	(5,566)	(353)	(927)	(44)	(247)	(38,426)
Change in consolidation scope	4,760	10,521	2,538	31,157	10,771	2,877	4,365	25,149	92,138
Foreign exchange rate adjustments	5	(45)	216	1,233	429	128	(95)	810	2,681
Change in accounting method (IFRS 16 and grants)	-	(141)	(4,839)	-	(4,026)	-	-	27,197	18,191
Other	(299)	8,359	4,061	417	(181)	879	(13,698)	-	(462)
At Dec. 31, 2019	**39,930**	**194,725**	**433,711**	**50,831**	**103,757**	**16,000**	**34,669**	**78,076**	**951,697**
Depreciation & amortization and impairment									
At Dec. 31, 2018	**(7,297)**	**(130,564)**	**(339,516)**	**(18,338)**	**(54,716)**	**(9,712)**	**-**	**(9,135)**	**(569,280)**
Allocations	(510)	(17,939)	(21,845)	(3,446)	(6,108)	(1,601)	-	(13,292)	(64,741)
Impairment	-	-	46	-	-	-	-	-	46
Disposals	-	16,597	13,398	4,547	238	922	-	239	35,941
Change in consolidation scope		(1,722)	(1,406)	(17,663)	(5,221)	(2,784)	-	(7,100)	(35,896)
Foreign exchange rate adjustments	-	39	(143)	(763)	(221)	(106)	-	(249)	(1,443)
Change in accounting method (IFRS 16)	-	-	-	-	-	-	-	(219)	(219)
Other	299	157	209	(23)	638	(642)	-	(6)	632
At Dec. 31, 2019	**(7,508)**	**(133,432)**	**(349,257)**	**(35,686)**	**(65,390)**	**(13,923)**	**-**	**(29,762)**	**(634,960)**
Net amounts									
At 31 Dec., 2018	**27,002**	**52,622**	**86,135**	**2,560**	**35,560**	**1,953**	**19,810**	**10,266**	**235,904**
At Dec. 31, 2019	**32,422**	**61,293**	**84,454**	**15,145**	**38,367**	**2,077**	**34,669**	**48,314**	**316,737**

In 2019, "Other" items mainly correspond to the startup of fixed assets under construction and reclassifications within the financial statements.

Lease contracts break down as follows:

(In thousands of euros)	Land	Buildings	Production facilities	Transportation equipment	Fixtures and fittings	Office equipment	Total leases
				Gross value			
At Dec. 31, 2018	**89**	**3,992**	**8,374**	**4,551**	**2,395**	**-**	**19,401**
Acquisitions	-	165	1,505	3,984	112	-	5,766
Disposals	-	(191)	(16)	(40)	-	-	(247)
Change in consolidation scope	-	9,272	3,281	12,463	73	61	25,149
Foreign exchange rate adjustments	4	54	91	578	79	3	810
Change in accounting method (IFRS 16)	1,634	16,310	6,555	2,660	-	39	27,197
Other	-	-	2,468	-	(2,468)	-	-
At Dec. 31, 2019	**1,727**	**29,602**	**22,258**	**24,196**	**191**	**103**	**78,076**
				Depreciation & amortization and impairment			
At Dec. 31, 2018		**(2,322)**	**(4,259)**	**(1,558)**	**(996)**	**-**	**(9,135)**
Allocations	(285)	(4,436)	(4,710)	(3,799)	(36)	(24)	(13,292)
Impairment	-	-	-	-	-	-	-
Disposals	-	191	16	32	-	-	239
Change in consolidation scope	-	(2,906)	(419)	(3,735)	(22)	(18)	(7,100)
Foreign exchange rate adjustments	-	(9)	(10)	(198)	(32)	-	(249)
Change in accounting method (IFRS 16)	-	(219)	-	-	-	-	(219)
Other	-	9	(1,038)	(4)	1,027	-	(6)
At Dec. 31, 2019	**(285)**	**(9,692)**	**(10,420)**	**(9,262)**	**(59)**	**(42)**	**(29,762)**
				Net amounts			
At Dec. 31, 2018	**89**	**1,670**	**4,115**	**2,993**	**1,399**	**-**	**10,266**
At Dec. 31, 2019	**1,442**	**19,910**	**11,838**	**14,934**	**132**	**61**	**48,314**

3.2.4.3 Investments in associates

a. Summary of investments in associates

The investments in associates held by the Group are as follows:

(In thousands of euros)	December 31, 2018	December 31, 2019
La Barre Thomas	44	50
Transval	47	45
Gerep	-	-
Sogad	593	336
Karu Energy SAS	2	-
Interwaste Industrial Cleaning Pty Ltd	-	-
Kanay	2,590	-
Total	**3,276**	**431**

b. Changes to investments in associates

Changes in investments in associates held by the Group break down as follows:

(In thousands of euros)	December 31, 2018	December 31, 2019
Balance at start of period	2,888	3,276
Changes in consolidation scope	2	(2,589)
Impairment	-	-
Share in net income for the period	396	(44)
Change in other comprehensive income	(30)	-
Dividends received / paid	(71)	(325)
Other	92	113
Balance at end of period	**3,276**	**431**

c. Financial information on associates

The information summarized below represents the full financial position and income statements of associate companies.

In accordance with IAS 28, Investments in Associates and Joint Ventures, the summary statement of financial position and income statement at December 31, 2019 correspond to the most recent accounts available.

(In thousands of euros)	La Barre Thomas	Transval	Gerep	Sogad	Karu Energy	Interwaste Industrial Cleaning Pty Ltd
Non-current assets	8	3	1,147	468	-	-
Current assets	1,727	201	955	2,589	19	-
Total assets	**1,735**	**204**	**2,102**	**3,057**	**19**	**-**
Shareholders' equity	124	128	(379)	672	(28)	-
Non-current liabilities	-	-	592	234	-	-
Current liabilities	1,611	76	1,889	2,151	47	-
Total liabilities and shareholders' equity	**1,735**	**204**	**2,102**	**3,057**	**19**	**-**
Revenue	3,936	80	2,547	1,998	-	-
EBITDA	17	23	(151)	219	(9)	-
Current operating income	15	22	(57)	179	(9)	-
Operating income	15	22	(57)	179	(9)	-
Net income	**15**	**22**	**(60)**	**136**	**(9)**	**-**

d. Transactions with associates

The Group did not carry out any significant transactions with associate companies.

3.2.4.4 Financial assets and liabilities

(In thousands of euros)	December 31, 2018			December 31, 2019		
	Non-current	Current	**Total**	Non-current	Current	**Total**
Equity instruments	1,213	-	1,213	742	-	742
Financial loans and receivables	7,672	1,144	8,816	7,254	1,078	8,332
Financial assets	**8,886**	**1,144**	**10,030**	**7,996**	**1,078**	**9,074**
Trade and other receivables	39,480	157,184	196,664	42,457	179,480	221,937
Other operating financial assets	1,070	31,134	32,204	432	43,272	43,704
Operating loans and receivables at amortized cost	**40,551**	**188,317**	**228,868**	**42,889**	**222,752**	**265,641**
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	**-**	**67,425**	**67,425**		**92,276**	**92,276**
Total financial assets	**49,647**	**256,918**	**306,565**	**50,885**	**316,106**	**366,991**
Financial debt	380,599	36,377	416,976	485,238	63,228	548,466
Derivatives - Liabilities	630	74	704	189	83	272
Other operating financial liabilities	430	222,751	223,181	9,681	250,412	260,093
Total financial liabilities	**381,659**	**259,203**	**640,862**	**495,108**	**313,723**	**808,831**

Non-current financial assets primarily include the amounts payable to Sénerval by Eurométropole Strasbourg in respect of amendments to the public service delegation agreement and the major maintenance and renewal contract (see Note 3.2.1.8). These amounts are recoverable over the remaining term of the delegation contract, scheduled to end in June 2030. They cover payment for services provided and shortfalls incurred during the periods when the waste treatment and steam generation facilities were unavailable.

a. Financial assets

i. Equity instruments

(In thousands of euros)	December 31, 2018	Disposals / redemptions	Impairment	December 31, 2019
Solarca Maroc	9	-	-	9
Solarca Italia	-	-	-	-
Solarca Brazil	17	-	-	17
Solarca Chile	7	-	-	7
Other	11	-	-	11
Non-consolidated securities	**44**	**-**	**-**	**44**
Emertec	840	(80)	(390)	370
Other UCITS	329	(1)	-	328
UCITS	**1,169**	**(81)**	**(390)**	**698**
Total equity instruments	**1,213**	**(81)**	**(390)**	**742**

ii. Loans and receivables at amortized cost

	December 31, 2018			December 31, 2019		
(In thousands of euros)	Non-current	Current	Total	Non-current	Current	Total
Deposits and guarantees	3,222	409	3,631	3,165	276	3,441
Loans	1,911	55	1,966	2,070	122	2,192
Concession operating receivables	2,540	680	3,220	2,019	680	2,699
Financial loans and receivables	**7,673**	**1,143**	**8,816**	**7,254**	**1,078**	**8,332**
Trade and other receivables	**39,480**	**157,184**	**196,664**	**42,457**	**179,480**	**221,937**
Government	-	18,407	18,407	-	29,712	29,712
Tax receivables	1,055	2,453	3,508	425	2,508	2,933
Prepayments	-	2,554	2,554	-	3,721	3,721
Social insurance receivables	-	182	182	-	315	315
Amounts receivable on disposal of fixed assets	-	2,668	2,668	-	4	4
Other receivables	16	4,245	4,261	7	6,689	6,696
Overdrafts	-	624	624	-	323	323
Other operating assets	**1,071**	**31,134**	**32,204**	**432**	**43,272**	**43,704**
Operating loans and receivables	**40,551**	**188,317**	**228,868**	**42,889**	**222,752**	**265,641**
Loans and receivables at amortized cost	**48,224**	**189,461**	**237,683**	**50,143**	**223,830**	**273,973**

On December 26, 2018, the Group sold, without recourse, receivables of €22.6 million, with accompanying insurance. It completed a similar transaction for €21.7 million on December 31, 2019.

Impairment of loans and receivables at amortized cost breaks down as follows:

(In thousands of euros)	December 31, 2018			December 31, 2019		
	Gross	Impairment	**Total**	Gross	Impairment	**Total**
Financial loans and receivables	8,904	(88)	**8,816**	8,339	(7)	**8,332**
Trade and other receivables	202,440	(5,776)	**196,664**	227,182	(5,245)	**221,937**
Other operating assets	32,232	(28)	**32,204**	43,732	(28)	**43,704**
Loans and receivables at amortized cost	**243,577**	**(5,893)**	**237,684**	**279,253**	**(5,280)**	**273,973**

iii. Cash and cash equivalents

(In thousands of euros)	December 31, 2018	December 31, 2019
Cash	47,286	77,214
Cash equivalents	20,138	15,062
Total and cash equivalents	**67,425**	**92,276**

Cash equivalents correspond to SICAV (open-ended mutual funds).

b. Financial liabilities

i. Financial debt

Changes in debt over the fiscal year break down as follows:

(In thousands of euros)	Dec. 31, 2018	New	Repayments	Amortized cost	Changes in consolidation scope	Impairment	Foreign exchange rate adjustments	IFRS 16	Other	Dec. 31, 2019
Bank loans	229,778	28,233	(27,470)	-	4,678	-	149	-	479	235,847
Bonds	174,171	80,000	-	-	-	-	-	-	(158)	254,013
Leases	9,388	6,114	(16,339)	-	16,697	-	73	27,100	(138)	42,895
Other financial debt (incl. accrued interest)	3,019	284	-	-	132	-	-	-	741	4,176
Short-term bank borrowings	619	5,001	-	-	5,369	-	220	-	326	11,535
Change in net debt	**416,976**	**119,632**	**(43,809)**	**-**	**26,876**	**-**	**442**	**27,100**	**1,250**	**548,467**

At December 31, 2019, the Group's financial debt broke down as follows:

(In thousands of euros)	Dec. 31, 2019	Less than 1 year	1-5 years	More than 5 years	Fixed rate	Variable rate
Bank loans [1]	**235,847**	35,501	164,641	35,705	124,612	110,932
Bonds	**254,013**	(244)	36,407	217,850	254,013	-
Leases	**42,895**	12,284	25,262	5,349	35,282	7,916
Other financial debt	**4,176**	4,147	29	-	4,176	-
Short-term bank borrowings	**11,535**	11,535	-	-	-	11,535
Total	**548,466**	**63,223**	**226,339**	**258,904**	**418,083**	**130,383**

ii. Operating payables

(In thousands of euros)	December 31, 2018			December 31, 2019		
	Non-current	Current	**Total**	Non-current	Current	**Total**
Trade payables	-	95,673	**95,673**	-	123,185	**123,185**
Liabilities on the acquisition of fixed assets	31	17,597	**17,629**	9,511	26,056	**35,567**
Prepayments received	-	4,329	**4,329**	6	4,936	**4,942**
Social insurance payables	-	28,014	**28,014**	-	29,451	**29,451**
Government (excl. income tax)	-	36,241	**36,241**	-	37,387	**37,387**
Income tax	-	1,562	**1,562**	-	6,438	**6,438**
Current account credit balances	-	643	**643**	-	1,472	**1,472**
Other debts	194	1,726	**1,920**	-	1,549	**1,549**
Other equity capital	204	-	**204**	164	-	**164**
Liabilities for renewal of assets under concession arrangements	-	9,191	**9,191**	-	7,679	**7,679**
Prepaid income		27,775	**27,775**	-	12,260	**12,260**
Operating payables	**430**	**222,751**	**223,181**	**9,681**	**250,413**	**260,094**

The €15 million decline in "Prepaid income" was mainly due to the resumption of activity at the Séneval site and the completion of work in 2019 (see Note 3.2.1.8) and a change in presentation of investment grants (see Note 3.2.1.19).

"Liabilities on the acquisition of fixed assets", in the amount of €9.5 million at December 31, 2019 concern earnout arrangements on the acquisitions completed in 2019.

c. Derivatives

(In thousands of euros)	December 31, 2018			December 31, 2019		
	Non-current	Current	**Total**	Non-current	Current	**Total**
Derivatives - Assets	210	32	**242**	-	-	**-**
Derivatives - Liabilities	630	74	**704**	189	83	**272**

The Group uses derivatives to hedge cash flows related to its financing activities. These instruments, which are traded on organized markets, are managed by the Group's Finance Department.

(In thousands of euros)	December 31, 2018		December 31, 2019	
	Nominal	Fair value	Nominal	Fair value
Swaps	20,000	(122)	10,000	(51)
Collars	95,000	(341)	80,000	(221)
Total	**115,000**	**(462)**	**90,000**	**(272)**

At December 31, 2019, the maturity of cash flow hedging instruments was as follows:

(In thousands of euros)	Less than 1 year	1-5 years	More than 5 years	Total
Swaps	10,000	-	-	10,000
Collars	15,000	65,000	-	80,000
Total	**25,000**	**65,000**	**-**	**90,000**

Gains and losses recorded in other comprehensive income amounted to €0.2 million over the period.

The cumulative amount of other comprehensive income at December 31, 2019 totaled -€0.3 million. The ineffective portion of these hedges was recorded in gross financial borrowing costs in the amount of €0.1 million for 2019 (see Note 3.2.1.14).

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 retirement plans and other post-employment benefits in France are the following:

		December 31, 2018	December 31, 2019
Discount rate (*)		1.10%	0.70%
Wage increases		1%-3%	1.60%-2%
Mortality table		TPF 2005	INSEE 2301-2015 by gender
Retirement age:			
	Executives	*67*	*Depending on date of birth between 60 and 67*
	Non-executives	*65*	
Mobility rate		Between 3 and 7 per cent	*Depending on age: 6.5%-0% from age 60 with distinction between executives/non-executives*
Social security contributions:	*Executives*	*50%*	*46%*
	Non-executives	*45%*	*41%*

(*) The discount rate used is based on 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)	**12/31/2018**	**12/31/2019**
Actuarial liabilities at year-end (a)	12,177	19,028
Fair value of hedge assets (b)	(6,962)	(6,876)
Net retirement obligations – France (a) + (b)	***5,215***	***12,152***
Retirement obligations – International	***43***	***1,199***
Retirement obligations	**5,258**	**13,351**
Long-service awards	**871**	**920**
Total commitment at start of year	**6,129**	**14,272**
Provision recognized under balance sheet liabilities	6,217	14,358
Overfunded plans recognized under balance sheet assets	85	86

The €1.2 million increase in international retirement obligations was primarily due to the recognition of Mecomer group's retirement obligations on its inclusion within the scope of consolidation.

The tables below present the details of provisions for retirement benefits and other post-employment benefits for France:

i. Change in the amount of retirement liabilities

The change in actuarial liabilities and plan assets for France is the following:

(In thousands of euros)	December 31, 2018	December 31, 2019
Actuarial liabilities at start of year	**12,228**	**12,177**
Service cost	762	770
Interest on actuarial liabilities	147	137
Plan changes	-	-
Reductions/Terminations of plans	-	-
Contributions paid	-	-
Benefits paid	(767)	(847)
Acquisitions/Disposals of subsidiaries	-	24
Actuarial gains (losses)	(191)	6,766
Other	-	-
Actuarial liabilities at year-end (a)	**12,177**	**19,028**
Fair value of plan assets at start of year	**(7,692)**	**(6,962)**
Interest income from plan assets	(96)	(77)
Reductions/Terminations of plans	-	-
Contributions received	-	-
Benefits paid	767	283
Management fees	27	-
Acquisitions/Disposals of subsidiaries	-	-
Actuarial gains (losses)	31	(119)
Other	-	-
Fair value of plan assets at year-end	**(6,962)**	**(6,875)**
Net retirement liabilities (a) + (b)	**5,215**	**12,152**

Details of the Mexican and Italian subsidiaries' retirement obligations are not provided in the Notes to the financial statements as they are not significant.

A 0.5% increase in the discount rate would reduce actuarial liabilities by €1.2 million. A 0.5% decline in the discount rate would increase actuarial liabilities by €1.3 million.

ii. Change in the amount of liabilities for long-service awards

The Group's liabilities related to long-service awards have changed as follows:

(In thousands of euros)	December 31, 2018	December 31, 2019
Amount of commitment at start of year	**882**	**871**
Service costs	36	78
Interest on actuarial liabilities	10	8
Benefits paid	(86)	(99)
Acquisitions/Disposals of subsidiaries	-	-
Actuarial gains (losses)	29	60
Other	-	2
Amount of commitment at year-end	**871**	**920**

iii. Impact on comprehensive income

(In thousands of euros)	December 31, 2018	December 31, 2019
Service costs	798	78
Interest on actuarial liabilities	157	8
Interest income from plan assets	(96)	-
Management fees	27	-
Net cost of benefits in the income statement	**886**	**86**
Actuarial gains (losses)	(132)	60
Net cost of benefits impacting other comprehensive income	**(132)**	**60**
Net cost of benefits in the income statement	**754**	**146**

3.2.4.6 Current and non-current provisions

Current and non-current provisions have changed as follows:

(In thousands of euros)	Dec. 31, 2018	Allocations	Write-backs used	Write-backs not used	Change in consolidation scope	Foreign exchange rate adjustments	Other	Dec. 31, 2019
Employee benefits	6,217	963	(865)	-	1,432	3	6,608	14,358
Other non-current provisions	14,203	1,353	(1,247)	-	7,189	278	(2,885)	18,891
NON-CURRENT PROVISIONS	**20,420**	**2,316**	**(2,112)**	**-**	**8,621**	**281**	**3,723**	**33,249**
Provisions for litigation	1,053	408	(761)	(160)	-	-	-	540
Provisions for other costs[1]	919	1,622	(491)	(37)	-	-	2,889	4,902
CURRENT PROVISIONS	**1,973**	**2,030**	**(1,252)**	**(197)**	**-**	**-**	**2,889**	**5,442**
TOTAL	**22,393**	**4,346**	**(3,364)**	**(197)**	**8,621**	**281**	**6,612**	**38,691**

An analysis by type of provision is provided below:

- Employee benefits:
  See Note 3.2.4.5.

- Other non-current provisions:
  This line item includes the following provisions:

  - For 30-year monitoring: €12.4 million at December 31, 2019, compared with €11.3 million at December 31, 2018;
  - And for major maintenance and the renewal of facilities under delegated management agreements recognized according to the principles described in Note 3.2.1.13. €2.9 million in provisions recorded at December 31, 2018 were reclassified as current provisions under "Provisions for other costs" at December 31, 2019 following the end of the contract operated by Béarn Environnement.

  Changes in the consolidation scope amounting to €7.2 million were due to liabilities recognized at fair value on the acquisitions of:

  - Interwaste group: €6 million in provisions for site rehabilitation;
  - Kanay: €1.2 million for the risk of market loss.

- Provisions for litigation:
  This item mostly covers miscellaneous risks linked to staff.

- Provisions for other costs:
  This item primarily covers risks relating to the environment and business risks, principally asbestos risk for the French subsidiary Trédi, for €1.1 million.
  The provision for major maintenance and the renewal of facilities under delegated management, of €2.9 million at December 31, 2018, was reclassified to this category at December 31, 2019 following the end of the operating contract held by Béarn Environnement.

The allocations and write-backs shown above are broken down as follows in the consolidated income statement:

(In thousands of euros)	**Net (write-backs)/allocations 2018**	**Net (write-backs)/allocations 2019**
Current operating income	**1,754**	**200**
Operating income	(983)	-
Other financial expenses	650	585
TOTAL	**1,421**	**785**

3.2.4.7 Deferred taxes

Breakdown of deferred taxes by type:

(In thousands of euros)	December 31, 2018	December 31, 2019
Tax loss carryforwards	30,074	27,308
Provisions for employee benefits	1,569	3,333
Exceptional amortization and regulatory provisions	(4,594)	(6,238)
Updating of provision for 30-year monitoring	(1,020)	(1,098)
Asset value adjustments	-	(5,437)
Industrial maintenance and repairs	(2,870)	(3,641)
Other	509	3,190
TOTAL	**23,669**	**17,417**
o/w deferred tax assets	*23,729*	*24,300*
o/w deferred tax liabilities	*60*	*6,883*

Tax loss carryforwards in the amount of €27.3 million mostly apply to France, for €27.2 million, including:

- €26.5 million for the activation of deficits arising from the tax consolidation, dating back to 2012 and 2013, linked to the full provisioning of Séché Environnement's exposure to HIME; The amount of this tax receivable takes into account the gradual decline in the corporate tax rate in France from 34.43% to 25.83% by 2022 as announced in the 2020 Finance Act, and the probability of using the tax consolidation deficit; a €0.9 million increase in the tax saving was recognized to this end (due to the slowdown in tax reductions). In addition, a portion of the tax consolidation deficit was used in 2019 for a base amount of €11.1 million, for a tax saving reversal of €3.8 million;
- €0.7 million for the activation of deficits arising before the tax consolidation, and deficits of French subsidiaries not included in the tax consolidation scope.

At December 31, 2019, unused deferred tax assets relating to tax loss carryforwards amounted to €7.4 million, compared with €6.3 million a year earlier.

Tax deficits that are not recognized mainly apply to Chile, Peru and South Africa.

Changes in deferred tax assets can be analyzed as follows:

(In thousands of euros)	Deferred tax assets	Deferred tax liabilities	Total
At December 31, 2017	**28,788**	**199**	**28,590**
Income	(4,904)	-	(4,904)
Change in fair value of other comprehensive income	50	-	50
Change in consolidation scope	-	-	-
Foreign exchange rate adjustments	5	-	5
Other	72	-	(72)
Offsetting of deferred taxes	(138)	(138)	-
At December 31, 2018	**23,729**	**60**	**23,668**
Income	(364)	742	(1,106)
Change in fair value of other comprehensive income	2,314	24	2,290
Change in consolidation scope	912	8,516	(7,604)
Foreign exchange rate adjustments	84	147	(63)
Other	13	(217)	230
Offsetting of deferred taxes	(2,239)	(2,389)	-
At December 31, 2019	**24,300**	**6,883**	**17,416**

3.2.4.8 Off-balance sheet commitments

a. Off-balance sheet commitments arising from normal operations

(In thousands of euros)	December 31, 2018	December 31, 2019
Loans ceded before maturity (bills, Dailly Act)		
- Financial guarantees (1)	90,153	98,465
- Other guarantees	41,436	63,211
Sureties	**131,589**	**161,676**
- Intangible assets and property, plant and equipment pledged as collateral	-	-
- Securities pledged as collateral	-	-
Secured guarantees	**-**	**-**
TOTAL	**131,589**	**161,676**

(1) Including €90 million in sureties issued by a financial institution on the setting up of financial guarantees granted by it under the Ministerial Order of February 1, 1996.

b. Off-balance sheet commitments given or received in connection with Group debt

(In thousands of euros)	December 31, 2018	December 31, 2019
Sureties and letters of intent	**34,348**	**27,836**
Property, plant and equipment and intangible assets pledged as guarantees and collateral	14,052	19,220
Securities pledged as guarantees and collateral	-	-
Secured guarantees	**14,052**	**19,220**
TOTAL	**48,400**	**47,056**

As part of its asset financing operations, the Company signed commitments not to sell the shares it holds in Sénergies and Séché Éco-Industries.

All the off-balance sheet commitments shown above cover debts carried in the balance sheet.

In connection with its public service delegation contracts, Séché Environnement issues a performance guarantee to the contracting authorities.

c. Other off-balance sheet commitments

This 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, 2018 and December 31, 2019.

The number of shares with a double voting right at December 31, 2019 was 2,173,269 versus 2,115,221 at December 31, 2018.

b. Additional paid-in capital

Additional paid-in capital is made up exclusively of additional paid-in capital from the different capital increases, net of charges.

c. Foreign exchange rate adjustments

Foreign exchange rate adjustments result from the translation of the equity of subsidiaries outside the euro zone. Foreign exchange rate adjustments decreased by -€1.1 million.

The main exchange rates used (euro/currency) for the translation of balance sheet items (closing rate) and income statement items (average rate) are the following:

For 1 euro	PEN	CLP	ARS	MXN	ZAR
2018					
Average rate	3.88	757.28	33.32	22.73	-
Closing rate	3.86	794.60	43.10	22.49	-
2019					
Average rate	3.74	792.49	54.12	21.68	16.19
Closing rate	3.72	844.85	67.23	21.22	15.78

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, 2019, share buybacks (for the whole of 2019) broke down as follows:

	December 31, 2018	December 31, 2019
Number of shares held as treasury stock[1]	55,077	53,802
Percentage of shares held as treasury stock	0.70%	0.68%
Net book value of shares held as treasury stock (€)	1,446,870	1,894,903
Market value of treasury stock at end of period (€)	1,465,048	2,022,955
based on the closing price of Séché Environnement's shares at the end of December (€)	26.60	37.60

(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	December 31, 2018	December 31, 2019
Net income attributable to ordinary shareholders used to calculate basic earnings per share	**15,580**	**17,825**
Weighted average number of ordinary shares used to calculate basic earnings per share	7,857,732	7,857,732
Weighted average number of treasury shares used to calculate basic earnings per share	57,728	53,802
Weighted average number of shares used to calculate basic earnings per share	7,800,004	7,803,930
Earnings per share (€)	**2.0**	**2.27**
Diluted earnings per share (€)	**2.0**	**2.27**

f. Dividends

In 2019, Séché Environnement paid out €7,464,845.40 in dividends, or €0.95 per share, for all types of shares. Payment was made in July 2019.

On March 6, 2020, 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).

3.2.4.10 Income from ordinary activities

a. Breakdown of revenue by type

(In thousands of euros)	December 31, 2018	December 31, 2019
Waste treatment activities	280,242	356,379
Recovery activities	94,047	102,388
Other services	211,019	245,652
Revenue	**585,308**	**704,419**
Other business income	6,294	8,137
Transfers of expenses	555	3,644
Income from ordinary activities	**592,157**	**716,200**

b. Breakdown of revenue by type of waste

(In thousands of euros)	December 31, 2018	December 31, 2019
Hazardous waste treatment	349,696	450,521
Non-hazardous waste treatment	235,612	253,898
Total	**585,308**	**704,419**

c. Breakdown of income from ordinary activities by geographical region

(In thousands of euros)	December 31, 2018	December 31, 2019
France	529,292	546,820
Europe (outside France)	38,931	74,343
South America	16,986	25,021
South Africa	-	64,443
Rest of world	6,949	5,573
Total	**592,157**	**716,200**

d. 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 (the “order book”). At December 31, 2019, 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 36 months.

e. Contract assets and liabilities

Under IFRS 15, the amounts of contract assets and liabilities included in “Other current assets” and “Other current liabilities” on the consolidated balance sheet must be detailed.

€m	December 31, 2018	December 31, 2019
Contract assets	20,750	23,381
Contract liabilities	15,025	12,261

3.2.4.11 EBITDA

a. External expenses

(In thousands of euros)	December 31, 2018	December 31, 2019
Subcontracting	(137,068)	(145,092)
Lease expenses	(23,895)	(20,164)
Maintenance and repairs	(24,280)	(36,355)
Insurance companies	(6,768)	(8,624)
Other external expenses	(42,273)	(56,140)
External expenses	**(234,283)**	**(266,375)**

b. Taxes and duties

(In thousands of euros)	December 31, 2018	December 31, 2019
Tax, duties and related payments	(7,988)	(9,753)
TGAP (tax on polluting activities)	(35,222)	(32,667)
Property ownership tax	(1,591)	(3,167)
Other	(995)	(681)
Taxes and duties	**(45,796)**	**(46,268)**

c. Payroll costs

(In thousands of euros)	December 31, 2018	December 31, 2019
Wages and salaries (including social security expenses)	(131,343)	(169,900)
Profit-sharing and incentive schemes	(1,975)	(2,622)
Contributions towards end-of career payments	(4)	-
Employee expenses	**(133,322)**	**(172,522)**

The increase in wages and salaries reflects the acquisitions completed in 2019, for a total of €27 million, including €21.7 million relating to the acquisition of Interwaste group.

3.2.4.12 Current operating income

a. Operating income and expenses

(In thousands of euros)	December 31, 2018	December 31, 2019
Losses on bad debts	(374)	(2,024)
Other	(1,168)	(1,824)
Operating expenses	**(1,543)**	**(3,848)**
Investment subsidies	1,664	-
Other	117	191
Operating income	**1,781**	**191**
Other operating items	**239**	**(3,657)**

Losses on bad debts at December 31, 2019 were mainly located in France, for €1 million, Spain, for €0.6 million, and South Africa, for €0.2 million. These losses were offset by write-backs of impairment on client accounts receivable (see Note 3.2.4.12 b).

The “Other” line item mostly reflects €1 million in operating expenses recorded by Trédi for social and asbestos risks, which were covered by provisions at December 31, 2018 that were written back in 2019.

b. Net allocations to depreciation & amortization, provisions and impairment

Breakdown of depreciation & amortization, impairment, and provisions:

(In thousands of euros)	December 31, 2018	December 31, 2019
Amortization of intangible fixed assets	(5,561)	(9,509)
Depreciation of property, plant and equipment	(45,224)	(64,653)
Amortization of deferred expenses	(9)	(9)
Net allocations to depreciation & amortization	**(50,794)**	**(74,171)**
Net impairment of fixed assets	326	61
Net impairment of inventories, business loans and other assets	(973)	1,252
Net change in current and non-current provisions	(1,754)	(200)
Net allocations to provisions and impairment	**(2,401)**	**1,113**
Depreciation & amortization, provisions and impairment	**(53,195)**	**(73,058)**

(1) See Note 2.4.6 “Current and non-current provisions”.

Amortization of intangible assets increased due to the amortization of client contracts recognized as identifiable assets on the acquisition of Interwaste and Mecomer groups.

The €19.5 million increase in depreciation of property, plant and equipment was mostly related to the application of the new IFRS 16, for €8.6 million, and the acquisition of Interwaste group, for €5.9 million.

3.2.4.13 Operating income

(In thousands of euros)	December 31, 2018	December 31, 2019
Intangible fixed assets	(930)	(80)
Property, plant and equipment	339	(7)
Consolidated securities	-	(677)
Income on disposal of fixed assets	**(591)**	**(764)**
Property, plant and equipment	(1,667)	-
Other assets	-	-
Impairment	**(1,667)**	**-**
Business combination effects	**(981)**	**(777)**
Other	**(2,980)**	**501**
Other non-current items	**(6,219)**	**(1,040)**

The €0.7 million loss on the disposal of consolidated securities was due to the impact of the change in accounting method applied to Kanay following its acquisition in 2019, for €1 million (see Note 3.2.2.1 d), and the winding-up of Solarca USA and Séché Energies, for €0.3 million.

Impairment recorded at December 31, 2018 included €0.8 million in respect of Séché Transport for the creation of a new platform to replace the Longuefuye site, and €0.8 million due to the impairment of Séché Éco-Services' facilities.

The effects of business combinations correspond to:

- In 2019: amounts committed for the acquisition of Mecomer group (€0.5 million), Interwaste group (€0.2 million) and Ciclo SA (€0.1 million);
- In 2018, mostly amounts committed for the acquisition of Interwaste group for €0.9 million.

The amounts booked under the heading "Other" mainly refer to:

- In 2019:
  - +€1.8 million corresponding to the contested TGAP tax reassessment on Séché Éco-Industries, which was written off by the tax authorities;
  - -€0.8 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 2018:
  - -€1.8 million corresponding to the contested TGAP tax reassessment on Séché Éco-Industries;
  - €0.7 million corresponding to the write-back of a provision concerning the contested property ownership tax reassessment on Séché Éco-Industries;
  - -€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.

3.2.4.14 Financial income

a. Breakdown of the cost of net financial debt

(In thousands of euros)	December 31, 2018	December 31, 2019
Interest income generated on cash and cash equivalents	65	371
Income from cash and cash equivalents	**65**	**371**
Interest expenses on bonds (1)	(13,903)	(15,490)
Interest expenses on borrowings	-	-
Income from derivatives(2)	(120)	(617)
Cost of gross financial debt	**(14,023)**	**(16,107)**
Cost of net financial debt	**(13,958)**	**(15,736)**

(1) o/w €9.2 million for Séché Environnement.
(2) See Note 3.2.4.4 c.

b. Breakdown of other financial income and expenses

(In thousands of euros)	December 31, 2018	December 31, 2019
Net income on the sale of long-term investments[1]	1,762	(26)
Accretion of 30-year provisions	(587)	(585)
Impairment of equity instruments [2]	(353)	(389)
Other impairment losses and provisions	(88)	2
Foreign exchange gain (loss)	(53)	(321)
Other [3]	(76)	(418)
Other financial income and expenses	**605**	**(1,737)**

(1) The amount of €1.8 million recognized at December 31, 2018 concerned an earnout arrangement following the disposal of HIME on October 8, 2013;
(2) Impairment concerns non-consolidated shares in Emertec for €0.4 million (see Note 3.2.4.4 a i);
(3) Including €0.8 million in financial expenses corresponding to fees for the non-use of a line of credit and the waiver of receivables.

3.2.4.15 Income tax

(In thousands of euros)	December 31, 2018	December 31, 2019
Income tax payable	(3,896)	(9,252)
Deferred tax	(4,904)	(1,106)
Total	**(8,799)**	**(10,358)**

The transition from the hypothetical tax due at the statutory rate to the actual rate paid breaks down as follows:

(In thousands of euros)	December 31, 2018	December 31, 2019
Tax at current statutory tax rate	**(8,311)**	**(10,069)**
Re-estimate of deferred taxes due to changes in tax rates	(1,394)	706
Impact of subsidiaries' different tax rates	817	1,011
Tax assets not recognized in losses for the period	(997)	(2,536)
Use of previous losses not carried forward	270	707
Permanently non-taxable income and expenses	816	(177)
Total	**(8,799)**	**(10,358)**

The Group's tax rate excluding social security contributions stands at 33.33%. Including social security contributions on income, the Group's tax rate is 34.43%.

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 in the fair value hierarchy:

(In thousands of euros)	December 31, 2019			
	Level 1	Level 2	Level 3	Total
Equity instruments	-	371	371	742
Derivatives	-	-	-	-
Other financial assets measured at fair value through profit or loss	-	-	-	-
Financial assets	**-**	**371**	**371**	**742**
Financial debt	-	548,466	-	548,466
Derivatives	-	272	-	272
Other financial liabilities measured at fair value through profit or loss	-	-	-	-
Financial liabilities	**-**	**548,738**	**-**	**548,738**

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:

(In thousands of euros)	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Equity instruments	-	841	372	1,213
Derivatives	-	242	-	242
Other financial assets measured at fair value through profit or loss	-	-	-	-
Financial assets	**-**	**1,083**	**372**	**1,455**
Financial debt	-	416,976	-	416,976
Hedging instruments	-	704	-	704
Other financial liabilities measured at fair value through profit or loss	-	-	-	-
Financial liabilities	**-**	**417,680**	**-**	**417,680**

Equity instruments:

- Listed securities measured at the quoted share price on the balance sheet date are considered to be Level 1 assets;
- 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 assets;
- Unlisted securities whose fair value can be determined based on a pricing model (discounting of future cash flows, multiples, etc.) are considered to be Level 3 assets.

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 carried out 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 financial assets represents the Group's maximum exposure to credit risk (see Note 3.2.4.4).

Income, expenses, profits and impairment recognized in 2019 as financial assets on the financial statements were almost exclusively comprised of losses on trade receivables (see Note 3.2.4.12).

c. Exposure to counterparty risk

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

The balance of loans and receivables at amortized cost by maturity breaks down as follows:

(In thousands of euros)	December 31, 2019				
	Net value	o/w not due	0-6 months	o/w due 6 months-1 year	More than 1 year
Financial loans and receivables	8,332	8,332	-	-	-
Trade and other receivables	221,937	182,520	33,024	2,586	3,807
Other receivables	43,704	41,910	1,040	-	754
Financial assets at amortized cost	**273,973**	**232,762**	**34,064**	**2,586**	**4,561**

The aged balance of loans and receivables at amortized cost at the balance sheet date of the previous year breaks down as follows:

(In thousands of euros)	December 31, 2018				
	Net value	o/w not due	0-6 months	o/w due 6 months-1 year	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
Financial assets at amortized cost	**237,684**	**203,753**	**28,600**	**1,931**	**3,400**

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 analyzed and no impairment loss was recognized.

d. Exposure to liquidity risk

Liquidity risk is the risk that the Group may have difficulty honoring its debts when they mature.

The Group manages its financing centrally. Cash management reporting is in place 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 its sources of financing (capital markets, banks).

At December 31, 2019, the remaining contractual maturities of the Group's financial liabilities broke down as follows:

	December 31, 2019				
(In thousands of euros)	**Book value**	**Contractual cash flows**	**< 1 yr**	**1-5 years**	**> 5 yrs**
Bank loans	489,556	-	-	-	-
Lease finance liabilities	43,199	-	-	-	-
Other financial debt	4,176	4,176	4,176	-	-
Short-term bank borrowings	11,535	11,535	11,535	-	-
Trade and other payables	252,415	252,415	250,898	1,517	-
Liabilities for renewal of assets under concession arrangements	7,679	7,679	7,679	-	-
Non-derivative financial liabilities	**808,561**	**275,805**	**274,288**	**1,517**	**-**
Derivatives	272	272	83	189	-
Derivative financial liabilities	**272**	**272**	**83**	**189**	**-**

For the sake of comparison, the remaining contractual maturities relating to the Group's financial liabilities broke down as follows on December 31, 2018:

	December 31, 2018				
(In thousands of euros)	**Book value**	**Contractual cash flows**	**< 1 yr**	**1-5 years**	**> 5 yrs**
Bank loans	403,947	459,693	40,428	226,192	193,075
Lease finance liabilities	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 under concession arrangements	9,191	9,191	9,191	-	-
Non-derivative financial liabilities	**640,157**	**693,903**	**269,209**	**231,217**	**193,479**
Derivatives	705	705	74	630	-
Derivative financial liabilities	**705**	**705**	**74**	**630**	**-**

Financial covenants:

Further to the debt refinancing completed in July 2018 and May 2019, the Group benefits from a single and more flexible leverage ratio with a limit of 3.95x EBITDA. This limit can be further increased to 4.25x EBITDA should any acquisitions take place. At December 31, 2019, the leverage ratio stood at 3.14.

Net bank debt, and any change thereto, is set out in Note 3.2.4.4 b).

It being understood for the purposes of the covenant that, on a consolidated basis:

- Net financial debt is the aggregate of all financial debt as reported in the consolidated financial statements of Séché Environnement under the heading "Bank loans and other financial debt", less cash and cash equivalents and investment securities, 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 which 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 expenses, provisions and write-downs, and other operating income and expenses.

At December 31, 2019, the Group had a leverage ratio of 3.14 vs. 2.92 at December 31, 2018. At December 31, 2019, as at December 31, 2018, 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, excluding hedging, 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 income after taking interest rate derivatives into account:**
  A 1% increase in interest rates on the nominal amount of net debt would generate a loss of €0.1 million on the cost of financial debt; a 1% decrease in interest rates on the nominal amount of net debt would generate a loss of €0.1 million on the cost of financial debt.

- **Impact on equity after taking interest rate derivatives into account:**
  A 1% rise in all interest rate curves would generate a loss in equity of €0.1 million linked to a change in fair value of the derivatives used as cash flow hedges. Conversely a 1% drop would generate a loss of €0.7 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 the balance sheet and income statement; However, this risk is limited;
- Bank debt denominated almost exclusively in euros being used to finance the investments of its foreign subsidiaries 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)	December 31, 2018	December 31, 2019
Europe region	(108)	16
Americas region	109	(189)
Rest of world	(54)	(148)
Total	**(53)**	**(321)**

At present, this risk is not subject to separate hedging at the Group level.

3.2.4.17 Geographic breakdown

a. Non-current assets by geographical region

At December 31, 2019

(In thousands of euros)	France	Europe (outside France)	Rest of world	Total
Goodwill	237,035	38,906	33,773	**309,714**
Intangible fixed assets under concession arrangements	49,441	-	-	**49,441**
Other intangible fixed assets	15,909	16,788	7,369	**40,066**
Property, plant and equipment	219,171	23,353	69,857	**312,381**
Investments in associates	431	-	-	**431**
Non-current financial assets	7,085	126	785	**7,996**
Non-current derivatives - assets	-	-	-	**-**
Non-current operating financial assets	42,889	-	-	**42,889**
Deferred tax assets	23,018	906	376	**24,300**
Total	**594,979**	**80,079**	**112,160**	**787,218**

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 under concession arrangements	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 associates	686	-	2,590	**3,276**
Non-current financial assets	8,141	97	648	**8,886**
Non-current derivatives - assets	210	-	-	**210**
Non-current operating financial assets	40,551	-	-	**40,551**
Deferred tax assets	22,780	565	384	**23,729**
Total	**587,916**	**20,799**	**39,531**	**648,245**

3.2.4.18 Addition notes to the consolidated statement of cash flows

a. Change in working capital requirement

(In thousands of euros)	December 31, 2018	December 31, 2019
Change in working capital requirement	**(1,966)**	**(5,045)**
Net change relating to operations	**(3,904)**	**(2,521)**
Change in inventories	**(714)**	**(819)**
Change in operating receivables	**(12,013)**	**(4,837)**
o/w change in accounts receivable	*(22,391)*	*10,238*
o/w change in other operating receivables	*10,378*	*(15,075)*
Change in operating liabilities	**8,824**	**3,135**
o/w change in accounts payable	*195*	*10,529*
o/w change in other operating liabilities	*8,629*	*(7,394)*
Net change excl. operations	**1,938**	**(2,524)**
Change in non-operating receivables	**1,403**	**(1,769)**
o/w change in other debtors	*(1,662)*	*(1,001)*
Change in non-operating liabilities	**534**	**(755)**
o/w change in other debts	*1,070*	*(727)*

b. Takeovers of subsidiaries net of cash and cash equivalents

During the year ended December 31, 2019, the impacts primarily include:

- Acquisition of Mecomer group -€28 million, including a positive cash position of €5.4 million;
- Acquisition of Interwaste group -€27.9 million, including a positive cash position of €5.9 million;
- Takeover of Ciclo SA -€6.6 million, including a positive cash position of €0.8 million;
- Takeover of Kanay -€6.6 million, including a negative cash position of -€5.4 million;
- And fees relative to acquisitions, for -€0.8 million.

3.2.4.19 Disputes and contingent liabilities

The Group's companies 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 appropriate provisions. The Group believes that the provisions recognized on the balance sheet for these known or ongoing disputes on the closing date are of an amount that would not impact the consolidated financial position in a material manner in the event of an unfavorable outcome.

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.

3.2.4.20 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 Members of the Executive Committee: their remuneration (and all benefits) is disclosed in Note 3.2.4.22.

3.2.4.21 Average headcount

The consolidated average headcount (excluding subsidiaries accounted for by the equity method) breaks down as follows:

By region	December 31, 2018	December 31, 2019
France	1,914	1,995
Europe (outside France)	217	283
Rest of world	309	2,356
Total	**2,440**	**4,634**

3.2.4.22 Remuneration of senior management

Remuneration of the senior executives and Directors breaks down as follows:

(In euros)	December 31, 2018	December 31, 2019
Short-term benefits	1,461,318	1,150,878
Post-employment benefits	-	-
Share-based payments	-	-
Total	**1,461,318**	**1,150,878**

3.2.4.23 Post-balance sheet events

South Africa:
Under the BEE (Broad-based Black Economic Empowerment) regulation, in 2019, Interwaste, a wholly owned subsidiary of Séché Environnement, organized the selection of a BEE partner to acquire a portion of its share capital. The process is currently being finalized, pending outstanding regulatory approvals. On completion of the transaction, a minority interest will acquire 16.8% of Interwaste's capital. This partnership will improve Interwaste's rating under the BEE regulation and, together with other BEE initiatives organized by Interwaste (including training, support for black communities, etc.), will shore up the Group's long-term future in this country.

Spain:
On February 11, 2020, Séché Environnement exercised a call option to purchase 10% of the share capital of its subsidiary SOLARCA S.L, based in Tarragona, from CAGIMA for an amount below €3 million. The Group now owns 86% of this company's capital.

Béarn:
The joint owners of Valor Béarn, a waste treatment public sector joint venture, decided not to renew the delegated management contract for the Béarn incinerator held by Séché Environnement. The delegated management agreement will end on March 31, 2020. As a reminder, this contract contributed €8 million in revenue to Séché Environnement's consolidated financial statements in 2019. The costs and commitments incurred on the end of the current contract are already reflected in the consolidated financial statements.

3.2.4.24 Statutory Auditors' fees

Fees paid by the Group to its statutory auditors and members of their networks:

(In thousands of euros)	MAZARS		KPMG	
	December 31, 2018	December 31, 2019	December 31, 2018	December 31, 2019
Certification of the financial statements and limited six-month audit of the individual and consolidated financial statements				
Séché Environnement	105	138	105	138
Fully consolidated subsidiaries	34	131	193	207
Services other than certification of financial statements				
Séché Environnement	10	-	19	108
Fully consolidated subsidiaries	-	-	3	5
Total	**149**	**269**	**320**	**458**

3.3

REPORT OF THE STATUTORY AUDITORS ON THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2019

Séché Environnement SA

Registered office: Les Hêtres - 53810 Changé
Share capital: €1,571,546

Report of the Statutory Auditors on the consolidated financial statements

Year ended December 31, 2019

To the General Meeting of Shareholders of Séché Environnement SA

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, 2019, 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, 2019 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 standards
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 section of this report entitled "Responsibilities of the Statutory Auditors in respect of the audit of the consolidated financial statements".

• Independence
We conducted our audit assignment in compliance with the rules of independence applicable to us, for the period from January 1, 2019 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.

Observation

Without prejudice to the opinion expressed above, we draw your attention to the following:

- Note 3.2.1.1.A to the consolidated financial statements, which explains the impact of the first-time adoption of IFRS 16 on Leases,
- Note 3.2.1.19 to the consolidated financial statements, which describes the change in presentation of government investment grants.

Justification of Assessments – Key Audit Matters

Pursuant to the provisions of Articles L.823-9 and 823-7 of the French Commercial Code regarding the justification of our assessments, we draw your attention to the key audit matters, which cover areas identified during our audit that we consider bear the biggest risks of significant misstatements, based on our professional judgement, as well as the responses we provided to these 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 recognized 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 3.2.1.7.a. “Goodwill” and 3.2.1.7.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 its recoverable value. Recoverable value corresponds to the higher of value in use and fair value minus sales costs.

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 3.2.1.7.d. and 3.2.4.1.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 inputs 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, 2019, and the budgets which form part of the 2019 Business Plans;
- 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 principles 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 3.2.4.7, this total includes a net amount of €27,308,000 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 up 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, 2019, 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

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law and regulations regarding the information on the Group provided in the Board of Directors' management report.

We have no matters to report as to the fair presentation and the consistency of this information 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.

Information arising from other legal and regulatory obligations

• Appointment of the Statutory Auditors

We were appointed as statutory auditors of Séché Environnement SA by vote of the 2018 General Meeting of Shareholders for Mazars and by the 1997 General Meeting for KPMG SA.

As of December 31, 2019, KPMG SA was in its 23rd successive year in office and Mazars in its second year.

Responsibilities of management and the persons in charge of corporate governance in respect of the consolidated financial statements

Management is responsible for preparing true and fair consolidated financial statements in compliance with the International Financial Reporting Standards (IFRS) as adopted in the European Union and for setting up the internal controls it deems necessary to ensure the preparation of consolidated financial statements that are free of material misstatements, be they caused by fraud or by error.

In preparing the consolidated financial statements, management must assess the Company's ability to continue as a going concern, present information relating to the continuity of operations in the financial statements, as appropriate, and apply the going concern accounting principle, unless the Company is to be wound up or cease trading.

The Audit Committee is responsible for monitoring the process used to prepare the financial information and for verifying the effectiveness of internal control and risk management systems, and of the internal audit, as applicable, regarding the procedures for the preparation and treatment of accounting and financial information.
The consolidated financial statements are the responsibility of the Board of Directors.

Responsibilities of the Statutory Auditors in respect of the audit of the consolidated financial statements

• Objectives and audit process

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements as a whole are free from material misstatements. 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 stipulated in Article 823-10-1 of the French Commercial Code, our duty in certifying the financial statements does not consist in guaranteeing the viability of your Company or the quality of its management.

In an audit performed in accordance with the professional standards applicable in France, the Statutory Auditors use their professional judgement throughout the audit and furthermore:

- They identify and assess the risks that the consolidated financial statements contain material misstatements, caused by fraud or by error, establish and implement audit procedures to address these risks and gather sufficient and appropriate information to be able to form an 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;
- They are informed of relevant internal controls for the audit in order to establish appropriate audit procedures, and not for the purposes of expressing an opinion on the effectiveness of the internal control system;
- They assess the appropriateness of the accounting policies used and whether the accounting estimates made by management are reasonable, and verify the information contained in the consolidated financial statements;
- They verify that management applies the going-concern accounting principle appropriately, and, based

on the information gathered, establish whether or not there is significant uncertainty arising from events or circumstances that may undermine the Company's ability to continue its operations. 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 auditors conclude that there is material uncertainty, they will draw the attention of readers of the report to the information provided in the consolidated financial statements regarding this uncertainty, or, if such information is not provided or is not relevant, they will issue a qualified opinion or refuse to issue an opinion;;

- They assess the overall presentation of the consolidated financial statements and decide whether they reflect the underlying transactions and events in such a way as to present a fair view thereof;
- For the financial information of persons or entities included in the scope of consolidation, they collect sufficient and appropriate information to be able to express an opinion on the consolidated financial statements. The auditors are responsible for the management, supervision and completion of the audit of the consolidated financial statements and for the opinion issued.

• Report to the Audit Committee

We submit a report to the Audit Committee setting out our audit work and the audit plan followed, as well as the conclusions of our work. We also draw its attention, if need be, to any significant internal control weaknesses we identified in the procedures used for the preparation and treatment of accounting and financial information.
The information contained in the report to the Audit Committee includes the biggest risks of significant misstatements that we identified during our audit of the consolidated financial statements for the period, which constitute the key audit matters that we are required to describe in this report.

We also issue the Audit Committee with the statement required under Article 6 of Regulation (EC) No. 537-2014 confirming our independence within the meaning of the rules applicable in France as stipulated in Articles 822-10 to L.822.14 of the French Commercial Code and in the Statutory Auditors' Code of Ethics. If need be, we discuss the risks relating to our independence and the safeguards applied with the Audit Committee.

Statutory Auditors

Nantes, March 10, 2020	Rennes, March 10, 2020
KPMG Audit KPMG SA	Mazars
Franck Noël *Partner*	Ludovic Sevestre *Partner*
Gwenaël Chedaleux *Partner*	

3.4 PARENT COMPANY FINANCIAL STATEMENTS AT DECEMBER 31, 2019

BALANCE SHEET

	2018	2019		
Assets (in euros)	**Net**	**Gross**	**Amort. & prov.**	**Net**
Uncalled part of subscribed capital				
Intangible fixed assets	43,698	194,440	173,809	20,631
Property, plant and equipment	64,069	751,967	690,251	61,716
Long-term investments:				
- Equity investments	311,314,255	505,638,697	147,835,930	357,802,766
- Long-term loans	35,671,217	45,721,783	-	45,721,783
- Other long-term investments	3,325,670	6,686,810	3,535,397	3,151,413
Total fixed assets	**350,418,908**	**558,993,695**	**152,235,387**	**406,758,308**
Current assets:				
Inventories and work in progress	-	-	-	-
Advances and prepayments	422,146	432,459	-	432,459
Trade and other accounts receivable	4,202,497	5,067,089	-	5,067,089
Other receivables	102,171,238	135,639,219	28,500	135,610,719
Transferable securities	20,000,000	15,004,000	-	15,004,000
Cash and cash equivalents	27,641,962	45,556,283	-	45,556,283
Total current assets	**154,437,843**	**201,699,051**	**28,500**	**201,670,551**
Prepaid expenses	17,584	9,875	-	9,875
Accruals and deferred income	2,348,004	2,153,904	-	2,153,904
Foreign exchange rate adjustments	-	603,426	-	603,426
Bond redemption premiums	-	-	-	-
TOTAL ASSETS	**507,222,340**	**763,459,952**	**152,263,887**	**611,196,064**

Liabilities (in euros)	2018	2019
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	12,992,049	18,044,640
Income	12,461,360	33,387,735
Subsidies	-	-
Regulated provisions	1,041	1,279
Total shareholders' equity	**101,260,122**	**127,239,327**
Other equity capital	80,868	40,434
Provisions for risks and contingencies	33,557,146	34,093,127
Total provisions for risks and contingencies	33,557,146	34,093,127
Financial and similar debt	310,898,021	391,676,634
Deposits & prepayments on outstanding orders	5,624	2,299,10
Trade and other accounts payable	3,591,920	10,711,228
Other	57,762,166	47,396,947
Total debts	**372,257,732**	**449,787,109**
Prepaid income	30,781	31,280
Foreign exchange rate adjustments	35,691	4,788
TOTAL LIABILITIES	**507,222,340**	**611,196,064**

INCOME STATEMENT

(In euros)	2018	2019
Operating income		
Revenue	12,152,145	12,434,447
Total revenues	**12,152,145**	**12,434,447**
Ending inventory	-	-
Capitalized production	-	-
Operating subsidies	37,727	11,853
Reversals of provisions and internal transfers	2,637,849	421,824
Other income	5	70
Total operating revenues	14,827,726	12,868,194
Operating expenses		
Purchases of goods	-	-
Change in inventories	-	-
Purchases and outside services	(14,227,633)	(12,621,207)
Change in inventories	-	-
Tax, duties and related payments	(375,805)	(675,733)
Salaries, wages and payroll taxes	(4,508,858)	(4,490,750)
Depreciation, amortization and provisions	(2,222,513)	(673,004)
Other expenses	(124,222)	(139,176)
Total operating expenses	(21,459,032)	(18,599,871)
Operating income	**(6,631,306)**	**(5,731,677)**
Financial income	26,383,924	47,333,320
Financial expenses	(23,104,694)	(11,916,361)
Financial income	**3,279,229**	**35,416,960**
Income before tax	**(3,352,077)**	**29,685,282**
Non-recurring income	**6,772,218**	**(5,451,019)**
Employee profit-sharing	-	-
Incentives	-	-
Income taxes	9,041,219	9,153,472
Net income	**12,461,360**	**33,387,735**

CASH FLOW STATEMENT

(In euros)	2018	2019
Operating activities		
Net cash flows from consolidated companies	22,499,065	34,435,147
Change in WCR	(12,935,530)	(41,185,844)
Net cash from operating activities	**9,563,534**	**(6,750,697)**
Cash flows from investments	**-**	**-**
Net cash flows from acquisitions and disposals of subsidiaries	68,901	(43,675,207)
Investment subsidies received	-	-
Asset purchases	(12,401,664)	(24,383,123)
Asset disposals, net of tax	-	-
Non-consolidated investments and other non-transferable securities	13,144,811	14,515,779
Net cash flows from investments	**812,047**	**(53,542,551)**
Cash flows from financing activities		
Dividends paid to equity holders of the parent	(7,409,745)	(7,408,769)
Dividends paid to minority shareholders	-	-
Changes in other shareholders' equity	(40,434)	(40,434)
Capital increases or contributions	-	-
Proceeds from borrowings	255,060,250	100,000,000
Repayments of borrowings	(252,866,353)	(19,332,785)
Net cash flows from financing activities	**(5,256,283)**	**73,218,012**
Change in cash and cash equivalents	**5,119,299**	**12,924,765**
Opening cash and cash equivalents	42,316,057	47,435,356
Closing cash and cash equivalents	47,435,356	60,360,121
Reclassification of opening cash	-	-
Effect of changes in foreign exchange rates	-	-

A- Highlights of the period

Séché Environnement continued its international expansion in 2019.

On January 31, 2019, it acquired an additional stake in Kanay (its subsidiary in Peru), increasing its holding from 49% to 100%.

In January 2019, Séché Environnement acquired 100% of Interwaste Holdings Limited, through its South African subsidiary, Séché South Africa Proprietary Limited

In April 2019, with the acquisition of 90% of Mecomer in Italy, Séché Environnement consolidated its positioning as a European specialist in hazardous industrial waste recovery and treatment.

In October 2019, Séché Environnement acquired 70% of the Chilean firm Ciclo, via its subsidiary Chile Spa.

In addition, on May 20, 2019, Séché Environnement issued a new €80 million bond in two tranches to French and European investors:

- €60 million maturing in 7 years with a coupon of 2.9%;
- €20 million maturing in 8 years with a coupon of 3.05%.

The proceeds from this issue refinanced the Group's international acquisitions.

Change in accounting method for retirement obligations and similar benefits:

Retirement obligations and long-service awards are measured in accordance with ANC recommendation 2013-02 of November 7, 2013 on the rules for measuring and recognizing retirement and similar benefits. They are measured each year by an independent actuary using the projected unit credit method. **From January 1, 2019, the Company chose to recognize actuarial gains and losses using the corridor method.**

Following this change in accounting method, the actuarial gains and losses remaining to be amortized, which are presented in off-balance sheet commitments, amounted to €28,754.

The first-time adoption of this method represents a change in accounting method within the meaning of Article 122-2 of the French chart of accounts. As the Company had recognized all actuarial gains and losses in income at December 31, 2018, there was no impact on reserve accounts to be recognized at January 1, 2019 in respect of the use of the corridor method.

B- Accounting principles and methods:

1- Accounting rules and methods

The financial statement of Séché Environnement were drawn up in compliance with legislative and regulatory requirements applicable in France (Commercial Code – Articles L.123-12 to L.123-28), and ANC rules 2014-03, 2015-05 and 2018-01.

General accounting conventions have been prudently applied in compliance with the following basic assumptions:

- The going-concern principle;
- Consistency of accounting methods from one period to the next;
- Independence of fiscal years;
- And compliance with the general rules governing the preparation and presentation of financial statements.

Accounting items are valued based on the historical cost method.

The principal methods used are as follows:

2- Intangible assets

Other intangible assets (patents, software, expertise) are depreciated on a straight-line basis over the duration of their expected useful life.

3- Tangible fixed assets

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 where possible. Amortization expenses are calculated using the straight-line or declining balance method according to the expected useful life of the asset:

• Production facilities and fittings	3-10 years
• Other property, plant and equipment:	2-10 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.

4- 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 4.90% 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 refinancing charges, are expensed.

"Other long-term investments" include treasury stock, for a total of €2,631,324. These 53,802 shares held a market value of €2,022,955 on December 31, 2018 (based on the closing price of €37.60).

These treasury shares were impaired in the amount of €736,421 at December 31, 2019.

5- Accounts receivable

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.

6- 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 impairment is booked where the book value is higher than the market value or probable trading price;

- Interest receivable on term deposits is calculated for the period between the subscription date and the balance sheet date.

7- 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.

8- Regulatory 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.

9- Retirement commitments and related obligations

Pensions

At December 31, 2019, retirement commitments amounted to €677,500, and plan assets totaled €473,293. In view of actuarial gains of €28,754, the provision for retirement commitments recorded in the balance sheet as a provision for expenses amounted to €175,454.

Under French legislation, the Company's only obligation in terms of retirement commitments is the payment of an amount to employees on their retirement calculated in accordance with the collective bargaining agreement and company agreements applicable to the Company.

In accordance with this method, each period of service gives rise to an additional unit of benefit entitlement and each of these units is measured separately to calculate the final obligation, which is then discounted. These calculations primarily include:

a) An assumption regarding the age on retirement, between 60 and 67 years old, depending on the date of birth:

Year of birth	Length of contributions	Minimum retirement age	Age to receive full pension without conditions
1984 or earlier	40 years	60	65
1949	40¼ years	60	65
1950	40½ years	60	65
1951	40¾ years	60 years + 4 months*	65 years + 4 months*
1952	41 years	60 + 9 months	65 + 9 months
1953	41¼ years	61 + 2 months	66 + 2 months
1954	41¼ years	61 + 7 months	66 + 7 months
1955-1957	41½ years	62	67
1958-1960	41¾ years	62	67
1961-1963	42 years		
1964-1966	42¼ years		
1967-1969	42½ years		
1970-1972	42¾ years		
1973 and after	43 years		

b) A financial discount rate of 0.7%;

c) Salary increase assumptions of 2%;

d) Life expectancy (INSEE life tables by gender);

e) Employee turnover rate depending on age with a distinction between executive and non-executive level staff based on CNCC (French Institute of Statutory Auditors) recommendations.

	EXECUTIVES	NON-EXECUTIVES
Under 25	5.00%	6.50%
25-29	5.00%	6.50%
30-34	4.00%	3.50%
35-39	4.00%	2.50%
40-44	2.75%	2.00%
45-49	2.00%	1.50%
50-54	2.00%	1.25%
55-59	0.50%	1.00%
60 and older	0.00%	0.00%

f) Social security contributions of 46% for executives and 41% for non-executives.

Under the possibility allowed under ANC recommendation 2013-02 of November 7, 2013 on the rules for measuring and recognizing retirement and similar benefits, the Company has chosen to recognize actuarial gains and losses using the corridor method. Actuarial gains and losses arise from changes to assumptions and experience adjustments (differences between projected and real figures) on commitments or plan assets. After applying a corridor of 10% of the maximum amount of the commitments and the value of plan assets, actuarial gains or losses are amortized from the following financial year over the probable average length of time employees will continue to work.

As such, the provision represents the difference between the actuarial liability of the corresponding commitments and plan assets, net of actuarial gains and losses and the unrecognized service cost for prior periods.

If there is a surplus in plan assets, a prepaid expense is recorded in accordance with the conditions set in the ANC recommendation.

Information on retirement obligations is provided in the Note on Off-balance sheet commitments.

Long-service awards

At December 31, 2019, long-service awards amounted to €9,291.

Long-service awards reward some employees for the length of their service to the company. The assumptions and actuarial calculations used to measure the commitment in respect of long-service awards are similar to those applied for retirement obligations, with the exception of social security expenses (long-service awards are exempt from social security contributions).

The obligation to pay these benefits to employees in service at the end of the financial year is covered by a provision recorded under balance sheet liabilities for the full amount of the commitment.

10- Foreign currency transactions

Foreign currency assets and liabilities are recorded in the balance sheet at their equivalent amount at year end. Any difference arising on the conversion of foreign currency assets and liabilities at this exchange rate is recorded in the balance sheet under Foreign exchange rate adjustments.

Unrealized foreign exchange losses that are not offset are covered by a provision.

11 - Non-recurring income

Non-recurring income and expenses on the income statement are determined by applying the notion set out in t the chart of accounts; they include exceptional items arising from ordinary activities and extraordinary items. Exceptional 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.

12- Employee profit-sharing and incentive schemes

A joint profit-sharing agreement covering the Non-hazardous waste and Services divisions of subsidiaries 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.

13- Centralization of VAT payments

The Group opted to centralize 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.

14- 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 arising during the tax consolidation.

15- Group cash flow

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.

16 – 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 the interest rate risk related to its financing:

- Séché Environnement SA uses swaps 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.
  As such, the difference between interest payable and interest receivable is booked as interest income or interest expense over the life of the hedged liabilities;
- Swaptions provide Séché Environnement SA 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.

At December 31, 2019, the fair value of the financial instruments shown below amounted to:

- Swaps: -€51k;
- Caps: -€198k;
- Collars: -€23k;

17- Name of consolidating entity:

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
Registered in the Laval Trade and Companies register under number B 413 957 804

Copies of the consolidated financial statements may be obtained at the address show above.

Note 1 - Intangible and tangible fixed assets - Gross value

(In euros) Description	Gross value Beginning of period December 2018	Acquisitions Contributions, share issues	Write-backs By sales, scrapping	Other changes (transfers from account to account)	Gross value End of period December 2019
Intangible fixed assets					
Start-up, research & development costs	-	-	-	-	-
Other intangible fixed assets	194,440	-	-	-	194,440
Intangible fixed assets - gross amount	**194,440**	**-**	**-**	**-**	**194,440**
Property, plant and equipment					
Land and buildings	-	3,000	-	-	3,000
Production facilities	28,223	-	-	-	28,223
Fixtures, fittings & miscellaneous	5,292	-	-	-	5,292
Transportation equipment	211,494	14,400	(42,299)	-	183,595
Office equipment	500,929	6,651	-	-	507,580
Investment property	-	-	-	-	-
Property, plant and equipment under concessions	-	-	-	-	-
Property, plant and equipment under construction	13,538	24,277	(13,538)	-	24,277
Prepayments on property, plant and equipment	-	-	-	-	-
Property, plant and equipment - gross amount	**759,476**	**48,328**	**(55,837)**	**-**	**751,967**
Grand total	**953,916**	**48,328**	**(55,837)**	**-**	**946,407**

Note 2 - Intangible and tangible fixed assets - Depreciation and amortization

(In euros) Description	Amount Beginning of period December 2018	Increases Allocations	Write-backs Write-backs	Other changes (transfers from account to account)	Amount End of period December 2019
Intangible fixed assets					
Start-up, research & development costs - amort.	-	-	-	-	-
Other intangible fixed assets - amort.	150,742	23,067	-	-	173,809
Intangible fixed assets - Amortization	**150,742**	**23,067**	**-**	**-**	**173,809**
Property, plant and equipment					
Land and buildings - amort.	-	312	-	-	312
Production facilities - amort.	27,610	264	-	-	27,875
Fixtures, fittings & miscellaneous - amort.	4,833	263	-		5,096
Transportation equipment - amort.	211,494	368	(28,267)	-	183,595
Office equipment - amort.	451,470	21,904		-	473,374
Investment property - amort.	-	-	-	-	-
Property, plant and equipment under concession agreements - amort.	-	-	-	-	-
Property, plant and equipment - Amortization	**695,407**	**23,111**	**(28,267)**	**-**	**690,251**
Grand total	**846,149**	**46,178**	**(28,267)**	**-**	**864,060**

Note 3 - Long-term investments - Gross value

(In euros) Description	Gross value Beginning of period December 2018	Acquisitions Contribution, creation	Write-backs by sales, scrapping	Other changes (transfers from account to account)	Gross value End of period December 2019
Equity investments	465,198,440	46,492,790	(6,052,533)	-	505,638,697
Other long-term investments	3,397,708	-	(80,000)	-	3,317,708
Receivables on equity investments and loans	35,770,676	20,025,913	(9,980,080)	-	45,816,510
Treasury stock	2,629,467	3,816,269	(3,814,411)	-	2,631,324
Other long-term investments	791,150	500,000	(648,100)	-	643,050
Gross long-term investments	**507,787,442**	**70,834,972**	**(20,575,125)**	**-**	**558,047,289**

Breakdown of equity investments

(In euros)	Net value	Gross value	Provision	Net value
Description	**2018**			**2019**
Non-trading property companies	1,251,784	1,251,784	-	1,251,784
Trading companies	310,062,471	504,386,913	147,835,930	356,550,982
Total	**311,314,255**	**505,638,697**	**147,835,930**	**357,802,766**

Note 4 - Transferable securities

	December 31, 2019
(In euros)	**Amount**
Mutual funds (Sicav)	-
Term deposits	15,004,000
Accrued income	-
Total transferable securities	**15,004,000**

Note 5. 1 - Maturity of receivables

RECEIVABLES (in euros)	Gross value At end-December 2019	Less than 1 year	More than 1 year
Description			
Accrued interest	45,759,119	10,735,959	35,023,160
Loans	57,391	-	57,391
Other long-term investments	6,592,082	-	6,592,082
Fixed assets	**52,408,592**	**10,735,959**	**41,672,633**
Non-performing receivables	-	-	-
Other trade receivables	5,067,089	5,067,089	-
Personnel and related accounts	-	-	-
Social security entities	-	-	-
Government - other receivables	505,881	505,881	-
Government - income tax	1,640,787	1,215,749	425,038
Other debtors	1,175,267	1,175,267	-
Group and partner loans	132,749,743	132,749,743	-
Current assets	**141,138,767**	**140,713,730**	**425,038**
Prepaid expenses	**9,875**	**9,875**	**-**
Accruals and deferred income	**2,153,904**	**544,063**	**1,609,841**
Grand total	**195,711,139**	**152,003,627**	**43,707,512**

Note 5. 2 - Maturity of liabilities

LIABILITIES (in euros)	December 2019	< 1 yr	1-5 yrs	> 5 yrs
Due to credit institutions (*)	136,430,392	21,017,456	111,053,577	4,359,359
Sundry loans and financial liabilities (**)	255,246,241	224,241	37,000,000	218,022,000
Total financial debt maturities	**391,676,634**	**21,241,698**	**148,053,577**	**222,381,359**
Trade and other accounts payable	4,219,874	4,219,874	-	-
Personnel and related accounts	306,787	306,787	-	-
Payables due to social security entities	323,363	323,363	-	-
Tax liabilities (excluding income tax, VAT, TGAP, Local tax)	8,348,875	8,348,875	-	-
Government - income tax (P)	-	-	-	-
Suppliers of property, plant & equipment	6,491,354	6,491,354	-	-
Group and partner loans	38,417,922	38,417,922	-	-
Other debts	2,299	2,299	-	-
Total current liabilities maturities	**58,110,475**	**58,110,475**	**-**	**-**
Prepaid income	31,280	31,280	-	-
Total accrued charges and deferred income maturities	**31,280**	**31,280**	**-**	**-**
Total debt maturities	**449,818,388**	**79,383,452**	**148,053,577**	**222,381,359**

* Loans repaid during the period: €17,702,785 Loans taken out during the period: €20,000,000.
** Liabilities associated with equity investments redeemed during the period: 1,630,000 Liabilities associated with equity investments made during the period: 0.
(**) Bonds redeemed during the period: 0. Debenture loans subscribed during the period: €80,000,000

Note 6 – Breakdown of share capital

	Number	Par value
1 – Number of shares comprising the share capital at **December 31, 2018**	7,857,732	€0.20
Capital increase	-	-
Capital reduction	-	-
2 – Number of shares comprising the share capital at **December 31, 2019**	7,857,732	€0.20

Note 7–– Statement of changes in shareholders' equity

Shareholders' equity at	December 31, 2018	December 31, 2019
Capital increase	-	-
Capital reduction	-	-
Dividends (-)	-	(7,408,769)
Change in investment subsidies, regulated provisions	-	238
Net income for the period	-	33,387,735
Other changes	-	-
Total	**101,260,122**	**127,239,327**

Note 8 - Provisions

(In euros)	Amount at start of year	Changes during the period: Changes in consolidation scope	Allocations	Write-backs used	Write-backs not used and transfers between accounts	Amount at end of year
Description						
Regulated provisions	**1,041**	**-**	**355**	**(117)**	**-**	**1,279**
Provisions for foreign exchange losses	-	-	603,426	-	-	603,426
Provisions for risks	33,428,123	-	-	(123,167)	-	33,304,956
Provisions for contingencies	129,023	-	57,876	(2,154)	-	184,745
Provisions for risks and contingencies	**33,557,146**	**-**	**661,302**	**(125,321)**	**-**	**34,093,127**
Provisions for intangible assets	-	-	-	-	-	-
Provisions for property, plant & equip.	-	-	-	-	-	-
Provisions for other long-term investments	157,476,300	-	399,607	(6,504,580)	-	151,371,327
Provisions for inventory	-	-	-	-	-	-
Provisions for trade receivables	-	-	-	-	-	-
Other provisions for impairment	28,500	-	-	-	-	28,500
Provisions for impairment	**157,504,800**	**-**	**399,607**	**(6,504,580)**	**-**	**151,399,827**
Grand total	**191,062,987**	**-**	**1,061,264**	**(6,630,018)**	**-**	**185,494,234**

Provisions for risks correspond to amounts set aside for the reimbursement of subsidiaries for tax savings arising under the tax consolidation, as described in Note 14 – Tax consolidation scope.

Note 9 - Accrued expenses

(In euros)	December 31, 2019
Expenses payable included in the following balance sheet items	**Amount**
Bank loans	3,204,870
Sundry loans and financial liabilities	1,491
Trade and other accounts payable	986,873
Customers, accrued assets	-
Tax and social security accounts payable	745,885
Interest earned on current account credit balances	62,453
Other debts	-
Total accrued expenses	**5,001,573**

Note 10 - Deferred expenses

	Net amount at beginning of period	Increase	Depreciation and amortization expense	Net amount at end of period
Deferred expenses	2,348,004	374,850	568,950	2,153,904

Deferred expenses refer to the costs of taking out loans.

In 2019, these expenses amounted to €374,850. They were amortized using the effective interest rate method over the duration of the loan.

Note 11- Accrued income

(In euros)	**December 31, 2019**
Amount of accrued income included in the following balance sheet items	**Amount**
Long-term investments	-
Investment-related receivables	94,727
Trade and other accounts receivable	-
Tax and social security accounts receivable	200,902
Other operating receivables	550,403
Interest earned on current account debit balances	1,535,092
Transferable securities	-
Total accrued income	**2,381,124**

Note 12- Prepaid expenses and deferred income

(In euros)	**December 31, 2019**	
	Expenses	Income
Other	9,875	31,280
Total	**9,875**	**31,280**

Note 13 - Associates and equity investments

(In euros) Balance sheet item	**Amounts related to** associates	**Amounts related to** companies in which the Company has an equity investment
ASSETS		
Equity investments	503,855,875	1,782,822
Investment-related receivables	45,759,119	-
Other long-term investments	-	-
Trade and other accounts receivable	4,983,731	-
Current account receivables (incl. accrued interest)	126,133,074	151,214
Other receivables	6,648,754	-
Total assets	**687,380,553**	**1,934,036**
LIABILITIES		
Financial debt	221,677	-
Operating liabilities	1,507,407	-
Asset liabilities and related expenses	1,260	-
Other debts	-	-
Current account credit balances (incl. accrued interest)	38,417,922	-
Total liabilities	**40,148,266**	**-**

- A commercial lease with 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 840m² for private use and 400m² (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 207.6m² 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, automatically 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 2019 was €2.7 million.

Note 14 – Income tax

	Income before tax and after profit-sharing	Hypothetical tax	Carryforward losses	Impact of tax consolidation	Tax payable	Net income
Operating income	(5,731,677)	-	-	-	-	(5,731,677)
Financial income	35,416,960	-	-	-	-	35,416,960
Operating income before non-recurring income and before tax	**29,685,282**	(4,129,210)	4,129,210		-	29,685,282
Tax credits	-	(26,996)	-	-	(26,996)	26,996
Non-recurring income	(5,451,019)	484,053	(484,053)	-	-	(5,451,019)
Tax adjustment	-	-	-	(151,712)	(151,712)	151,712
Tax consolidation	-	-	-	(8,974,764)	(8,974,764)	8,974,764
Total	**24,234,263**	**(3,672,153)**	**3,645,157**	**(9,126,476)**	**(9,153,472)**	**33,387,735**

Note 15 - Effect of exceptional tax assessments

	December 31, 2019
(In euros)	**Amount**
Net income for the period	33,387,735
Income tax	(9,153,472)
Income before tax	24,234,263
Change in regulated provisions	
- Other depreciation and amortization	238
Pre-tax income excluding exceptional tax assessments	**24,234,501**

Note 16 - Change in deferred or unrealized taxes

Change in future tax liability	**December 31, 2019**
Nature of timing differences (in euros)	**Baseline amounts**
Other depreciation and amortization	1,279
Total future increases	**1,279**
Provisions for pensions and retirement	175,454
Other non-deducted accounting charges	850,022
Amount of tax loss carryforwards	96,988,604
Total future decreases	**98,014,080**

Note 17 - Breakdown of revenues

(In euros)	December 31, 2019
Real estate leasing	230,917
Services provided	11,489,013
Inter-company transactions	714,516
Total revenues	**12,434,447**

Note 18 - Transfers of expenses

(In euros)	December 31, 2019
Transfers of operating expenses	378,510
Transfers of benefit in kind expenses	41,160
Transfers of expenses for redemption of pensions/long-service awards	-
Other	-
Total expense transfers	**419,670**

Note 19 – Financial income

(In euros)	December 31, 2018		December 31, 2019	
Income statement items	**Expenses**	**Income**	**Expenses**	**Income**
Interest and financial expenses	8,973,292	-	10,863,116	-
Financial and similar income	-	26,354,788	-	40,757,834
Write-backs or allocations (-) to net financial provisions	14,129,109	26,805	1,003,033	6,504,580
Transfers of financial expenses	-	-	-	-
Net foreign exchange difference	2,294	2,330	50,212	70,906
Totals	**23,104,694**	**26,383,924**	**11,916,361**	**47,333,320**
Financial income	**-**	**3,279,229**	**-**	**35,416,960**

Note 20 - Financial income generated with associates

(In euros)	December 31, 2018		December 31, 2019	
Income statement items	**Expenses**	**Income**	**Expenses**	**Income**
Interest and financial expenses	487,547	-	348,524	-
Financial and similar income	-	26,036,911	-	40,530,075
Transfers of financial expenses	-	-	-	-
Totals	**487,547**	**26,036,911**	**348,524**	**40,530,075**
Net financial income earned with associates	**-**	**25,549,365**	**-**	**40,181,551**

Note 21 – Non-recurring income

(In euros)	December 31, 2018		December 31, 2019	
Income statement items	**Expenses**	**Income**	**Expenses**	**Income**
Extraordinary income on management transactions	-	539,870	-	520,000
Exceptional expenses on management transactions	26,264	-	92,911	-
Revenue from management transactions	-	513,606	-	427,089
Extraordinary income on equity transactions	-	4,198,708	-	3,893,477
Exceptional expenses on equity transactions	2,457,509	-	9,894,514	-
Revenue from equity transactions	-	1,741,199	6,001,037	-
Write-backs of except. provisions	-	4,517,769	-	123,284
Exceptional allocations to amortization and provisions	356	-	355	-
Other provisions	-	4,517,414	-	122,929
Transfers of non-recurring expenses	-	-	-	-
Totals	**2,484,129**	**9,256,347**	**9,987,781**	**4,536,761**
Non-recurring income	**-**	**6,772,218**	**(5,451,019)**	**-**

Note 22- Average headcount

	December 31, 2019
Executives	22
Technical staff and supervisors	6
Workers	-
Other	-
Total	**28**

Note 23 - Remuneration of senior management

	(in euros)
Remuneration of senior management	631,211
o/w remuneration of directors	*631,211*

Note 24 - Off-balance sheet commitments

Commitments given

Séché Environnement granted a performance bond to the urban communities of Strasbourg, Nantes Métropole and Pau for the 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	118,430
- Retirement obligations	28,754
Total	**147,184**

Commitments given in connection with debt (in thousands of euros)	Amount
Pensions, indemnities	
- Endorsements	16,709
- Sureties	1,252
- Guarantees	9,185
- Others	-
Total	**27,146**

Off-balance sheet commitments given in relation to the management of interest rates (in thousands of euros)	Amount
Commitments given	
- Swaps	10,000
- Caps	65,000
- Collars	15,000
- Ineligible instruments	-
Total	**90,000**

Note 25 - Subsidiaries and ownership interests: breach of legal disclosure thresholds

French subsidiaries 2019	Share capital	Share-holders' equity other than share capital	Share (%) of capital held	Gross value of capital held	Net book value of capital held	Loans and advances granted by the Company and not yet repaid	Guarantees given by the Company	Pre-tax revenue for the period	Income for the year	Dividends received by the Company
SASU Alcéa	2,500	**374**	100.00%	4,710	4,710	919	663	**14,227**	340	-
SASU Béarn Environnement	500	**304**	100.00%	5,243	5,243	-	6,138	**11,528**	591	-
SASU Drimm	152	**15,920**	100.00%	12,832	12,832	1,258	8,736	**37,365**	5,909	10,000
SAS Séché Alliance	48	**-1,254**	99.94%	1,236	1,236	2,194	-	**15,777**	228	-
SAS Gabarre Energie	600	**-16**	51.00%	306	306	-	-	**1,685**	-247	-
SCI LCDL	8	**404**	99.80%	87	87	-	-	**81**	49	100
SCI Mézerolles	160	**3,650**	99.99%	1,099	1,099	-	-	**941**	527	2,000
SASU Opale Environnement	1,000	**830**	100.00%	8,278	8,278	2,503	2,922	**11,337**	68	-
SASU Séché Développement	10	**182**	100.00%	1,830	1,830	-	-	**11,845**	51	-
SCI Les Chênes Secs	8	**-259**	99.80%	66	66	636	-	**16**	-26	-
SAS Sénergies	400	**710**	80.00%	320	320	402	-	**1,982**	207	58
SAS Séché Éco-Industries	2,011	**45,599**	100.00%	27,987	27,987	12,980	44,423	**116,509**	17,501	19,987
SAS Séché Éco-Services	500	**7,591**	99.98%	496	496	4,442	7,404	**94,088**	1,030	-
SAS Séché Healthcare	250	**-2,026**	100.00%	8,798	8,798	3,774	-	**4,162**	-1,973	-
SAS Sénerval	4,000	**-2,251**	99.90%	19,743	19,743	42,876	9,888	**47,168**	-5,813	-
SAS Séché Transports	192	**1,633**	99.50%	530	-	-	-	**33,867**	500	-
SAS Trédi	15,000	**4,692**	100.00%	268,753	139,426	27,755	33,301	**130,526**	4,254	-
SASU Triadis Services	3,809	**-2,046**	100.00%	16,135	-	1,897	2,719	**60,463**	-1,933	-
Speichim Processing	150	**6,155**	100.00%	18,750	18,750	4,185	1,151	**29,873**	1,688	1,500
SAS Ecosite de la Croix Irtelle	100	**4,319**	99.00%	13,339	13,339	748	1,975	**10,137**	251	990
SAS Séché Env Ouest	820	**-313**	100.00%	1,663	-	277	-	**5,923**	-477	-
SASU Séché Urgences Interventions	150	**2,232**	100.00%	150	150	-	-	**9,911**	2,232	-
SAS Karu Energy	8	**n/a**	24.00%	2	2	131	-	**n/a**	n/a	-
SA La Barre Thomas	375	**-251**	40.00%	215	50	-	-	**3,936**	15	-
SA Sogad	75	**520**	50.00%	1,513	1,513	-	-	**3,979**	-116	325
SAEM Transval	150	**n/a**	35.00%	53	37	-	-	**n/a**	n/a	-

Foreign subsidiaries 2019	Share capital	Share-holders' equity other than capital	Share (%) of capital held	Gross book value of capital held	Net book value of capital held	Loans and advances granted by the Company and not yet repaid	Guarantees given by the Company	Pre-tax revenue for the period	Income for the year	Dividends received by the Company
Taris	765	**4,370**	100.00%	10,893	10,893	2,365	-	**11,400**	-293	126
SADN Chile	7,844	**-2,325**	99.99%	7,668	7,668	6,426	205	**7,019**	-57	-
Solarca SL	343	**7,817**	76.00%	23,332	23,332	7,333	-	**13,340**	2,388	1,870
UTM GmbH	31	**986**	100.00%	4,053	4,053	-	750	**2,597**	164	20
Kanay	360	**-8,704**	100.00%	4,876	4,876	255	12,938	**3,381**	-3,845	-
Séché South Africa	-	**-4,788**	100.00%	-	-	38,097	-	**-**	-4,665	-
MECOMER	52	**14,446**	90.00%	39,150	39,150	-	-	**34,846**	6,559	-
DEPO	52	**1,049**	90.00%	1,530	1,530	808	-	**706**	475	-
SECHE CHILE	1	**120**	100.00%	1	1	7,129	-	**-**	-128	-

STATEMENT OF RESULTS FOR THE FIVE PREVIOUS YEARS

(In euros)	2015	2016	2017	2018	2019
SHARE CAPITAL AT YEAR-END					
Share capital	1,571,546	1,571,546	1,571,546	1,571,546	1,571,546
Number of ordinary shares outstanding	7,857,732	7,857,732	7,857,732	7,857,732	7,857,732
OPERATIONS AND INCOME FOR THE YEAR					
Pre-tax revenues	13,432,560	12,450,229	12,304,289	12,152,145	12,434,447
Income before tax, employee profit-sharing, depreciation, amortization, and provisions	23,214,822	19,000,414	9,670,887	15,227,544	19,280,638
Income taxes	(9,055,475)	(7,497,925)	(7,843,492)	(9,041,219)	(9,153,472)
Employee profit-sharing for the year					
Income after tax, employee profit-sharing, depreciation, amortization, and provisions	27,300,155	19,474,371	8,288,347	12,461,360	33,387,735
Dividend paid to shareholders	7,464,845	7,464,845	7,464,845	7,464,845	7,464,845
EARNINGS PER SHARE					
Income after tax, and employee profit-sharing, but before amortization and provisions	4.11	3.37	2.23	3.09	3.62
Income after tax, employee profit-sharing, depreciation, amortization, and provisions	3.47	2.48	1.05	1.59	4.25
Dividend per share (1)	0.95	0.95	0.95	0.95	0.95
PERSONNEL					
Average headcount for the period	27	28	27	29	28
Payroll for the period	2,756,285	3,072,478	3,078,141	3,227,442	3,183,525
Amounts paid for employee benefits during the period (social security, social works)	1,147,050	1,307,350	1,323,973	1,281,416	1,307,225

(1) Subject to approval by the General Shareholders' Meeting of April 30, 2020

3.5

REPORT OF THE STATUTORY AUDITORS ON THE PARENT COMPANY FINANCIAL STATEMENTS AT DECEMBER 31, 2019

Séché Environnement SA

Registered office: Les Hêtres - CS 20020 - 53811 Changé Cedex 09
Share capital: €1,571,546

Statutory Auditors' report on the parent company financial statements

Year ended December 31, 2019

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, 2019, as published in this Report.

In our opinion, the parent company financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at December 31, 2019 and of the results of its operations for the year then ended in accordance with French accounting principles.

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 these standards are further described in the section of this report entitled "Responsibilities of the Statutory Auditors in respect of the audit of the parent company financial statements".

Independence

We conducted our audit assignment in compliance with the rules of independence applicable to us, for the period from January 1, 2019 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.

Observation

Without prejudice to the opinion expressed above, we draw your attention to paragraph "A – Highlights of the period", which explains the change in accounting method applied to actuarial gains and losses on retirement obligations and similar.

Justification of Assessments – Key Audit Matters

Pursuant to the provisions of Articles L.823-9 and 823-7 of the French Commercial Code regarding the justification of our assessments, we draw your attention to the key audit matters, which cover areas identified during our audit that we consider bear the biggest risks of significant misstatements, based on our professional judgement, as well as the responses we provided to these 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 balance sheet for a net amount of €357.8 million at December 31, 2019, represent one of the largest line items on the balance sheet. They are recognized on their date of entry at the acquisition cost and are 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 assess 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 accuracy and the consistency of the information related to the payment deadlines referred to in Article D.441-4 of the Commercial Code with the parent company financial statements.

Information about corporate governance

We certify that the section of the Board of Directors' management report on Corporate Governance contains the information required by Articles 225-37-3 and 225-37-4 of the French Commercial Code.

With regard to the information provided in accordance with the provisions of Article 225-37-3 of the French Commercial Code on the remuneration and benefits paid to corporate officers and the commitments made in this respect, we verified its consistency with the financial statements and with the data used to prepare the financial statements and, where applicable, with the information gathered by your Company from the companies controlled by it that are included in the scope of consolidation. 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.

Information arising from other legal and regulatory obligations

Appointment of the Statutory Auditors

We were appointed as statutory auditors of Séché Environnement SA by vote of the 1997 General Meeting of Shareholders for KPMG SA, and by the 2018 General Meeting for Mazars.

As of December 31, 2019, KPMG SA was in its 23rd successive year in office and Mazars in its second year. This represents, respectively, 22 years and 2 years since the Company's shares were admitted to trading on a regulated market.

Responsibilities of Management and the persons in charge of corporate governance in respect of the consolidated financial statements

Management is responsible for preparing true and fair parent company financial statements in compliance with French accounting rules and principles and for setting up the internal controls it deems necessary to ensure the preparation of parent company financial statements that are free of material misstatements, be they caused by fraud or by error.

In preparing the parent company financial statements, Management must assess the Company's ability to continue as a going concern, present information relating to the continuity of operations in the financial statements, as appropriate, and apply the going-concern accounting principle, unless the Company is to be wound up or cease trading.

The Audit Committee is responsible for monitoring the process used to prepare the financial information and for verifying the effectiveness of internal control and risk management systems, and of the internal audit, as applicable, regarding the procedures for the preparation and treatment of accounting and financial information.
The parent company financial statements were prepared by the Board of Directors.

Responsibilities of the Statutory Auditors in respect of the audit of the parent company financial statements

Objectives and audit process

Our role is to issue a report on the parent company financial statements. Our objective is to obtain reasonable assurance that the financial statements as a whole are free from material misstatements. 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 stipulated in Article 823-10-1 of the French Commercial Code, our duty in certifying the financial statements does not consist in guaranteeing the viability of your Company or the quality of its management.

In an audit performed in accordance with the professional standards applicable in France, the Statutory Auditors use their professional judgement throughout the audit and furthermore:

- They identify and assess the risks that the parent company financial statements contain material misstatements, caused by fraud or by error, establish and implement audit procedures to address these risks and gather sufficient and appropriate information to be able to form an 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;
- They are informed of relevant internal controls for the audit in order to establish appropriate audit procedures, and not for the purposes of expressing an opinion on the effectiveness of the internal control system;
- They assess the appropriateness of the accounting policies used and whether the accounting estimates made by management are reasonable, and verify the information contained in the parent company financial statements;
- They verify that management applies the going-concern accounting principle appropriately, and, based on the information gathered, establish whether or not there is significant uncertainty arising from events or circumstances that may undermine the Company's ability to continue its operations. 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 auditors conclude that there is material uncertainty, they will draw the attention of readers of the report to the information provided in the consolidated financial statements regarding this uncertainty, or, if such information is not provided or is not relevant, they will issue a qualified opinion or refuse to issue an opinion;
- They assess the overall presentation of the parent company financial statements and decide whether they reflect the underlying transactions and events in such a way as to present a fair view thereof.

Report to the Audit Committee

We submit a report to the Audit Committee setting out our audit work and the audit plan followed, as well as the conclusions of our work. We also draw its attention, if need be, to any significant internal control weaknesses we identified in the procedures used for the preparation and treatment of accounting and financial information.

The information contained in the report to the Audit Committee includes the biggest risks of significant misstatements that we identified during our audit of the parent company financial statements for the period, which constitute the key audit matters that we are required to describe in this report.

We also issue the Audit Committee with the statement required under Article 6 of Regulation (EC) No. 537-2014 confirming our independence within the meaning of the rules applicable in France as stipulated in Articles 822-10 to L.822.14 of the French Commercial Code and in the Statutory Auditors' Code of Ethics. If need be, we discuss the risks relating to our independence and the safeguards applied with the Audit Committee.

Statutory Auditors

Nantes and Rennes, March 10, 2020

KPMG Audit
KPMG SA

Franck Noël
Partner

Gwenaël Chedaleux
Partner

Mazars

Ludovic Sevestre
Partner

04 CORPORATE GOVERNANCE

4.1 ADMINISTRATIVE AND MANAGEMENT BODIES

Séché Environnement is a French limited company (*société anonyme*) with a Board of Directors.

For governance matters, it follows the recommendations of the AFEP-MEDEF Corporate Governance Code for Listed Corporations, as updated in January 2020, which is available for consultation at the head office.

Until December 10, 2019, Joël Séché served as Chairman of the Board of Directors and Chief Executive Officer.

At its meeting on November 12, 2019, the Board of Directors decided to adjust the Company's governance structure by separating the roles of Chairman and Chief Executive Officer and reorganizing the Board of Directors with a smaller team, fully respecting the principles of ensuring Board members have complementary skills, independence and gender equality.

The roles of Chairman of the Board and Chief Executive Officer were therefore separated with effect from December 10, 2019. From this date, Joël Séché remained Chairman of the Board of Directors, and Maxime Séché was appointed Chief Executive Officer.

The Chief Executive Officer has exhaustive powers to act on behalf of the Company in all matters, within the limits of the corporate purpose and subject to the powers expressly granted by law to Annual General Meetings of Shareholders and the Board of Directors.

Four directors resigned: Jean-Pierre Vallée and Christophe Gégout (effective from October 28, 2019), Carine Salvy (effective from November 6, 2019), and Séché Group SAS (effective from December 10, 2019).

To replace Séché Group SAS, the Board co-opted Maxime Séché as director for Séché Group SAS' remaining term of office, which ends at the Ordinary General Meeting held in 2021 to approve the financial statements for the year ended December 31, 2020.

4.1.1 COMPOSITION OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

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 Meeting was set at three years by the General Meeting of May 12, 2011. The term of office of the director representing employees, appointed to the Board of Directors in accordance with the French Law of August 17, 2015 on employer-employee relations and employment and the Company's by-laws, was set at two years by the Annual General Meeting of June 29, 2018; The Combined Annual General Meeting of April 30, 2020 will be asked to amend Article 16 II of the Company's by-laws to allow for the staggered renewal of directors' terms of office, in accordance with the recommendations of the AFEP-MEDEF Code. This amendment aims to enable the introduction of staggered terms of office by establishing a provision in the by-laws to allow the Annual General Meeting exceptionally to set the terms of one or more directors at one, two, or four years, for the sole purpose of staggering directors' terms of office;
- A director's term of office expires at the end of the Annual General Meeting called to approve the financial statements of the year preceding the year in which his or her term of office expires. Directors may be removed at any time by the Ordinary General Meeting, even if this removal does not appear on the agenda.

Article 1.3 of the Board of Directors' Internal Regulations stipulates that the Board may be assisted by up to three non-voting directors, appointed by the Board for a period of three years.

At its meeting on April 27, 2018, the Board of Directors renewed Guillaume Séché as non-voting director for a period of three years that will end at the Ordinary General Meeting called to approve the 2020 financial statements.

As of December 31, 2019, your Company's Board of Directors had the following members:

		Date first appointed	**AGM that renewed the current mandate at December 31, 2019**	**Mandate expires at end of AGM held in**
Directors and corporate officers	Joël Séché Chairman of the Board	October 19, 1981	April 27, 2018	2021
	Maxime Séché (Director and Chief Executive Officer)	November 12, 2019 (*)	April 27, 2018 (*)	2021 (*)
Directors	Guillaume Cadiou	April 28, 2015	April 27, 2018	2021
	Pascaline de Dreuzy	April 27, 2017		2020
	Anne-Sophie Le Lay	April 27, 2018		2021
	Marina Niforos	April 27, 2017		2020
	Philippe Valletoux	May 11, 2007	April 26, 2019	2022
Director representing employees	Philippe Guérin	December 12, 2018		2021
Non-voting director	Guillaume Séché	Board meeting of April 28, 2015	Board meeting of April 27, 2018	2020

(*) Co-opting of Maxime Séché by the Board of Directors' meeting of November 12, 2019 to replace Séché Group SAS, following its resignation, for Séché Group SAS' remaining term of office, which ends at the Ordinary General Meeting held in 2021 to approve the financial statements for the year ended December 31, 2020.

4.1.1.2 Information about 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, 2019		Mandates expired over the last five fiscal years
Séché Environnement SA	Director Member and Chairman of the Audit Committee Member of the Compensation and Appointments Committee Member of the Strategy Committee	N/A
Kepler Cheuvreux SA	Chairman of the Management Board	
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)	Proxy holder	
Kepler Corporate Finance SA (Eysins, Switzerland)	Proxy holder	

As of December 31, 2019, Guillaume Cadiou was not a corporate officer of any listed company other than Séché Environnement.

As of December 31, 2019, Guillaume Cadiou held one Séché Environnement share.

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, he was a project manager reporting to the Chief Financial and Strategy Officer at Caisse des Dépôts et Consignations (CDC). From 2008 to 2010, Guillaume Cadiou 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 Imerys Group from 2011 to 2014, before becoming Chief Executive Officer of one of its subsidiaries from 2014 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, 2019		Mandates expired over the last five fiscal years	
Séché Environnement SA	Director Member of the Audit Committee Member and Chair of the Compensation and Appointments Committee	Groupe Hospitalier Diaconesses-Croix Saint-Simon (ESPIC)	Director until June 2017
TF1 SA	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
		SAPAR SA, a family-owned holding company of the PSA Group	Director until June 2014
		Navya SAS	Director until December 2018
		Samu social international (non-profit under the 1901 law)	Director until June 2019

As of December 31, 2019, Pascaline de Dreuzy was a corporate officer of one listed company other than Séché Environnement SA: TF1 SA.

As of December 31, 2019, Pascaline de Dreuzy held 50 Séché Environnement shares.

Profile:

French citizen born on September 5, 1958.

A physician with the Hôpitaux de Paris and an EMBA graduate of HEC, Pascaline de Dreuzy holds a Corporate Director's Certificate from the Institute of Political Studies of Paris/French Institute of Corporate Directors and is currently enrolled in a program to obtain an ICCF-HEC Certificate of Corporate Finance. She is a director of TF1 (member of the Audit Committee and Chairwoman of the Selection and Remuneration Committee) and 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 crisis management (palliative care, pediatric emergencies, emergency services, etc.) and as a manager of resource-constrained environments with major human impacts.

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, artificial intelligence and the rollout of 5G technology in order to promote home-support medical services. Its services combine human and digital solutions to improve patient care and quality of life and to cut costs within the French national health system.

Pascaline de Dreuzy 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. Pascaline is extremely committed to corporate governance: at the end of her term of office on the Board of the French Institute of Directors she joined various groups of experts covering CSR, integrated reporting, risk appetite, the governance of family-owned businesses, which she co-chaired, and the role of the board in managing climate issues.

Philippe Guérin – Director representing employees

Business address: ZI Portuaire - 519 rue Denis Papin - 28150 Salaise-sur-Sanne

Mandates and positions:

Current mandates as of December 31, 2019		Mandates expired over the last five fiscal years
Séché Environnement SA	Director representing employees	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, 2019		Mandates expired over the last five fiscal years
Séché Environnement SA	Director	N/A
Air France-KLM group	Corporate Secretary Member of the Executive Committee Secretary of the Board of Directors	
Big Blank SAS	President	
Air France-KLM International Mobility	Director	
Cercle Montesquieu	Vice-President Education Director of the Executive Master General Counsel	

As of December 31, 2019, Anne-Sophie Le Lay was not a corporate officer of any listed company other than Séché Environnement.

As of December 31, 2019, Anne-Sophie Le Lay held 10 Séché Environnement shares.

Profile:

French citizen born on May 8, 1971.

Anne-Sophie Le Lay has been Corporate Secretary of the Air France-KLM Group since January 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 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 Renault Group.

Marina Niforos – Director

Business address: 6 rue Alberic Magnard - 75016 Paris

Mandates and positions:

Current mandates as of December 31, 2019		Mandates expired over the last five fiscal years
Séché Environnement SA	Director	N/A
Air France-KLM group	Chairman of the Management Board Corporate Secretary Secretary of the Board of Directors	
Hellenic Corporation of Assets and Participations (HCAP)	Director Chair of the Governance and Appointments Committee, member of the Investment Committee	
European Network for Women in Leadership (NGO)	Director	

As of December 31, 2019, Marina Nirofos was not a corporate officer of any listed company other than Séché Environnement SA.

As of December 31, 2019, Marina Nirofos held 200 Séché Environnement shares.

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 John 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 at PackVentures (Pechiney Group's packaging division private equity department) 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. Marina Niforos 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 and is a member of the Investment 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).

Joël Séché – Chairman of the Board of Directors

Business address: Les Hêtres – CS20020 – 53811 Changé cedex 09

Mandates and positions:

Current mandates as of December 31, 2019		Mandates expired over the last five fiscal years	
Séché Environnement SA	Chairman of the Board of Directors	Séché Environnement SA	Chairman and Chief Executive Officer until December 9, 2019
Séché Éco-Services SAS	Chairman	Trédi SAS	Director until October 1, 2019
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		
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		
SAN (Soluciones Ambientales del Norte - Chile)	Chairman of the Board		
Interwaste Holdings Pty Ltd (South Africa)	Director		
SOLARCA SL (Spain)	Director		
TARIS (Peru)	Director		
Ciclo SA (Chile)	Chairman of the Board		
Kanay SAC (Peru)	Director		
Séché Group SAS	Chairman		
Pari Mutuel Urbain EIG	Director		

As of December 31, 2019, Joël Séché was not a corporate officer of any listed company other than Séché Environnement SA.

As of December 31, 2019, Joël Séché held one Séché Environnement share.

Profile:

French citizen, born on February 02, 1955.

Born into a family of entrepreneurs in the Mayenne department of France, 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. Joël Séché has always been a frontrunner and he developed his company with a constant focus on environmental integration and the human aspect. His was the first company in the waste management business to obtain ISO 14001 certification for its environmental management.

To finance its growth, he listed Séché Environnement on the stock market in 1997, using the funds raised to acquire first Alcor (2001) then Trédi (2002).

The Group has secured an international presence with multiple expertise in the recovery and treatment of all types of waste. It now employs 4,900 people and ranks among the leaders in the waste management sector in France.

Joël Séché is the father of Guillaume Séché and Maxime Séché.

Maxime Séché – Director and Chief Executive Officer

Business address: Les Hêtres – CS20020 – 53811 Changé Cedex 09

Mandates and positions:

Current mandates as of December 31, 2019		Mandates expired over the last five fiscal years	
Séché Environnement SA	Chief Executive Officer Director	Séché Environnement SA	Deputy Chief Executive Officer and employee until December 10, 2019 Permanent representative of the director Group Séché SAS until December 10, 2019 Director until December 1, 2015
Sénergies SAS	Chairman Member of the Management Board	Trédi SAS	Director until October 1, 2019
Séché Énergies SAS	Permanent representative of the Chairman of Séché Environnement	Séché Healthcare SAS	Permanent representative of the Chairman of Séché Environnement until November 23, 2015
Solena SAS	Member of the Executive Committee	Sodicome SAS	Permanent representative of the Chairman of Séché Environnement until April 13, 2016
Séché Environnement Ouest SAS	Permanent representative of the Chairman of Séché Environnement		
Écosite Croix Irtelle SAS	Permanent representative of the Chairman of Séché Environnement		
Séché Développement SAS	Permanent representative of the Chairman of Séché Environnement		
Séché Urgences Interventions SAS	Permanent representative of the Chairman of Séché Environnement		
Speichim Processing SAS	Permanent representative of the Chairman of Séché Environnement		
Triadis Services SAS	Permanent representative of the Chairman of Séché Environnement		
Trédi SAS	Permanent representative of the Chairman of Séché Environnement		
Énergécie SAS	Permanent representative of the Chairman of Écosite Croix Irtelle SAS Member of the Strategy Committee		

SOGAD SA	Permanent representative of the Director Séché Environnement		
Kanay SAC (Peru)	Director		
SAN SA (Soluciones Ambientales del Norte - Chile)	Director		
Séché South Africa (South Africa)	Director		
Interwaste Holdings Pty Ltd (South Africa)	Director		
SOLARCA SL (Spain)	Director		
Taris SA (Peru)	Director		
Ciclo SA (Chile)	Director		
Séché Chile SpA (Chile)	Director		
Séché Group SAS	Chairman of the Supervisory Board		

As of December 31, 2019, Maxime Séché was not a corporate officer of any listed company other than Séché Environnement SA.

Maxime Séché holds one Séché Environnement share.

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. 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 was employed by the company with an open-ended contract between December 2013 and December 2019, under which he successively served as Head of Strategy and Deputy Chief Executive Officer. He is currently Chief Executive Officer.

Maxime Séché is Joël Séché's son.

Philippe Valletoux - Director

Business address: 28 boulevard Raspail – 75007 Paris
Mandates and positions:

Current mandates as of December 31, 2019		Mandates expired over the last five fiscal years	
Séché Environnement SA	Director Member of the Audit Committee Member of the Compensation and Appointments Committee	Séché Environnement SA	Chairman of the Audit Committee and Chairman of the Compensation and Appointments Committee until May 11, 2019
		Société du parc du Futuroscope (SA)	Member of the Supervisory Board until 2018

As of December 31, 2019, Philippe Valletoux was not a corporate officer of any listed company other than Séché Environnement SA.

As of December 31, 2019, Philippe Valletoux held one Séché Environnement share.

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 Head of Research 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. From 2004 to 2010, Philippe Valletoux was a member of the French Economic, Social and Environmental Council (CESE).

Guillaume Séché – Non-voting Director

Business address: Les Hêtres – CS20020 – 53811 Changé Cedex 09

Mandates and positions:

Current mandates as of December 31, 2019		Mandates expired over the last five fiscal years	
Séché Environnement SA	Non-voting director	Kanay SAC (Peru)	Director until Dec. 31, 2019
Interwaste Holdings (Pty) Limited (South Africa)	Director		
SAN SA (Soluciones Ambientales del Norte- Chile)	Director		
Séché Group SAS	Member of the Supervisory Board		
Paris Foreign Trade Advisors Committee	Substitute member		

As of December 31, 2019, Guillaume Séché was not a corporate officer of any listed company other than Séché Environnement SA.

Profile:

French citizen, born on April 23, 1982.

A graduate of INSEEC and San Diego State University, Guillaume Séché began his career fifteen years ago in Societe Generale's Investment Banking department. Two years later, he joined Deutsche Bank, where he worked in corporate banking sales for two years. In 2008, Guillaume joined Séché Group for the first time, as International Head of Sales. In 2010, he joined Stereau group, where he spent four years in the international trade department for the Middle East, North Africa and Cyprus. Guillaume Séché returned to Séché Group as Head of International Development in 2014. In 2019, he became Head of Medical Waste.

Guillaume Séché is Joël Séché's son.

4.1.1.3 Independence of directors

Directors are considered to be 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 set out in the AFEP-MEDEF Code are used for assessing the independence of directors:

1. Corporate officer within the past five years:
Independent directors may not be an employee or executive corporate officer of Séché Environnement or an employee, executive corporate officer or director of one of its consolidated companies or its parent company, or of one of the companies consolidated by the parent, and may not have been in such a position for the previous five years.

2. Directorships in other companies:
Independent directors may not be an executive corporate officer of a company in which Séché Environnement holds, directly or indirectly, the position of director or in which an employee holds such a position, or in which an executive corporate officer of Séché Environnement holds the office of director (currently or within the previous five years);

3. Material business relationships:
Independent directors may not be, or be linked to, directly or indirectly (i) a significant customer, supplier, investment banker, corporate banker, or advisor to Séché Environnement or to its group of companies, or (ii) a customer, supplier, investment banker, corporate banker, or advisor for which Séché Environnement or its group of companies accounts for a substantial portion of its business;

4. Family ties:
Independent directors may not be a close family member of a corporate officer.

5. Statutory Auditor:
Independent directors may not have been a Statutory Auditor of Séché Environnement Group over the past five years.

6. Term of office of more than twelve years:
Independent directors may not be a director of Séché Environnement for more than twelve years.

7. Non-executive corporate officers:
Non-executive corporate officers may not be considered independent if they receive variable compensation in cash or in the form of shares or any compensation linked to the performance of Séché Environnement or the Group.

8. Major shareholders:
Directors representing major shareholders of the Company or its parent (holdings of 10% or more) may be regarded as independent directors where these shareholders play no role in controlling the Company.

As of December 31, 2019, four of the eight members of the Board of Directors may be regarded as independent directors as per the criteria of the AFEP-MEDEF Code, which is the Group's point of reference. The percentage of independent directors stands at 57.14% of members, since under the guidelines of the AFEP-MEDEF Code, the Director representing employees, Philippe Guérin, is not counted when calculating the independence of the Board of Directors.

A director's 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*
Non-executive corporate officer Joël Séché, Director and Chairman of the Board of Directors			x		x		x		**NI**
Executive corporate officer Maxime Séché, Director and Chief Executive Officer			x		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**
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**
Philippe Valletoux	x	x	x	x	x		N/A	x	**NI**
Director representing employees**									
Philippe Guérin	-	-	-	-	-	-	-	-	**N/A**

X Independence criteria met
* Independent/Non-Independent
** The director representing employees is not counted when assessing the degree of independence of the Board of Directors

4.1.1.4 Board of Directors' diversity policy table

In accordance with Article L.225-37-4 of the French Commercial Code, the following table shows the diversity policy followed by the Board of Directors, including the criteria applied, the goals and methods for implementing the policy, as well as the results achieved in 2019.

Criteria	Objectives	Implementation and results
Composition of the Board of Directors*	Gender balance on the Board	Representation of women: women have comprised at least 40% of the Board since the AGM of April 27, 2017.
	Willingness of the Company to be guided by different, complementary experience, skill-sets and profiles	Diverse and complementary skills on the Board: Board members each have different skills, covering company management, human resources, project management, strategy, economics and finance, accounting, law, and expertise in the Company's business sector.
	Appointment of a director representing employees	In December 2018, a director representing employees was appointed to the Board in compliance with legal and statutory requirements.
Independence of Directors*	One third of independent directors (Art. 9.3 of the AFEP-MEDEF Code)	57.14% independent directors.
Age of Directors	No more than one third of all directors over the age of 70 (Art. 1.1(c) of the Board's Internal Regulations)	No director is over the age of 70.

* In accordance with the law and the AFEP-MEDEF Code, the director representing employees is not taken into account when calculating the gender balance or the percentage of independent members.

4.1.2 FUNCTIONING OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

4.1.2.1 Functioning 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 Annual General Meetings, and in compliance with legal requirements and the exclusive power of representation and management conferred by law on the Chief Executive Officer, the Board addresses all issues relating to the functioning of the Company and makes decisions to settle matters concerning 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. Directors 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. The Chief Executive Officer can ask the Chairman to call a Board meeting to discuss a particular agenda.

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. If a non-member is admitted to the Board of Directors meeting, the Chairman must remind him or her that all the information obtained during the meeting is strictly confidential.

The Board meets at least four times a year, in particular 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 regulations. 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 Annual General Meetings and to set the agenda;
- To prepare and approve the parent company and consolidated financial statements, drawing on the conclusions of the Audit Committee, to prepare and approve the annual Management Report and forward-looking management documents;
- To authorize related-party agreements;
- To determine the rules of operation of General Management (separation or not of the roles of Chairman of the Board of Directors and Chief Executive Officer of the Company);
- To decide on the appointment or the removal of the Chairman and Chief Executive Officer, the Chairman or the Chief Executive Officer and, on 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;
- To transfer the registered office to another location with the same French department or an adjacent department, subject to ratification of this decision by the next Ordinary General 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 financing plan, and the multi-year plan presented by the Chief Executive Officer and submitted to the Audit Committee for its opinion before the Board meeting;
- 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 necessary 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 are always made on a collective basis. In accordance with the recommendations of the AFEP-MEDEF Code, directors abstain from taking part in discussions and from voting if a conflict of interests should arise.

The Board of Directors completed a self-assessment in early 2020. The conclusions showed general satisfaction among Board members regarding the functioning of the Board of Directors, in particular in terms of the quality of discussions and the Board's ability to fulfill its duties, its organization, and the quality of the work performed by the Board committees. Areas for improvement were identified, for example the creation of an induction course for new directors, enhanced dialog with the Statutory Auditors, the provision of more detailed information, in particular on the integration of new subsidiaries and risk factors, and the organization of one meeting each year that is not attended by the executive officers. These matters will be addressed by the Board during the current fiscal year.

Main activities of the Board of Directors during the 2019 fiscal year

In 2019, Séché Environnement's Board of Directors met six times (four of these meetings were scheduled). The average attendance rate (including directors present or represented) for all meetings stood at 97.72% (summary table below).

The following key topics were discussed:

- Changes to the Company's corporate governance: separation of the roles of Chairman of the Board and Chief Executive Officer, appointment of the Chief Executive Officer and new appointments to the Board Committees;
- Approval of the annual financial statements at 12/31/2018 and the half-year financial statements at June 30, 2019 and discussions on the matters incumbent on the Board in this respect;
- Approval of the 2020 budget;
- Preparation of forward-looking management documents;
- Financial communications;
- Approval and arrangement of funding resources;
- Examination and approval of investment projects;
- Monitoring of the system set up by the Company to comply with the Sapin II law;
- Preparation and convening of the Combined General Meeting;
- Review of the work of the Strategic Committee;
- Review of the work of the Audit Committee;
- Review of the work of the Compensation and Appointments Committee;
- Review of related-party 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 Absence of conflicts of interest or convictions

To the knowledge of Séché Environnement, no conflicts of interest have been identified between each director's duties with regard to Séché Environnement arising from his/her office and his/her personal interests. In addition, no director:

- Has been convicted of fraud in the past five years;
- Has been involved, as a member of a Board of Directors, Management Board, or Supervisory Board, general partner or founder, in any company's bankruptcy, receivership, liquidation or placement under judicial authority in the past five years;
- Has been involved in legal proceedings or subject to an official public sanction by the legal or regulatory authorities;
- Has been prohibited by a court from exercising his/her right to serve 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.

The Chairman of the Board of Directors may attend Committee meetings, except when his own compensation is being discussed.

4.1.3.1 Audit Committee

The Board of Directors set up the Audit Committee at its meeting on December 1, 2015.

The Audit Committee comprises at least three and up to five directors with financial and/or accounting expertise. At least two thirds of Audit Committee members must be independent directors and members must not include any corporate officers.

It currently has three members, all of whom are independent directors and none of whom are corporate officers: Pascaline de Dreuzy, Philippe Valletoux and Guillaume Cadiou.

Guillaume Cadiou, an independent director, was appointed Chairman of the Audit Committee by the Board of Directors on November 12, 2019.

The Chief Financial Officer provides assistance and attends Audit Committee meetings but does not have the right to vote. The Chief Executive Officer attends Committee meetings but does not have the right to vote.

The duties of the Audit Committee are to assist the Board with accounting policy, reporting and internal control, external audits, financial communications, and matters pertaining to risk management, CSR policy monitoring and the preparation of the budget.

Accordingly, the Audit Committee's duties are to:

a/ With respect to the parent company and consolidated financial statements, and internal control:

- Before referral to the Board, (i) review the half-year and annual parent company and consolidated financial statements, including the Notes and the management report, (ii) where applicable, issue an opinion, and (iii) prepare the draft budget;

- Ensure 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;

- Check the accounting treatment of all major transactions carried out by the Company;

- Examine the Company's significant off-balance sheet commitments;

- Check that the internal procedures for collecting and controlling financial and accounting information ensure the quality and accuracy of the Company's financial statements, the Group's internal and external audits, and Management's responses in these areas; verify statements about internal controls made by Management in the annual financial report;

- Examine the scope of the consolidated companies and, where applicable, the reasons why some companies are not included;

- Examine any issue of a financial or accounting nature submitted by the Chairman of the Board;

- Present the Board of Directors with any accounting or financial-related observations it deems useful, in particular for the approval of the Company's half-year and annual parent company and consolidated financial statements.

b/ With respect to external audit:

- Submit recommendations to the Board on the selection of statutory auditors (auditing firms and networks of statutory auditors) with a view to their appointment or renewal by the Annual General Meeting;

- Ensure 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;

- Assess 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;

- Analyze and issue an opinion on their mission statement, fees, scope and timetable; review and issue an opinion on their recommendations and follow-up;

- Once a year, review 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 approve, where applicable, all other services proposed by the statutory auditor;

- Analyze the supplemental report on the conclusions of the statutory audit submitted to it;

- Examine 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 disclosures:

- Review the Company's draft press releases concerning the half-year and annual financial statements and any other important financial disclosures.

d/ With respect to risk management:

- Regularly examine, together with Executive Management, the main risks to which the Company is exposed by means of a risk map;

- Monitor the greatest risks, measure the Company's risk exposure with respect to strategy and guarantee the effectiveness of risk management tools.

e/ With respect to the monitoring of the CSR policy;

- Review the monitoring of CSR policy implementation and the Corporate values.

f/ With respect to the budget:

- Review the budget prepared by Group Management.

In 2019, as well as reviewing the interim and annual financial statements, preparing the budget for 2020 and reviewing the external audit, the Audit Committee:

- Reviewed the risk map;

- Analyzed the plan to implement a new Group-wide ERP solution;

- Assessed the system set up by the Company to comply with the Sapin II law;

- Verified the independence of the Statutory Auditors;

- Was informed of services other than certification of the financial statements provided by the Statutory Auditors in 2018.

4.1.3.2 Compensation and Appointments Committee

The Board of Directors set up the Compensation and Appointments Committee at its meeting on December 1, 2015.

The Compensation and Appointments Committee comprises at least three and up to five directors with human resources and management expertise. Its members may not be corporate officers, and there must be a majority of independent directors.

The Compensation and Appointments Committee currently has three members: Pascaline de Dreuzy, Philippe Valletoux and Guillaume Cadiou.

Pascaline de Dreuzy, an independent director, was appointed Chair of the Compensation and Appointments Committee by the Board of Directors' meeting on November 12, 2019.

The duties of the Compensation and Appointments Committee are to:

- Study and submit proposals relating to the compensation of corporate officers, particularly with respect to (i) the corporate officer compensation policy, (ii) the variable portion of this compensation: it defines the rules for setting the variable component by taking due account of the performance of corporate officers in the past fiscal year and the medium-term strategy of the Company and the Group and monitors the application of these rules, and (iii) 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;

- Ensure the corporate officer compensation policy set by the Board of Directors is duly observed;

- Keep informed of the compensation policy applied to senior managers who are not corporate officers;

- Propose a total budget for directors' remuneration to the Board of Directors, which will then be submitted to the Company's Annual General Meeting.

- Propose to the Board rules for distributing the total compensation and benefits awarded to directors, and the individual amounts to be assigned to each director, taking into account their attendance 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 the Company's share capital with respect to applicable rules and recommendations; submit its proposal on stock 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 for 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 involved 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: the desired balance of the composition of the Board with respect to the composition and any changes in the Company's share ownership structure, as well as to the achieving of gender parity; the aim of ensuring complementary skills and knowledge among Board members; the search and assessment of potential candidates; the advisability of renewing mandates. Accordingly, the Committee organizes a selection procedure for future independent directors;

- Corporate officer succession: as part of the Company's risk prevention plan, the Committee draws up, based on a proposal from the Chairman, a senior executive succession plan to provide the Board with 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 2019 fiscal year, the Compensation and Appointments Committee examined:

- The status of independent directors on the Company's Board;

- The composition of the Board and its Committees;

- The rules for awarding directors' fees;

- The compensation of corporate officers, in particular that of the Chairman of the Board of Directors and of the Chief Executive Officer.

4.1.3.3 Strategic Committee

The Board of Directors set up the Strategic Committee at its meeting on December 1, 2015.

The Strategic Committee has at least two and up to five members appointed by the Board. The members of the Committee are 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 regarding the Company's strategy and to 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.

In 2019, the Committee examined several significant strategic transactions to allow the Group's expansion, which led to acquisitions in Peru, South Africa, Italy, and Chile and the review of several growth opportunities that are currently in progress.

4.1.3.4 Guiding the Group's strategy

The day-to-day leadership of the Group's strategy is provided by the Group's main senior managers under the supervision of Maxime Séché. They optimize the Group's management of business activities, project development, funding and human resources. On a daily basis, each Group senior manager, in agreement with Executive Management, takes the necessary steps within his/her remit to ensure that the established guidelines are followed. Each of these managers is accountable to Executive Management.

4.1.3.5 Attendance at Board of Directors' and Committee meetings in 2019

	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	6/6	100%	-	-	-	-	-	-
Guillaume Cadiou	6/6	100%	1/1 (4)	100%	2/2	100%	3/3	100%
Pascaline de Dreuzy	6/6	100%	3/3	100%	1/1 (5)	100%	-	-
Christophe Gégout	3/4 (1)	75%	2/2 (1)	100%	-	-	-	-
Séché Group (Maxime Séché)	6/6	100%	-	-	-	-	3/3	100%
Philippe Guérin	6/6	100%	-	-	-	-	-	-
Anne-Sophie Le Lay	6/6	100%	-	-	-	-	-	-
Marina Niforos	6/6	100%	-	-	-	-	-	-
Carine Salvy	4/4 (2)	100%	2/2 (2)	100%	-	-	-	-
Jean-Pierre Vallée	4/4 (3)	100% (*)	-	-	1/1 (3)	100%	2/2 (3)	100%
Philippe Valletoux	6/6	100%	3/3	100%	2/2	100%	-	-
Number of meetings in 2019	6	-	3	-	2	-	3	-
Overall attendance rate	-	97.72% (**)	-	100%	-	100%	-	100%

* Including one meeting at which Jean-Pierre Vallée was represented.
** Taking into account directors present or represented.
(1) Christophe Gégout resigned from his position as director and member of the Audit Committee with effect from October 28, 2019.
(2) Carine Salvy resigned from her position as director and member of the Audit Committee with effect from November 6, 2019
(3) Jean-Pierre Vallée resigned from his positions as director, member of the Compensation and Appointments Committee, and member of the Strategic Committee member with effect from October 28, 2019
(4) Guillaume Cadiou was appointed member and Chairman of the Audit Committee on November 12, 2019.
(5) Pascaline de Dreuzy was appointed member and Chair of the Compensation and Appointments Committee on November 12, 2019.

4.2 REMUNERATION AND BENEFITS OF THE ADMINISTRATIVE AND MANAGEMENT BODIES

4.2.1 CORPORATE OFFICER COMPENSATION POLICY

Pursuant to Article L.225-37-2 of the French Commercial Code, the report of the Board of Directors on the corporate officer compensation policy is provided below.

The corporate officer compensation policy, which sets out the principles and conditions for determining the compensation of the Company's corporate officers in respect of the 2020 financial year, was drawn up by the Board of Directors on March 9, 2020 and will be submitted to the Annual General Meeting for approval on April 30, 2020.

The corporate officer remuneration policy aims to ensure the commitment of corporate officers and the implementation of the Group's strategy over the long term, in the interests of the Company, its shareholders, its customers, and its employees.

The policy is established and reviewed by the Board of Directors each year, based on the opinion of the Compensation and Appointments Committee. Employees' remuneration and terms of employment are taken into consideration when setting the compensation of corporate officers.

Each year, the Compensation and Appointments Committee ensures that the corporate officer compensation policy has been correctly applied, and suggests ways of preventing or managing conflicts of interest to the Board of Directors. It reports to the Board of Directors on the fulfilment of its duties.

If a corporate officer leaves the Company during the year, the amount of his or her compensation is adjusted pro rata to the time in office during the year in question.

In exceptional circumstances, the Board of Directors may temporarily deviate from the compensation policy, provided that such deviation is in the corporate interest and needed to ensure the Company's future or viability. As necessary, the Board of Directors can adjust the compensation structure, it being understood that such deviations shall only apply until the next Ordinary General Meeting called to approve the annual financial statements.

When a new corporate officer is appointed or a corporate officer's term is renewed during the year, if the agreed compensation requires a major amendment to the compensation policy, pending approval of the new compensation policy, the corporate officer shall receive compensation in line with the existing policy approved by the Annual General Meeting pursuant to Article L.225-37-2 of the French Commercial Code, until the amended compensation policy is approved by the next Annual General Meeting. Once the new compensation policy is approved by the Annual General Meeting pursuant to Article L.225-37-2 of the French Commercial Code, the agreed compensation shall be paid to the corporate officer retrospectively from the date on which he/she took office or had his/her term of office renewed.

4.2.1.1 Chairman compensation policy

The Chairman of the Board of Directors receives fixed compensation based on the level and complexity of his responsibilities, experience and background, in particular within the Group, and a peer comparison.

The Chairman's total compensation comprises a fixed amount, a benefit in kind (company car), and remuneration in respect of his position as director.

Following the change in corporate governance and the separation of the roles of Chairman of the Board of Directors and Chief Executive Officer of the Company, the Board set the Chairman's gross annual fixed compensation at €500,000.

This amount takes into account Séché Group's new scale and its current and future strategic challenges.

The Chairman also benefits from the defined-contribution supplementary pension plan in place at Séché Environnement. Although the Chairman of the Board of Directors is not an employee of the Company, for the purposes of this supplementary pension plan he is considered as being in the category of managerial staff whose salary falls within level C of the annual social security threshold, and accordingly benefits from the supplementary pension plan applicable to managers in this category. It is a funded pension plan with a contribution of 4% calculated based on level C of the annual social security threshold. The Company, which makes contributions to a third party insurer that manages this retirement scheme, is responsible for funding this plan.

The Chairman receives no variable compensation or share-based payment.

4.2.1.2 Chief Executive Officer compensation policy

The Company's Chief Executive Officer receives a fixed amount of compensation based on the level and complexity of his responsibilities, experience and background, in particular within the Group, and a peer comparison.

The Chief Executive Officer's total compensation comprises a fixed amount and a benefit in kind (company car).

Following the change in corporate governance and the separation of the roles of Chairman of the Board of Directors and Chief Executive Officer of the Company, the Board set the Chief Executive Officer's gross annual fixed compensation at €375,000.

This amount takes into account Séché Group's new scale and compensation paid to Chief Executive Officers in comparable companies.

The Chief Executive Officer also benefits from the defined-contribution supplementary pension plan in place at Séché Environnement. Although the Chief Executive Officer is not an employee of the Company, for the purposes of this supplementary pension plan, he is considered as being in the category of managerial staff whose salary falls within level C of the annual social security threshold, and accordingly benefits from the supplementary pension plan applicable to managers in this category. It is a funded pension plan with a contribution of 4% calculated based on level C of the annual social security threshold. The Company, which makes contributions to a third party insurer that manages this retirement scheme, is responsible for funding this plan.

The Chief Executive Officer receives no variable compensation or share-based payment. There is no commitment to pay an allowance or particular benefit (termination benefit, non-compete obligation) in the event the Chief Executive Officer leaves his position.

4.2.1.3 Directors' compensation policy

Directors receive annual compensation based on the level and complexity of their responsibilities, taking into account their effective attendance of Board and Committee meetings, as applicable.

The remuneration based on Board of Directors' meetings is calculated using the annual budget set by the Annual General Meeting, shared equally between all directors and reduced, if appropriate, in proportion to the number of meetings the director did not attend during the year, except in cases where the date of the Board meeting is changed on very short notice.

A fixed amount per meeting is awarded to each director who is a member of a Board Committee for his/her effective presence at each meeting.

A fixed amount per year is also awarded to the Chair of each Board Committee.

4.2.2 COMPENSATION PAID TO CORPORATE OFFICERS IN 2019

4.2.2.1 Compensation paid to Joël Séché

In 2019, Joël Séché received compensation for his positions as Chairman and Chief Executive Officer until December 9, 2019 then as Chairman of the Board of Directors from December 10, 2019.

Compensation, stock options and shares allocated to Joël Séché In his role as Chairman and Chief Executive Officer until December 9, 2019, and as Chairman of the Board of Directors from December 10, 2019		
(In euros)	**2018**	**2019**
Compensation for the year (details below)	420,547	426,192
Stock options allocated during the fiscal year	-	-
Value of performance shares granted during the fiscal year	-	-
Value of other long-term compensation plans	-	-
Total	**420,547**	**426,192**

Breakdown of compensation of Joël Séché In his role as Chairman and Chief Executive Officer until December 9, 2019, and as Chairman of the Board of Directors from December 10, 2019				
(In euros)	**2018**		**2019**	
	Due	**Paid**	**Due**	**Paid**
Fixed compensation	400,000	400,000	405,645	405,645
Annual variable compensation	-	-	-	-
Exceptional compensation	-	-	-	-
Benefit in kind (*)	10,547	10,547	10,547	10,547
Compensation paid in respect of role as director	10,000	10,000	10,000	10,000
Total	**420,547**	**420,547**	**426,192**	**426,192**

(*) Company car.

Pension plan – Joël Séché	
a) Type of plan	Defined contribution funded pension plan
b) Reference to legal provisions identifying the corresponding plan category	Personnel covered by Articles 4 and 4 bis of the national collective bargaining agreement for managerial level staff whose compensation is more than four times the annual social security threshold
c) Terms of eligibility for the plan and other conditions	All employees on joining the Company and until their departure, provided they fulfill the criteria set in point b) above
d) Terms for calculating the reference compensation set by the plan concerned and used to calculate beneficiaries' entitlements	The calculation basis corresponds to the amount of compensation that is more than four times the annual social security threshold
e) Entitlement vesting frequency	Each net contribution is transformed into an annuity, contributions are paid to the pension fund manager on a quarterly basis
f) Existence of any limit, its amount and details of how it is calculated	N/A
g) Entitlement funding terms	Employer contribution of 4% of the reference amount set in point d)
h) Estimated amount of annuity at the balance sheet date	€1,215.55 (*)
i) Taxes and social security charges payable on the commitment and borne by the Company	Flat rate of 20% of contributions paid

(*) For an annuity without survivor's annuity.

4.2.2.2 Compensation paid to Maxime Séché

In 2019, Maxime Séché received compensation for his employment contract as Deputy Chief Executive Officer until December 9, 2019 then in his role as Chief Executive Officer from December 10, 2019.

Compensation, stock options and shares awarded to Maxime Séché in respect of his employment contract as Deputy Chief Executive Officer until December 9, 2019 then in his role as Chief Executive Officer from December 10, 2019		
(In euros)	**2018**	**2019**
Compensation for the year (details below)	158,527	205,019
Stock options allocated during the fiscal year	-	-
Value of performance shares granted during the fiscal year	-	-
Value of other long-term compensation plans	-	-
Total	**158,527**	**205,019**

Summary of compensation paid to Maxime Séché in respect of his employment contract as Deputy Chief Executive Officer until December 9, 2019 then in his role as Chief Executive Officer from December 10, 2019				
(In euros)	**2018**		**2019**	
	Due	**Paid**	**Due**	**Paid**
Fixed compensation	151,450	151,450	199,729	199,729
Annual variable compensation (*)	4,278	4,278	3,132	3,132
Exceptional compensation	-	-	-	-
Benefit in kind (**)	2,799	2,799	2,158	2,158
Compensation paid in respect of role as director	-	-	-	-
Total	**158,527**	**158,527**	**205,019**	**205,019**

(*) This relates to amounts received in connection with profit-sharing/incentive schemes.
(**) Company car.

Pension plan – Maxime Séché	
a) Type of plan	Defined contribution funded pension plan
b) Reference to legal provisions identifying the corresponding plan category	Personnel covered by Articles 4 and 4 bis of the national collective bargaining agreement for managerial level staff whose compensation is more than four times the annual social security threshold
c) Terms of eligibility for the plan and other conditions	All employees on joining the Company and until their departure, provided they fulfill the criteria set in point b) above
d) Terms for calculating the reference compensation set by the plan concerned and used to calculate beneficiaries' entitlements	The calculation basis corresponds to the amount of compensation that is more than four times the annual social security threshold
e) Entitlement vesting frequency	Each net contribution is transformed into an annuity, contributions are paid to the pension fund manager on a quarterly basis
f) Existence of any limit, its amount and details of how it is calculated	N/A
g) Entitlement funding terms	Employer contribution of 4% of the reference amount set in point d)
h) Estimated amount of annuity at the balance sheet date	€3,453.09 (*)
i) Taxes and social security charges payable on the commitment and borne by the Company	Flat rate of 20% of contributions paid

(*) For an annuity without survivor's annuity.

4.2.2.3 Directors' compensation

The guidelines for distributing the 2019 directors' fees were the following:

On April 26, 2019 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 pro rata 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.

Breakdown of directors' fees		
(In euros)	**2018**	**2019**
Pascale Amenc-Antoni	1,429	-
Guillaume Cadiou	17,500	20,000
Pascaline de Dreuzy	10,000	17,000
Christophe Gégout	7,143	1,333
Philippe Guérin	-	-
Anne-Sophie Le Lay	7,143	10,000
Marina Niforos	10,000	10,000
Carine Salvy	13,000	13,000
Joël Séché	10,000	10,000
Maxime Séché	-	-
Séché Group (represented by Maxime Séché)	17,000	15,500
Jean-Pierre Vallée	14,500	12,833
Philippe Valletoux	16,500	19,500
Total	**124,214**	**139,166**

Furthermore, no stock options were granted to corporate officers nor were any loans or sureties granted to members of the Board of Directors.

4.2.2.4 Other information on the compensation of corporate officers

The information required under Article L.225-37, I., 6° and 7° of the French Commercial Code is presented below:

In euros	2015	2016	2017	2018	2019
Compensation paid or awarded to Joël Séché by Séché Environnement in respect of his role as Chairman and Chief Executive Officer (until December 10, 2019), then Chairman of the Board of Directors (from December 10, 2019), including fixed compensation, directors' fees, and the benefit in kind	426,062	421,426	420,547	420,547	426,192
Compensation paid or awarded to Maxime Séché by Séché Environnement in respect of his role as director in 2015 and as Chief Executive Officer from December 10, 2019, including fixed compensation and the benefit in kind	10,000	N/A (1)	N/A (1)	N/A (1)	21,425
Compensation paid or awarded to Guillaume Cadiou by Séché Environnement in respect of his directorship	10,000	14,500	16,000	17,500	20,000
Compensation paid or awarded to Pascaline de Dreuzy by Séché Environnement in respect of her directorship	N/A	N/A	6,000	10,000	17,000
Compensation paid or awarded to Christophe Gégout by Séché Environnement in respect of his directorship	N/A	N/A	N/A	7,143	11,333
Compensation paid or awarded to Philippe Guérin (director representing employees) by Séché Environnement in respect of his directorship	N/A	N/A	N/A	N/A	N/A
Compensation paid or awarded to Groupe Séché (represented by Maxime Séché) by Séché Environnement in respect of its directorship	N/A	14,000	15,500	17,000	15,500
Compensation paid or awarded to Anne-Sophie Le Lay by Séché Environnement in respect of her directorship	N/A	N/A	N/A	7,143	10,000
Compensation paid or awarded to Marina Niforos by Séché Environnement in respect of her directorship	N/A	N/A	6,000	10,000	10,000
Compensation paid or awarded to Carine Salvy by Séché Environnement in respect of her directorship	8,000	13,000	14,500	13,000	13,000
Compensation paid or awarded to Jean-Pierre Vallée by Séché Environnement in respect of his directorship	12,000	14,500	14,500	14,500	12,833
Compensation paid or awarded to Philippe Valletoux by Séché Environnement in respect of his directorship	12,000	16,500	18,000	16,500	19,500
Séché Environnement's performance (2)	€460.9m	€478.3m	€534.5m	€585.3m	€704.4m
Average full time equivalent compensation of permanent employees of the Group based in France (excluding corporate officers) (3)	41,529	42,129	42,928	42,798	42,577
Median full time equivalent compensation of permanent employees of the Group based in France (excluding corporate officers) (3)	40,571	38,307	38,514	39,928	36,499
Ratio between the compensation of Joël Séché and the average full time equivalent compensation of permanent employees of the Group based in France (excluding corporate officers) (3)	10.3	10	9.8	9.8	10
Ratio between the compensation of Maxime Séché and the average full time equivalent compensation of permanent employees of the Group based in France (excluding corporate officers) (3)	N/A (4)	N/A (4)	N/A (4)	N/A (4)	8.9
Ratio between the compensation of Joël Séché and the median full time equivalent compensation of permanent employees of the Group based in France (excluding corporate officers) (3)	10.5	11	10.9	10.5	11.7
Ratio between the compensation of Maxime Séché and the median full time equivalent compensation of permanent employees of the Group based in France (excluding corporate officers) (3)	N/A (4)	N/A (4)	N/A (4)	N/A (4)	10.3

(1) Maxime Séché was not a corporate officer from 2016 to 2018.
(2) Performance means consolidated revenue.
(3) Pursuant to Article 26.2 of the AFEP-MEDEF Code, as Séché Environnement has few employees in relation to the Group's total headcount in France, the compensation taken into account is that paid to permanent employees in France of companies over which Séché Environnement has full control, since this scope is more representative. Permanent employees are considered to be full time employees employed by the Group in France and present on a continuous basis from the start to the end of the fiscal year. As such, the compensation of part time employees and of employees who joined or left during the year is not taken into account. In addition, the salary received by Maxime Séché in respect of his employment contract as Deputy Chief Executive Officer until December 9, 2019 was not taken into account in calculating the average and median compensation of permanent employees of the Group based in France.
(4) Maxime Séché was not a corporate officer from 2015 to 2018.

The total compensation paid to each corporate officer ensures their commitment and the implementation of the Group's strategy over the long term, in the interests of the Company, its shareholders, its customers, and its employees.

4.3 TRANSACTIONS WITH CORPORATE OFFICERS OR SHAREHOLDERS

As indicated in the special report of the Statutory Auditors, in 2019, no agreements were set up between the Company and its corporate officers or shareholders holding more than 10% of its voting rights or, for corporate shareholders, with the company controlling them within the meaning of Article L.233-3 of the French Commercial Code. Agreements covered by Article L.225-38 of the French Commercial Code signed between January 1, 2020 and the date of this document are described in the special report of the Statutory Auditors.

Likewise, no loan or guarantee was granted to any corporate officers.

In accordance with Article L.225-39 paragraph 2 of the French Commercial Code, the Board of Directors has set up a procedure to assess, on a regular basis, whether agreements signed with the persons mentioned in Article L.225-38 of the same Code for ordinary transactions concluded at arm's length duly fulfill these conditions.

This procedure provides for the involvement of the Legal department when signing, amending or renewing any ordinary transactions concluded at arm's length to check – in line with other relevant internal departments (finance, operations) and with the Board of Directors if necessary – that the agreement should be qualified as such, and to establish a list of ordinary transactions concluded at arm's length by the Company.

In accordance with Article L.225-39 paragraph 2 of the French Commercial Code, the individuals directly or indirectly involved in one of these agreements do not take part in the assessment.

The Legal department regularly verifies the list of ordinary transactions concluded at arm's length and ensures that the qualification is still valid, in particular by ensuring that the criteria used to qualify an agreement as an ordinary transaction concluded at arm's length are still relevant, and that the conditions in which the Company ordinarily does business have not evolved. If appropriate, an agreement may be reclassified as a related-party agreement and subject to the authorization procedure provided for in Articles 225-38 *et seq* of the French Commercial Code.

INTERNAL CONTROL AND RISK MANAGEMENT PROCEDURES RELATED 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 management, and in particular the Board of Directors.

These procedures relate to the main business operating cycles (purchasing procedure – sales procedure (individual and comprehensive offers) – investment procedure – payment collection procedure – cash flow centralization 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 policy of harmonizing information systems.

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 financial 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 financial control team, 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 satisfies its obligations with respect to providing information to all the Company's stakeholders (shareholders, investors, administration, etc.).

The role the finance function plays in this organization is crucial. To this end, it:

- Ensures the consistency and the integrity of the information system used by all French subsidiaries;
- Disseminates the procedures specific to financial processes and guarantees their implementation. To do so, at each reporting date it issues a memo with account closing instructions and the accounting principles to be 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 duties fulfilled by the Statutory Auditors in each subsidiary are addressed in conclusions that are regularly forwarded to the Group's Statutory Auditors and the Consolidation Department. A system for tracking recommendations 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 are made by the Group's consolidation and reporting staff with the support of the service provider and any changes introduced are disseminated 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 financial control staff in order to produce consolidated forecasts as early in the process as possible. This monthly report is regularly checked against the actual data output in the consolidation process;
- Processes the Group's major transactions (acquisitions, disposals, reorganizations) that have an impact on the Group's financial disclosures;
- 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 Universal Registration Document, verifies compliance with the rules of the French Financial Markets Authority (AMF) and the quality of the relationship with the AMF's accounting departments;
- Checks data published as part of the Group's financial disclosure process.

05 INFORMATION ON THE COMPANY AND ITS SHARE CAPITAL

5.1 SHARE CAPITAL

As of December 31, 2019 (and as of the date of this Universal 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.

Transaction date	Number of new shares	Total number of outstanding shares	Par value per share	Nominal amount of capital increase		Amount of capital reduction	Issue premium	Subsequent amount of capital
				By contribution in cash or in 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 Issuance	596,408 (warrants)	-	-	-	-	-	€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)	-	€1,571,546.4

* 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

MAJOR SHAREHOLDERS

5.2.1 SHARE OWNERSHIP AND VOTING RIGHTS

Share ownership at December 31, 2019	Number of shares	%	Voting rights (3)	%
Joël Séché	1	0.00%	2	0.00%
Séché Group SAS (1)	4,639,483	59.04%	6,773,316	67.52%
Séché Group sub-total:	**4,639,484**	**59.04%**	**6,773,318**	**67.52%**
ICM	796,591	10.14%	796,591	7.94%
Treasury stock (2)	53,802	0.68%	53,802	0.54%
Employee share ownership	34,469	0.44%	67,288	0.67%
Free float	2,333,386	29.70%	2,340,002	23.33%
Total	**7,857,732**	**100.00%**	**10,031,001**	**100%**

(1) Maxime Séché and 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 due to the number of independent directors on the Board of Directors and as the Company applies the recommendations set out in the AFEP-MEDEF Code.

From January 1, 2019 to the Board meeting held on March 9, 2020, Séché Environnement was informed of the following changes in holdings above or below legal disclosure thresholds:

- In a letter dated November 9, 2018, Joël Séché reported he had reduced his direct holding to less than 5% of the share capital and voting rights in the Company on November 8, 2018, and that he subsequently owned, directly and indirectly via Séché Group SAS, which he controls, 3,928,867 Séché Environnement shares and 5,864,904 voting rights, representing 50.00001% of the capital and 58.81% of voting rights in the Company. This change in holding results from the tendering, by Joël Séché, of 402,399 Séché Environnement shares representing 804,798 voting rights to Séché Group SAS, which he controls;
- In a letter received on December 7, 2018, Guillaume Séché and Maxime Séché reported that they, together with Joël Séché and Séché Group SAS, which they control, had increased their holdings above 5%, 10%, 15%, 20%, 25%, 30%, 1/3 and 50% of the share capital and voting rights in the Company, and that together they now own 3,928,867 Séché Environnement shares and 5,864,904 voting rights, representing 50.00001% of the capital and 58.81% of voting rights in the Company. These changes in holdings resulted from Guillaume Séché and Maxime Séché joining the Séché family holding company via a gift of shares in Séché Group by Joël Séché to each of his children (Maxime and Guillaume Séché);

- In a letter dated March 20, 2019, International Value Advisers informed Séché Environnement that as of this date its holding had fallen below 3% of the capital and voting rights in the Company, and that it held 226,435 shares representing 2.88% of the share capital and 2.27% of voting rights as of this date;
- In a letter to the AMF dated May 6, 2019, ICM reported a previous increase in its holding:
  - Above the notification threshold of 5% of voting rights in Séché Environnement, on May 6, 2015. As of this date, it held 528,093 shares representing the same number of voting rights, equal to 6.12% of the share capital and 5.02% of the voting rights in the Company, and
  - Above the notification threshold of 10% of the share capital in Séché Environnement, on March 31, 2019. As of this date, it held 787,593 Séché Environnement shares representing the same number of voting rights, equal to 10.02% of the share capital and 7.90% of the voting rights in the Company.
- On June 28, 2019, Caisse des Dépôts sold to Séché Group SAS its entire holding in Séché Environnement, equal to 710,617 shares representing 9.04% of the share capital and 7.00% of voting rights at this date and taking Séché Group SAS' holding in Séché Environnement from 50.00% to 59.04% of the share capital and from 57.80% to 66.51% of voting rights at this date.

Séché Group SAS holds a significant number of registered Séché Environment shares. In this respect, the Company's corporate officers, Joël Séché and Maxime Séché, who control Séché Group SAS, indirectly hold a significant number of registered Séché Environnement shares.

5.2.2 TRANSACTIONS CARRIED OUT ON COMPANY SHARES BY CORPORATE OFFICERS, SIMILAR PERSONS AND THEIR RELATIVES

In 2019, the following transactions in the Company's shares by the corporate officers, similar persons and their relatives were reported to the Company:

- On June 28, 2019, Séché Group SAS acquired from Caisse des Dépôts its entire holding in Séché Environnement, equal to 710,617 shares representing 9.04% of the share capital and 7.00% of voting rights at this date and taking Séché Group SAS' holding in Séché Environnement from 50.00% to 59.04% of the share capital and from 57.80% to 66.51% of voting rights at this date.

- In 2019, Anne-Sophie Le Lay, Director, acquired 10 Séché Environnement shares.

5.2.3 CHANGE IN SHARE OWNERSHIP OVER THE PAST THREE YEARS

At December 31	2017	2018	2019
Joël Séché family (*)	50.0%	50.0%	59.0%
CDC Group	9.0%	9.0%	-
ICM Group	6.1%	6.1%	10.1%
Free float	33.7%	33.7%	29.7%
Treasury stock	0.7%	0.7%	0.7%
Employee share ownership	0.5%	0.5%	0.4%
Total	**100%**	**100%**	**100%**

(*) Joël Séché and Séché Group SAS (formerly the Amarosa family trust), majority controlled by Maxime Séché and Guillaume Séché

5.2.4 SHAREHOLDERS' AGREEMENT

To the Company's knowledge, there are no agreements between shareholders.

5.2.5 FINANCIAL AUTHORIZATIONS AND DELEGATIONS

Pursuant to Article L. 225-37-4 paragraph 3 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	Limitation or maximum nominal amount	Use in 2019
04/26/2019	9th	Share buyback	18 months October 25, 2020	10% of shares comprising the share capital	Purchase of 76,146 shares between 05/01/2019 and 12/31/2019
	10th	Capital reduction via cancellation of shares	18 months October 25, 2020	10% of share capital	N/A
	11th	Capital increase by incorporation of reserves, profits or additional paid-in capital	26 months June 25, 2021	€157,154	N/A
04/27/2018	20th	Issuance of shares or securities with pre-emptive rights	26 months June 26, 2020	€78,577 (1) Debt securities €19,644,350 (2)	N/A
	21st	Issuance of shares or securities without pre-emptive rights	26 months June 26, 2020	€47,146 (1) Debt securities €11,786,600 (2)	N/A
	22nd	Issuance of shares or securities as payment for contributions in kind	26 months June 26, 2020	10% of share capital (1)	N/A
	23rd	Capital increase without pre-emptive rights reserved for members of a savings plan Award of free shares or securities without pre-emptive rights to members of a savings plan	26 months June 26, 2020	€47,146 (1)	N/A
04/27/2017	12th	Share subscription and/or purchase options without pre-emptive rights awarded to employees and/or corporate officers of the Group	38 months April 26, 2020	2% of share capital (1) with limit for corporate officers	N/A
	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 corporate officers	N/A

(1) These amounts are deducted from the maximum overall nominal amount of €184,360 set by the twelfth resolution of the Annual General Meeting of April 26, 2019.
(2) Combined limit.

At the time of writing this Universal Registration Document, the Board of Directors had not used any of the above-mentioned authorizations, with the exception of the authorization to repurchase the company's own shares.

The Annual General Meeting to be held on April 30, 2020 will be asked to renew those authorizations granted to the Board of Directors that are due to expire in 2020. The resolutions concerned (16th to 25th resolutions) are detailed in the report of the Board of Directors on the resolutions proposed to the Annual General Meeting of April 30, 2020 on page 288 of this Universal Registration Document.

5.2.6 INFORMATION ON STOCK OPTION PLANS

In compliance with Articles L.225-177 *et seq* of the French Commercial Code, the Extraordinary 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 corporate 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 €184,360 set forth by the twelfth resolution of the Extraordinary Annual General Meeting of April 26, 2019.

At the date of writing this Universal 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 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 corporate officers and certain employees, up to a limit of 2% of the share capital. The amount of the award is to be deducted from the overall limit of €184,360 set by the twelfth resolution of the Annual General Meeting of April 26, 2019.

At the date of writing this Universal Registration Document, the Board of Directors had not used this authorization.

5.2.8 SHARE BUYBACKS

At the Annual General Meeting of April 27, 2018, 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 26, 2019, in its ninth 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, 2018.

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, 2019.

Situation at 12/31/2019	
Number of shares purchased, sold or transferred since the start of the program (April)	160,495
Percentage of shares held directly or indirectly as treasury stock	0.68%
Number of shares cancelled over the last 24 months	-
Number of shares held in the portfolio	53,802
Book value of portfolio (in euros)	1,894,903
Market value of portfolio at 12/31/2019 (1) (in euros)	2,022,955

(1) Based on the closing share price of €37.60 at December 31, 2019.

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. 78,577 shares;
- An average purchase price of €41.29 per share, corresponding to the average closing price observed from January 2 to February 28, 2020, i.e. a total of €3.2 million for the repurchase of 1% of the share capital;
- Cost of financing this share buyback program: 3.04% before taxes.

Based on these assumptions, the impact of the share buyback program on the 2019 consolidated financial statements as presented in the Universal Registration Document would have been as follows:

	Consolidated financial statements as reported At 12/31/2019 *	Buyback of 1% of capital and cancellation (excl. impact of provisions)	Pro forma data after repurchase and cancellation of 1% of capital (excl. impact of provisions)	Impact of buyback As %
Shareholders' equity (Group share) (€ thousands)	255,375	(3,244)	252,131	(1.3)
Consolidated shareholders' equity (€ thousands)	263,472	(3,244)	260,228	(1.2)
Net financial debt (€ thousands) **	456,191	3,244	459,435	0.7
Net income (Group share) (€ thousands)	17,825	(99)	17,726	(0.6)
Weighted average number of shares in circulation (in thousands)	7,857	(79)	7,778	(1.0)
Net earnings per share (€)	2.27	0.03	2.30	1.3
Weighted average number of shares in circulation, adjusted for dilutive instruments (in thousands)	7,857	(79)	7,778	(1.0)
Diluted net earnings per share (€)	2.27	0.03	2.30	1.3

(*) After the closing of the accounts by the Board of Directors' meeting on March 9, 2020 and subject to their approval by the Annual General Meeting of April 30, 2020.
** 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 30, 2020

Séché Environnement is a French limited company (*société anonyme*) with a Board of Directors. 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 26, 2019 to trade in the Company's shares is due to expire on October 25, 2020, the Annual General Meeting to be held on April 30, 2020 will be asked (in the sixteenth resolution – see Chapter 6.4.1 "Combined Annual General Meeting of April 30, 2020") 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 53,802 shares (0.68% of the share capital) on December 31, 2019 – 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 731,971 (9.31% of the share capital), unless it sells or cancels any shares it already owns.

The purpose of such share buybacks, the maximum amount authorized, the term of the buyback program, and the use made of the shares purchased are described in the sixteenth resolution subject to approval by the shareholders on April 30, 2020.

5.2.9 SHARES PLEDGED AS COLLATERAL

In 2019, 962,914 Séché Environnement shares held by Séché Group SAS were pledged as collateral for a bank loan.

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 the 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 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.

French Law no. 2019-486 of May 22, 2019 (the PACTE act on business growth and transformation) amended the wording of Article L.228-2 of the Commercial Code such that an article in the by-laws is no longer required to trigger a request to identify holders of bearer shares of companies whose securities are traded on an organized market. Accordingly, the Annual General Meeting will be asked to cancel Article 12 of the by-laws (26th resolution submitted to shareholders on April 30, 2020). Subject to the shareholders' approval, the Company will be able to request the identity of the holders of bearer shares under the terms set out in Article L.228-2 of the Commercial Code, as amended by the PACTE act.

5.3.3 SPECIAL CONDITIONS FOR TAKING PART IN THE ANNUAL GENERAL MEETING (ARTICLE 29 OF THE BY-LAWS)

In accordance with the applicable legal and regulatory provisions, all shareholders have the right to attend Annual General Meetings and to take part in decisions or appoint a representative, regardless of the number of shares they own. To do this, shareholders must provide proof of their identity and they must register their shares in their own name or in the name of the intermediary registered on their behalf pursuant to paragraph 7 of Article 228-1 of the French Commercial Code, either in the Company's registered shareholder account or in the bearer shares securities accounts held by the registered intermediary, as of midnight, Paris time, on the second business day preceding the date of the Meeting, in accordance with the applicable legal and regulatory conditions.

A shareholder may be represented by another shareholder, by his/her spouse or partner under a civil union, or by any other individual or legal entity of their choice. The proxy voting mandate and, if applicable, its withdrawal, are notified to the Company in accordance with the terms of legal and regulatory provisions.

All shareholders not divested of voting rights may be granted powers by other shareholders to represent them at an Annual General Meeting, with no limits other than those set out in Article 36 of the by-laws limiting the maximum number of voting rights a single person may hold in their own name and on behalf of others.

The legal representatives of legally incompetent shareholders and individuals representing corporate shareholders can take part in Annual General Meetings whether or not they personally own shares in the company.

Joint owners of undivided shares, life interest holders and bare owners of shares, and the owners of shares pledged as collateral take part in Annual General Meetings or can be represented according to the terms set out in Article 14 of the by-laws.

The Board of Directors may decide to allow shareholders to take part in the Annual General Meeting via videoconference or using means of telecommunications or remote voting solutions such as the internet, providing they can be identified according to the terms and conditions set out in the regulations applicable at the time of the meeting. If appropriate, shareholders are notified of this decision in the Notice of Meeting. Shareholders taking part in the meeting using these means are deemed to be present for the calculation of quorum and majority.

5.3.4 OWNERSHIP THRESHOLDS (ARTICLE 13.3 OF THE BY-LAWS)

Any natural person or legal entity who, acting alone or with others, comes into possession of a number of shares representing more than 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 total number of shares and voting rights held. The same obligation applies, with the same time limit, when a shareholder's interest in the share capital or voting rights drops below the above-mentioned levels. The percentage holding of capital or voting rights is calculated in accordance with the rules set out in Articles L.233-9 *et seq* of the French Commercial Code.

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).

5.4

INFORMATION AND DETAILS ABOUT THE COMPANY'S LEGAL SITUATION DURING THE PERIOD

5.4.1 COMPANY NAME, REGISTERED OFFICE AND BRANCH OFFICE

Company name: Séché Environnement SA

Registered office:

Les Hêtres
CS 20020
53811 Changé Cedex 09
+33 (0)2 43 59 60 00

Branch office:

Tour Maine Montparnasse
33 avenue du Maine
75015 Paris

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 AND LEI

The Company is registered in the Laval Trade and Companies Register under number B 306 917 535.

APE Code: 7010Z.

LEI: 969500R9ENNIN33PO020.

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.

5.4.7 COMPANY WEBSITE

www.groupe-seche.com

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 149 of this Universal Registration Document.

In 2019, the Group directly or indirectly completed the following acquisitions:

- On January 9, 2019, Séché South Africa Proprietary Limited took full control of the South African group Interwaste Holdings Limited and its subsidiaries.
- On April 17, 2019, Séché Environnement acquired 90% of the Italian group Mecomer, which comprises the companies Mecomer S.r.l. , and Depo S.r.l.;
- On October 3, 2019, Séché Environnement, acting via its subsidiary Séché Chile SpA, acquired 70% of Ciclo SA;
- On March 29, 2019, Séché Environnement exercised its purchase options to acquire the remaining 51% stake in Kanay;
- In March 2019, Séché Environnement acquired an additional 7.01% stake in the Peruvian company Taris, increasing its ownership interest from 92.99% to 100%, for €1.6 million.

In 2019, the Group created the following companies:

- Séché Health Arequipa SpA (Peru);
- Séché Urgences Intervention SAS (France);
- Séché Chile SpA (Chile).

5.5.2 TABLE OF SUBSIDIARIES AND EQUITY INVESTMENTS

The table of subsidiaries and equity investments is provided in the Notes to the consolidated financial statements on page 214 of this Universal Registration Document.

5.6 RELATED-PARTY AGREEMENTS

5.6.1 TRANSACTIONS WITH CORPORATE OFFICERS OR SHAREHOLDERS

Transactions between the Company and its corporate 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.

No new related-party agreements covered by Article L.225-38 of the Commercial Code were signed by the Company in 2019. Details of related-party agreements covered by Article L.225-38 of the Commercial Code and signed by the Company since the start of 2020 are provided in the Report of the Statutory Auditors (see 5.6.3 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 184 of this Universal Registration Document).

5.6.3 STATUTORY AUDITORS' SPECIAL REPORT 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, 2019

To the Shareholders,

In our capacity as Statutory Auditors of your Company, we hereby present our report on related-party agreements.

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 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 exist. It is your responsibility, in accordance with Article R.225-31 of the French Commercial Code, to judge the merits of these agreements 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 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 (French Institute 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 TO BE SUBMITTED TO THE ANNUAL GENERAL MEETING

Agreements authorized and implemented during the year

We were not notified of any agreements authorized and implemented during the past year to be submitted to the Annual General Meeting for approval in accordance with Article L.225.38 of the Commercial Code.

Agreements authorized and implemented since the closing date

We have been notified of the following agreements authorized and implemented since the end of the fiscal year, which were approved by the Board of Directors.

Acquisition by Séché Environnement of 1 Séché Alliance share from Joël Séché on February 4, 2020

Interested party:
Joël Séché, Chairman of the Board of Directors of Séché Environnement.

Purpose and terms:
Acquisition by Séché Environnement of 1 Séché Alliance share from Joël Séché for €31, equal to the par value.

Justification that the agreement is in the Company's interests:
This transaction was performed to simplify the Group's legal structure. For historical reasons, Joël Séché still directly held a few shares in some Group subsidiaries. So that all fully owned entities can be structured as SAS limited companies with a single shareholder, Séché Environnement, the Company purchased the Séché Alliance share previously owned by Joël Séché.

Acquisition by Séché Environnement of 5 Séché Éco-Industries shares from Joël Séché on February 4, 2020

Interested party:
Joël Séché, Chairman of the Board of Directors of Séché Environnement.

Purpose and terms:
Acquisition by Séché Environnement of 5 Séché Éco-Industries shares from Joël Séché at their par value of €16 per share, for a total of €80.

Justification that the agreement is in the Company's interests:
This transaction was performed to simplify the Group's legal structure. For historical reasons, Joël Séché still directly held a few shares in some Group subsidiaries. So that all fully owned entities can be structured as SAS limited companies with a single shareholder, Séché Environnement, the Company purchased the Séché Éco-Industries shares previously owned by Joël Séché.

Acquisition by Séché Environnement of 6 Séché Éco-Services shares from Joël Séché on February 4, 2020

Interested party:
Joël Séché, Chairman of the Board of Directors of Séché Environnement.

Purpose and terms:
Acquisition by Séché Environnement of 6 Séché Éco-Services shares from Joël Séché at their par value of €16 per share, for a total of €96.

Justification that the agreement is in the Company's interests:
This transaction was performed to simplify the Group's legal structure. For historical reasons, Joël Séché still directly held a few shares in some Group subsidiaries. So that all fully owned entities can be structured as SAS limited companies with a single shareholder, Séché Environnement, the Company purchased the Séché Éco-Services shares previously owned by Joël Séché.

Acquisition by Séché Environnement of 60 Séché Transports shares from Joël Séché on February 4, 2020

Interested party:
Joël Séché, Chairman of the Board of Directors of Séché Environnement.

Purpose and terms:
Acquisition by Séché Environnement of 60 Séché Éco-Industries shares from Joël Séché at their par value of €16 per share, for a total of €960.

Justification that the agreement is in the Company's interests:
This transaction was performed to simplify the Group's legal structure. For historical reasons, Joël Séché still directly held a few shares in some Group subsidiaries. So that all fully owned entities can be structured as SAS limited companies with a single shareholder, Séché Environnement, the Company purchased the Séché Transports shares previously owned by Joël Séché.

AGREEMENTS APPROVED BY THE ANNUAL GENERAL MEETINGS IN PREVIOUS YEARS

In accordance with Article R.225-30 of the French Commercial Code, we have been informed that the following related-party agreements, 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 parties:

- Joël Séché, Chairman of Séché Group and Chairman of the Board of Directors of Séché Environnement;
- Maxime Séché, Chairman of the Supervisory Board of Séché Group and Chief Executive Officer and Director of Séché Environnement.

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 840m² for private use and 400m² (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 207.6m² 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 €442,336 before tax. A guarantee deposit of €143,050 before tax was paid.

The expense recognized for 2019 was:

- Rent: €594,447;
- Building management fees: €228,137.

Administrative services agreement signed with Séché Group on April 28, 2016, as amended by rider no. 1 on May 2, 2018, and rider no. 2 on December 11, 2018

Interested parties:

- Joël Séché, Chairman of Séché Group and Chairman of the Board of Directors of Séché Environnement;
- Maxime Séché, Chairman of the Supervisory Board of Séché Group and Chief Executive Officer and Director 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.

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 €2,405,000 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 was automatically renewed for a three-year period from January 1, 2020.

The expense recognized for 2019 was:

- Services: €1,854,655;
- Travel expenses: €39,203.

Signed in Nantes and Rennes, March 12, 2020

KPMG Audit

Franck Noël
Partner

Gwenaël Chedaleux
Partner

Mazars
KPMG SA

Ludovic Sevestre
Partner

5.7 EMPLOYEES

5.7.1 HEADCOUNT

The Group's headcount is presented on page 44.

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, 2019, Séché Environnement Group's employees held 34,469 Séché Environnement shares via the Séché Croissance employee savings fund. These holdings accounted for 0.44% of the share capital and 0.67% of voting rights;
- 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.

06 ADDITIONAL INFORMATION

6.1 PERSON RESPONSIBLE FOR THE UNIVERSAL REGISTRATION DOCUMENT

6.1.1 PERSON RESPONSIBLE

Maxime Séché, Chief Executive Officer of Séché Environnement.

6.1.2 STATEMENT BY THE PERSON RESPONSIBLE FOR THE UNIVERSAL 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.

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 187 of this document).

Changé, April 6, 2020

Chief Executive Officer
Maxime Séché

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 3.2.4.24 – "Statutory Auditors' fees" on page 186 of this document.

6.2.2 PERSON RESPONSIBLE FOR THE AUDIT OF ENVIRONMENTAL, SOCIAL AND SAFETY DATA

KPMG – SA
Gwenaël Chédaleux
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

INFORMATION FROM THIRD PARTIES, EXPERT STATEMENTS 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, Statutory Auditors' reports, 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/fr/investisseurs/documents-d-enregistrement-universels

6.4.1 COMBINED GENERAL MEETING OF APRIL 30, 2020

6.4.1.1 Report of the Board of Directors on the resolutions submitted to the Combined General Meeting of April 30, 2020

To the Shareholders,

We have convened the Annual General Meeting today to submit for your approval twenty-seven 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, 2019. The Board of Directors asks the Annual General Meeting to approve the payment of a dividend of €0.95 per share, payable from July 10, 2020.

Information about the Company's management, the parent company and consolidated financial statements for 2019, and the proposed allocation of earnings is provided in the annual management report for 2019. This report includes a section on corporate governance.

Ratification of the coopting of Maxime Séché as director (fourth resolution)

In the fourth resolution, the Board of Directors asks shareholders to ratify the coopting as director of Maxime Séché by the Board of Directors at its meeting of November 12, 2019 with effect from December 10, 2019, to replace Séché Group SAS following its resignation, for his predecessor's remaining term of office, which ends at the General Meeting held in 2021 to approve the financial statements for the year ended December 31, 2020.

Renewal of the directorship of Pascaline de Dreuzy (fifth resolution)

Pascaline de Dreuzy's directorship is due to expire at the end of this Annual General Meeting. The fifth resolution seeks to renew her term in office for a period of three years until the end of the Annual General Meeting called in 2023 to approve the financial statements for the year ended December 31, 2022.

Appointment of Nadine Koniski-Ziadé as an independent director (sixth resolution)

Marina Niforos' directorship is due to expire at the end of this Annual General Meeting. The sixth resolution asks shareholders not to renew her directorship and to appoint Nadine Koniski-Ziadé as her replacement for a period of three years until the end of the Annual General Meeting called in 2023 to approve the financial statements for the year ended December 31, 2022.

Approval of related-party agreements (seventh to tenth resolutions)

Shareholders are asked to approve the four related-party agreements signed on February 4, 2020 between the Company and Joël Séché, the details of which are provided in the Statutory Auditors' report.

Approval of the compensation policy referred to in Article L.225-37-2 of the French Commercial Code (eleventh resolution)

In the eleventh resolution, the Board of Directors asks shareholders to approve, in accordance with Article L.225-37-2 II of the French Commercial Code, the corporate officer compensation policy as described in chapter 4.2.1 of the 2019 Universal Registration Document.

Setting of the amount of compensation awarded to the directors (twelfth resolution)

In the twelfth resolution, shareholders are asked to set the annual compensation awarded to directors at €150,000 for 2020.

Approval of the compensation of corporate officers for the year ended December 31, 2019, pursuant to Article L.225-100 II of the French Commercial Code (thirteenth resolution)

In the thirteenth resolution, in accordance with Article L.225-100 II of the French Commercial Code, shareholders are asked to approve the information referred to in paragraph I. of Article 225-37-3 of the French Commercial Code as presented in the report on corporate governance prepared in compliance with Article L.225-37 of the same Code and featuring in chapter 4.2.2 of the 2019 Universal Registration Document.

Approval of items of compensation of Joël Séché in respect of his role as Chairman and Chief Executive Officer then Chairman of the Board of Directors in the year ended December 31, 2019 (fourteenth resolution)

In accordance with Article L.225-100 III of the French Commercial Code, the fourteenth resolution seeks to obtain your approval of the items comprising the total compensation and benefits paid in 2019 or awarded in respect of 2019 to Joël Séché for his role as Chairman and Chief Executive Officer then Chairman of the Board of Directors, as described in the report on corporate governance prepared in compliance with Article L.225-37 of the French Commercial Code and included in chapter 4.2.2.1 of the 2019 Universal Registration Document.

Approval of items of compensation and benefits awarded to Maxime Séché in respect of his role as Chief Executive Officer in the year ended December 31, 2019 (fifteenth resolution)

In accordance with Article L.225-100 III of the French Commercial Code, the fifteenth resolution seeks to obtain your approval of the items comprising the total compensation and benefits paid in 2019 or awarded in respect of 2019 to Maxime Séché for his role as Chief Executive Officer, as described in the report on corporate governance prepared in compliance with Article L.225-37 of the French Commercial Code and included in chapter 4.2.2.2 of the 2019 Universal Registration Document.

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 (sixteenth resolution)

In the sixteenth 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 26, 2019, 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 practice authorized by the AMF (French Financial Markets Authority) or any other applicable provisions;
- Award or sell shares to employees and/or corporate officers of the Company and/or Group 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 and/or any other form of share awards for the Group's employees and/or corporate officers;
- Award shares on the exercise of rights attached to securities redeemable for shares either immediately or subsequently;
- 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
- 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 (seventeenth resolution)

The seventeenth 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 unused portion of the previous authorization granted in the tenth resolution approved by the Annual General Meeting on April 26, 2019, as applicable.

Authorization granted to the Board of Directors to issue shares or securities redeemable for shares in the Company or in its parent company or a subsidiary, or to award debt securities, either maintaining or cancelling pre-emptive rights for shareholders (eighteenth, nineteenth, and twentieth resolutions)

In the eighteenth, nineteenth, and twentieth resolutions, shareholders are asked to authorize the Board of Directors, with the right of delegation provided for by law, to increase the Company's capital in order to provide it with more flexibility in managing capital increases and allow it to respond faster to the Company's financing requirements, and to decide on the most appropriate form of securities to issue should this situation arise.

The Board of Directors may decide, on one or more occasions, in the proportions and on the dates it deems fit, including while a pre-offer or public offer of shares is ongoing, to issue: shares in the Company; securities redeemable for shares to be issued by the Company; securities redeemable for shares to be issued by a company in which Séché Environnement directly or indirectly owns more than half of the share capital or by a company that directly or indirectly owns more than half of Séché Environnement's share capital; securities that are equity securities redeemable for existing shares or for debt securities in an entity in which Séché Environnement directly or indirectly owns shares in the capital. Such securities may be issued while maintaining shareholders' pre-emptive rights (eighteenth resolution), or cancelling such pre-emptive rights, either via a public share offer, with the exception of offers covered by 1 of Article L.411-2 of the French Monetary and Financial Code (nineteenth resolution), or via a public share offer covered by 1 of Article L.411-2 of the French Monetary and Financial Code (twentieth resolution).

The nominal amount of the capital increase carried out immediately or at a future date as a result of all issues completed under the authorization granted to the Board of Directors in respect of each resolution may not exceed €314,309 for the resolution to issue securities while maintaining shareholders' pre-emptive rights, or €47,146 for the resolutions to issue securities without maintaining pre-emptive rights, or the equivalent in any other authorized currency. It is understood that (i) these amounts will be increased by the amount of any capital increase required to make the adjustments needed to maintain the rights of holders of shares or securities redeemable for shares, (ii) the limit for issues of securities cancelling shareholders' pre-emptive rights (nineteenth and twentieth resolutions) will be included in the limit for issues of securities maintaining shareholders' pre-emptive rights (eighteenth resolution), and (iii) these amounts will be included in the overall limit of €314,309 set in the twenty-fifth resolution.

For issues that maintain shareholders' pre-emptive rights, the Board of Directors may award shareholders a preferential right to subscribe for shares or securities not claimed in respect of other shareholders' pre-emptive rights, to be exercised in proportion to their subscription rights and within the limit of their requests. If subscriptions by holders of pre-emptive rights and requests for unclaimed shares do not cover the entire issue, the Board of Directors may either limit the capital increase to the amount of subscriptions received, provided this amount equals at least three quarters of the issue announced, or freely distribute all or some of the remaining securities, or offer all or some of them to the public.

For a capital increase without pre-emptive rights made via a public offer with the exception of offers covered by 1 of Article L.411-2 of the French Monetary and Financial Code, the Board of Directors may decide to set a deadline for preferential subscriptions by holders of pre-emptive rights and/or requests by existing shareholders for shares not claimed in respect of pre-emptive rights. The minimum length of time for such subscriptions shall be set in accordance with the applicable legal and regulatory requirements. The Board may set such deadline and the terms and conditions of its application in accordance with Article L.225-135 of the French Commercial Code.

The issuance of securities redeemable for shares implies the waiving by shareholders of their pre-emptive rights to the shares redeemed either immediately or at a future date.

The securities issued may be debt securities or they may be redeemable for debt securities. Such debt securities may or may not be dated subordinated securities. The maximum principal amount of these debt securities may not exceed €19,644,350 or the equivalent in any other currency on the date the issuance is decided for issues of securities maintaining shareholders' pre-emptive rights (eighteenth resolution) or €11,786,600 or the equivalent in any other currency on the date the issuance is decided for issues of securities cancelling shareholders' pre-emptive rights (nineteenth and twentieth resolutions). These limits are common to all debt securities issued pursuant to the authorizations granted to the Board of Directors under the eighteenth, nineteenth, and twentieth resolutions.

When debt securities are issued, the Board of Directors will have full powers, with the right of delegation provided for by law, to decide on the characteristics of the securities, in particular whether or not they will be subordinated, to set their interest rate, maturity, fixed or variable redemption price, whether with or without a premium, repayment terms and the conditions under which the securities shall confer rights to the Company's shares, and to confirm the completion of any resulting capital increases and make the corresponding amendments to the Company's by-laws.

Each of these authorizations would be valid for twenty-six months from the date of the General Meeting. They would replace all previous authorizations having the same purpose, as of the date of the General Meeting.

Authorization to the Board of Directors to issue shares or securities redeemable for shares to pay for contributions in kind made to the Company, for a period of twenty-six (26) months (twenty-first resolution)

The twenty-first resolution seeks to authorize the Board of Directors, in accordance with Article L.225-147 of the French Commercial Code, and based on the conclusions of the report of the independent auditor, to complete one or more capital increases, within the limit of 10% of the share capital, as payment for contributions in kind to the Company comprising equity securities or securities redeemable for shares, when the provisions of Article L.225-148 of the French Commercial Code do not apply.

This authorization would be valid for twenty-six months from the date of the Meeting. It will replace the authorization granted by the General Meeting of April 27, 2018 in the twenty-second resolution.

Authorization for the Board of Directors to carry out capital increases reserved for members of a savings plan, with the waiving by shareholders of their pre-emptive rights in favor of the savings plan members, and to award free shares or securities redeemable for shares, for a period of twenty-six (26) months (twenty-second resolution)

The twenty-second resolution intends to authorize the Board of Directors to issue shares or other securities reserved for members of a Company Savings Plan and to award these shares or securities redeemable for shares free of charge.

The nominal amount of the immediate or deferred capital increase resulting from all issuances of shares, equity securities or other securities under the authorization granted to the Board of Directors would be €47,146. It is understood that this total will be increased by the amounts of any capital increase needed to make any adjustments required, in accordance with legal, regulatory, or contractual terms, subsequent to the issue of securities redeemable for shares, and that the nominal amount of the capital increase completed under this authorization will be included in the total limit on capital increases provided for in the twenty-fifth resolution, or, as applicable, in the total limit set in any similar resolution that may replace said resolution during the period of validity of this authorization.

The purchase price for shares issued under this authorization shall be determined in accordance with Articles L.3332-18 to L.3332-24 of the French Labor Code.

This authorization implies the waiving by shareholders of their pre-emptive rights in favor of the employees for whom the capital increase is reserved.

This authorization would be valid for twenty-six months from the date of the General Meeting. It will replace, from the date of the General Meeting, the authorization granted by the General Meeting of April 27, 2018 in the twenty-third resolution.

Authorization granted to the Board of Directors to grant stock options to members of staff and/or corporate officers of Group companies, implying the waiving by shareholders of their pre-emptive rights, for a period of thirty-eight months (twenty-third resolution)

This authorization would be valid for thirty-eight months from the date of the Meeting. It will replace the authorization granted by the General Meeting of April 27, 2017 in the twelfth resolution.

This resolution seeks to authorize the Board of Directors, in accordance with Articles L.225-177 *et seq* of the French Commercial Code, to award some or all employees of the Company and of affiliated companies or groups, and corporate officers, within the limits set by law, options to subscribe for new Séché Environnement shares to be issued through a capital increase, or options conferring the right to purchase Séché Environnement shares acquired by the Company in accordance with the law.

The total number of outstanding stock options granted but not exercised may not confer rights to subscribe for shares representing more than 2% of the outstanding share capital on the date of the Board of Directors' meeting that decides on such an award. Within this limit, the total number of stock options granted to corporate officers of the Company under this authorization may not exceed 2% of the aforementioned limit.

The Board of Directors would be authorized to set the share subscription or purchase price on the date on which the options will be granted, within the limits and subject to the terms set out by law, but without applying a discount as provided for in Articles L.225-177 and L.225-179 of the French Commercial Code.

The stock options must be exercised by beneficiaries within 10 years of being granted.

The Board of Directors would have full powers, with the right of delegation provided for by law and by the Company's by-laws, to implement this authorization, it being specified that the maximum number of new shares that may be issued through the exercising of stock options will be limited by and included within the overall limit on capital increases set in the twenty-fifth resolution, or, as applicable, by the overall limit set by a resolution of the same type that may replace said resolution during the period of validity of this authorization.

In accordance with the law, this authorization expressly implies the waiving by shareholders of their pre-emptive rights to subscribe for shares issued as the options are exercised.

Authorization to award free shares – either existing or to be issued – to corporate officers or members of staff, implying the waiving by shareholders of their pre-emptive rights, for a period of thirty-eight (38) months (twenty-fourth resolution)

The twenty-fourth resolution seeks to authorize the Board of Directors to award free shares – either existing or to be issued – to corporate officers and salaried employees, in accordance with Articles L.225-197-1 and L.225-197-2 of the Commercial Code, it being specified that the maximum number of new shares that may be issued for the award of free shares will be limited by and included within the overall limit on capital increases set in the twenty-fifth resolution, or, as applicable, by the overall limit set by a resolution of the same type that may succeed said resolution during the period of validity of this authorization.

Free share awards will be limited to 2% of the share capital as of the date of the decision to award the shares, it being specified that within this limit, the total number of shares awarded to corporate officers of the Company under this resolution may not exceed 2% of said limit, with this limit being a sub-limit of that referred to above.

The award of shares to beneficiaries will be final after a vesting period, the length of which will be set by the Board of Directors and which may not be less than one year. As applicable, beneficiaries will be required to hold the shares for a length of time, to be set by the Board of Directors, at least equal to the time needed to ensure that the total length of the vesting period and the holding period, as applicable, is greater than two years. As an exception, the final award may be made during the vesting period in the event the beneficiary becomes disabled with a second or third category of disability as defined in Article 341-4 of the Social Security Code.

The free shares awarded may consist in existing or new shares. If they take the form of new shares, the share capital will be increased by an equivalent amount through the incorporation of reserves, profits or additional paid-in capital.

As the decision to award free shares lies with the Board of Directors, it must choose the beneficiaries, set the terms and conditions of the award and, as applicable, the criteria for the award of shares.

If the award applies to shares to be issued, this authorization will imply the waiving, ipso jure, by shareholders of their pre-emptive rights to subscribe for new shares or to the portion of reserves or additional paid-in capital that is incorporated in respect of the issue of new shares, in favor of the beneficiaries of the free shares.
This authorization, which will replace that granted by the Annual General Meeting of April 27, 2017, shall apply for a period of thirty-eight months.

Overall limit on capital increases (twenty-fifth resolution)

Pursuant to Article L.225-129-2 of the French Commercial Code, the twenty-fifth resolution sets the overall limit on immediate or future 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 the General Meeting of April 26, 2019 and the eighteenth to twenty-fourth resolutions of this General Meeting, at a nominal amount of €314,309.

Amendments to the by-laws (twenty-sixth resolution)

In the twenty-sixth resolution, shareholders are asked to amend three provisions of the Company's by-laws.

First, you are asked to delete the third paragraph of Article 12 of the by-laws, which sets out the conditions in which the Company can obtain the identity of holders of bearer shares. Article L.228-2 of the Commercial Code was amended by the PACTE act no. 2019-486 of May 22, 2019, which stipulates that companies whose shares are traded on a regulated market have the right to identify holders of bearer shares. Such a clause is therefore no longer required in the Company's by-laws.

Second, you are asked to adjust the wording of Article 16 II of the by-laws on the length of directors' terms of office, by adding a paragraph stipulating that, as an exception to the term of three years and for the sole purpose of staggering directors' terms of office, the Ordinary General Meeting may appoint one or more directors for a term of one, two, or four years.

Third, you are asked to adjust the wording of the fourth paragraph of article 24 I. 2°) to reflect the new wording of the last paragraph of Article L.225-40 of the PACTE act no. 2019-486 of May 22, 2019, which stipulates that shares owned by persons directly or indirectly concerned by a related-party agreement are not taken into account in calculating the majority at General Meetings, but are included when calculating quorum.

Powers to complete formalities (twenty-seventh resolution)

The twenty-seventh 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 buyback program

The Annual General Meeting held on April 26, 2019, in its ninth 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 *et seq* 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, 2018 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, 2019:

Presentation of the authorizations granted to the Board of Directors

At the Annual General Meeting of April 27, 2018, 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 26, 2019 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, 2018, as from April 26, 2019.

Situation at 12/31/2019	
Number of shares purchased, sold or transferred since the start of the program (April)	160,495
Percentage of shares held directly or indirectly as treasury stock	0.68%
Number of shares cancelled over the last 24 months	0
Number of shares held in the portfolio	53,802
Book value of portfolio (in euros)	1,894,903
Market value of portfolio at 12/31/2019 (1) (in euros)	2,022,955

(1) Based on the closing share price of €37.60 at December 31, 2019.

6.4.1.3 Resolutions

Resolutions for consideration by the Ordinary Annual General Meeting

First resolution

(Approval of transactions and parent company financial statements for the year ended December 31, 2019)

The General Meeting, voting under the conditions required for Ordinary Meetings as to quorum and majority, and after considering the management report of the Board of Directors, the Board of Directors' report on corporate governance included in a specific section of the management report, the Statutory Auditors' reports and the parent company financial statements at December 31, 2019:

- Approves the parent company financial statements for the year ended December 31, 2019 as presented by the Board of Directors, showing net income after tax of €33,387,735, 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 €6,118, and the amount of the corresponding tax charge, of €2,039.

The General Meeting grants full discharge to members of the Board of Directors for the performance of their duties during the year ended December 31, 2019.

Second resolution
(Approval of the consolidated financial statements for the year ended December 31, 2019)

The General Meeting, voting under the conditions required for Ordinary Meetings as to quorum and majority, and after considering the management report of the Board of Directors, the Board of Directors' report on corporate governance included in a specific section of the management report, the Statutory Auditors' reports, and the consolidated financial statements at December 31, 2019, approves the consolidated financial statements for the year ended December 31, 2019 as presented by the Board of Directors showing Group net income of €17,825,000, 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 conditions required for Ordinary Meetings as to quorum and majority, having noted that net income for the 2019 financial year amounts to €33,387,735, that the legal reserve is full, that retained earnings amount to €18,044,640 and that accordingly, the amount available for distribution totals €33,387,735, decides on the following allocation of income as proposed by the Board of Directors:

- Dividend payment: €7,464,845.40, and
- Allocation of the balance, totaling €25,922,889.74, to retained earnings, which subsequently amount to €43,967,529.74.

The dividend payment for the year is set at €0.95 per share.

The ex-dividend date is set at July 8, 2020 and the dividend will be paid out from July 10, 2020.

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 2019 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
2016	€0.95	100%
2017	€0.95	100%
2018	€0.95	100%

Fourth resolution

(Ratification of the coopting of Maxime Séché as director)

The General Meeting, voting under the conditions required for Ordinary Meetings as to quorum and majority, ratifies the coopting of Maxime Séché as director by the Board of Directors at its meeting of November 12, 2019 to replace Séché Group SAS following its resignation, for his predecessor's remaining term of office, which ends at the General Meeting held in 2021 to approve the financial statements for the year ended December 31, 2020.

Fifth resolution

(Renewal of the directorship of Pascaline de Dreuzy)

The General Meeting, voting under the conditions required for Ordinary Meetings as to quorum and majority, notes that the directorship of Pascaline de Dreuzy expires at the end of this Meeting, and decides to renew her term in office for a period of three years, which will end at the General Meeting held in 2023 to approve the financial statements for the year ended December 31, 2022.

Sixth resolution

(Appointment of Nadine Koniski-Ziadé as an independent director)

The General Meeting, voting under the conditions required for Ordinary Meetings as to quorum and majority, notes that the directorship of Marina Niforos expires at the end of this Meeting, decides not to renew her term in office, and, following a proposal made by the Board of Directors, decides to appoint Nadine Koniski-Ziadé as her replacement for a period of three years which will end at the General Meeting held in 2023 to approve the financial statements for the year ended December 31, 2022.

Seventh resolution

(Approval of an agreement covered by Articles L.225-38 et seq *of the Commercial Code – Acquisition by the Company of one Séché Alliance share from Joël Séché)*

The General Meeting, voting under the conditions required for Ordinary Meetings as to quorum and majority, 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, approves said report and approves the agreement relating to the acquisition by the Company of one Séché Alliance share from Joël Séché on February 4, 2020.

Eighth resolution

(Approval of an agreement covered by Articles L.225-38 et seq of the Commercial Code – Acquisition by the Company of five Séché Éco-Industries shares from Joël Séché)

The General Meeting, voting under the conditions required for Ordinary Meetings as to quorum and majority, 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, approves said report and approves the agreement relating to the acquisition by the Company of five Séché Éco-Industries shares from Joël Séché on February 4, 2020.

Ninth resolution
(Approval of an agreement covered by Articles L.225-38 et seq *of the Commercial Code – Acquisition by the Company of six Séché Éco-Services shares from Joël Séché)*

The General Meeting, voting under the conditions required for Ordinary Meetings as to quorum and majority, 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, approves said report and approves the agreement relating to the acquisition by the Company of six Séché Éco-Services shares from Joël Séché on February 4, 2020.

Tenth resolution
(Approval of an agreement covered by Articles L.225-38 et seq of the Commercial Code – Acquisition by the Company of sixty Séché Transports shares from Joël Séché)

The General Meeting, voting under the conditions required for Ordinary Meetings as to quorum and majority, 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, approves said report and approves the agreement relating to the acquisition by the Company of sixty Séché Transports shares from Joël Séché on February 4, 2020.

Eleventh resolution
(Approval of the compensation policy referred to in Article L.225-37-2 of the French Commercial Code)

Pursuant to Article L.225-37-2-II of the Commercial Code, the General Meeting, voting under the conditions required for Ordinary Meetings as to quorum and majority, having considered the report on corporate governance, approves the corporate officer compensation policy as presented in chapter 4.2.1 of the 2019 Universal Registration Document.

Twelfth resolution
(Setting of the amount of compensation awarded to the directors)

The General Meeting, voting under the conditions required for Ordinary Meetings as to quorum and majority, having considered the Board of Directors' report and based on a proposal by the Board of Directors, sets the total amount of compensation awarded to the Board of Directors for 2020 at €150,000.

Thirteenth resolution
(Approval of the compensation of corporate officers for the year ended December 31, 2019, pursuant to Article L.225-100 II of the French Commercial Code)

In accordance with Article L.225-100 II of the French Commercial Code, the General Meeting, voting under the conditions required for Ordinary Meetings as to quorum and majority, having considered the report on corporate governance, approves the information referred to in paragraph I. of Article 225-37-3 of the French Commercial Code as presented in the report on corporate governance prepared in compliance with article L.225-37 of the same Code and featuring in chapter 4.2.2 of the 2019 Universal Registration Document.

Fourteenth Resolution

(Approval of items of compensation of Joël Séché in respect of his role as Chairman and Chief Executive Officer then Chairman of the Board of Directors in the year ended December 31, 2019)

In accordance with Article L.225-100 III of the French Commercial Code, the General Meeting, voting under the conditions required for Ordinary Meetings as to quorum and majority, having considered the report on corporate governance, approves the items comprising the total compensation and benefits paid in 2019 or awarded in respect of 2019 to Joël Séché for his role as Chairman and Chief Executive Officer then Chairman of the Board of Directors, as described in the report on corporate governance prepared in compliance with Article L.225-37 of the French Commercial Code and included in chapter 4.2.2.1 of the 2019 Universal Registration Document.

Fifteenth Resolution

(Approval of items of compensation and benefits awarded to Maxime Séché in respect of his role as Chief Executive Officer in the year ended December 31, 2019)

In accordance with Article L.225-100 III of the French Commercial Code, the General Meeting, voting under the conditions required for Ordinary Meetings as to quorum and majority, having considered the report on corporate governance, approves the items comprising the total compensation and benefits paid in 2019 or awarded in respect of 2019 to Maxime Séché for his role as Chief Executive Officer, as described in the report on corporate governance prepared in compliance with Article L.225-37 of the French Commercial Code and included in chapter 4.2.2.2 of the 2019 Universal Registration Document.

Sixteenth 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 conditions required for Ordinary Meetings as to quorum and majority, having considered the Board of Directors' report 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. As an indication, this amounts to 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 practice authorized by the AMF or any other applicable provisions;
- To award or sell shares to all or some employees and/or corporate officers of the Company and/or Group to allow them to share in the profits generated by the Company's expansion, under the terms and conditions provided for by law, notably for the award of stock options or as part of Company or Group savings plans or free share awards and/or any other form of share awards for the Group's employees and/or corporate officers;
- To award shares on the exercise of rights attached to securities redeemable for the Company's shares, and in particular to meet obligations arising in respect of debt securities exchangeable for shares;
- To convert and subsequently 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 laws or by 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 specified that in case of a corporate action, in particular a stock split or reverse stock split, or the award of free shares to shareholders, the amount indicated above may be adjusted by the same proportion (multiplier equal to the ratio of the number of shares comprising the share capital before the transaction and the number after the transaction). 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, reach all agreements, carry out all formalities and, in general, take any steps necessary to 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 ninth resolution of the Annual General Meeting of April 26, 2019, as of today's date.

Resolutions for consideration by the Extraordinary Annual General Meeting

Seventeenth 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 conditions required for Extraordinary Meetings as to quorum and majority, having been informed of the Board of Directors' report and the Statutory Auditors' special report, authorizes the Board of Directors, with the right of delegation, in accordance with Article L.225-209 of the Commercial Code, to:

- Cancel, on one or more occasions, all or some of the shares acquired by the Company under the share buyback program approved in the sixteenth resolution submitted to this General Meeting or share buyback programs authorized previously, or those that may be authorized by subsequent General Meetings; and
- 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 corporate actions carried out after this Meeting, to decide on the final amount of the capital reduction, to establish the terms and conditions thereof and record 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 carry out 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 tenth resolution of the Annual General Meeting of April 26, 2019, as of today's date.

Eighteenth resolution

(Authorization granted to the Board of Directors to decide to issue shares or securities redeemable for shares in the Company or in its parent company or a subsidiary, or to award debt securities, while maintaining shareholders' pre-emptive rights, for a period of twenty-six months)

The General Meeting, voting under the conditions required for Extraordinary Meetings as to quorum and majority, having been informed of the Board of Directors' report and the Statutory Auditors' special report, in accordance with Articles L.225-127, L.225-129 *et seq* of the French Commercial Code and in particular Articles L.225-129-2 and L.228-91 *et seq* of the same Code:

1°) Authorizes the Board of Directors, for a period of twenty-six (26) months from the date of this Meeting, to decide, on its own initiative, on one or more occasions, with the right of delegation provided for by law, in the amounts and on the dates it deems fit (including while a pre-offer or public offer of shares is ongoing), in France or abroad, in euros or in a foreign currency or accounting unit set by reference to several currencies, to issue, in exchange for payment or free of charge, while maintaining shareholders' pre-emptive rights:

i. Shares in the Company;
ii. Securities that are equity securities redeemable for other existing equity securities or redeemable for debt securities issued by the Company;
iii. Securities redeemable for shares to be issued by the Company;
iv. Securities redeemable for equity securities to be issued by a company (a) in which the Company directly or indirectly owns more than half of the share capital (the "subsidiary") or (b) that directly or indirectly owns more than half of the Company's share capital (the "parent company"); and
v. Securities that are equity securities redeemable for other existing equity securities or redeemable for debt securities issued by an entity in which the Company directly or indirectly owns a share of the capital.

2°) Decides that subscription to the shares and/or securities referred to above may be made in cash or in settlement of debts;

3°) Decides that the nominal amount of the capital increase carried out immediately or at a future date as a result of all issues completed under the authorization granted to the Board of Directors in respect of this resolution may not exceed three hundred and fourteen thousand three hundred and nine euros (€314,309) or its equivalent in any other authorized currency, it being understood that (i) this amount will be increased by the amount of any capital increase required, pursuant to legal, regulatory, or contractual provisions, to make the adjustments needed to maintain the rights of holders of shares or securities redeemable for shares, and that (ii) this amount will be included in the overall limit of three hundred and fourteen thousand three hundred and nine euros (€314,309) set in the twenty-fifth resolution;

4°) Decides that the Board of Directors may award shareholders a pre-emptive right to subscribe for shares or securities not claimed by holders of pre-emptive rights, to be exercised in proportion to their subscription rights and within the limit of their requests. If subscriptions by holders of pre-emptive rights and, if applicable, requests for unclaimed shares do not cover the entire issue, the Board of Directors may, in the order it decides, make use of some or all of the authorizations set out below, to:

- Limit, in accordance with the law, the issue to the amount of subscriptions received provided that this equals at least three quarters of the amount initially decided;
- Freely distribute all or some of the unsubscribed securities;
- Offer all or some of them to the public.

5°) Acknowledges that, in accordance with Article L.225-132 of the French Commercial Code, the issuance of securities redeemable for shares in the Company under this authorization implies, ipso jure, the waiving by shareholders of their pre-emptive rights to subscribe for the shares to which such securities may entitle their holders, either immediately or at a later date;

6°) Decides that, in the case of securities redeemable for shares to be issued by a subsidiary or the parent company, the General Meeting of the subsidiary or parent company, as applicable, must authorize the issue and the cancellation of shareholders' pre-emptive rights to the shares to be issued, failing which the decision to issue the securities shall be null and void;

7°) Decides that the issuance of stock warrants by the Company may be completed through a subscription offer or by a free award to holders of existing shares. In the case of free awards of stock warrants, the Board of Directors may decide that fractional shares will not be negotiable and that the corresponding shares will be sold;

8°) Decides that the maximum principal amount of debt securities issued by the Company under this authorization may not exceed nineteen million six hundred and forty-four thousand three hundred and fifty euros (€19,644,350) or its equivalent in any other authorized currency on the date of the decision, it being understood that (i) this amount includes all debt securities issued pursuant to this authorization granted to the Board of Directors or which may be decided under the nineteenth and twentieth resolutions set out below, and that (ii) this amount is independent of and separate from the amount of securities that are debt securities redeemable for other debt securities or existing shares, the issuance of which does not fall within the remit of the Extraordinary General Meeting;

9°) Decides that when debt securities are issued, the Board of Directors will have full powers, with the right of delegation provided for by law, to decide on the characteristics of the securities, in particular whether or not they will be subordinated, their interest rate (fixed and/or variable, compounded or not), maturity, fixed or variable redemption price, whether with or without a premium, repayment terms and the conditions under which the securities shall confer rights to the Company's shares, with these securities being eligible for redemption on the market or an exchange offer by the Company;

10°) Decides that the Board of Directors shall have full powers, with the right of delegation provided for by law, to implement this authorization, and in particular to:

- Carry out the issues, and determine their characteristics, terms and conditions;
- Set the characteristics, terms and conditions of the securities to be created, in particular the number of securities to be issued, their issue price and subscription price, with or without a premium, the date on which they bear interest, even retroactively, the method of payment and, if applicable, the duration and strike price of warrants or the terms of exchange, conversion, redemption or award in any other form of shares or securities redeemable for shares, the conditions of purchase or exchange on the stock market, at any time or at specified times;
- Set the conditions for maintaining the rights of holders of securities or securities redeemable for shares in the Company and make any adjustments to the redemption terms of securities, including warrants, in compliance with legal and regulatory provisions;
- Provide for the option to suspend the exercise of rights attached to the securities issued;
- Amend the characteristics of the securities concerned during their lifetime, in accordance with the applicable formalities;
- Set the terms for the free award of stock warrants and determine, if applicable, the terms under which securities and/or warrants can be bought or exchanged on the stock market or awarded or redeemed, and determine how to treat fractional shares;
- Set the terms for exercising pre-emptive rights and trading rules, if applicable;
- Make any deductions from additional paid-in capital, in particular to cover fees incurred to complete the issuances, and deduct the amounts needed for the legal reserve;
- Confirm the completion of capital increases and make the corresponding amendments to the by-laws;
- Enter into any agreements and more generally complete all formalities required to ensure the completion of planned issues, the listing of the securities and financial services pertaining to the instruments issued.

This authorization terminates with immediate effect the unused portion of the previous authorization granted in the twentieth resolution approved by the Extraordinary General Meeting of April 27, 2018.

Nineteenth resolution

(Authorization granted to the Board of Directors to issue shares or securities redeemable for shares in the Company or in its parent company or a subsidiary, or to award debt securities, without maintaining pre-emptive rights for shareholders, via a public share offer (with the exception of offers covered by 1 of Article L.411-2 of the French Monetary and Financial Code), for a period of twenty-six months)

The General Meeting, voting under the conditions required for Extraordinary Meetings as to quorum and majority, having been informed of the Board of Directors' report and the Statutory Auditors' special report, under Articles L.225-127, L.225-129 *et seq* of the French Commercial Code, and in particular Articles L.225-129-2, L.225-135, L.225-136, L.228-91 *et seq* of the same Code:

1°) Delegates its authority to the Board of Directors, for a period of twenty-six (26) months from the date of this Meeting, to decide, on its own initiative, on one or more occasions, with the right of delegation provided for by law, in the amounts and on the dates it deems fit (including while a pre-offer or public offer of shares is ongoing), in France or abroad, in euros or in a foreign currency or accounting unit set by reference to several currencies, to issue, in exchange for payment or free of charge, via a public share offer with the exception of offers covered by 1 of Article L.411-2 of the French Monetary and Financial Code:

   i. Shares in the Company;
   ii. Securities that are equity securities redeemable for other existing equity securities or redeemable for debt securities issued by the Company;
   iii. Securities redeemable for shares to be issued by the Company;
   iv. Securities redeemable for equity securities to be issued by a company (a) in which the Company directly or indirectly owns more than half of the share capital (the "subsidiary") or (b) that directly or indirectly owns more than half of the Company's share capital (the "parent company"); and
   v. Securities that are equity securities redeemable for other existing equity securities or redeemable for debt securities issued by an entity in which the Company directly or indirectly owns a share of the capital.

2°) Decides to cancel the pre-emptive rights of shareholders to subscribe for these shares or securities;

3°) Decides that subscription to the shares and/or securities referred to above may be made in cash or in settlement of debts;

4°) Decides that the nominal amount of the capital increase occurring immediately or at a future date as a result of all issues completed under the authorization granted in respect of this resolution may not exceed forty-seven thousand one hundred and forty-six euros (€47,146) or its equivalent in any other authorized currency, it being understood that (i) this amount will be increased by the amount of any capital increase required, pursuant to legal, regulatory, or contractual provisions, to make the adjustments needed to maintain the rights of holders of shares or securities redeemable for shares, and that (ii) this amount will be included in the limit set in the twentieth resolution and in the overall limit of three hundred and fourteen thousand three hundred and nine euros (€314,309) set in the twenty-fifth resolution;

5°) Authorizes the Board of Directors, in accordance with the law, to set a deadline for preferential subscriptions by holders of pre-emptive rights and/or requests by existing shareholders for unclaimed shares, with the minimum length of time for such subscriptions being set in accordance with the applicable legal and regulatory requirements, and to set such deadline and the terms and conditions of its application, in accordance with Article L.225-135 of the French Commercial Code.

If subscriptions do not cover the entire issue, the Board of Directors may, in the order it decides, make use of all or some of the authorizations set out below, to:

- Limit, in accordance with the law, the issue to the amount of subscriptions received provided that this equals at least three quarters of the amount initially decided;
- Freely distribute all or some of the unsubscribed securities.

6°) Acknowledges that the issuance of securities redeemable for shares in the Company under this authorization implies, ipso jure, the waiving by shareholders of their pre-emptive rights to subscribe for the shares to which such securities may entitle their holders, either immediately or at a later date;

7°) Decides that, in the case of securities redeemable for shares to be issued by a subsidiary or the parent company, the General Meeting of the subsidiary or parent company, as applicable, must authorize the issue, failing which the decision to issue the securities shall be null and void;

8°) Decides that:

- The issue price of shares issued under this authorization will be at least equal to the minimum price set in legal and/or regulatory provisions in force at the date of issue, with this price being adjustable as necessary to reflect differences in the date on which the shares are entitled to dividends;
- The issue price of securities redeemable for shares and the number of shares for which they are redeemable will be such that the amount received immediately by the Company or, in the case of the issuance of securities redeemable for shares in a subsidiary or the parent company, by the subsidiary or by the parent company, as applicable, plus any amount liable to be received subsequently by the Company, subsidiary or parent company, as applicable, is, for each share issued as a result of the issuance of these securities, at least equal to the minimum issue price set in the paragraph above, adjusted, as appropriate, to reflect differences in the date on which the shares are entitled to dividends.

9°) Decides that the maximum principal amount of debt securities issued under this authorization may not exceed eleven million seven hundred and eighty-six thousand euros (€11,786,000) or its equivalent in any other currency on the date of the decision, it being understood that (i) this amount includes all debt securities issued pursuant to this resolution granted to the Board of Directors or which may be decided under the eighteenth and twentieth resolutions, and that (ii) this amount is independent of and separate from the amount of securities that are debt securities redeemable for other debt securities or existing shares, the issuance of which does not fall within the remit of the Extraordinary General Meeting;

10°) Decides that when debt securities are issued, the Board of Directors will have full powers, with the right of delegation provided for by law, to decide on the characteristics of the securities, in particular whether or not they will be subordinated, to set their interest rate (fixed and/or variable, compounded or not), maturity, fixed or variable redemption price, whether with or without a premium, repayment terms and the conditions under which the securities shall confer rights over the Company's shares, with these securities being eligible for redemption on the market or an exchange offer by the Company;

11°) Decides that the Board of Directors shall have full powers, with the right of delegation provided for by law and in the Company's by-laws, to implement this authorization and in particular to:

- Proceed with the issues, set their terms and conditions, and in particular set the terms and conditions under which the securities to be issued under this resolution will be redeemable for shares in the Company, a subsidiary, or the parent company, as well as all other terms and conditions applicable to the completion of the issue or issues (and, for debt securities, their seniority ranking);
- Set the characteristics, terms and conditions of the securities to be created, in particular the number of securities to be issued, their issue price and subscription price, with or without a premium, the date on which they bear interest, even retroactively, the method of payment and, if applicable, the duration and strike price of warrants or the terms of exchange, conversion, redemption or award in any other form of shares or securities redeemable for shares;
- Set the conditions for maintaining the rights of holders of securities or securities redeemable for shares in the Company and make any necessary adjustments to the redemption terms of securities, including warrants, in compliance with legal and regulatory provisions;
- Provide for the option to suspend the exercise of rights attached to the securities issued;
- Amend the characteristics of the securities concerned during their lifetime, in accordance with the applicable formalities;
- Set the conditions of purchase or exchange on the stock market, by any means, at any time or at specified times, applicable to the securities to be issued;
- Make any deductions from additional paid-in capital, in particular to cover fees incurred to complete the issuances, and deduct the amounts needed for the legal reserve;
- Acknowledge the completion of the resulting capital increases and make the corresponding amendments to the by-laws, and in particular set the dates and the form and characteristics of the shares or securities to be created;
- Enter into any agreements and more generally complete all formalities required to ensure the completion of planned issues, the listing of the securities and financial services pertaining to the instruments issued.

This authorization terminates with immediate effect the unused portion of any previous authorization having the same purpose.

Twentieth resolution

(Authorization granted to the Board of Directors to issue shares or securities redeemable for shares in the Company or in its parent company or a subsidiary, or to award debt securities, without maintaining shareholders' pre-emptive rights, via an offer covered by 1 of Article L.411-2 of the French Monetary and Financial Code, for a period of twenty-six months)

The General Meeting, voting under the conditions required for Extraordinary Meetings as to quorum and majority, having been informed of the Board of Directors' report and the Statutory Auditors' special report, under Articles L.225-127, L.225-129 *et seq* of the French Commercial Code, and in particular Articles L.225-129-2, L.225-135, L.225-136, L.228-91 *et seq* of the same Code:

1°) Delegates its authority to the Board of Directors, for a period of twenty-six (26) months from the date of this Meeting, to decide, on its own initiative, on one or more occasions, with the right of delegation provided for by law, in the amounts and on the dates it deems fit (including while a pre-offer or public offer of shares is ongoing), in France or abroad, in euros or in a foreign currency or accounting unit set by reference to several currencies, to issue, in exchange for payment or free of charge, via a public share offer covered by 1 of Article L.411-2 of the French Monetary and Financial Code:

i. Shares in the Company;
ii. Securities that are equity securities redeemable for other existing equity securities or redeemable for debt securities issued by the Company;
iii. Securities redeemable for shares to be issued by the Company;
iv. Securities redeemable for equity securities to be issued by a company (a) in which the Company directly or indirectly owns more than half of the share capital (the "subsidiary") or (b) that directly or indirectly owns more than half of the Company's share capital (the "parent company"); and
v. Securities that are equity securities redeemable for other existing equity securities or redeemable for debt securities issued by an entity in which the Company directly or indirectly owns a share of the capital;

2°) Decides to cancel the pre-emptive rights of shareholders to subscribe for these shares or securities;

3°) Decides that subscription to the shares and/or securities referred to above may be made in cash or in settlement of debts;

4°) Decides that the nominal amount of the capital increase occurring immediately or at a future date as a result of all issues completed under the authorization granted in respect of this resolution may not exceed forty-seven thousand one hundred and forty-six euros (€47,146) or its equivalent in any other authorized currency, it being understood that (i) this amount will be increased by the amount of any capital increase required, pursuant to legal, regulatory, or contractual provisions, to make the adjustments needed to maintain the rights of holders of shares or securities redeemable for shares, and that (ii) this amount will be included in the limit set in the nineteenth resolution and in the overall limit of three hundred and fourteen thousand three hundred and nine euros (€314,309) set in the twenty-fifth resolution;

5°) If subscriptions do not cover the entire issue, the Board of Directors may, in the order it decides, make use of all or some of the authorizations set out below, to:

- Limit, in accordance with the law, the issue to the amount of subscriptions received, within the limits set by regulations, as applicable;
- Freely distribute all or some of the unsubscribed securities.

6°) Acknowledges that the issuance of securities redeemable for shares in the Company under this authorization implies, ipso jure, the waiving by shareholders of their pre-emptive rights to subscribe for the shares to which such securities may entitle their holders, either immediately or at a later date;

7°) Decides that, in the case of securities redeemable for shares to be issued by a subsidiary or the parent company, the General Meeting of the subsidiary or parent company, as applicable, must authorize the issue, failing which the decision to issue the securities shall be null and void;

8°) Decides that:

- The issue price of shares issued under this authorization will be at least equal to the minimum price set in legal and/or regulatory provisions in force at the date of issue, with this price being adjustable as necessary to reflect differences in the date on which the shares are entitled to dividends;
- The issue price of securities redeemable for shares and the number of shares for which they are redeemable will be such that the amount received immediately by the Company or, in the case of the issuance of securities redeemable for shares in a subsidiary or the parent company, by the subsidiary or by the parent company, as applicable, plus any amount liable to be received subsequently by the Company, subsidiary or parent company, as applicable, is, for each share issued as a result of the issuance of these securities, at least equal to the minimum issue price set in the paragraph above, adjusted, as appropriate, to reflect differences in the date on which the shares are entitled to dividends.

9°) Decides that the maximum principal amount of debt securities issued under this authorization may not exceed eleven million seven hundred and eighty-six thousand euros (€11,786,000) or its equivalent in any other currency on the date of the decision, it being understood that (i) this amount includes all debt securities issued pursuant to this resolution granted to the Board of Directors or which may be decided under the eighteenth and nineteenth resolutions set out above, and (ii) this amount is independent of and separate from the amount of securities that are debt securities redeemable for other debt securities or existing shares, the issuance of which does not fall within the remit of the Extraordinary General Meeting;

10°) Decides that when debt securities are issued, the Board of Directors will have full powers, with the right of delegation provided for by law, to decide on the characteristics of the securities, in particular whether or not they will be subordinated, to set their interest rate (fixed and/or variable, compounded or not), maturity, fixed or variable redemption price, whether with or without a premium, repayment terms and the conditions under which the securities shall confer rights over the Company's shares, with these securities being eligible for redemption on the market or an exchange offer by the Company;

11°) Decides that the Board of Directors shall have full powers, with the right of delegation provided for by law and in the Company's by-laws, to implement this authorization and in particular to:

- Proceed with the issues, set their terms and conditions, and in particular set the terms and conditions under which the securities to be issued under this resolution will be redeemable for shares in the Company, a subsidiary, or the parent company, as well as all other terms and conditions applicable to the completion of the issue or issues (and, for debt securities, their seniority ranking);
- Set the characteristics, terms and conditions of the securities to be created, in particular the number of securities to be issued, their issue price and subscription price, with or without a premium, the date on which they bear interest, even retroactively, the method of payment and, if applicable, the duration and strike price of warrants or the terms of exchange, conversion, redemption or award in any other form of shares or securities redeemable for shares;
- Set the conditions for maintaining the rights of holders of securities or securities redeemable for shares in the Company and make any necessary adjustments to the redemption terms of securities, including warrants, in compliance with legal and regulatory provisions;
- Provide for the option to suspend the exercise of rights attached to the securities issued;

- Amend the characteristics of the securities concerned during their lifetime, in accordance with the applicable formalities;
- Set the conditions of purchase or exchange on the stock market, by any means, at any time or at specified times, applicable to the securities to be issued;
- Make any deductions from additional paid-in capital, in particular to cover fees incurred to complete the issuances, and deduct the amounts needed for the legal reserve;
- Acknowledge the completion of the resulting capital increases and make the corresponding amendments to the by-laws, and in particular set the dates and the form and characteristics of the shares or securities to be created;
- Enter into any agreements and more generally complete all formalities required to ensure the completion of planned issues, the listing of the securities and financial services pertaining to the instruments issued.

This authorization terminates with immediate effect the unused portion of any previous authorization having the same purpose.

Twenty-first resolution

(Authorization to the Board of Directors to issue shares or securities redeemable for shares to pay for contributions in kind made to the Company, for a period of twenty-six (26) months)

The General Meeting, voting under the conditions of quorum and majority required for Extraordinary Meetings, having considered the Board of Directors' report and the Statutory Auditors' special report, in accordance with Article L.225-147 paragraph 6 of the French Commercial Code, delegates its authority, for a period of twenty-six (26) months as of the date of this Meeting, to the Board of Directors to allow it to issue shares or securities redeemable for shares in the Company, at any time (including while a pre-offer or public offer of shares is ongoing) and within the limit of 10% of the share capital at the time of the issue. The securities issued will be included in the overall limit set in the twenty-fifth resolution (these limits do not take into account the nominal amount of shares that will need to be issued to maintain the rights of holders of rights or securities redeemable for shares), in payment for contributions in kind made to the Company comprising shares or securities redeemable for shares, when the provisions of Article L.225-148 of the French Commercial Code do not apply.

The General Meeting stipulates that, in accordance with the law, the Board of Directors rules on the report of the independent auditor or auditors mentioned in Article L.225-147 of the Commercial Code and acknowledges that this authorization implies the waiving by shareholders of their pre-emptive rights to subscribe for the shares in the Company that may be issued as a result of this authorization.

The General Meeting decides that the Board of Directors shall have full powers, with the right of delegation provided for by law, in particular to decide on the list of securities contributed, to approve the assessment of the contributions and regarding said contributions, confirm the completion thereof, decide on the type and number of shares and securities to be created, as well as their characteristics and the terms of their issue, to charge all fees, expenses, and duties against additional paid-in capital, with the balance being allocated in any way as decided by the Board of Directors or by the Ordinary General Meeting, to increase the share capital, to deduct any amounts needed to increase the legal reserve, to make any necessary amendments to the by-laws, and more generally, to complete all formalities to implement this authorization.

This authorization terminates with immediate effect the unused portion of the previous authorization granted in the twenty-second resolution approved by the General Meeting of April 27, 2018.

Twenty-second resolution

(Authorization for the Board of Directors to carry out capital increases reserved for members of a savings plan, with the waiving of existing shareholders' pre-emptive rights in favor of the savings plan members, and to award free shares or securities redeemable for shares, for a period of twenty-six (26) months)

The General Meeting, voting under the conditions required for Extraordinary Meetings as to quorum and majority, having been informed of the Board of Directors' report and the Statutory Auditors' special report, and ruling in accordance with the provisions of Article L.3332-18 *et seq* of the French Labor Code and Article L.225-138-1 I and II of the French Commercial Code and in accordance with the provisions of Articles L.225-129-2 and L.225-129-6 of the French Commercial Code:

1°) Delegates its authority to the Board of Directors, for a period of twenty-six (26) months from the date of this Meeting, to complete, on one or more occasions, in the amounts and on the dates it deems fit (including while a pre-offer or public share offer is ongoing), to (i) issue new shares or other securities redeemable for shares reserved for members of one or more company savings plans, or of any other savings plan provided for in applicable regulations, made available by the Company or by an affiliated company or group of companies in France or abroad as described in Article L.3344-1 of the French Labor Code and Article L.225-180 of the French Commercial Code, and to (ii) award free shares or securities redeemable for shares in the Company to employees, within the limits set in Article L.3332-21 of the Labor Code;

2°) Decides that the nominal amount of the immediate or subsequent capital increase resulting from all the issues of shares, equity securities or securities made under the authorization granted to the Board of Directors in this resolution is limited to forty-seven thousand one hundred and forty-six euros (€47,146) or its equivalent in any other authorized currency, it being understood that (i) the nominal amount of the capital increase performed under this authorization shall be limited by and included within the overall limit on capital increases set in the twenty-fifth resolution to be approved by this Meeting, or, as applicable, in any overall limit set in any similar resolution that may replace said resolution during the period of validity of this authorization, and that (ii) these limits do not take into account the nominal amount of shares that will need to be issued to maintain the rights of holders of rights or securities redeemable for shares;

3°) Decides that the purchase price for shares issued under this authorization shall be determined within the limits set in Articles L.3332-18 to L.3332-24 of the French Labor Code;

4°) Decides to cancel, shareholders' pre-emptive rights to subscribe for the shares and securities redeemable for shares issued under this authorization, in favor of members of a company savings plan, or of any other savings plan provided for in applicable regulations, made available by the Company or by an affiliated company or group of companies in France or abroad as described in Article L.3344-1 of the French Labor Code and Article L.225-180 of the French Commercial Code. This authorization implies the waiving by shareholders of their pre-emptive rights to subscribe for the shares issued in respect of securities issued under this authorization, and of their rights to any free shares granted under this authorization, including the share of reserves, profits or additional paid-in capital incorporated into the share capital in respect of the free award of such securities under this authorization.

The General Meeting grants the Board of Directors full powers, with the right of delegation provided for by law, to implement, this authorization, on one or more occasions, in compliance with this authorization and legal and regulatory requirements, and in particular grants it full powers to determine the conditions of the issue or issues made under this authorization, and notably to:

- Determine whether the issues shall be made directly for their beneficiaries or through collective investment undertakings, determine the conditions said beneficiaries must fulfill, and decide on the number of securities concerned;
- Set the terms and conditions of the issues that will be made under this authorization and in particular the maximum number of shares or securities redeemable for shares that may be subscribed for by each beneficiary, the terms and conditions under which said shares or securities shall bear interest and their terms of payment, and the allocation rules applicable in the event the issue is over-subscribed, as well as all other terms and conditions of the issues, in compliance with the applicable legal or regulatory limits;
- Decide on the characteristics of the securities, the amounts of the issues that will be made under this authorization and the subscription price of the shares or securities redeemable for shares, in compliance with the law;
- In the event of the issue of new shares or securities redeemable for shares to be awarded to beneficiaries free of charge, to charge the sums needed to pay up the shares or securities against reserves, profits or additional paid-in capital, as appropriate;
- Set the opening and closing dates for subscriptions;
- Set the time limit for payment for the shares, which shall not exceed the maximum limit set by applicable legislation and regulations, as well as any length-of-service criteria restricting employee participation in the plan, and supplementary employer contributions to be made by the Company;
- To record the completion of the capital increases in the amount of the shares subscribed for, and to make the corresponding amendments to the by-laws;
- To enter into any agreements and take all steps needed to ensure the completion of the planned issues and generally to complete all formalities, and, if it deems fit, to charge fees for the capital increase against additional paid-in capital relative to the capital increase and to deduct from this amount the sums needed to increase the legal reserve to one tenth of the new amount of the share capital after each issue.

This authorization terminates with immediate effect the unused portion of the previous authorization granted in the twenty-third resolution approved by the General Meeting of April 27, 2018.

Twenty-third resolution

(Authorization granted to the Board of Directors to grant stock options to members of staff and/or corporate officers of Group companies, implying the waiving by shareholders of their pre-emptive rights, for a period of thirty-eight (38) months)

The General Meeting, voting under the conditions required for Extraordinary Meetings as to quorum and majority, having been informed of the Board of Directors' report and the Statutory Auditors' special report:

- Authorizes the Board of Directors, in accordance with Articles L.225-177 *et seq* of the French Commercial Code, for a period of thirty-eight (38) months from the date of this General Meeting, to award, on one or more occasions, some or all employees and corporate officers of the Company and or companies or groups affiliated to it as described in Article L.225-180 of the French Commercial Code, within the limits set by applicable laws, stock options to subscribe for new shares in the Company to be issued through a capital increase, and/or stock options conferring the right to purchase shares acquired by the Company in accordance with the law;
- Decides that the total number of stock subscription or purchase options granted under this authorization may not give rights to a number of shares greater than 2% of the share capital as of the date of the Board of Directors' meeting that decides to award the stock options, it being understood that (i) the total number of outstanding stock options not yet exercised may not give holders the right to subscribe for a number of shares in excess of legal limits, and (ii) the maximum number of new shares that may be issued through the exercise of stock subscription options granted under this resolution will be limited by and included within the overall limit on capital increases set in the twenty-fifth resolution to be approved by this Meeting, or, as applicable, any overall limit set in any similar resolution that may replace said resolution during the period of validity of this authorization;
- Decides that the total number of stock options granted to corporate officers of the Company under this authorization may not exceed 2% of the limit set in the previous paragraph;
- Decides that the limits set in the two previous paragraphs do not take into account the nominal amount of shares that will need to be issued, in accordance with the law and with contractual stipulations, as applicable, to maintain the rights of holders of rights or securities redeemable for shares.

This authorization implies the waiving by shareholders of their pre-emptive rights to subscribe for the shares thus issued, in favor of beneficiaries of the stock options.

The share subscription or purchase price will be set by the Board of Directors on the date on which the options will be granted, within the limits and subject to the terms set out by law, but without applying a discount as provided for in Articles L.225-177 and L.225-179 of the Commercial Code. The stock options may be exercised by beneficiaries within ten (10) years of being granted.

The General Meeting decides to grant the Board of Directors full powers to implement this authorization, and in particular to:

- Set the general stock option policy, the type of stock options to be awarded and the dates on which they shall be awarded;
- Decide on the dates of each award, set the terms under which the options will be granted, in particular performance requirements and clauses prohibiting the immediate sale of all or some of the shares for a maximum of three years, and, for the Company's corporate officers, make the decisions required of the Board of Directors under Article L.225-185 paragraph 4 of the French Commercial Code, and decide on the list of beneficiaries and the number of options awarded to each beneficiary;

- Set the terms of exercise of the options, and in particular the exercise periods, it being understood that the Board of Directors may retain the option of temporarily suspending the exercise of stock options in accordance with legal and regulatory provisions; and amend the characteristics, conditions and periods in which stock options may be exercised, subject to the limits set out in law and compliance with the applicable formalities;
- Establish the conditions governing how the price and number of shares to be subscribed for or purchased will be adjusted in the cases authorized by the law;
- Determine the time limit, which may not exceed ten (10) years, within which the beneficiaries shall be entitled to exercise their options, and the exercise periods of the options;
- Complete, with the right of delegation provided for by law, all necessary formalities required to finalize the capital increase or increases that may be required under the authorization granted in this resolution, and charge the amounts needed to supplement the legal reserve;
- Amend, with the right of delegation provided for by law, the by-laws accordingly;
- And generally carry out any formalities required to implement this authorization, in compliance with applicable legislation.

The Board of Directors will inform the Ordinary General Meeting of transactions carried out under this authorization each year, in accordance with the applicable legal and regulatory requirements.
This authorization terminates with immediate effect the unused portion of the previous authorization granted in the twelfth resolution approved by the General Meeting of April 27, 2017.

Twenty-fourth resolution
Authorization to award free shares – either existing or to be issued – to corporate officers or members of staff, implying the waiving by shareholders of their pre-emptive rights, for a period of thirty-eight (38) months)

The General Meeting, voting under the conditions as to quorum and majority required for Extraordinary General Meetings, having been informed of the Board of Directors' report and of the Statutory Auditors' special report, authorizes the Board of Directors to award, on one or more occasions, for a period of thirty-eight (38) months as of the date of this Meeting, some or all corporate officers and employees of the Company or companies or groups affiliated to as described in Article L.225-197-2 of the French Commercial Code, free existing shares or shares to be issued, in accordance with Articles L.225-197-1 and L.225-197-2 of the French Commercial Code.

The total number of free shares that may be awarded under this authorization (i) may not exceed 2% of the share capital on the date of the Board of Directors' meeting that decides to make the free share award, and (ii) within this limit, the total number of shares awarded to corporate officers may not exceed 2% of said limit, it being stipulated that the maximum nominal amount of capital increases that may be carried out for free share awards made under this authorization shall be limited by and included within the overall limit on capital increases set in the twenty-fifth resolution to be approved by this Meeting, or, as applicable, any overall limit set in any similar resolution that may replace said resolution during the period of validity of this authorization. These limits do not take into account the nominal amount of shares that will need to be issued to maintain the rights of holders of rights or securities redeemable for shares, as applicable, and in accordance with the law.

The award of shares to beneficiaries will be final after a vesting period, the length of which will be set by the Board of Directors and which may not be less than one year.

As applicable, beneficiaries will be required to hold the shares for a length of time, to be set by the Board of Directors, at least equal to the time needed to ensure that the total length of the vesting period and the holding period, as applicable, is greater than two years.

As an exception, the final award may be made before the end of the vesting period in the event the beneficiary should become disabled with a second or third category of disability as defined in Article 341-4 of the Social Security Code.

The free shares awarded may consist in existing or new shares. If new shares are awarded, the General Meeting authorizes the Board of Directors to complete one or more capital increases by incorporating reserves, profits or additional paid-in capital to issue shares subject to the terms of this resolution, and notes that if new shares are issued, this authorization implies the waiving by shareholders of their pre-emptive rights and of the portion of reserves or additional paid-in capital incorporated into the share capital pursuant to the issuance of new shares, in favor of beneficiaries of the free share awards, with the corresponding capital increase being finally completed by the fact of awarding the shares to the beneficiaries. When the award applies to existing shares, this authorization implies the waiving by shareholders of all rights in respect of the free shares awarded.

As the decision to award free shares lies with the Board of Directors, it must determine the identity of the beneficiaries of the shares and the number of shares awarded to each beneficiary, set the terms and conditions of the award and, as applicable, the criteria for the award of shares.

Full powers are granted to the Board of Directors to implement this authorization, as applicable, and in particular to:

- Decide whether the shares awarded will be existing shares or new shares to be issued and, as applicable, modify the decision before the final award of the shares, note the existence of sufficient reserves, as applicable, and, if it wishes, transfer the amounts needed to pay up the new shares to a reserve account, for each award;
- During the vesting period, as necessary, adjust the number of free shares awarded to maintain beneficiaries' rights subsequent to any corporate actions; any shares awarded in respect of these adjustments will be considered to be awarded on the same date as the shares initially awarded, it being understood that the Board of Directors may provide for the temporary suspension of the award of shares;
- In the event new shares are issued, at the appropriate time, as applicable, charge the amounts needed to pay up the shares against reserves, profits or additional paid-in capital, note the completion of the capital increases, complete the necessary procedures and generally carry out all necessary formalities;
- As applicable, purchase the required shares under a share buyback program and assign said shares to the free share award;
- Take all necessary measures to ensure that the beneficiaries observe mandatory holding periods, as applicable;
- Amend the award plan within the limits set by law and subject to compliance with the applicable formalities;
- And generally carry out any formalities required to implement this authorization, in compliance with applicable legislation.

This authorization terminates with immediate effect the unused portion of the previous authorization granted in the thirteenth resolution approved by the General Meeting of April 27, 2017.

Twenty-fifth resolution

(Overall limit on capital increases)

The General Meeting, voting under the conditions required for Extraordinary Meetings as to quorum and majority, 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 the General Meeting of April 26, 2019 and by the eighteenth to twenty-fourth resolutions of this General Meeting, at a nominal amount of three hundred and fourteen thousand three hundred and nine euros (€314,309), it being understood that this limit will be increased by any amounts needed for adjustments to the capital that may be required, in accordance with the laws and regulations in effect or contractual terms, following the issue of securities or rights redeemable for shares.

This resolution terminates and replaces the unused portion of the twelfth resolution of the Annual General Meeting of April 26, 2019.

Twenty-sixth resolution

(Amendments to the by-laws)

The General Meeting, voting under the conditions required for Extraordinary Meetings as to quorum and majority, having been informed of the Board of Directors' report, decides to amend the Company's by-laws as follows:

- The third paragraph of article 12 of the by-laws is deleted;
- The following paragraph is added at the end of article 16 II of the by-laws:
  "The renewal of terms of office is staggered to ensure the regular renewal of members of the Board of Directors, in proportions that are as fair as possible. Accordingly, as an exception to the term of three years referred to above, and for the purpose of staggering directors' terms of office, the Ordinary General Meeting may appoint one or more directors for a term of one, two, or four years;"
- The fourth paragraph of article 24, I., 2°) now reads as follows:
  "The interested party shall not take part in votes of the Board of Directors or the General Meeting and his or her shares shall not be taken into account for the purposes of calculating quorum and majority."

Twenty-seventh 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 DOCUMENTS INCLUDED FOR REFERENCE

The following are incorporated in this Universal Registration Document by reference:

- The parent company and consolidated financial statements for 2018, accompanied by the Statutory Auditors' reports on the parent company and consolidated financial statements, which feature respectively on pages 175, 195, 116 and 171 of the 2018 Registration Document filed with the AMF on March 22, 2019, and
- The parent company and consolidated financial statements for 2017, accompanied by the Statutory Auditors' reports on the parent company and consolidated financial statements, which feature respectively on pages 174, 192, 122 and 169 of the 2017 Registration Document filed with the AMF on April 6, 2018.

6.6

CROSS-REFERENCE TABLES

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5.7.4	Environmental issues that may affect the issuer's utilization of tangible fixed assets	1.4.1 to 1.4.3
6	**Organizational structure**	
6.1	**Group organizational structure**	2.1.2.1
6.2	**List of significant subsidiaries**	3.2.3
7	**Operating and financial review**	2.1.2.
7.1	**Financial condition**	2.2.
7.1.1	Description of changes in financial condition and results of operations	2.1.2.2 to 2.1.9 2.2 2.3
7.1.2	Probable future trends in activities and research and development activities	2.4 and 1.5.1
7.2	**Operating results**	2.1.3 to 2.1.5
7.2.1	Significant factors, including unusual events and new developments, materially affecting the Group's income from operations	2.1.1.
7.2.2	Explanation of major changes in net revenues or net income	2.1.2.2.
8	**Cash and capital resources**	2.3.
8.1	Information concerning the Group's capital resources (short and long term)	2.2.3-2.2.4 2.3.2
8.2	Sources and amounts of the Group's cash flows	2.3.1
8.3	Borrowing requirements and funding structure	2.3.2
8.4	Restrictions on the use of capital resources	3.2.4.16
8.5	Anticipated sources of funds needed to fulfil commitments referred to in item 5.7.2	N/A
9	**Regulatory environment**	1.1.4.1.1 to 1.1.4.1.3 and 1.3.1

10	**Trend information**	2.4.
10.1.1	Most significant recent trends in production, sales and inventory, and costs and selling prices from the end of the last financial year to the date of the Registration Document	N/A
10.1.2	Significant changes in the Group's performance between the end of the last financial year for which financial information was published and the date of the Registration Document (or an appropriate negative statement)	N/A
10.2	Trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's outlook, for at least the current financial year	2.4.1
11	**Profit forecasts or estimates**	2.4.2
11.1	Profit forecasts or estimates (still valid) published by the issuer	2.4.2.1 2.4.2.2
11.2	Principal assumptions upon which the issuer has based its forecast, or estimate	2.4.2.1 2.4.2.2
11.3	Statement that the forecast or profit was prepared on a basis comparable with the historical financial information and compliant with accounting methods	N/A
12	**Administrative, management and supervisory bodies and senior management**	4.1
12.1	Names, business addresses and functions in the Group of members of the administrative and management bodies	4.1.1.2
12.2	Administrative, management and supervisory bodies and senior management conflicts of interests	4.1.2.2
13	**Remuneration and benefits**	4.2
13.1	Amount of remuneration paid and benefits in kind granted by Séché Environnement and its subsidiaries to members of the administrative bodies for services in all capacities to the issuer	4.2.2
13.2	Total amounts set aside or accrued by the Group to provide pension, retirement or similar benefits	4.2.2.1 4.2.2.2
14	**Functioning of the administrative and executive bodies**	4.2.1
14.1	Date of expiration of the current terms of office	4.1.1.1
14.2	Service contracts between members of the administrative or management bodies and Séché Environnement or any of its subsidiaries providing for benefits upon termination of employment, or an appropriate negative statement	N/A
14.3	Information about the Audit Committee and Remuneration Committee	4.1.3.1 4.1.3.2
14.4	Statement of compliance with the applicable corporate governance regime	4.1
15	**Employees**	1.3.4

15.1	Number of employees	1.3.4.2.4 and 1.3.4.3
15.2	Shareholdings and stock options	1.6.1.5
15.3	Arrangements for involving employees in the capital	1.6.1.4 to 1.6.1.5
16	**Major shareholders**	5.2
16.1	The names of any person other than a member of the administrative, management or supervisory bodies who, directly or indirectly, has a notifiable interest in Séché Environnement's capital or voting rights	5.2.1
16.2	Indication of whether the issuer's major shareholders have different voting rights	5.2.1
16.3	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	5.2.1
16.4	Any arrangements known to the issuer which may, at a subsequent date, result in a change of control of the issuer	N/A
17	**Related-party transactions**	3.4. note 13
18	**Financial information concerning the issuer's assets and liabilities, financial position and profits and losses**	
18.1	Historical financial information	3.1, 3.2
18.1.1	Audited historical financial information covering the latest three financial years and the audit report in respect of each year	3.1, 3.2, 3.3
18.1.2	Change of accounting reference date	N/A
18.1.3	Accounting standards	3.2.1
18.1.4	Change of accounting standards	3.2.1
18.1.5	Financial information prepared in accordance with national accounting standards	N/A
18.1.6	Consolidated financial statements	3.1.1, 3.1.2, 3.1.3, 3.1.4, 3.1.5
18.1.7	Age of latest financial information	
18.2	Interim and other financial information	N/A
18.3	Audit of historical annual financial information	3.3
18.3.1	Auditing of historical annual information	3.3
18.3.2	Other information included in the Registration Document which has been audited by the Statutory Auditors	3.1, 3.2
18.3.3	Unaudited financial information	N/A
18.4	Pro forma financial information	N/A

18.5	Dividend policy	2.6
18.1.5	Description of the policy on dividend distributions	2.6
18.5.2	Amount of the dividend per share	2.6
18.6	Legal and arbitration proceedings	3.2.4.19, 2.4.1.5.
18.7	Significant change in the issuer's financial position	2.4.1., 3.2.4.23
19	**Additional information**	
19.1	**Share capital**	3.4. note 6
19.1.1	Details of the amount of capital issued and information on shares	5.1
19.1.2	Shares not representing capital	N/A
19.1.3	Number, book value and face value of shares held by or on behalf of Séché Environnement or by its subsidiaries	5.2.8
19.1.4	Amount of any convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription	N/A
19.1.5	Information about and terms of any acquisition rights and/or obligations over authorized but unissued capital or an undertaking to increase the capital	N/A
19.1.6	Information about any capital of any member of the Group which is under option or agreed conditionally or unconditionally to be put under option and details of such options including those persons to whom such options relate	N/A
19.1.7	A history of share capital, highlighting information about any changes, for the period covered by the historical financial information	5.1 5.2.3
19.2	**Articles of incorporation and by-laws**	
19.2.1	Description of the issuer's objects and purposes	5.3.1
19.2.2	Description of the rights, preferences and restrictions attaching to each class of the existing shares	N/A
19.2.3	Brief description of any provision of the issuer's articles of association, statutes, charter or by-laws that would have an effect of delaying, deferring or preventing a change in control of the issuer	5.3.4
20	**Material contracts**	1.1.4.3
21	**Documents on display**	6.4

6.6.2 CROSS-REFERENCE TABLE FOR THE UNIVERSAL REGISTRATION DOCUMENT AND THE MANAGEMENT REPORT

		Paragraphs
1	**Parent company financial statements**	3.4
2	**Consolidated financial statements**	3.1
3	**Financial report**	
3.1	**Information on the Company's activities**	
	Description of the activity (in particular progress made and difficulties encountered) and results of the Company and each subsidiary and the Group	2.1.1.
	Analysis of changes in the business, results, financial position and debt of the Company and the Group	2.1.2
	Expected future development of the Company and the Group	2.4
	Key financial and non-financial performance indicators for the Company and the Group	1.
	Post-balance sheet events for the Company and the Group	2.4.1
	Information on the use of financial instruments, including exposure to financial risks and price, credit, liquidity and cash flow risks	3.2.4.16
	Principal risks and uncertainties faced by the Company and the Group	1.2. and 1.3
	R&D activities by the Company and the Group	1.5
3.2	**Legal, financial and fiscal information on the Company**	
	Choice of one of the two forms of Executive Management in case of change	4.1
	Breakdown and changes in ownership structure Name of controlled companies holding treasury shares and the percentage of the share capital they hold	5.2
	Acquisition during the financial year of significant interests in companies having their registered office in France	5.5.1
	Transfer of cross holdings	N/A
	Purchase and sale by the Company of its own shares	5.2.8
	Statement of employee shareholdings	5.2.1 5.7

	Description of elements that may have an influence in case of a public offer:	
	• The structure of the Company's share capital	5.2
	• 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	5.2
	• 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	5.3
	• A list of owners of any securities bearing special rights of control and a description of said rights	5.2
	• The control mechanisms provided for in any employee share ownership system where the system does not exercise the rights of control	5.2
	• Agreements between shareholders of which the Company is aware and which could restrict the transfer of shares or the use of voting rights	5.2
	• Rules applicable to the appointment and replacement of members of the Board of Directors and to amendments to the Company's by-laws	5.2
	• The powers granted to the Board of Directors, in particular concerning the issue or buyback of shares	5.2
	• 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	4.1
	• 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	4.1
	Table summarizing the current authorizations to increase the share capital granted by the General Meeting	5.2
	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	N/A
	Amount of dividends paid out in the last three financial years	2.6
	Amount of non-tax-deductible expenses and charges	6.4.1.3
	Payment terms and breakdown of the balance of supplier and client accounts payable by term	2.5.3
	Injunctions or financial penalties for antitrust practices	N/A
	Agreements between any corporate officer or shareholder owning more than 10% of the voting rights and a subsidiary (excluding current agreements)	5.6
3.3	**Information on corporate officers**	
	List of all offices and functions held in any company by all corporate officers during the year	4.1.1.2

	Remuneration and benefits of all kinds paid to each corporate officer during the year by the Company, the companies it controls and the company that controls it	4.2
	Commitments relating to the assumption, termination or modification of corporate officers' functions	
	If any stock options have been awarded, an indication that the Board of Directors decided: • Either to prohibit corporate officers from exercising their stock 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)	N/A
	Summary statement of transactions in the Company's shares by corporate officers and related parties	5.2.2
	If any free shares have been awarded, an indication that the Board of Directors decided: • Either to prohibit corporate 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
3.4	**CSR information**	
	Acknowledgement of the social and environmental consequences of the Company's business activity and societal commitments to sustainable development, the prevention of discrimination and the promotion of diversity	1.3.6
	Information on hazardous activities	1.3.2 and 1.3.3
4	**Non-financial performance report**	1
5	**Report on corporate governance**	4
4	**Statement by individuals with responsibility for the annual financial report**	6.1
5	**Report of the Statutory Auditors on the parent company financial statements**	3.5
6	**Report of the Statutory Auditors on the consolidated financial statements**	3.3

6.6.3 ADDITIONAL DOCUMENTS

Item	Paragraphs
Description of the share buyback program	5.2.8
Disclosure of the fees paid to the statutory auditors	3.2.4.24
Report on corporate governance and internal control and risk management procedures	4

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
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