

2016

Report of the Board
of Directors
Annual report

Séché Environnement



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PRESENTATION OF THE COMPANY AND ITS ACTIVITIES

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1.1. HIGHLIGHTS of the year

During fiscal 2016, Séché Environnement, a major player in waste treatment and recovery in France, actively pursued its strategy of organic and external growth on waste markets.

The group continued to follow its policy of sustained industrial investment with the aim of increasing capacity in its core businesses, waste treatment and materials and energy recovery from waste, and taking up positions on promising new markets while improving its existing facilities. In terms of corporate governance, the strengthening of the core group of shareholders acting in concert has enabled the founding family to rise above the threshold of 50% of equity, thereby consolidating the independence of the Company.

Continuing growth strategy on high-value-added markets, and industrial investments on recovery and treatment facilities

In 2016 Séché Environnement continued its policy of sustained, targeted investments to strengthen its presence and its competitive differentiation on both hazardous and non-hazardous waste markets. This enabled Séché Environnement to launch a new environmental emergency offering, "Séché Urgences Interventions" (SUI), operated by Triadis Services, providing solutions for its industrial and local authority customers. SUI demonstrated the particular relevance of its offering and effectiveness during its successful intervention to respond to major hydrocarbon pollution problems caused by flooding in eastern France in May and June 2016.

On the diffuse hazardous waste market, Séché Environnement increased its capacity by creating a new platform, Salaise 4, at its Salaise-sur-Sanne location, dedicated to sorting and regrouping this type of waste.

Perfectly complementing the hazardous waste treatment facilities already present on the site, the new platform extends the site's commercial capacity in the Auvergne-Rhône-Alpes region, supplying the incinerators with this kind of waste in a traceable approach which also ensures improved regulatory compliance.

On non-hazardous waste markets, Séché Environnement consolidated its strategy of developing its advanced know-how in territorial ecology and the circular economy, with the inauguration at the beginning of the year of its new sorting center at the Changé site.

In the area of energy recovery from non-hazardous waste, Séché Environnement made significant investments in energy supply for the "LEN" urban heating contract serving the city of Laval. Under this 20-year contract, Séché Environnement will supply energy from solid recovered fuel (SRF) produced from high-energy-potential resources in locally-collected household waste. These investments have enabled the necessary infrastructures such as furnaces and pipework to be put in place, and will continue throughout 2017 in readiness for start-up of the contracted services in 2018.

The contract, agreed in 2015, is worth EUR 40 million over 20 years, and is a major iconic technical success for Séché Environnement because it is reproducible. The technology of recovering energy in the form of heat from sorted household waste is a worldwide first in terms of the circular economy serving local authorities.

Investing in improved productivity on existing facilities

Similarly, at its Salaise-sur-Sanne location, Séché Environnement invested in creating new direct treatment lines, which will optimize the treatment of certain types of waste. This concerns types of waste whose reactivity could place the environment, workers or neighboring populations at particular risk. These direct treatment lines reduce the need for pretreatments and make it possible to offer very competitive solutions in terms of their cost and risk management benefits.

Also, the Group began the redesign of its IT systems. Increased automation of certain tasks will lead to improved efficiency within the Group and make it possible to develop other innovative offerings which customers will be able to access on line.

External growth on radioactive risk markets

Séché Environnement strengthened its position on the French and European markets for radioactive waste risk management, through its acquisition, on March 1, 2016, of HPS Nuclear Services. A radiation protection specialist (offering mitigation and shielding calculations related to radiation issues), HPS Nuclear Services designs, manufactures and installs biological protection solutions suitable for the structures and equipment located at nuclear facilities.

Through its research office (design-build, modeling, earthquake resistance, etc.) and its production and smelting facilities, HPS Nuclear Services serves a customer base in the energy and industrial sectors in the fields of nuclear maintenance and logistics, biological protection, decontamination, decommissioning, waste treatment, asbestos removal and nuclear industry training.

The company operates successfully on a high value-added niche market with strong potential because its activities are essential for all actors in the nuclear industry. On July 1, 2016, HPS Nuclear Services absorbed Séché Energies with backdated effect from March 1, 2016, and was renamed Séché Energies.

In 2016 Séché Energies operated in a lackluster nuclear maintenance market characterized by low numbers of tenders received from large purchasing entities in the market, as the nuclear industry reorganized itself.

Also, this subsidiary experienced considerable contract start-up delays on the part of its customers on certain major orders.

Fiscal 2016 was therefore a year of commercial repositioning for Séché Energies, a year in which all the competencies of

the company (engineering, analysis, container trading, etc.) have been deployed to steer the company toward opportunities in alternative markets. This sales dynamic has led to a significantly expanded order book, promising a higher level of activity in the months to come.

First returns on investment

On the infectious medical waste (IMW) market, the Group accelerated its growth, especially in the west of France through its acquisitions at the end of 2015. After a first half-year of integration, these activities are now contributing favorably to the Group's expansion on these markets, with revenue and profitability growth in line with the initial development plan.

Séché Environnement also consolidated its position in the area of recovery from industrial effluents, with its successful high-added-value custom distillation offerings aimed at the chemical and pharmaceutical industries, and its effluent regeneration offering for bromine recovery, serving the chemical, pharmaceutical and plastics markets in the spirit

of the circular economy. An important contract signed with BASF in mid-2016 will take effect in 2017, confirming the commercial success of this innovative offering, and bolstering the Group's expectations of medium-term growth on this promising market.

Changes in the family shareholding structure reaffirm the Group's independence

Continuing the reorganization of the equity structure begun in 2015, and as a consequence of the termination of the shareholder pact between Groupe CDC on the one hand, and Joël Séché and the Amarosa family trust (now renamed Groupe Séché), the two shareholders Joël Séché and Groupe Séché, acting in concert, strengthened their equity holdings, and now together hold a majority of the share capital. At the same time, the distribution of shares between the two shareholders acting in concert has been modified. This confirms the intent to preserve the family anchoring of shareholders in Séché Environnement and consolidates the independence of the Group.

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1.2. ACTIVITY AND RESULTS

in 2016

1.2.1. INFORMATION ON THE ACTIVITIES AND RESULTS OF THE GROUP

m€	Extract from consolidated income statement	2014 pro-forma	2015	2016
	Revenue	447.7	460.9	478.3
	<i>Of which revenue outside the scope of IFRIC 12</i>	<i>436.6</i>	<i>454.3</i>	<i>474.0</i>
	<i>Of which contributory revenue</i>	<i>433.2</i>	<i>440.0</i>	<i>460.1</i>
	EBITDA	82.1	88.1	89.1
	% of revenue ¹	19.0	20.0	19.4
	Current operating income	35.6	40.6	34.4
	% of revenue ¹	8.2	9.2	7.5
	Operating income	32.8	38.5	26.2
	Net financial income	(14.0)	(12.1)	(10.7)
	Taxes	(7.1)	(8.5)	(10.9)
	NET INCOME FROM CONSOLIDATED COMPANIES	11.7	17.9	5.0
	Share of income of affiliates	(1.3)	(0.7)	(0.7)
	Net result of discontinued operations	(0.6)	(0.4)	(0.3)
	TOTAL NET INCOME OF CONSOLIDATION SCOPE	9.8	16.9	3.9
	Minority interests	NS	NS	NS
	CONSOLIDATED NET INCOME (GROUP SHARE)	9.8	16.8	3.9

1: percentages are calculated on contributory revenue, except where expressly stated otherwise².

2: Contributory revenue corresponds to published revenue minus IFRIC 12 revenue and minus indemnities received by Sénerval in respect of loss of business (net of variable costs saved on tonnages not incinerated), to cover the extra costs incurred to ensure continuity of contracted service to the public in Strasbourg.

IFRIC 12 revenue corresponds to investments in assets under public service delegation contracts (concessions), booked as intangible fixed assets, and as revenue according to the recommendations of the IFRIC 12 standard.

CHAPTER 1 PRESENTATION OF THE COMPANY AND ITS ACTIVITIES

1.2.1.1. REVENUE

At December 31, 2016, Séché Environnement posted revenue of EUR 478.3 million, an increase of 3.8% on the revenue published at December 31, 2015 (EUR 460.9 million).

Published consolidated revenue includes "IFRIC 12 revenue" from investments in assets under public service delegation contracts (concessions) granted by local authorities, of EUR 4.2 million in 2016, versus EUR 6.6 million in 2015.

It also includes indemnities received from Eurométropole Strasbourg, which took responsibility for lost sales and increased operating costs suffered by Séché Environnement in connection with the removal of asbestos from the Strasbourg incinerator. At December 31, 2016, these marginal

non-contributory indemnities received amounted to EUR 13.9 million (versus EUR 14.3 million in 2015).

Restated to exclude revenue under IFRIC 12 and excluding indemnities for lost sales and increased operating costs, consolidated contributory revenue at December 31, 2016 amounted to EUR 460.1 million (against EUR 440.1 million a year earlier), an improvement of 4.6% in raw data.

This improvement takes account of the contribution from subsidiaries integrated in the course of 2015 (infectious medical waste), and at the beginning of 2016 (Séché Energies), and exchange rate effects.

Net of scope effects, contributory revenue increased by 3.3% in 2016, compared with 2015.

1.2.1.1.1. Breakdown of revenue by division

m€ and %	2014 restated		2015		2016	
	m€	%	m€	%	m€	%
Hazardous waste (HW) treatment	271.4	61.0%	265.7	57.8%	296.5	62.0%
Non-hazardous waste (NHW) treatment (excluding IFRIC 12 and indemnities)	161.8	36.4%	174.3	37.8%	163.6	34.2%
Total contributory revenue	433.2	97.4%	440.0	95.6%	460.1	96.2%
Revenue under IFRIC 12	8.1	1.8%	6.6	1.3%	4.2	0.9%
Indemnities for lost sales and increased operating costs	3.4	0.8%	14.3	3.1%	13.9	2.9%
TOTAL CONSOLIDATED REVENUE	444.7	100.0%	460.9	100.0%	478.3	100.0%

During fiscal 2016, the Group's recovery and treatment businesses experienced growth patterns characterized by the dynamism of the hazardous waste division, particularly in France, and the resilience of the non-hazardous waste division.

The hazardous waste division achieved revenue of EUR 296.5 million, an increase compared with 2015 of 11.6% (EUR 265.7 million). This increase includes the first full-year contribution from acquisitions made in 2015 in IMW (infectious medical waste), and in 2016 (10 months) of HPS Nuclear Services. At comparable historical scope, HW revenue came to EUR 289.8 million, a rise of 9.5% compared with 2015 (EUR 264.7 million). Excluding foreign exchange effects (EUR 1.0 million), and on a like-for-like basis, the division progressed by 9.9%.

In France, revenue was EUR 275.4 million, well up by + 13.7% compared with 2015 (EUR 242.3 million). On a like-for-like basis, the increase remained a notable achievement at + 11.4%.

The division was buoyed up by strong performance in industrial markets in treatment activities and the launch of

several innovative offerings in recovery businesses (custom distillation and bromine regeneration, etc.), while the division confirmed its dynamism in services, carried in particular by the expected catching-up of decontamination activities and the contribution of emergency environmental services (SUI, Services d'Urgence Environnementale).

The non-hazardous waste division posted revenue at December 31, 2016 of EUR 181.7 million, a slight decrease of 3.7% compared with 2015 (EUR 188.6 million). Restated to exclude IFRIC 12 revenue (EUR 4.2 million, versus EUR 6.6 million in 2015) and indemnities concerning the Strasbourg-Sénerval incinerator (EUR 13.9 million, compared with EUR 14.3 million in 2015), contributory revenue for the division came out at EUR 163.6 million (versus EUR 174.3 million in 2015), a reduction of 6.2% compared with the previous year.

While treatment and recovery activities confirmed their resilience over the period, services performed less well, notably decontamination, which had been a significant contributor to the division in 2015.

1.2.1.1.2. Breakdown of revenue by region

m€ and %	2014 restated		2015		2016	
	m€	%	m€	%	m€	%
Subsidiaries in France	423.2	95.0%	437.5	95.0%	457.2	95.6%
International subsidiaries	21.5	5.0%	23.4	5.0%	21.1	4.4%
TOTAL CONSOLIDATED REVENUE	444.7	100.0%	460.9	100.0%	478.3	100.0%

The activities of the Group's international subsidiaries are, in Spain, solvent regeneration; in Germany, gas treatment and, in Latin America, pre-treatment activities which help generate business for PCB treatment facilities in France.

Revenue of the Group's international subsidiaries for 2016 fell by 8.8% at current exchange rates (5.5% at constant exchange rates), to EUR 21.1 million, compared with EUR 23.4 million the previous year. In Spain, Valls Quimica reduced its hazardous waste trading activity as part of its strategy to concentrate on higher-added-value activities such as regeneration, while in Latin America PCB activities suffered a non-significant fall as a result of spot markets.

1.2.1.2. EBITDA (EARNINGS BEFORE INTEREST, TAX, DEPRECIATION AND AMORTIZATION)

The Group's EBITDA for the year 2016 came out at EUR 89.1 million, at 19.4% of contributory revenue, an increase of EUR + 1.0 million on EBITDA earned by the Group in 2014 (EUR 88.1 million, or 20% of contributory revenue). This noteworthy organic growth (due in part to positive mix effects) was overshadowed by the effects of integrating new acquisitions (EUR - 2.8 million) and recognition of a local tax charge due to a change in the taxable basis for property tax on the Changé site (EUR 0.9 million).

Thus, on a like-for-like basis, and not including the change in property tax, EBITDA increased to EUR 91.9 million in 2016, versus EUR 88.0 million in 2015, an increase of + 4.4% over the period. This increase in EBITDA is essentially explained by:

- EUR + 11.3 million contributed by gross margins in the historical consolidation scope;
- EUR - 4.0 million from changes in structural costs associated with business development;
- EUR - 2.0 million from the impact of elements specific to the fiscal year, such as non-programmed maintenance on certain thermal treatment facilities;

- EUR - 1.4 million from the impact of favorable elements from the preceding year, principally the result of renegotiation of the schedule of reimbursement of energy sales by Alcéa.

Activities in France contributed EUR 86.8 million (97.5%) to consolidated EBITDA, while international operations contributed EUR 2.2 million (10.5% of revenue).

1.2.1.3. CURRENT OPERATING INCOME

Operating profitability at the end of 2016 amounted to EUR 34.4 million (7.5% of contributory revenue), versus EUR 40.6 million (9.2% of contributory revenue) at the end of 2015. This decrease in current operating income of EUR - 6.2 million is mainly attributable to the negative contribution of recently integrated activities, and, at comparable historical scope, an unusually high comparison basis, since current operating income was boosted by some EUR 4.1 million in 2015 by various favorable one-off effects:

- EUR - 3.1 million in respect of the first year of retreatment of maintenance and repair expenses;
- EUR 1.0 million as a result of the absence of allocations to amortization on the Changé sorting center while it was being built.

Thus, changes in current operating income include:

- EUR - 4.1 million from the ending of the one-time positive effects which had boosted current operating income in 2015;
- EUR + 3.9 million from the increase in EBITDA, at historical scope;
- EUR - 0.9 million from changes in amortization;
- EUR - 2.0 million from increases in provisions for site rehabilitation and thirty-year monitoring, of which EUR - 1.3 million concerning the Umicore-Viviez site;
- EUR - 3.1 million from the contribution of newly integrated acquisitions made in 2015 and 2016.

On a like-for-like basis and excluding one-time effects, current operating income for 2015 and 2016 was as follows:

m€	Extracts from consolidated income statement	2015	As a % of	2016	As a % of
			contributory revenue		contributory revenue
	CURRENT OPERATING INCOME AS PUBLISHED	40.6	9.2%	34.4	7.5%
	Scope effects	0.9	-	3.1	-
	Current operating income, historical scope	41.4	-	37.5	-
	One-time effects:	-	-	-	-
	■ Maintenance and repairs	(3.1)	-	-	-
	■ Sorting center	(1.0)	-	-	-
	■ Property taxes	(0.9)	-	-	-
	CURRENT OPERATING INCOME AT HISTORICAL SCOPE AND EXCLUDING ONE-TIME EFFECTS	36.5	8.3%	37.5	8.3%

The French operations consolidation scope contributed some EUR 32.7 million to the Group's current operating income, or approximately 95.1% of the total. The international operations

consolidation scope provided a positive contribution of EUR 1.7 million (versus EUR 1.6 million in 2015) representing 8.0% of international revenue (versus 6.7% in 2015).

1.2.1.4. OPERATING INCOME

Group operating income for 2016 came out at EUR 26.2 million (5.5 % of contributory revenue), compared with EUR 38.5 million the previous year (8.8 % of contributory revenue). The decrease of EUR 12.3 million is attributable for EUR 6.2 million, to the fall in current operating income; and for EUR 6.1 million, to changes in non-current charges: in 2015, Séché Environnement carried indirect costs in connection with its business combination operations (EUR 0.6 million), and costs related to managing the contract and the asbestos situation at Sénerval (EUR 1.1 million). In 2016, in addition to similar costs to those recognized in 2015, the Group had to bear:

- EUR 2.1 million for management reorganization to ensure the future of the Group;
- EUR 4.1 million for a provision for the contested part of a tax reassessment concerning property taxes on landfill sites.

1.2.1.5. NET FINANCIAL INCOME

Net financial income for 2016 amounted to EUR – 10.7 million, compared with EUR – 12.1 million in 2015, an improvement of EUR + 1.4 million. During the year 2015 the Group had recognized a one-time impact concerning the refinancing of its senior debt.

Aside from these one-time items, the improvement in financial income amounted to EUR 0.2 million, influenced by the

reduction in the annualized interest rate of net debt, despite the increase in average net financial debt:

- the change in annualized interest rate of net debt (which changed from 3.86% in 2015 to 3.23% in 2016) produced a positive impact on financial income of EUR 1.7 million. This change reflects the Group's constant efforts to optimize the cost of its debt;
- the increase in average net financial debt produced however a negative effect on financial income of EUR – 1.5 million.

1.2.1.6. CORPORATION TAX

The Group's tax charge was impacted negatively by EUR 5.0 million following the staged reduction in the rate of French corporation tax from 34.43% to 28.92% by 2019, as provided for in the latest French Finance Act. This impact is related to the net deferred taxes position, principally concerning tax loss carry forwards.

1.2.1.7. NET INCOME OF CONSOLIDATED COMPANIES

In consequence of the factors explained above, and of the corporation tax charge which stood for 2016 at EUR – 10.5 million (compared with EUR – 8.5 million in 2014), net income from consolidated companies amounted in 2016 to EUR 4.9 million, versus EUR 18.0 million in 2015.

1.2.1.8. SHARE OF INCOME OF AFFILIATES

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

m€

	2014 restated			2015			2016		
	Gerep	Sogad	Others	Gerep	Sogad	Others	Gerep	Sogad	Others
Current operating income	(2.9)	0.4	(0.1)	(0.3)	0.3	(1.2)	(0.7)	0.3	(1.5)
Financial income	NS	NS	0.1	NS	NS	(0.1)	NS	NS	(0.2)
Tax	NS	(0.1)	NS	NS	(0.1)	NS	NS	(0.1)	0.3
Net income of affiliates (Group share)	(2.7)	0.2	NS	(0.3)	0.2	(1.4)	(0.7)	0.2	(1.3)
Share of net income of affiliates	(1.4)	0.1	NS	(0.2)	0.1	(0.6)	(0.3)	0.1	(0.5)
TOTAL SHARE OF NET INCOME OF AFFILIATES		(1.3)			(0.7)			(0.7)	

The contributions of LEN and Kanay remain negative, since these affiliates are still deploying their industrial facilities.

1.2.1.9. CONSOLIDATED NET INCOME OF THE SÉCHÉ ENVIRONNEMENT GROUP

By reason of changes in the French simplified tax regime (RSI) on the one hand, and changes in the Group's share of net income of consolidated companies on the other, the Séché Group recorded net income from continuing operations for the year 2016 of EUR + 4.2 million. In 2015, net income from continuing operations was EUR + 17.3 million.

As a consequence of the Group's discontinuing its operations in Hungary, the result of these activities is recorded on a separate line of the income statement. In 2016, the result was a loss of EUR – 0.3 million, compared with a net loss of EUR – 0.4 million in 2015.

Consequently, total net income of companies within the consolidation scope came out in 2016 at EUR 3.9 million, compared with EUR 16.9 million in 2015.

1.2.1.10. FINANCIAL FLOWS

In 2016, the Group recorded net cash flow of EUR – 15.1 million, compared with EUR - 7.9 million in 2015. The consolidated cash flow table for the Séché Environnement Group can be summarized as follows:

m€	Dec. 31, 2014 restated	Dec. 31, 2015	Dec. 31, 2016
Cash flow from operating activities	54.2	41.1	51.5
Cash flow from investment activities	(39.4)	(49.3)	(53.8)
Cash flow from financing activities	(3.6)	0.3	(12.8)
CHANGE IN CASH FLOW, CONTINUING OPERATIONS	11.2	(7.9)	(15.1)
Change in cash flow, discontinued operations	(0.2)	NS	NS
CHANGE IN CASH FLOW	11.0	(7.9)	(15.1)

1.2.1.11. Net cash from operations

Over the period, cash flow generated by the Séché Group's operating activities amounted to EUR 51.5 million (versus EUR 41.1 million in 2015), an increase of EUR + 10.4 million.

This change was due to the combined effects of:

- changes in WCR (a negative variation of EUR – 16.1 million over the year, representing a favorable variance of EUR + 15.7 million compared with the WCR change recorded in 2015). In 2016, changes in WCR were negatively impacted by the increase in indemnities to be received from

Eurométropole Strasbourg concerning application of the asbestos agreement. This had already been the case in 2015, but for larger amounts;

- a net tax outflow of EUR – 7.0 million in 2016, compared with a net tax outflow in 2014 of EUR – 2.8 million, which consumed EUR 4.2 million of cash;
- a decrease in cash flow generated by operations of EUR – 1.2 million, in line with variations in current operating income before non-cash charges and non-recurring charges.

1.2.1.12. Net cash paid out for investments

m€	2014	2015	2016
Capital expenditure	42.4	49.5	56.5
Financial investments	1.4	0.9	1.3
INVESTMENTS BOOKED	43.8	50.4	57.9
Capital expenditure	37.8	43.1	51.4
Financial investments	1.4	0.6	0.8
Acquisition of subsidiaries – net cash cost	0.2	5.6	1.5
NET INVESTMENTS PAID OUT	39.4	49.3	53.8

The Group's capacity to self-finance its investments (excluding investments in concessions under public service delegation

contracts, which are entirely financed by bank borrowings) is presented below:

m€	Dec. 31, 2014 restated	Dec. 31, 2015	Dec. 31, 2016
Cash flow and investments booked			
CASH FLOW (BEFORE TAXES AND FINANCIAL EXPENSES) (A)	62.9	75.7	74.5
CAPITAL EXPENDITURES (B)	42.4	49.5	56.5
HW	42.0%	45.0%	51.0%
NHW (excluding investments in concessions)	38.0%	41.0%	42.0%
Investments in concessions	20.0%	14.0%	8.0%
(A)/(B)	148.0%	153.0%	132.0%
FINANCIAL INVESTMENTS (C)	1.4	0.9	1.3

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

CHAPTER 1 PRESENTATION OF THE COMPANY AND ITS ACTIVITIES

1.2.1.13. Financing flows

The Group's financing flows are those arise from its debt (new borrowings, loan repayments, interest payments) and from shareholder remuneration in the form of dividends. During the year, the Group subscribed to new loans in the

amount of EUR 33.1 million, of which EUR 3.6 million were for investments in concessions under public service delegation contracts.

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

m€	Dec. 31, 2014 restated	Dec. 31, 2015	Dec. 31, 2016
Bank loans (excluding non-recourse debts)	192.9	230.2	235.0
Non-recourse bank loans	21.8	30.9	32.9
Bonds	48.9	49.1	49.3
Finance lease debt	7.0	10.0	9.9
Miscellaneous financial debt	0.4	0.3	1.1
Short-term bank borrowings	0.1	0.2	1.6
Shareholdings	0.5	0.3	-
TOTAL FINANCIAL DEBT (CURRENT AND NON-CURRENT)	271.7	321.0	329.8
<i>Of which less than one year (current)</i>	<i>29.9</i>	<i>28.9</i>	<i>33.1</i>
<i>Of which more than one year (non-current)</i>	<i>241.8</i>	<i>292.1</i>	<i>296.7</i>
Cash and cash equivalents	(38.8)	(30.6)	(16.7)
NET FINANCIAL DEBT	232.9	290.4	313.1
<i>Of which less than one year¹</i>	<i>(8.9)</i>	<i>(1.7)</i>	<i>(16.4)</i>
<i>Of which more than one year</i>	<i>241.8</i>	<i>292.1</i>	<i>296.7</i>
NET BANK INDEBTEDNESS²	210.2	258.8	279.0

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

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

At December 31, 2016, 78% of gross financial debt, after hedging is taken into account, is covered at a fixed rate (compared with 72% in 2015 and 83% in 2014).

1.2.2. BALANCE SHEET STRUCTURE

m€

Extract from consolidated balance sheet	Dec. 31, 2014 restated	Dec. 31, 2015	Dec. 31, 2016
Non-current assets	504	556	572
Current assets (excluding cash and cash equivalents)	181	177	201
Cash and cash equivalents	39	31	17
Assets held for sale	NS	NS	NS
Shareholders' equity (including minority interests)	259	244	240
Non-current liabilities	258	310	316
Current liabilities	207	210	233
Liabilities held for sale	NS	NS	NS

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1.2.2.1. NON-CURRENT ASSETS

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

Total non-current assets increased by EUR + 16.0 million, the increase being primarily attributable to:

- other non-current assets: EUR + 7.0 million, mainly because of the increase in indemnities due by Eurométropole Strasbourg in connection with the Sénerval incinerator;
- goodwill: EUR + 1.9 million, as a consequence of new subsidiaries entering the France consolidation scope;
- tangible and intangible fixed assets (EUR + 15.5 million); investment flows over the period (EUR 56.5 million), were mainly compensated for by allocations to amortization (EUR – 40.9 million);

- non-current tax credits: EUR – 8.2 million, as deferred tax assets were used up, and taking account of the change in the corporation tax rate from 34.43% to 28.92% provided for in the French Finance Act for 2017;

- non-current financial assets and holdings in affiliates: EUR – 0.3 million.

1.2.2.2. CURRENT ASSETS (EXCLUDING CASH AND CASH EQUIVALENTS)

Current assets excluding cash and cash equivalents rose over the period to EUR 201.0 million, an increase of EUR + 23.9 million compared with December 31, 2015.

1.2.2.3. SHAREHOLDERS' EQUITY

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

m€

	Group	Minority interests
SHAREHOLDERS' EQUITY AT JANUARY 1, 2016	244.0	(0.3)
Dividends paid	(7.4)	NS
Net earnings (Group share)	3.9	NS
Translation differences	(0.3)	-
Hedging instruments	NS	-
Actuarial differences	(0.4)	-
Fair value of assets available for sale	(0.2)	-
Treasury stock	NS	-
Changes in scope	-	0.4
Other changes	-	-
SHAREHOLDERS' EQUITY AT DECEMBER 31, 2016	239.6	0.2

CHAPTER 1 PRESENTATION OF THE COMPANY AND ITS ACTIVITIES

1.2.2.4. CURRENT AND NON-CURRENT LIABILITIES

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

with a maturity of more than one year. They break down as follows:

	Dec. 31, 2014 restated			Dec. 31, 2015			Dec. 31, 2016		
	C	NC	TOTAL	C	NC	TOTAL	C	NC	TOTAL
Financial debt	241.8	29.8	271.6	292.1	28.9	321.0	296.7	33.1	329.8
Hedging instruments	0.6	0.6	1.2	0.4	0.1	0.5	0.6	-	0.7
Provisions	10.9	1.9	12.8	13.2	1.8	15.0	16.5	6.6	23.1
Other liabilities	4.9	173.6	178.5	4.1	176.4	180.5	2.4	193.0	195.4
Tax due	-	0.6	0.6	-	2.4	2.4	-	0.2	0.2
TOTAL	258.2	206.5	464.7	309.8	209.6	519.4	316.2	233.0	549.2

NC: non-current - C: current - T: total

Current and non-current liabilities at year-end amounted to EUR 549.2 million, an increase of EUR + 29.8 million. This increase reflects principally the increase in:

- supplier accounts payable (EUR + 14.9 million);
- financial indebtedness (EUR + 8.8 million), in line with changes in bilateral credit lines;

- provisions (EUR + 8.1 million), principally concerning creation of a tax provision (EUR 4.1 million) in connection with a property tax adjustment notified to Séché Environnement and contested by the Company, but also concerning provisions for end-of-career indemnities and 30-year monitoring provisions.

Changes in the Group's net financial indebtedness are shown in the following table.

	Dec. 31, 2014 restated	Dec. 31, 2015	Dec. 31, 2016
Net financial indebtedness			
Bank loans (excluding non-recourse debts)	192.9	230.2	235.0
Non-recourse bank loans	21.8	30.9	32.9
Bonds	48.9	49.1	49.3
Finance lease debt	7.0	10.0	9.9
Miscellaneous financial debt	0.4	0.3	1.1
Short-term bank borrowings	0.1	0.2	1.6
Shareholdings	0.5	0.3	-
TOTAL FINANCIAL DEBT (CURRENT AND NON-CURRENT)	271.7	321.0	329.8
Cash and cash equivalents	(38.8)	(30.6)	(16.7)
NET FINANCIAL DEBT	232.9	290.4	313.1
<i>Of which less than one year¹</i>	<i>(8.9)</i>	<i>(1.7)</i>	<i>(16.4)</i>
<i>Of which more than one year</i>	<i>241.8</i>	<i>292.1</i>	<i>296.7</i>

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

The Group's net financial indebtedness at December 31, 2016 stood at EUR 313.1 million. It includes EUR 32.9 of non-recourse debt. Net financial indebtedness at the year end therefore showed an increase of EUR + 22.7 million compared with the position at December 31, 2015.

During the period, apart from drawing on specific credit lines relating to investments in concessions (EUR + 3.6 million), the Group established new matched credit facilities (EUR 29.5 million).

1.3. GROUP structure

1.3.1. THE PARENT COMPANY SÉCHÉ ENVIRONNEMENT SA

	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016	Change
Revenue	12 792	13 433	12 450	(983)
Operating income	(1 949)	642	(1 761)	(2 403)
Financial income	(44 425)	21 573	18 638	(2 935)
Extraordinary items	(6 211)	(3 971)	(4 901)	(930)
Corporation tax (including tax consolidation)	9 969	9 055	7 498	(1 557)
NET INCOME	(42 616)	27 300	19 474	(7 826)

Net income of Séché Environnement for 2016 came out at EUR 19.5 million, a decrease of EUR – 7.8 million in comparison with the net income recorded a year earlier (EUR 27.3 million).

The net income result for 2016 was affected by the following factors:

- EUR 2.4 million: increase in costs related to the strengthening of the Group's management team;

- EUR 2.4 million: decrease in dividends paid to Séché Environnement by its subsidiaries;

- EUR 2.5 million: tax integration effects.

In compliance with the measures prescribed in the French Economic Modernization Act, the following table provides information on payment terms for supplier accounts at December 31:

k€	Accounts payable ¹	Due	30 days	60 days	> 60 days
Dec. 31, 2016	792.2	120.7	270.7	392.5	8.3
Dec. 31, 2015	1 500.5	94.0	1 063.8	342.7	-
Dec. 31, 2014	1 336.6	110.6	1 060.1	166.0	-

1: excluding suppliers of financial fixed assets corresponding to non-paid-up capital on investment funds or mutual funds.

On average, in 2016, suppliers (excluding suppliers of financial fixed assets) were paid within 38 days, versus 32 days in 2015 and 30 days in 2014.

1.3.3. RESEARCH AND DEVELOPMENT EXPENSES

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

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

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

Several examples may be given to illustrate this strong culture of innovation which inspires Séché Environnement to boost its performance and respond to the environmental challenges it faces:

- production of useful molecules from decorative wood products (the Vadéboam project);
- recovery of energy and CO₂, and production of high-value-added molecules (the SymBIO2 project);
- bio-synthesis of plastics for packaging (the BluEcoPHA project);
- recovery of solid recovered fuel (SRF) (the PYROG project);
- better control of potential nanoparticle emissions from the incineration of nanomaterials at the end of their lives (the NanoWet project).

CHAPTER 1 PRESENTATION OF THE COMPANY AND ITS ACTIVITIES

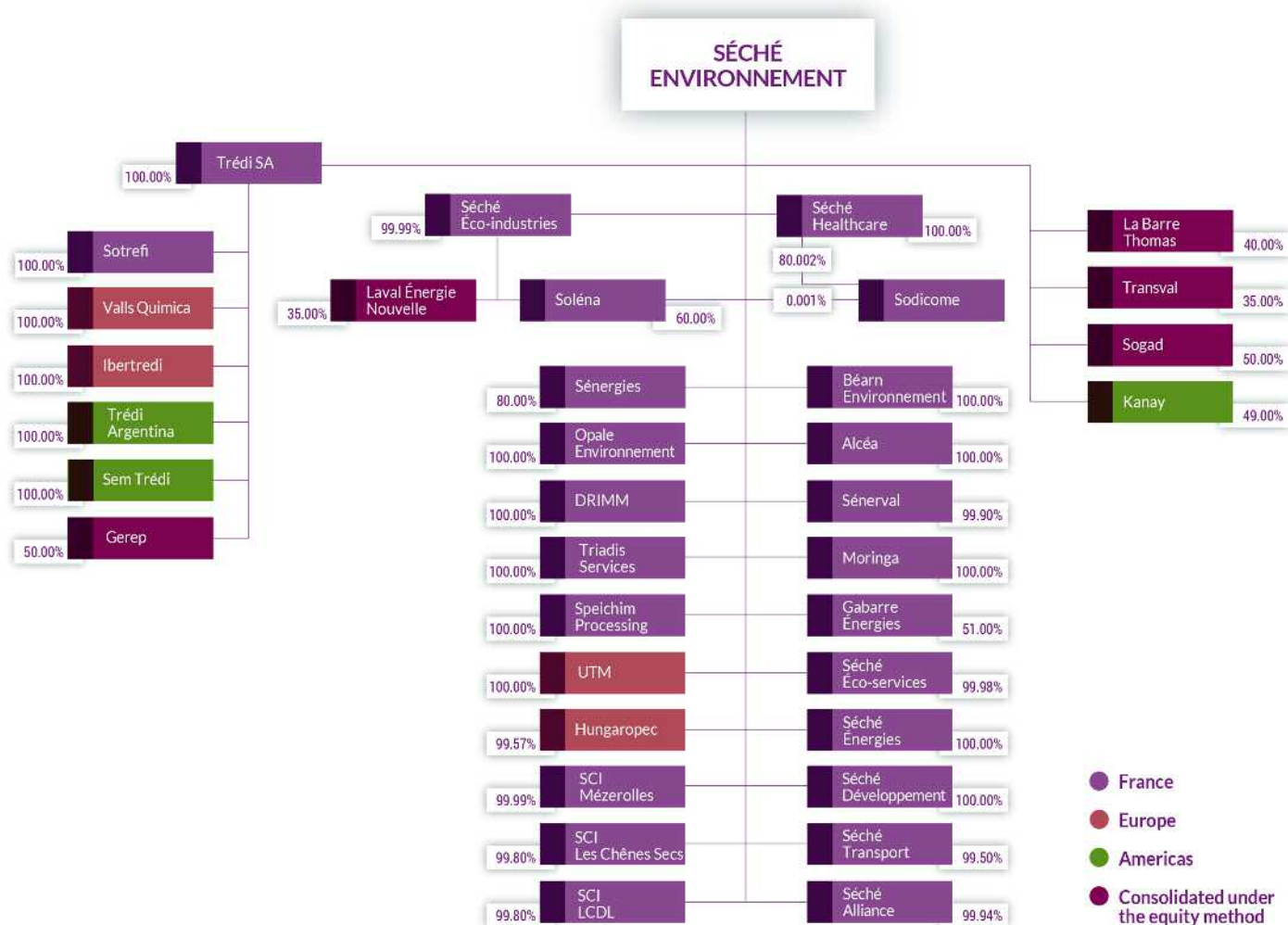
For many of these development projects, which have not yet reached the maturity necessary for them to find industrial application in the short term, the Group has benefited from

tax credits for research projects for a cumulative total since 2009 of EUR 2.9 million, which break down annually as follows:

Dec. 31, 2016	EUR 0.5 million
Dec. 31, 2015	EUR 0.3 million
Dec. 31, 2014	EUR 0.3 million
Dec. 31, 2013	EUR 0.3 million
Dec. 31, 2012	EUR 0.5 million
Dec. 31, 2011	EUR 0.3 million
Dec. 31, 2010	EUR 0.5 million
Dec. 31, 2009	EUR 0.2 million

1.3.4. ORGANIZATION CHART

Organization of consolidated subsidiaries and affiliates (in % held)



1.4. FINANCIAL RISK management

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

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

1.5. KEY EVENTS since the closing of accounts

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

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

1.6. RECENT EVENTS AND OUTLOOK for 2017

1.6.1. RECENT EVENTS

At the beginning of 2017, Séché Environnement purchased the Environment division of the family-owned Charier group. This entity consists of three companies with a total of some 50 employees, specializing in the management of industrial and household waste in the west of France, and sharing common values and the same vision of environmental activities as Séché Environnement. The purchase agreement also covers a number of sites operated under public service delegation contracts.

This acquisition illustrates Séché Environnement's further territorial expansion and consolidates its position in Brittany and the Loire valley, strengthening local availability of its offerings in:

- materials recovery, with new packaging sorting centers, a transfer center for household waste, a clinker recovery platform, a wood recovery platform, a composting center for green waste, and a sorting and regrouping center for business waste;
- energy recovery, with Energécie (recovery of biogas in the form of hot water and electricity);
- treatment of final waste at five new landfill facilities.

These facilities complement industrially and commercially Séché Environnement and its services offerings to economic actors in the west of France.

This acquisition brings revenue of the order of EUR 14 million and EBITDA of some EUR 3 million (2016 data). It is fully integrated into the consolidation scope as of January 1, 2017.

1.6.2. OUTLOOK FOR 2017

Séché Environnement plans for 2017 capital investment of the order of EUR 55 million (not including IFRIC 12 investments), which will principally develop its capacity in recovery and treatment activities, and improve productivity.

In 2017 the Group should achieve modest growth in its contributory revenue over its historical consolidation scope.

Current operating profitability in 2017 (the ratio of current operating income to contributory revenue, at historical consolidation scope) should remain at the levels enjoyed in 2016.

Concerning companies that have recently entered the consolidation scope, Séché Environnement expects progressive improvements in their contribution to the current operating profitability of the Group:

- in IMW activities, the sales efforts undertaken have resulted in several large contracts which should enable the businesses concerned to reach operating break-even in 2018;
- in services to the nuclear industry (radiation protection), Séché Environnement remains confident in the ability of Séché Energies to return to operating break-even in the near future by strengthening the integration of this activity into its eco-services activities (decontamination).

CHAPTER 1 PRESENTATION OF THE COMPANY AND ITS ACTIVITIES

2



SHARE OWNERSHIP AND CORPORATE GOVERNANCE

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CHAPTER 2 SHARE OWNERSHIP AND CORPORATE GOVERNANCE

2.1. SHAREHOLDERS AND CHANGES

in share capital

2.1.1. COMPOSITION OF SHARE CAPITAL

The share capital of the Company amounted at December 31, 2016 (and at the date of writing the present management report) to EUR 1 571 546.40, divided into 7 857 732 shares of nominal value EUR 0.20 each, entirely paid up and freely negotiable.

Date of operation	Number of new shares	Cumulative total number of Company shares	Nominal value per share	Nominal amount of capital increase		Nominal amount of capital decrease	Additional paid-in capital	Resulting amount of capital
				By contributions in cash or in kind	By incorporation of reserves			
February 17, 1997								
Share split		50 000	100 FF					5 000 000 FF
October 8, 1997								
Share split		5 000 000	1 FF					5 000 000 FF
November 27, 1997								
Capital increase	400 000	5 400 000	1 FF	400 000 FF		73 600 000 FF		5 400 000 FF
December 19, 1997								
Capital increase	5 000	5 405 000	1 FF	5 000 FF		735 000 FF		5 405 000 FF
April 24, 2001								
Conversion of capital into EUR		5 405 000	0.20 €		257 013.06 €			1 081 000 €
October 1, 2001								
Capital increase ¹	160 405	5 565 405	0.20 €	32 081 €		10 795 257 €		1 113 081 €
July 5, 2002								
Capital increase ²	2 473 057	8 038 462	0.20 €	494 611 €		19 902 780 €		1 607 692 €
December 12, 2006								
Issuance of 596 408 share subscription warrants						10 908 302 €		1 607 692 €
April 24, 2007								
Capital increase ³	596 408	8 634 870	0.20 €	119 282 €		74 717 994 €		1 726 974 €
June 17, 2016								
Capital decrease	(777 138)	7 857 732	0.20 €			(155 427.6) €		1 571 546.4 €

1: in consideration of the contribution of Alcor shares.

2: in consideration of the contribution of Trédi shares

3: exercise of 596 408 share subscription warrants by Caisse des Dépôts et Consignations.

2.1.2. SHARE OWNERSHIP AND VOTING RIGHTS

Share ownership at December 31, 2016	Number of shares	%	Voting rights³	%
Joël Séché	402 400	5.12%	804 800	9.49%
Groupe Séché (formerly Amarosa family trust ¹)	3 526 467	44.88%	3 642 503	42.93%
SUB-TOTAL, JOËL SÉCHÉ FAMILY	3 928 867	50.00 %	4 447 303	52.42%
CDC Group	710 617	9.04 %	710 617	8.38%
Treasury stock ²	57 458	0.73%	57 458	0.68%
Employees' stock	38 740	0.49%	70 040	0.83%
Free float	3 122 050	39.73%	3 198 524	37.70%
TOTAL	7 857 732	100.00%	8 483 942	100.00%

Since January 1, 2016 and until the date of the present Board Meeting, Séché Environnement has not been informed of any threshold crossings, in either direction, except for the following:

On March 23, 2016, in a block transaction conducted privately outside the stock market, Groupe Séché acquired a block of 25 100 Séché Environnement shares representing 0.3% of the Company's share capital. Consequently, Séché Environnement was informed of the following threshold crossings:

- on March 23, 2016, Groupe Séché crossed above the statutory threshold of 27% of the share capital and 23% of the voting rights of Séché Environnement, and consequently holds individually, on the above basis and at the above date, 27.48% of the share capital and 23.31% of the voting rights of Séché Environnement;
- The concert sub-group consisting of Groupe Séché and Joël Séché declared that on March 23, 2016, it crossed above the statutory thresholds of 49% of the share capital and 58% of the voting rights of Séché Environnement, and consequently holds in concert, on the above basis and at the above date, 49.14% of the share capital and 58.20% of the voting rights of Séché Environnement, with the express proviso that the above threshold crossings do not modify the holdings in the share capital and voting rights held individually by Joël Séché, which at the above date are 21.67% of the share capital and 34.89% of the voting rights of Séché Environnement;

On June 9, 2016, Joël Séché contributed 1 300 000 Séché Environnement shares to Groupe Séché. Consequently:

- Joël Séché declared that at that date he had crossed below the statutory thresholds of one-third, 30% and 25% of the voting rights, and 20%, 15% and 10% of the share capital and voting rights of Séché Environnement, and consequently holds directly 402 400 Séché Environnement shares representing 804 800 voting rights, corresponding to 5.12% of the share capital and 9.49% of the voting rights of Séché Environnement;
- Groupe Séché declared that it had crossed above the statutory thresholds of 25% of the voting rights and 30% and one-third of the share capital and voting rights of Séché

Environnement, and consequently holds individually 3 526 474 Séché Environnement shares representing 3 642 503 voting rights, corresponding to 44.88% of the share capital and 42.93% of the voting rights of Séché Environnement;

On July 1, 2016, International Value Advisers LLC, an American corporation acting for the account of clients and funds managed by it, declared that it had crossed above the statutory threshold of 5% of the voting rights of Séché Environnement, and consequently holds at the above date, 442 877 Séché Environnement shares representing the same number of voting rights, corresponding to 5.64% of the share capital and 5.22% of the voting rights of the Company.

On October 19, 2016, Joël Séché, directly and indirectly, through the intermediary of SAS Groupe Séché which is controlled by him, crossed above the statutory threshold of 50% of the share capital of Séché Environnement, and consequently holds, directly and indirectly, 3 928 867 Séché Environnement shares representing 4 447 303 voting rights, corresponding to 50.00001% of the share capital and 52.42% of the voting rights of Séché Environnement.

2.1.3. EMPLOYEE SHARE OWNERSHIP

A Group savings plan was established in 2007 in accordance with the stated aim of Séché Environnement to give all Group employees access to this type of savings regime. All Group employees covered by a profit-sharing agreement may subscribe to this savings plan. The basis of the savings plan is the FCPE Séché Croissance fund, which invests in Séché Environnement shares.

At December 31, 2016, Séché Group employees held 38 740 Séché Environnement shares via the FCPE Séché Croissance fund. These holdings account for 0.49% of the capital and 0.93% of the voting rights.

At December 31, 2015, Séché Group employee share ownership accounted for 35 850 Séché Environnement shares (0.46% of the capital and 0.37% of the voting rights).

At December 31, 2014, Séché Group employees held 33 950 Séché Environnement shares via the FCPE Séché Croissance fund. These holdings accounted for 0.39% of the capital and 0.31% of the voting rights.

CHAPTER 2 SHARE OWNERSHIP AND CORPORATE GOVERNANCE

2.1.4. TRANSACTIONS CARRIED OUT ON COMPANY SHARES BY SENIOR OFFICERS, ASSOCIATED PERSONS AND THEIR RELATIVES

In 2016, no director in office carried out any transactions totaling more than EUR 5 000 on Company shares.

2.1.5. CHANGES IN SHARE OWNERSHIP OVER THE PAST THREE YEARS

Situation at Dec. 31	2014	2015	2016
Joël Séché family ¹	42.1%	48.9%	50.0%
CDC Group	20.0%	9.9%	9.0%
Free float	36.7%	40.0%	39.8%
Treasury stock	0.8%	0.7%	0.7%
Employees' stock	0.4%	0.5%	0.5%
TOTAL	100%	100%	100%

1: Joël Séché and Groupe Séché SAS (formerly, the Amarosa family trust), majority controlled by Joël Séché.

2.1.6. SHAREHOLDERS' AGREEMENTS

There are no agreements between shareholders of the Company. A pact binding Caisse des Dépôts et Consignations, CDC Entreprises Valeurs Moyennes, Joël Séché and the Amarosa family trust was terminated on May 22, 2015.

2.1.7. AUTHORIZATIONS TO INCREASE OR DECREASE THE SHARE CAPITAL

In compliance with article L.225-100 of the French Commercial Code, the table below summarizes the currently valid authorizations granted by the Annual General Meeting to the Board of Directors:

AGM	Resolution	Subject	Duration of authorization and expiry date	Limitation or maximum nominal amount
April 28, 2015	16 th	Capital increase by incorporation of reserves, profits or bonuses	26 months June 28, 2017	EUR 172 697
	15 th	Reduction of capital by share cancellation	18 months October 28, 2017	10% of share capital
April 28, 2016	10 th	Reduction of capital by share cancellation	18 months October 28, 2017	EUR 78 577 ¹
	11 th	Issuance of stocks or marketable securities with preferential subscription rights	26 months June 28, 2018	EUR 78 577 ¹
	12 th	Issuance of stocks or marketable securities to remunerate contributions in kind	26 months June 28, 2018	10% of share capital
	14 th	Capital increase reserved for Group employees	26 months June 28, 2018	EUR 47 146 ¹

1: these amounts are deducted from the maximum overall nominal amount of EUR 158 609 set forth by the 16th resolution of the Annual General Meeting of April 27, 2017.

At the time of writing this management report, the Board of Directors had not made use of any of the above-mentioned authorizations.

2.1.8. INFORMATION ON STOCK OPTION PLANS

The Extraordinary General Meeting of the Company held on April 25, 2014, in passing its 13th resolution, delegated the necessary powers to the Board of Directors for a period of 38 months, in compliance with articles L.225-177 et seq. of the French Commercial Code, to grant options to salaried employees, senior officers and directors, as authorized by the Commercial Code, entitling them to subscribe for new shares in the Company, provided that the total number of such options attributed, still open but not yet exercised, should not give entitlement to subscribe for more shares than the number authorized by law, and within the maximum limit of EUR 457 800 set by the 16th resolution of the same Extraordinary General Meeting. This resolution also brought to an end with immediate effect the previous authorization granted by the Annual General Meeting of June 8, 2012, in its 12th resolution.

At the date of writing the present management report, the Board of Directors had not made use of the above-mentioned authorization, and no such stock options had been granted.

2.1.9. INFORMATION ON THE AWARDING OF FREE SHARES

The Extraordinary General Meeting of April 25, 2014, in passing its 15th resolution, delegated the necessary powers to the Board of Directors for a period of 38 months, in compliance with articles L.225-197-1 and L.225-197-2 of the French Commercial Code, to award existing shares, or shares

to be issued in the future, to directors and certain salaried employees, free of charge, up to a limit of 2% of the Company's share capital. This resolution brought to an end with immediate effect the previous authorization granted by the Annual General Meeting of May 12, 2011 in its 10th resolution.

At the date of writing the present management report, the Board of Directors had not made use of the authorization described above.

2.1.10. SHARE BUYBACKS

The Annual General Meeting held on April 28, 2016, in passing its 9th resolution, delegated the necessary powers to the Board of Directors, in compliance with article L.225-209 et seq. of the French Commercial Code, and European Commission Regulation No. 2273/2003 dated December 22, 2003 implementing Directive 2003/6/EC of January 28, 2003, and articles 241-1 to 241-6 of the General Regulations of the Autorité des Marchés Financiers, to repurchase 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 terminated the previous authorization granted by the Annual General Meeting of April 28, 2015 under the same terms, the use of which was reported to you at the last Annual General Meeting.

In accordance with the provisions of article L.225-209, paragraph 2 of Law No. 2006-842 dated July 26, 2006, the Board of Directors hereby reports the use of this authorization for the period beginning April 28, 2016 and ending December 31, 2016:

Number of shares purchased, sold or transferred since the start of the program	37 273
Percentage of shares held directly or indirectly as treasury stock	0.73%
Number of shares canceled over the last 24 months	-
Number of shares held in portfolio	57 458
Net book value of portfolio (in EUR)	1 591 009
MARKET VALUE OF PORTFOLIO AT DECEMBER 31, 2016 (IN EUR)	1 663 409

Should the Board of Directors decide to implement the entire share buyback program (excluding shares already acquired at December 31, 2016), it would proceed in compliance with stock market regulations in force.

The theoretical impact of the proposed program on the financial statements of Séché Environnement was measured for information purposes, based on the following assumptions:

- cancellation of 1% of the weighted number of shares in circulation, i.e. 77 988 shares;

- an average repurchase price of EUR 28.94 per share, which represents the average closing price observed from February 1 through 2, 2017, i.e. a total of EUR 2.3 million for the repurchase of 1% of the share capital;
- a cost of financing this buyback program of 3.23% before taxes.

Based on these assumptions, the impact of the share buyback program on the 2016 consolidated financial statements as presented in this management report would have been as follows:

	Basis: consolidated financial statements as reported at Dec. 31, 2016¹	Repurchase of 1% of capital and cancellation (excluding impact of provision)	Restated data after repurchase and cancellation of 1% of capital (excluding impact of provision)	Impact of buyback (in %)
Shareholders' equity (Group share) (k€)	239 617	(2 257)	237 360	(0.9)%
Shareholders' equity (all consolidated entities) (k€)	239 769	(2 257)	237 512	(0.9)%
Net financial debt (k€) ²	313 051	2 257	315 308	0.7%
Net income (Group share) (€)	3 908	(48)	3 860	(1.2)%
Average weighted number of shares in circulation (thousands)	7 798	(78)	7 721	(1.0)%
Net earnings per share (€)	0.50	(0.01)	0.50	(0.2)%
Average weighted number of shares in circulation, adjusted for dilutive instruments effect	7 798	(78)	7 720	(1.0)%
Net diluted earnings per share (€)	0.50	(0.01)	0.50	(0.2)%

1: after closure of the accounts by the Board of Directors' meeting held on March 1, 2017, and subject to their approval by the Annual General Meeting of April 27, 2017.

2: financial debt net of cash and cash equivalents.

2.1.11. SHARES USED AS COLLATERAL

Séché Environnement shares, as is the case for all shares of subsidiaries of the Séché Group, are not used as collateral.

2.1.12. SHARES NOT REPRESENTATIVE OF CAPITAL

Séché Environnement has not issued any founders' shares or voting rights certificates.

2.2. SÉCHÉ ENVIRONNEMENT

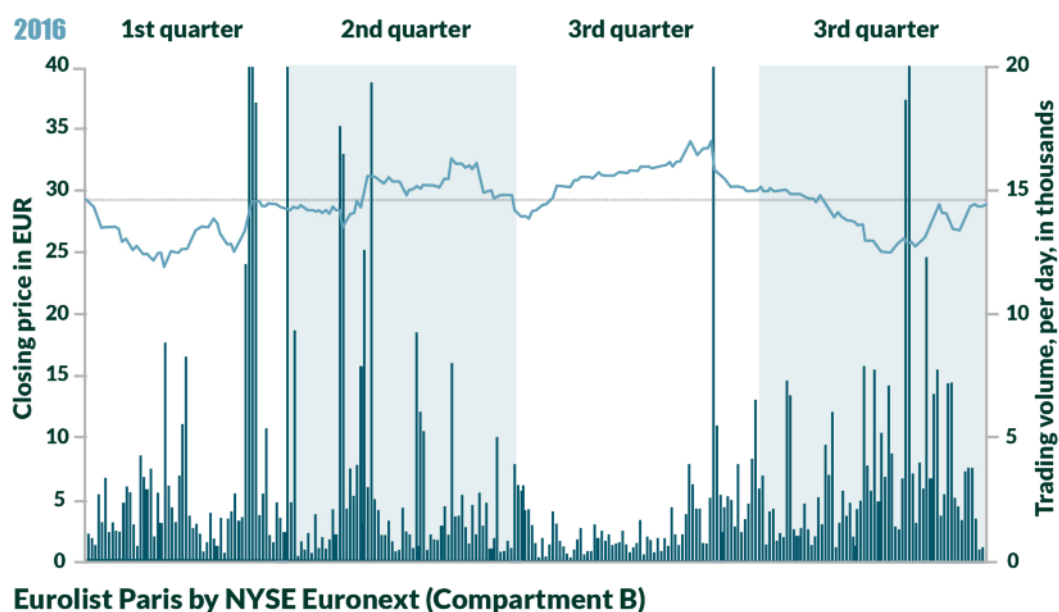
on the stock market

The shares of Séché Environnement are listed on the Eurolist (Compartment B – mid-100 index) and are not

listed on any other stock exchange. Trends in the share price and trading volumes are shown in the table below:

€ 2016	Low	High	Closing price	Number of shares traded	Value in k€
Month					
January	24.20	29.40	24.50	41 330	1 085.89
February	23.83	27.94	25.77	51 709	1 309.49
March	25.21	30.00	28.90	162 492	4 635.60
April	27.00	31.50	31.20	101 968	2 977.54
May	29.80	32.98	32.60	49 231	1 512.11
June	27.86	32.50	27.87	41 138	1 236.91
July	27.87	31.50	31.30	17 366	524.02
August	31.20	32.65	32.58	19 921	634.64
September	30.05	34.05	30.30	93 737	2 951.42
October	28.00	30.39	28.00	52 656	1 554.42
November	25.01	28.40	25.92	126 611	3 299.49
December	25.28	29.36	28.95	81 418	2 252.69
Extremes and totals in 2016					
	23.83	34.05		69 965	1 997.85
2017	Low	High	Closing price	Number of shares traded	Value in k€
January	27.50	30.18	30.18	40 854	1 184.04

Changes in share price and volumes traded



2.3. COMPOSITION

of the Board of Directors

At December 31, 2016, the Board of Directors of Séché Environnement SA consisted of the following members:

		Date first appointed	Date of AGM at which reappointed	Reappointed until AGM of
Chairman and Chief Executive Officer	Joël Séché	October 19, 1981	April 28, 2015	2018
Directors	Jean-Pierre Vallée	November 29, 1993	April 28, 2015	2018
	Philippe Valletoux	May 11, 2007	April 28, 2016	2019
	Pascale Amenc-Antoni	April 28, 2015		2018
	Carine Salvy	April 28, 2015		2018
	Groupe Séché, represented by Maxime Séché	Dec. 1, 2015		2018
	Pierre-Henri Chappaz	April 28, 2015		2018
	Guillaume Cadiou	April 28, 2015		2018

2.4. INFORMATION

on directors

Pascale Amenc-Antoni

Business address:

1 chemin de la Thomassine - 04100 MANOSQUE

Positions held at December 31, 2016	Positions relinquished in the last 5 financial years
Energymec (Claude Amenc I&C) SARL Managing Editor	Comia SAS Managing Director until June 30, 2013

The companies of which Pascale Amenc-Antoni is or has been a director are all unlisted.

Professional career:

A graduate of Paris-Assas and Sciences Po, Paris, Pascale Amenc-Antoni began her career as a journalist specializing in the oil and gas sector, from 1973 to 1982. She then joined the state-run Alternative Energies and Atomic Energy Commission, where from 1983 to 2006 she was in charge of, in turn, press relations, communications, human resources, the private office of the Director General, the Cadarache research center and ITER France. She is the founding President of Capenergies, the competitiveness cluster researching non-GHG-producing

energy sources. From 2006 to 2010, she was Administrative Director, then Special Advisor to the Director General of ITER. From 2011 to 2013, she was Managing Director of COMIA, a joint venture between Mitsubishi Heavy Industries (MHI) and Comex Nucléaire. In January 2011, she founded the publication Energymed, which she continues to edit and manage.

Pascale Amenc-Antoni is French and was born on November 4, 1949.

Guillaume Cadiou

Business address:

Calderys - 19 place de la Résistance - 92446 Issy-les-Moulineaux

Mandates and functions held:

Guillaume Cadiou holds no directorships other than the position of director of Séché Environnement.

Professional career:

After gaining diplomas from the Ecole Polytechnique, the Ecole 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 at the budget department of the French Ministry of the Economy, from 2003 to 2006. From 2006 to 2008 was chargé de mission to the Director of Finance and Strategy at Caisse des Dépôts et Consignations (CDC). From 2008 to 2010 he was

Deputy Director of the Prime Minister's private office in charge of implementing the economic resurgence plan. In 2011 he became Director of Strategy and Development of the Imerys Group. In 2015-2016 he was Managing Director Europe of Calderys. In 2017 he was appointed Director of Integration at Kerneos, a member of the Imerys Group.

Guillaume Cadiou is French and was born on September 27, 1977.

Pierre-Henri Chappaz

Business address:

23bis avenue de Messine - 75008 PARIS

Positions held at December 31, 2016

Rothschild & Cie (SCA)	Manager
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Positions relinquished in the last 5 financial years

The companies of which Pierre-Henri Chappaz is or has been a director are all unlisted.

Professional career:

Pierre-Henri Chappaz graduated from the French business school ESSEC's "Grande Ecole" program in 2003, specializing in finance and law (in the "Cursus Droit" law department at ESSEC), and was recruited into the financial affairs department of Rothschild & Cie as management assistant in mergers and acquisitions. During the same period he taught civil

responsibility and criminal sociology courses in the law department of ESSEC. He was appointed Managing Director of the Rothschild Group's Global Financial Advisory activities in 2014, and co-opted as a Partner in 2017.

Pierre-Henri Chappaz is French and was born on May 30, 1978.

Carine Salvy

Business address:

75 Chemin des Coverays - 74400 CHAMONIX-Mont-Blanc

Positions held at December 31, 2016

PSB Industries SA	Director
TIGF Investissements SAS	Director
NSC Groupe SA	Director

Positions relinquished in the last 5 financial years

Direct Énergie SA	Director until April 2014
Eras SAS	Director until May 2014

The companies of which Carine Salvy is or has been a director are all unlisted, except for TIGF Investissements SAS and Eras SAS.

Professional career:

After gaining degrees at ESSEC, CFA Institute and IFA, Carine Salvy began her career as a financial analyst in the utilities sector at Paribas, in Sao Paulo and New York, and later at Lazard and Société Générale in London. From 2005 to 2010 she was a portfolio manager at Ecofin, an investment management company specializing in the energy, environmental and infrastructure sectors. In 2010, she founded CALLA Consult, a strategy consultancy, and in 2016 became a partner in Associés en

Gouvernance, advising clients on corporate governance. She was appointed Managing Director of Poweo in 2012, and led the merger which absorbed Direct Energie to create the largest alternative energy operator in France. She is a senior director of PSB Industries, a company in packaging and specialty chemicals, a director of the NSC Groupe, which is active in industrial equipment, and a director of TIGF, a company in natural gas transportation and storage.

Carine Salvy is French and was born on May 2, 1974.

CHAPTER 2 SHARE OWNERSHIP AND CORPORATE GOVERNANCE

Joël Séché

Business address:

Les Hêtres - CS20020 - 53811 CHANGÉ - Cedex 09

Positions held at December 31, 2016

Séché Éco-services SAS	Chairman
Séché Transport SAS	Chairman
Séché Éco-industries SAS	Chairman
Séché Alliance SAS	Chairman
Trédi SA	Director
SCI La Croix des Landes	Manager
SCI Les Chênes Secs	Manager
SCI Mézerolles	Manager
SCI La Montre	Manager
SCI de La Censie	Manager
SCI Saint-Kiriéc	Manager
Sci La Perrée	Manager
Groupe Séché SAS	Manager
GIE Pari Mutuel Urbain	Director

Positions relinquished in the last 5 financial years

HIME SAS	Chairman until May 27, 2012
SAUR SAS	Chairman until May 27, 2012
HIME SAS	Member of the Supervisory Board until July 26, 2013
Altamir Amboise SCA	Chairman of the Supervisory Board until March 3, 2015
Altamir Amboise SCA	Member of the Supervisory Board until April 23, 2015

The companies of which Joël Séché is or has been a director are all unlisted.

Professional career

Joël Séché grew up in a family of entrepreneurs in the French département of the Mayenne, and set up his first company at the age of 20. After beginnings in the freight business, he took over his family's building business which employed a dozen or so people, and led it to a sector which was already beginning to show great promise in the 1980s: waste treatment. Always ahead of his time, he built the business up around two key values: careful integration into the environment, and emphasis on the human factor. He was the first entrepreneur in his field to achieve ISO 14001 certification for the quality of his environmental management.

To raise funds to finance its growth, Séché Environnement went public on the Paris stock exchange in 1997, enabling him to take control of Alcor in 2001 and Trédi in 2002.

The Group has now attained international multi-skill status for the treatment of all types of waste, as well as materials and energy recovery. Today, with its 1 700-strong workforce, Séché Environnement is a major player in the waste management industry.

Joël Séché is French and was born on February 2, 1955.

Maxime Séché

Business address:

Les Hêtres - CS20020 - 53811 CHANGÉ - Cedex 09

Positions held at December 31, 2016

Séché Environnement SA	Deputy Chief Executive Officer (salaried)
Trédi SA	Director
Sénergies SAS	Permanent representative of the Chairman and CEO of Séché Environnement
Séché Énergies SAS	Permanent representative of the Chairman and CEO of Séché Environnement
Séché Développement SAS	Permanent representative of the Chairman and CEO of Séché Environnement

Positions relinquished in the last 5 financial years

Séché Environnement	Director until December 1, 2015
Séché Healthcare SAS	Permanent representative of the Chairman and CEO of Séché Environnement until November 23, 2015
Sodicome SAS	Permanent representative of the Chairman and CEO of Séché Environnement until April 13, 2016

The companies of which Maxime Séché is or has been a director are all unlisted except for Séché Environnement SA.

Professional career:

Armed with a “Grande Ecole program” diploma from the business school EDHEC, specializing in business entrepreneurship, Maxime Séché began his career in the financial sector, first at Société Générale in Paris and London as an analyst in the utilities sector, and later in the investment capital department of Paris Orléans. He then gained entrepreneurial experience

as co-founder of L14, an investment fund dedicated to renewable energies, and of BlueNRGY, an American software and services company serving the renewable energies sector. He has been Director of Strategy at Séché Environnement since 2012.

Maxime Séché is French and was born on March 27, 1984.

Jean-Pierre Vallée**Business address:**

3 allée Cassard - 44000 NANTES

Mandates and functions held:

Jean-Pierre Vallée holds no directorships other than the position of director of Séché Environnement

Professional career:

Jean-Pierre Vallée is a graduate of ICG (“Gustave Eiffel” class) and holds a diploma from the Institut Français des Administrateurs (IFA). From 1996 to 2000 he held responsibilities in the Potier Group and at Saint-Gobain, from 1996 to 2000, where he was successively branch manager, Regional Director

and National Director in the areas of ready-mix concrete and industrial fabrications. From 2000 to 2010 he was in charge of external development and operations in the same group.

Jean-Pierre Vallée is French and was born on February 12, 1952.

Philippe Valletoux**Business address:**

28 boulevard Raspail - 75007 PARIS

Positions held at December 31, 2016

Société du parc du Futuroscope (SA)	Member of the Supervisory Board
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Positions relinquished in the last 5 financial years

HIME SAS	Member of the Supervisory Board until June 25, 2012
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The companies of which Philippe Valletoux is or has been a director are all unlisted, except Dexia Crédit Local.

Professional career:

Philippe Valletoux has successively held responsibilities in the French central commission on new towns, the Ministry of the Interior, and Caisse des Dépôts et Consignations (CDC) where he was in charge of research into local development. From 1995 to 2009 he was President of Floral (bond issues

for local authorities). Previously, in 1987 he had managed the local authority finance activity at Crédit Local de France, where he was also advisor to the President. In 2000 he became Vice-President of the Management Committee of Dexia Crédit Local, until 2009.

Philippe Valletoux is French and was born on July 24, 1943.

2.5. REMUNERATION AND BENEFITS OF SENIOR

officers and directors of Séché Environnement

On December 2, 2008, the Board of Directors of the Séché Environnement Group unanimously adopted the MEDEF and AFEP recommendations regarding the remuneration of senior officers of the Company. These recommendations concern the prohibition of holding a work contract concurrently with a mandate as director or senior officer, the banning of golden parachutes, reinforcement of the supervision of supplementary pension plans, the granting of stock options connected to the policy of encouraging participation in the company's share capital, and improvement of transparency in connection with the components of senior officers' remuneration.

2.5.1. REMUNERATION OF DIRECTORS AND SENIOR OFFICERS

The only senior officer who is also a director is Joël Séché (Chairman and Chief Executive Officer). Joël Séché is paid for his role as Chairman and Chief Executive Officer by Séché Environnement SA. He receives no remuneration from any subsidiary of the Group.

There is no contractual commitment for the payment of any particular indemnities or benefits in the event of cessation or change of position. No stock options or performance shares were granted to directors or senior officers.

Regarding retirement pensions, the senior officer benefits from a supplementary pension plan, with defined contributions. This is a funded pension plan based on 5% of the annual salary received, within the limit of tranche B of the annual social security ceiling.

Remuneration, options and shares allocated to Joël Séché (in EUR)

€	2014	2015	2016
Remuneration due for the financial year (details below)	426 062	426 062	421 426
Value of options allocated during the period	-	-	-
Value of performance shares allocated during the period	-	-	-
TOTAL	426 062	426 062	421 426

Remuneration summary, Joël Séché (in EUR)

€	2014		2015		2016	
	Due	Paid	Due	Paid	Due	Paid
Fixed remuneration	400 000	400 000	400 000	400 000	400 000	400 000
Variable remuneration	-	-	-	-	-	-
Exceptional remuneration	-	-	-	-	-	-
Benefits in kind ¹	14 062	14 062	14 062	14 062	11 426	11 426
Directors' fees	12 000	12 000	12 000	12 000	10 000	10 000
TOTAL	426 062	426 062	426 062	426 062	421 426	421 426

1: use of company cars.

2.5.2. REMUNERATION OF SENIOR OFFICERS WHO ARE NOT DIRECTORS

Maxime Séché, as a senior officer who does not hold a directorship in the Company, is paid a salary for his role as Deputy Chief Executive Officer. In 2014, the breakdown of his remuneration is as follows:

Remuneration, options and shares allocated to Maxime Séché (in EUR)

€	2014	2015	2016
Remuneration due for the financial year (details below)	-	180 832	174 173
Value of options allocated during the period	-	-	-
Value of performance shares allocated during the period	-	-	-
TOTAL	-	180 832	174 173

Remuneration summary, Maxime Séché (in EUR)

€	2014		2015		2016	
	Due	Paid	Due	Paid	Due	Paid
Fixed remuneration	-	-	151 792	151 792	159 227	159 227
Variable remuneration	-	-	5 572	5 572	5 805	5 805
Exceptional remuneration	-	-	-	-	-	-
Benefits in kind ¹	-	-	13 467	13 467	9 141	9 141
Directors' fees	-	-	10 000	10 000	-	-
TOTAL	-	-	180 832	180 832	174 173	174 173

1: use of company cars.

2.5.3. REMUNERATION OF DIRECTORS

The only remuneration of directors consists of directors' fees. None of the Company's directors received any remuneration or benefits of any kind from any of the companies controlled

by the Company. No stock options were granted to directors or senior officers. Furthermore, no loans or guarantees were granted in favor of any members of the Board of Directors.

Table of directors' fees

€	2014	2015	2016
Joël Séché	12 000	12 000	10 000
CDC/FSI	7 200	8 000	-
Dominique Cyrot	12 000	2 000	-
Guillaume Cadiou		10 000	14 500
Pierre-Henri Chappaz		10 000	13 000
Carine Salvy		8 000	13 000
Pascale Amenc-Antoni		10 000	10 000
Maxime Séché		10 000	-
Groupe Séché		-	14 000
Jean-Pierre Vallée	12 000	12 000	14 500
Philippe Valletoux	12 000	12 000	16 500
TOTAL	55 200	94 000	105 500

2.5.4. CONFLICTS OF INTEREST

To the knowledge of Séché Environnement, no director presents any conflict between his or her interests in Séché Environnement (as a result of his or her mandate from the company) and his or her personal interests. Moreover, no director over the past five fiscal years:

- was convicted of fraud, incriminated and/or publicly sanctioned by the statutory or regulatory authorities;
- was involved, as a member of a Board of Directors or Supervisory Board, or as a general partner, founder or chief executive, in a bankruptcy or receivership;

- was involved, as a member of a Board of Directors or Supervisory Board, or as a general partner, founder or chief executive in a liquidation;
- was prohibited by a court from serving as a member of an administrative, executive or supervisory body of an issuer, or from taking part in the management or conduct of an issuer's affairs.

The Company has entered into no commitments to its directors or senior officers which are due, or liable to come due, as a result of the assumption, termination or modification of their functions, or in the wake of such an event.

2.6. APPROPRIATION AND DISTRIBUTION

of earnings

2.6.1. PROPOSED APPROPRIATION OF EARNINGS

In the resolutions submitted for their approval, shareholders are asked to approve the financial statements for 2016, and after noting the recognition of net income of EUR 19 346 670.30, to approve the following appropriation and distribution of earnings proposed by the Board of Directors:

- allocation of EUR 19 346 670.30 from the other reserves account to the retained earnings account, of which the balance will thus become EUR 19 399 025.75;
- distribution of dividends of EUR 7 464 845.40 from the retained earnings account (of which the balance will thus become zero).

The dividend payment to be distributed for the year would therefore be set at EUR 0.95 per share. This dividend, deducted from the net income of the year, entitles French-resident individual shareholders to a 40% personal income tax reduction (i.e. EUR 0.38 per share). The coupon would be detached on July 3, 2017, and the dividend would be paid out on or after July 5, 2017.

2.6.2. DIVIDENDS

2.6.2.1. PAYMENT OF DIVIDENDS

Dividends are paid annually at the time and places stipulated by the Annual General Meeting, in the nine months following the close of the previous fiscal year.

No recovery of dividends can be demanded from shareholders, except in the event of the distribution of fictitious dividends or fixed or interim interest, which are prohibited by law.

Dividends remaining unclaimed within five years of their allocation for payment are transferred to the State.

2.6.2.2. DIVIDENDS PAID OVER THE PAST THREE FISCAL YEARS

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

Exercice	Dividende	Éligible à la réfaction
2014	0.95 €	-
2015	0.95 €	-
2016	0.95 €	-

2.7. REGULATED

agreements

Declaration is hereby made, in application of article L.225-101-1 of the French Commercial Code, that no regulated agreement was made during the year.

2.8 REPORT OF THE STATUTORY AUDITORS,

prepared in accordance with article L.225-235 of the French Commercial Code, on the report prepared by the Chairman of the Board of Directors of Séché Environnement SA

Year ended December 31, 2016

To the Shareholders,

In our capacity as Statutory Auditors of Séché Environnement SA and in accordance with Article L.225-235 of the French Commercial Code, we hereby present our report on the report prepared by the Chairman of your Company in accordance with article L.225-37 of the French Commercial Code for the financial year ended December 31, 2016.

The Chairman is responsible for preparing and submitting to the approval of the Board of Directors a report presenting the internal control and risk management procedures implemented by the Company, and disclosing other information as required by article L.225-37 of the French Commercial Code dealing in particular with corporate governance.

Our responsibility is to:

- notify you of any observations we may have as to the information contained in the Chairman's report and relating to the Company's internal control and risk management procedures with respect to the preparation and processing of financial and accounting information; and
- attest that the report includes the other disclosures required by article L.225-37 of the French Commercial Code. It should be noted that we are not responsible for verifying the fair presentation of those other disclosures.

We performed our work in accordance with the professional standards applicable in France.

Information relating to the Company's internal control and risk management procedures with respect to the preparation and processing of financial and accounting information

Our professional standards require the implementation of procedures designed to assess the fair presentation of the information contained in the Chairman's report and relating to the Company's internal control and risk management procedures with respect to the preparation and processing of financial and accounting information. These procedures involve in particular:

- gaining an understanding of the internal control and risk management procedures with respect to the preparation and processing of financial and accounting data underlying the information presented in the Chairman's report, and of the related documentation;
- gaining an understanding of the work performed as a basis for preparing that information and the existing documentation;
- determining whether any major internal control weaknesses with respect to the preparation and processing of financial and accounting information identified by us in the course of our engagement have been appropriately disclosed in the Chairman's report.

Based on the procedures performed, we have nothing to report on the information relating to the Company's internal control and risk management procedures with respect to the preparation and processing of financial and accounting information contained in the report of the Chairman of the Board of Directors prepared in accordance with article L.225-37 of the French Commercial Code.

Other disclosures

We hereby attest that the report of the Chairman of the Board of Directors includes the other disclosures required by article L.225-37 of the French Commercial Code.

Nantes, March 3, 2017

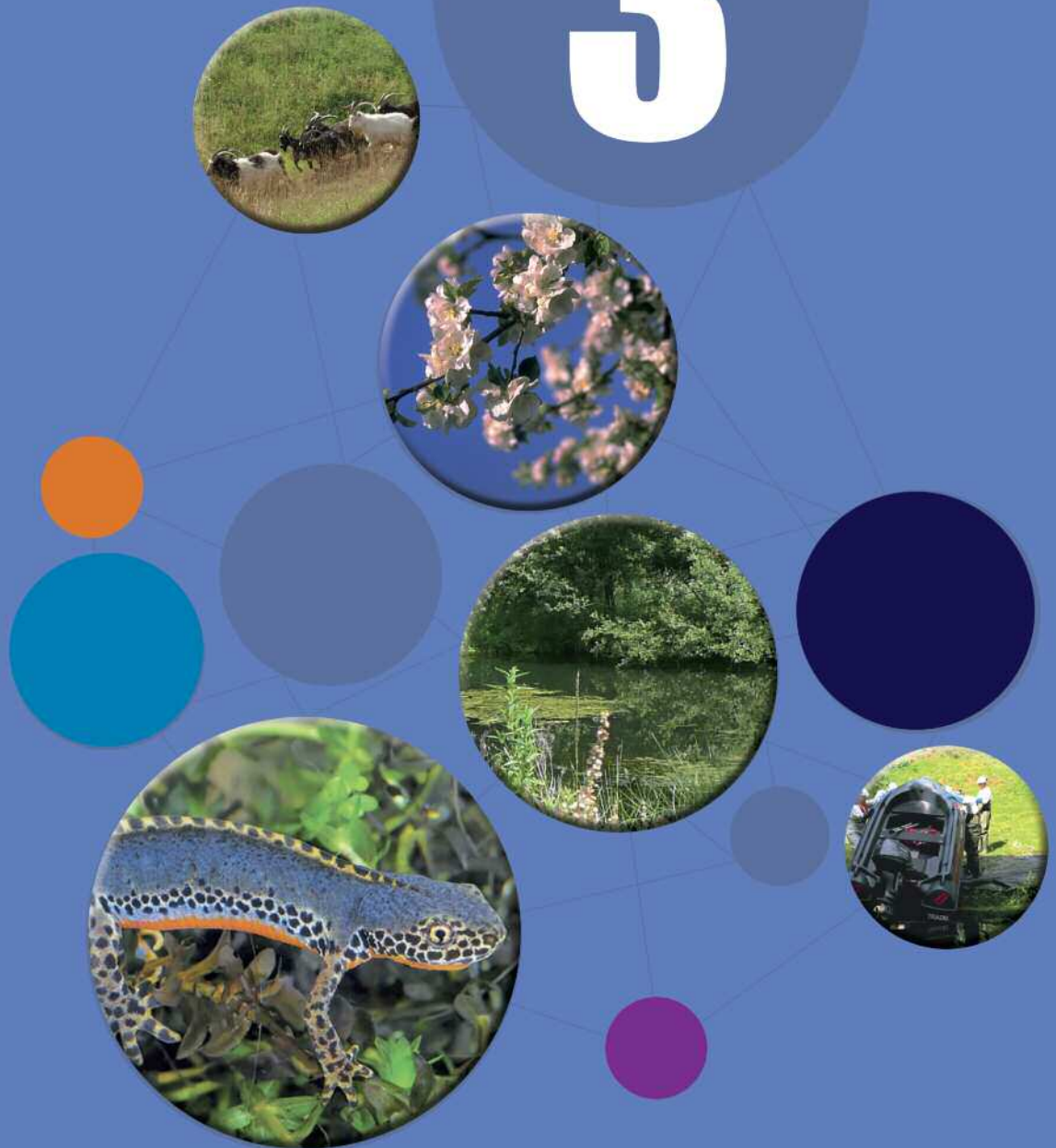
KPMG Audit
A department of KPMG SA
Franck Noël
Partner

Laval, March 3, 2017

RSM Ouest Audit
Jean-Claude Bonneau
Partner

CHAPTER 2 SHARE OWNERSHIP AND CORPORATE GOVERNANCE

3



CORPORATE HR, ENVIRONMENTAL AND SOCIAL RESPONSIBILITY DATA

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3.1. PRINCIPLES OF REPORTING

methodology¹

3.1.1. DATA COLLECTION SCOPE

3.1.1.1. DEFINITION OF DATA COLLECTION SCOPE

Séché Environnement has been listed on Euronext Paris since 1997 and therefore has published since 2002 consolidated HR and environmental indicators according to the stipulations of article 116 of the French Commercial Code, and from 2012 onward HR, environmental and societal indicators as required by article 225 of Law no. 2010-788 dated July 12, 2010, as modified by Decree n° 2016-1138 dated August 19, 2016, on the national commitment to the environment.

The consolidation scope consists of the parent company Séché Environnement SA and its majority-controlled French subsidiaries which were fully consolidated at December 31, 2016.

Almost all the Group's subsidiaries in France operate on classified sites (ICPE) requiring compulsory authorizations in order to operate. 17 of these sites are classified Seveso or Seveso high threshold. Since their activities are consolidated into the overall reporting of Séché Environnement, information on individual sites is not provided.

Development of the Group's activities on international markets is one of its strategic priorities. In recent years decontamination operations have been carried out in countries outside France, without the benefit of local structures, and principally with recourse to international financings (e.g. FAO or UNEP, etc.) These operations have involved waste being imported into France for treatment, after being made safe. The environmental impacts of these activities, and data on the corresponding employees, have therefore been recorded under the "France" data collection scope.

Concerning the Group's facilities outside France (approximately 4.6% of revenue and 7.9% of employees in 2016), HR and environmental data are collected on a lesser scale, because of their relatively insignificant character, and the difficulty of consolidating data from various regulatory contexts which are very different from those encountered in France. Some of the most important indicators (headcount, energy, water) are nevertheless provided as a complement to the data for France.

3.1.1.2. CHANGES IN DATA COLLECTION SCOPE

The rules concerning movements in and out of scope are determined with reference to the scope definitions set out in the IFRS reference system and the standards IFRS 5 and IFRS 10. The consolidation scope for environmental reporting is updated every quarter in line with the consolidation for

accounting purposes undertaken by the Group's consolidation department. HR and environmental data are collected on an annual basis for the calendar year.

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

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

- are reported together with those for Séché Environnement when the subsidiary holding the concession contract is the legal entity to which prefectural authorization was granted (as is the case for Sénerval and Alcéa);
- are not consolidated when the prefectural authorizations for these sites are in the name of the local authorities concerned, as is the case for the Oléron household waste incinerator and the Scherwiller composting site operated by Séché Eco-industries.

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

The special case of Sénerval in 2014 - 2016

Sénerval, which operates the Strasbourg incinerator, and Eurométropole, which owns it, together attempted for two years to carry out a program of asbestos removal and repairs at the same time, while maintaining a partial level of activity at the site. After two years of difficulties, Eurométropole decided in June 2016 to close the site completely for two and a half years from the end of summer 2016 until February 2019.

Since the Sénerval site did not operate for periods of several months in the last three fiscal years, its environmental data for those years were therefore not included in the environmental consolidation for those years, as being too intermittent to be pertinent; however, its HR data were consolidated. Exceptionally, therefore, data on Sénerval concerning air, water, energy, greenhouse gases, waste, etc., are not included in the Group's consolidated environmental data for the years 2014 to 2016.

1: reporting principles are explained in a specific, detailed note on procedures which can be obtained on request to the Sustainable Development Department of Séché Environnement, by e-mailing dd@groupe-seche.com. 2: the 60 employees of Sénerval have worked part-time since September 26, 2016. The French State pays them a compensatory allowance for the duration of this period of part-time work up to a ceiling of 1 000 hours per employee per year. This arrangement is in place until December 31 and must be renewed every six months until the incinerator re-enters service.

3.1.1.3. ENTITIES WHICH ENTERED THE DATA REPORTING SCOPE IN 2016

The rules governing the environmental and HR data collection scope for new entities which joined the scope in 2016 are presented in § 3.1.3.1.3. This concerns the following companies acquired or set up in 2016: Séché Healthcare (after the acquisition of HPS) and Sodicome, both of which completed their first full fiscal year within the Group in 2016. These structures have little environmental impact at the present stage.

3.1.2. REFERENCE SYSTEMS USED

3.1.2.1. REGULATIONS

3.1.2.1.1. Basic texts

The following HR, environmental and social responsibility data correspond to an economic vision of Séché Environnement (consolidated) as it existed in 2016 in France. It includes information concerning the environmental and societal impacts of the Group's operations, as required under article 225 of Law no. 2010-788 dated July 10, 2010, and listed in Decree no. 2012-557 dated April 24, 2012, supplemented by Decree no. 2016-1138 dated August 19, 2016.

3.1.2.1.2. Environmental data

Séché Environnement takes as its basis for the reporting of environmental data the list of indicators published in Decree no. 2002-221 dated February 20, 2002 issued in application of article L.225-102-1 of the French Commercial Code, supplemented by specific indicators relative to climate change and the protection of biodiversity. Information concerning waste generated is given according to the requirements of the Order of April 30, 2002. Modifications for reporting 2016 date were introduced by the Decree of August 19, 2016, which reformulates items relative to the circular economy³ and adds measures concerning food waste⁴ and a broader definition for measuring impacts on climate change⁵.

Sites classified for environmental protection (ICPE) of the type operated by Séché Environnement are under an obligation⁶ to file reports electronically to the PRTR (European Pollutant Release and Transfer Register) database, which was put in place to respond to the recommendations of the European Union concerning the recording of environmental data⁷.

The criteria for data to be placed in this database may vary from one site to another according to the particularities of

their prefectural authorizations, especially in relation to the specific risks or impacts of certain activities.

Declarations into this database serve as the basis for the extra-financial indicators mentioned in Article 225.

3.1.2.1.3. HR data

As well as indicators⁸ on employment, work organization, industrial relations, health and safety, training and equality of treatment listed in Article 225, four aspects of the fundamental conventions of the ILO (International Labor Organization) must be taken account of in the reporting⁹ process:

- the right to freedom of association and the right to collective bargaining (from 2016 onward, reporting includes a list of collective agreements concluded and an evaluation¹⁰ of their impacts);
- the abolition of discrimination in employment and occupation;
- the abolition of forced or compulsory labor;
- the effective abolition of child labor.

As a law-abiding company operating principally in France, Séché Environnement has always applied these standards automatically. Its international activities are treated according to the same rules.

3.1.2.2. VOLUNTARY FRAMES OF REFERENCE

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

- Commitments and management:
 - OECD guiding principles;
 - ILO (International Labor Organization) conventions;
 - ISO 26000 standard on social responsibility for businesses and organizations;
 - Principles of the United Nations Global Compact¹¹;
 - Sustainable Development Goals (SDGs) of the United Nations Development Program¹².
- Management:
 - ISO 9001 for the certification of production quality;
 - ISO 14001 for environmental management;
 - ISO 50001 for energy management;

3: Article 70 of Law no. 2015-992 dated August 17, 2015 on energy transition for green growth. - 4: Article 4 of Law no. 2016-138 on combating food waste. - 5: Article 173 of Law no. 2015-992 dated August 17, 2015 on energy transition for green growth. - 6: order dated December 26, 2012 modifying the Order dated January 31, 2008 relative to annual declarations and registration of pollutants and waste. - 7: European Pollutant Release and Transfer Register Protocol and Regulation 166/2006. - 8: constructed in coherence with articles L.2323-70 and R.2323-17 of the French Labor Code relative to the content of HR reporting. - 9: Decree no. 2012-557 dated April 24, 2012. - 10: Article 37 of the new Labor Law no. 2016-1088 dated August 8, 2016. - 11: the United Nations Global Compact brings together businesses, organizations, United Nations agencies, the world of work and civil society around 10 universally recognized principles concerning human rights, international labor standards, the environment and the fight against corruption. These principles provide a road map for organizations intending to drive forward their social responsibility agenda and to support the 17 Sustainable Development Goals of the United Nations. The Global Compact is the most significant international initiative promoting voluntary commitment in the sustainable development area, bringing together more than 14 000 participants in 160 countries. - 12: the 17 Sustainable Development Goals adopted in September 2015 by 193 member states of the United Nations constitute an action plan for peace, humankind, the planet and prosperity, requiring implementation of multi-actor partnerships. They aim to transform society by eradicating poverty and ensuring a fair transition toward sustainable development.

- OHSAS 18001 standard for the management of occupational health and safety;
 - MASE (manual of enterprise safety improvement) certification for integrated management in chemical environments;
 - Ecocert biodiversity management system;
 - Ecocert climate management system.
- Reporting:
 - Global Reporting Initiative GRI3 guidelines;
 - French Commercial Code HR data reporting guidelines;
 - E-PRTR environmental indicators;
 - The BEGES greenhouse gas (GHG) accounting methodology as defined by article 75 of French Law no. 2010-788, based on a specific calculation method developed for the Group by 3E - Performances and ECO₂ Initiative, in consistency with:
 - the Bilan Carbone© carbon accounting method initiated by the French Agency for the Environment and Energy Management (ADEME);
 - the quantification protocol for greenhouse gas emissions from waste management initiated in 2006 by a number of French operators in this sector and the association EpE (Enterprises for the Environment). This protocol aims to harmonize quantification, reporting and verification practices for GHG emissions generated and avoided by waste treatment activities. Since its inception it has been updated several times. The most recent critical review is that carried out by the World Resource Institute (WRI) which, with the World Business Council for Sustainable Development (WBCSD), initiated the GHG Protocol, the most widely internationally recognized method for carbon accounting. The French quantification protocol was awarded a WRI label in 2013 and is recognized as an international voluntary frame of reference for carbon reporting in the waste management sector.

3.1.2.3. INTEGRATION INTO CORPORATE STRATEGY OF THE 17 SUSTAINABLE DEVELOPMENT GOALS

The 17 Sustainable Development Goals of the United Nations Global Compact, following their adoption by world leaders in September at a historic summit meeting of the United Nations in September 2015, entered into force on January 1, 2016. With these objectives, world leaders recognize that the eradication of poverty requires strategies able to strengthen economic growth and to respond to a variety of societal needs, including education, health, social protection and employment possibilities, while combating climate change and protecting the environment.

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

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

Integration of objectives common to all economic actors

- SDG 5: gender equality;
- SDG 8: decent work and economic growth;
- SDG 9: industry, innovation and infrastructure;
- SDG 10: reduction of inequalities;
- SDG 11: sustainable cities and communities.



Specific targets particularly relevant to Séché Environnement

- SDG 6: clean water and sanitation;
- SDG 7: affordable and clean energy;
- SDG 12: responsible production and consumption;
- SDG 13: climate action;
- SDG 15: life on land.



3.1.3. PRINCIPLES

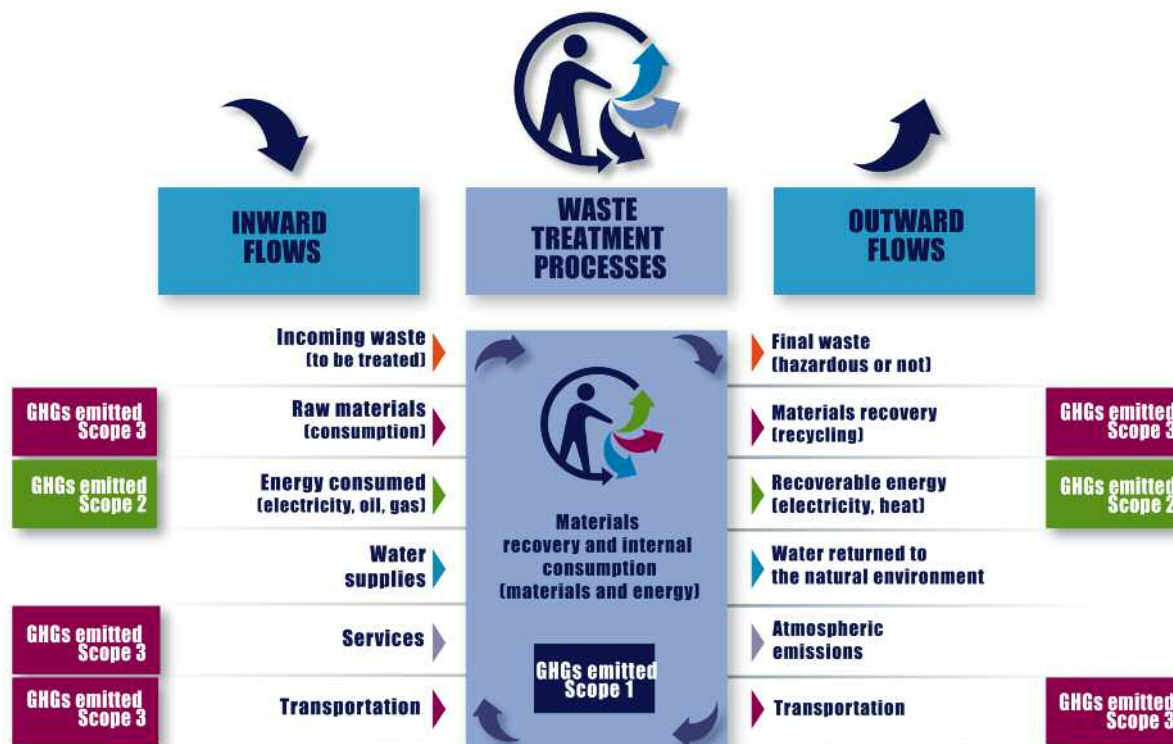
3.1.3.1. MEASUREMENTS

3.1.3.1.1. Types of indicator

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

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

Indicators for a waste treatment site



3.1.3.1.2. Origin of data

The HR data presented is drawn from the Human Resources Department database according to the definitions in current use in France, in particular for the compilation of HR data reports for the legal entities required to file them. They correspond to the regulatory declarations made to various administrative bodies and welfare organizations.

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

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

3.1.3.1.3. Consolidation methods for HR and environmental data

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

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

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

3.1.3.1.4. Comparability (mainly for environmental data)

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

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

Since emission factors must be regularly updated in the priority database to be used in France for regulatory GHG emission reports in France, i.e. the Base Carbone®, two organizations, 3E-Performance and ECO2 Initiative have designed for Séché Environnement a specific tool dedicated to its needs.



Compatibility of the Séché Environnement method with reference methods

	Regulatory method	Bilan Carbone V7®	GHG Protocol (EpE)	ISO 14064
Gases taken into account	■ ■	■ ■	■ ■	■ ■
Operational scope	■ ■	-	■	■ ■
Calculation rules	■ ■	■	■	■
Emission factors	■ ■	■ ■	■ ■	■ ■
Classification of emissions	■ ■	-	■	■

Compatibility: ■ ■ : perfect - ■ : partial

This new tool enables:

- dynamic consultation of the Base Carbone® for updating the tool. The version of Base Carbone integrated into the 2015 model is version 11.2¹³;
- calculation of emissions according to the regulatory method (version 3d, released in September 2015¹⁴);
- an improved method of calculating uncertainties in emissions numbers, in accordance with IPCC recommendations;
- calculation methods bearing solely on emissions categories 1 and 2 as defined in the regulatory method.

To ensure comparability over time, 2014 values have been recalculated with these new parameters (shown as “2014 – restated 2015”). Also, due account has been taken of the corrections made by ADEME in 2016 to the Base Carbone, and of the modifications made to the energy mix coefficients (average values over three years, rather than an annual calculation, as previously).

Concerning emissions of contaminants into the air or water, since 2015 Séché Environnement has applied in its entirety the Order dated December 26, 2012, which requires all facilities classified for the protection of the environment (IPCE) to declare all emissions into air or water of contaminants listed in Annex II of the Order, in excess of the thresholds defined in it. However, data on the release of dangerous substances into water are mandatory for certain sites. Up to 2014, Séché Environnement declared all its emissions, including those below the said thresholds.

To ensure comparability over time, 2014 values have been recalculated according to these declaration thresholds (shown as “2014 – restated 2015”).

3.1.3.1.5. Materiality

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

Certain reporting errors or inaccuracies in previous years may be detected during completion of the reporting for the

current year, in particular concerning certain environmental indicators. A materiality threshold of 5% of the value of the indicator concerned is observed by default for adjustments to data from past years identified during the year under review. A commentary is provided for any corrections above this threshold.

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

- 1%: data captured by means of legally controlled measurements (metrology test);
- 10%: data from invoices;
- 30%: data obtained through calculation or extrapolation;
- 80%: data which are unavailable, and therefore estimated.

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

3.1.3.2. TRACEABILITY

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

Environmental data are approved internally by the Group's Director of Laboratories, before being included in the Group's reporting via the Tennaxia tool, and before being sent as final data to the administrative authorities under the European Pollutant Emission Register (EPER). Declarations

13: <http://www.bilans-ges.ademe.fr/fr/accueil/>. - 14: http://www.developpement-durable.gouv.fr/IMG/pdf/Art_L229-25_Methodologie_generale_version_3-d.pdf.

made by operators are then approved by the appropriate inspection departments (such as DREAL, DDASS, police authorities, water police, nuclear safety authority, etc.) for the site concerned. These mandatory declarations under the control of the administrative authorities form the basis of the Group's environmental reporting.

3.1.3.3. TRANSPARENCY - DATA AUDITS

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

3.2. CORPORATE

HR data

3.2.1. EMPLOYMENT POLICY

Employment policy is based principally on:

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

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

3.2.2. EMPLOYMENT STRUCTURE

3.2.2.1. WORLDWIDE HEADCOUNT

December 31	2014	2015	2016
Séché Environnement SA (parent company)	27	26	30
Fully consolidated French subsidiaries	1 633	1 760	1 784
SUB-TOTAL (SCOPE DEFINED IN ARTICLE 225 OF NRE LAW)	1 690	1 786	1 814
Foreign subsidiaries, Europe ¹⁵	63	68	72
Foreign subsidiaries, Americas ¹⁶	27	25	83
TOTAL	1 780	1 879	1 969

3.2.2.2. HEADCOUNT IN FRANCE¹⁷

The Group's employment structure emphasizes stable employment; recourse to fixed-term contracts and temporary contract workers was only 4.2% and 10.9% of the headcount during the year.

3.2.2.2.1. Headcount at December 31

3.2.2.2.1.1. By category and gender

December 31	2014			2015			2016		
	M	W	T	M	W	T	M	W	T
Executives	253	91	344	279	105	384	292	120	412
Supervisors	328	105	433	351	105	456	367	114	481
Clerical	127	144	271	127	148	275	122	152	274
Workers	604	38	642	634	37	671	607	40	647
TOTAL HEADCOUNT UNITS	1 312	378	1 690	1 391 <input checked="" type="checkbox"/>	395 <input checked="" type="checkbox"/>	1 786 <input checked="" type="checkbox"/>	1 388 <input checked="" type="checkbox"/>	426 <input checked="" type="checkbox"/>	1 814 <input checked="" type="checkbox"/>
% men/women	77.6	22.4		77.9	22.1		76.5	23.5	

M : men - W : women - T : total

Outside France, headcount at December 31, 2016 was 155 units, of which 81% were men; 12% were executives, 25% supervisors and 53% workers.

15: Spain (solvent regeneration); Germany (gas treatment); Hungary (landfill facilities), deconsolidated in 2013. - 16: Mexico and Argentina (decontamination of transformers); Peru (since 2015). - 17: LA1.

CHAPTER 3 CORPORATE HR, ENVIRONMENTAL AND SOCIAL RESPONSIBILITY DATA

3.2.2.2.1.2. By type of contract and gender

December 31	2014			2015			2016		
In headcount units	M	W	T	M	W	T	M	W	T
Permanent contracts	1 271	364	1 635	1 331	374	1 705	1 341	396	1 737
Fixed-term contracts	41	14	55	60	21	81	47	30	77
TOTAL HEADCOUNT UNITS	1 312	378	1 690	1 391	395	1 786	1 388	426	1 814
% fixed-term/total headcount	3.1	3.7	3.3	4.3	5.3	4.5	3.4	7.0	4.2

M : men - W : women - T : total

3.2.2.2.1.3. Age distribution¹⁸

December 31, 2016	Men	Women	TOTAL
< 26 years	70 ✓	20 ✓	90 ✓
from 26 to 29 years	97 ✓	40 ✓	137 ✓
from 30 to 34 years	150 ✓	54 ✓	204 ✓
from 35 to 39 years	221 ✓	71 ✓	292 ✓
from 40 to 44 years	212 ✓	77 ✓	289 ✓
from 45 to 49 years	240 ✓	86 ✓	326 ✓
from 50 to 54 years	206 ✓	46 ✓	252 ✓
from 55 to 62 years	183 ✓	31 ✓	214 ✓
63 years and above	9 ✓	1 ✓	10 ✓
Proportion of seniors (> 45 years)	46.0%	38.5%	44.2%
AVERAGE AGE	44	42	43.3

3.2.2.2.2. Average headcount in FTE (full-time equivalents)

December 31	2014			2015			2016		
In headcount units	M	W	T	M	W	T	M	W	T
Full-time equivalents	1 310	368	1 677	1 381 ✓	381 ✓	1 762 ✓	1 386 ✓	413 ✓	1 799 ✓
Monthly average	1 301	381	1 681	1 332 ✓	386 ✓	1 717 ✓	1 402 ✓	414 ✓	1 816 ✓

M : men - W : women - T : total

Outside France, the average monthly headcount in 2016 was 144 employees.

3.2.2.3. WORKFORCE CHANGES OVER THE YEAR¹⁹

3.2.2.3.1. Recruitments by type of contract and gender

December 31	2014			2015			2016		
In headcount units	M	W	T	M	W	T	M	W	T
Permanent contracts	116	34	150	150	34	184	137	46	182
Fixed-term contracts	64	15	79	48	25	73	69	33	102
Of which due to increased activity	57	7	64	43	17	60	63	30	93
Of which replacements	7	8	15	5	8	13	6	3	9
TOTAL HEADCOUNT UNITS	180	49	229	198	59	257	206	79	285
% men/women	78.6	21.4		77.0	23.0		72.3	27.7	

M : men - W : women - T : total

Outside France, in 2016, there were 70 employees recruited and 28 departures (71% resignations, 18% individual dismissals).

18: the limits of the age classes have been modified to make them coincide with regulatory texts, especially those concerning so-called "generation contracts". - 19: LA2.

3.2.2.3.2. Departures by reason and gender

December 31	2014			2015			2016		
	M	W	T	M	W	T	M	W	T
In headcount units									
Resignations	13	4	17	24	7	31	23	7	30
Individual dismissals	9	2	11	22	5	27	23	2	25
Departures during trial period	2	2	4	2	1	3	7	0	7
Negotiated departures	12	8	20	14	9	23	19	2	21
Redundancies	1	0	1	0	0	0	5	0	5
Intra-Group transfers (mergers)	7	0	7	7	1	8	16	12	28
Retirements and early retirements	9	2	11	17	1	18	14	0	14
Deaths	0	0	0	1	1	2	6	0	6
End of fixed-term contracts	36	22	58	13	14	27	93	23	116
Other	3	0	3	0	0	0	2	3	5
TOTAL IN HEADCOUNT UNITS	180	49	229	198	59	257	206	79	285
% men/women	78.6	21.4		77.0	23.0		72.3	27.7	

M: men - W: women - T: total

3.2.2.3.3. Length of service distribution

December 31, 2016	Men	Women	TOTAL
< 1 year	101	46	147
from 1 to 5 years	367	104	471
from 6 to 10 years	226	72	298
from 11 to 15 years	237	76	313
from 16 to 20 years	199	57	256
from 21 to 25 years	132	38	170
from 26 to 30 years	58	22	80
> 30 years	68	11	79
AVERAGE LENGTH OF SERVICE	12.3	11.6	12.2

3.2.2.4. REMUNERATION²⁰

3.2.2.4.1. Overall employment cost

k€	2014	2015	2016
Gross wage bill	66 431	70 422	73 719
Employer SS contributions	33 107	34 172	33 619
OVERALL EMPLOYMENT COST	99 538	104 594	107 338

3.2.2.4.2. Profit-sharing schemes

k€ or headcount units	2014	2015	2016
Total profit-sharing reserves	1 577	1 697	1 797
NUMBER OF BENEFICIARIES	849	844	876
Total amount distributed	0	45	415
NUMBER OF BENEFICIARIES	0	177	893

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

20: EC1 & EC5.

3.2.2.4.3. Distribution of remuneration of permanent staff (12 months), by gender²¹

2014		Men		Women		TOTAL	
k€ or headcount units	k€	Units	k€	Units	k€	Units	
≤ 0.8 x SS ceiling (≤ 30 038 €)	8 715	380	2 918	127	11 633		507
> 0.8 x SS ceiling (> 30 038 €)	10 466	311	2 296	68	12 762		379
> 1.0 x SS ceiling (> 37 548 €)	7 709	188	1 702	42	9 411		230
> 1.2 x SS ceiling (> 45 058 €)	7 266	148	1 216	24	8 482		172
> 1.5 x SS ceiling (> 56 322 €)	3 949	61	1 051	17	5 000		78
> 2.0 x SS ceiling (> 75 096 €)	8 857	78	1 305	12	10 162		90
TOTAL	46 963	1 166	10 487	290	57 450		1 456

SS (Social Security) ceiling = 37 548 €

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

SS (Social Security) ceiling = 38 040 €

2016		Men		Women		TOTAL	
k€ or headcount units	k€	Units	k€	Units	k€	Units	
≤ 0.8 x SS ceiling (≤ 30 902 €)	9 743	348	3 798	103	13 541		451
> 0.8 x SS ceiling (> 30 902 €)	10 989	317	2 663	69	13 652		386
> 1.0 x SS ceiling (> 38 628 €)	8 003	191	1 709	40	9 712		231
> 1.2 x SS ceiling (> 46 354 €)	7 803	152	1 762	31	9 565		183
> 1.5 x SS ceiling (> 57 942 €)	3 848	57	1 294	18	5 142		75
> 2.0 x SS ceiling (> 77 256 €)	9 184	80	1 102	9	10 287		89
TOTAL	46 963	1 166	10 487	290	57 450		1 456

SS (Social Security) ceiling = 38 628 €

21: LA14.

3.2.3. ORGANIZATION OF WORK

3.2.3.1. ORGANIZATION OF WORKING TIME

The official working week is 35 hours in France. Outside France, it is generally 40 hours, 45 hours in Argentina and 48 hours for field personnel in Mexico.

Overtime remains limited, at around 1.2% of total theoretical hours. The preference accorded to stable employment with limited recourse to overtime forms part of the Group's policies on risk management and safety promotion, based on competent, responsible and motivated employees trained on the job.

When salaried persons are employed for specific periods, this is principally to replace staff members who are absent for short periods (9% of fixed-term contracts) or to respond to specific, temporary business needs (91% of fixed-term contracts). Temporary work contracts (11%) are well suited to short periods of uncertain duration, or for the replacement of permanent staff members during vacations. 39% of temporary work contracts are to replace staff members who are absent for short periods, while 61% are to respond to specific, temporary business needs. Sub-contracting remains limited to 20.2% of revenue.

3.2.3.1.1. Part-time employment

December 31	2014			2015			2016		
Number of contracts	M	W	T	M	W	T	M	W	T
At employee's request	2	52	54	1	56	57	6	58	64
Imposed by employer	4		4	3	1	4	1	2	3

M: men - W: women - T: total

3.2.3.1.2. Shift work (new indicator in 2016)

Employees at December 31	2014			2015			2016		
working in shifts	F	A	T	F	A	T	F	A	T
2 shifts	97	118	215	-	150	150	80	90	170
3 shifts	-	34	34	-	36	36	2	37	39
> 3 shifts	-	276	276	-	285	285	-	279	279
TOTAL	97	428	525	-	471	471	82	406	488
<i>% shift workers/total</i>			31.1			26.4			26.9

F: fixed - A: alternating - T: total

3.2.3.1.3. Overtime

Number of overtime hours	2014	2015	2016
Overtime hours worked and paid	47 437	40 584	40 277
% OVERTIME/THEORETICAL TOTAL HOURS	1.5	1.4	1.2

3.2.3.1.4. Temporary employment, by reason

Average headcount (FTE)	2014	2015	2016
Replacement of absentee workers	81	78	78
Increased workload	106	94	119
TOTAL	187	171	197

3.2.3.2. ABSENTEEISM²²

3.2.3.2.1. Number of days of absence

Number of days	2014	2015	2016
Total for the whole Group	34 708	29 680	33 427
AVERAGE PER EMPLOYEE	20.5	16.6	18.4

3.2.3.2.2. Absenteeism rate, by reason

% of theoretical number of days worked	2014	2015	2016
Sickness	5.33	3.62	4.09
<i>Of which occupational diseases</i>	-	0.09	0.17
Maternity leave	0.63	0.34	0.34
Workplace accidents	0.95	0.68	0.54
Family and other events	2.15	0.78	0.80
TOTAL	9.06	5.42	5.77

3.2.4. INDUSTRIAL RELATIONS

Séché Environnement is very attached to the quality of its industrial dialog, since the improvement of individual and collective performance requires a strong involvement on the part of all employees, and their espousal of corporate objectives. To achieve this, the Group calls on:

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

3.2.4.1. COLLECTIVE BARGAINING AGREEMENTS²³

% of headcount	2014	2015	2016
Union des Industries Chimiques (UIC)	37	35	35
Waste activities	47	49	49
FG3E	8	8	7
Road transportation	4	4	4
Public works	4	4	3
Metalworking	-	-	2
TOTAL HEADCOUNT FRANCE	100	100	100

22: LA7. 23: LA4.

3.2.4.2. ORGANIZATION OF INDUSTRIAL DIALOG

The organization of industrial dialog is governed by strict application of regulations and collective bargaining agreements currently in force (see the section on collective bargaining agreements, § 3.2.4.1.).

Number of members of	2014			2015			2016		
	M	W	T	M	W	T	M	W	T
Works councils	19	10	29	19	10	29	19	9	28
Central works councils	7	3	10	7	3	10	5	2	7
Individual staff delegates	23	2	25	20	3	23	19	4	23
Hygiene, safety and working conditions committees (for sites > 50 employees)			36			50			31

M: men - W: women - T: total

Number of meetings of	2014	2015	2016
Works councils	74	65	78
Central works councils	10	4	10
Individual staff delegates	70	27	51
Hygiene, safety and working conditions committees	62	66	49

3.2.4.3. SUMMARY OF COLLECTIVE AGREEMENTS

The subjects dealt with tend to reflect trends in regulatory change, and the sectors affected by official collective bargaining agreements. At the end of 2016, subjects discussed during the year included:

- forward-looking management of jobs and skills, which was included in agreements with senior employees (covering 95% of the labor force, the other 5% being in structures which only entered the consolidation scope during the year);
- agreements on jobs of an arduous nature, including psychosocial risks:
 - 66% of the labor force are not concerned by this, and 34% are in the analysis phase, leading to an agreement or an action plan.
- an agreement on professional equality, covering 86% of the labor force (this is not compulsory for the other 14%, since they work in structures of fewer than 50 employees);
- management of handicapped workers (100% of the labor force is covered by an agreement at Group level);
- company and/or employee agreements, etc. depending on local conditions.

3.2.5. HEALTH AND SAFETY

A global system of risk management is in operation uniformly throughout the entire Group, for all activities from sorting and treatment to landfill, in France, including decontamination operations and provision of services to customer companies. It encompasses both permanent staff and employees of sub-contractors working at the Group's sites.

The risk management system functions at several levels:

- operational process management, associated with systematic analysis of workplace risks, leading to the implementation of appropriate perimeters and safety protocols, and rigorous selection of protective equipment for both individuals and groups. Within each working unit, a single workplace risk prevention document is regularly reviewed and added to, and procedures and modes of operation are upgraded using feedback from experience;
- worker qualifications and professionalism, aided by management of employees' training paths, systematic "safety welcome" sessions for all new workers, and regular mobilization of all levels of the hierarchy by means of safety inspections and "safety quarter-hours";
- certified Health, Safety, Environment and Quality (HSEQ) management systems for all sites and types of activity.

3.2.5.1. HEALTH AND SAFETY CONDITIONS AT WORK²⁴

3.2.5.1.1. Occupational diseases

The Group had 12 declared cases of musculoskeletal disorder in 2016, and one case of a chronic disease submitted for recognition as an occupational disease, or with long-term work stoppage following a workplace accident. The case of a chronic disease submitted for recognition as an occupational disease is contested. Of 13 cases of musculoskeletal disorder declared, 9 are contested. So far only 4 cases of occupational diseases declared in 2016 have been formally recognized.

3.2.5.1.2. Exposure to chemical risk

The Group's Health & Safety teams draw up for each site, with the help of the local Health, Safety, Environment and Quality (HSEQ) Committee and the site manager, a note summarizing all known (and missing) data on controlling the exposure of operatives to this risk. Initiated in 2014, this deployment has not yet covered all situations. The summary notes, once finalized, are presented to the health, safety and working conditions committee (CHSCT). They provide an overview of all measures undertaken, statically and dynamically, and take account of:

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

One of the key steps in the method is identifying areas where waste to be treated and waste generated may be deposited,

treated, stored or moved. A map of the site is drawn up, and work situations with a potential exposure to the risk are pinpointed, taking due note of the areas mentioned above, the degree of hazard presented by each type of waste, and the rules governing the functioning of the site. This third stage leads to a classification of work situations per area.

3.2.5.1.3. Organization

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

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

3.2.5.1.4. Safety training

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

3.2.5.1.5. OHSAS 18001 certifications

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

Landfill	Incineration	Total tonnage
91%	89%	87%

All sorting platforms are certified OHSAS 18001.

3.2.5.1.6. Expenditure on safety

k€	2014	2015	2016
Expenditure for the supply of workers' clothing and individual protection	2 206	2 477	2 666

3.2.5.2. WORKPLACE ACCIDENTS²⁵

Frequency rate with absence from work	2014	2015	2016
FR1 – Employees	21.3	15.0	18.1
FR1 – EMPLOYEES + TEMPORARY PERSONNEL	24.2	16.1	19.4
Severity rate	2014	2015	2016
FR1 – Employees	1.2	1.2	1.05
FR1 – EMPLOYEES + TEMPORARY PERSONNEL	1.1	1.2	0.95

24: LA6. 25: LA7.

3.2.6. TRAINING

3.2.6.1. TRAINING POLICIES²⁶

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

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

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

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

3.2.6.1.1. Budgets allocated

k€	2014	2015	2016
Value	1 701	1 648	1 759
AS A % OF TOTAL EMPLOYMENT COSTS	2.6	2.3	2.4

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

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

3.2.6.1.2. Subjects of training

% of budgets spent	2014	2015	2016
Environment, quality, safety	44	55	48
Safety	10	6	9
Job-specific	24	26	24
Management and communication	8	7	13
Administrative, HR	11	5	4
Other	3	1	2

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

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

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

Enhancement of employees' awareness of corporate social responsibility issues is aided, among other things, by presentations of the CSR Report to various Group sites. The objective is to enable all employees to attend such presentations at least once every five years. In 2016, 288 employees attended presentations of the 2015 CSR Report (versus 242 the preceding year), representing mobilization of 16.1% of the France headcount at December 31, 2015.

3.2.6.2. TRAINING MODULES TAUGHT

3.2.6.2.1. Total

Number of employees or hours taught	2014	2015	2016
Number of training modules taught	3 629	3 676	3 880
Number of employees trained	1 354	1 369	1 413
Number of hours taught	29 955	29 855	32 338

²⁶: LA11.

3.2.6.2.2. Breakdown of number of trainees, by category

Number	2014			2015			2016		
	M	W	T	M	W	T	M	W	T
Executives	506	175	681	417	158	575	584	239	823
Supervisors	1 036	177	1 213	1 201	147	1 348	1 178	205	1 383
Clerical	348	185	533	265	148	413	320	217	537
Workers	1 143	59	1 202	1 276	64	1 340	1 061	76	1 137
TOTAL	3 033	596	3 629	3 159	517	3 676	3 143	737	3 880
% men/women	83.6	16.4		85.9	14.1		81.0	19.0	

M : men - W : women - T : total

3.2.6.2.3. Breakdown of number of employees trained, by category

Number	2014			2015			2016		
	M	W	T	M	W	T	M	W	T
Executives	178	66	244	162	69	231	213	87	300
Supervisors	304	68	372	315	75	390	327	85	412
Clerical	118	100	218	110	84	194	104	109	213
Workers	497	23	520	524	30	554	450	38	488
TOTAL	1 097	257	1 354	1 111	258	1 369	1 094	319	1 413
% men/women	81.0	19.0		81.2	18.8		77.3	22.7	

M : men - W : women - T : total

3.2.6.2.4. Breakdown of training hours taught by category of trainees

Number	2014			2015			2016		
	M	W	T	M	W	T	M	W	T
Executives	4 599	1 534	6 132	4 559	1 530	6 089	5 512	1 875	7 387
Supervisors	7 683	1 205	8 888	8 817	718	9 535	8 943	1 185	10 128
Clerical	2 647	1 242	3 889	1 649	872	2 521	2 810	1 235	4 045
Workers	10 759	288	11 047	11 392	318	11 610	10 129	649	10 659
TOTAL	25 687	4 268	29 955	26 417	3 438	29 855	27 394	4 944	32 338
% men/women	85.8	14.2		88.5	11.5		84.6	15.4	

M : men - W : women - T : total

3.2.7. EQUALITY OF TREATMENT

3.2.7.1. MALE/FEMALE EQUALITY²⁷

Please refer to the chapter on the promotion and respect of ILO conventions (§ 3.2.8).

Number of beneficiaries ²⁹	2014	2015	2016
In-company	58	61	64
Sub-contractors in the protected sector	8	7	7
TOTAL	66	68	71

3.2.8. PROMOTION AND RESPECT OF ILO CONVENTIONS

3.2.8.1. FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING³⁰

3.2.8.1.1. General policy

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

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

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

3.2.8.1.3. Employee representation

Number of labor union delegates	2014	2015	2016
TOTAL	18	21	22

3.2.8.1.4. Employee representatives

Employee representatives	2014	2015	2016
Number	31	30	35
NUMBER OF MEETINGS	ND	40	115

3.2.7.2. HANDICAPPED PERSONS²⁸

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

3.2.8.1.2. Organization and conduct of workplace dialog

Negotiations are held under the terms of government regulations and collective agreements, and in particular the various official collective bargaining agreements applicable to the Group.

This resulted in 26 agreements being signed in 2016:

- workplace equality: 10
- mandatory annual negotiations: 7
- profit-sharing or participation agreements: 6
- time savings accounts and internal organization: 2
- conflicts resolved: 1

Negotiations are currently being held on the implementation of recent government regulations relative to the impacts of collective agreements on economic performance and employees' working conditions. The Group has undertaken to provide pertinent information on these subjects.

27: LA14. - 28: LA13. - 29: values determined in February of the relevant year, at the time of making the official declarations. - 30: HR5; LA4.

3.2.8.2. ABOLITION OF DISCRIMINATION IN EMPLOYMENT AND THE WORKPLACE³¹

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



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



The Group usually recruits locally, and is rarely faced with problems of this kind. It intends to strive further to maintain balance in the following key areas:

- gender: in an industry where complete gender parity is not achievable because of the arduous nature of certain jobs, the Group offers equality of opportunity (for example: 26.2% of executives and supervisors are women, while 23.5% of its employees in general are women);

- generation: the age distribution is balanced, with an average employee age of 43.3 years and employees over the age of 45 representing 44% of all employees;
- experience: the length of service distribution is well balanced, at around an average of 12.2 years.
- 86% of all employees are covered by a workplace equality agreement. The other 14% are not covered by such an agreement because they work in structures of fewer than 50 employees, where such agreements are not compulsory.

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

3.2.8.3. ABOLITION OF CHILD LABOR³² AND ELIMINATION OF FORCED OR COMPULSORY LABOR³³

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

3.3. ENVIRONMENTAL information

3.3.1. POLITIQUE GÉNÉRALE EN MATIÈRE ENVIRONNEMENTALE

3.3.1.1. GENERAL POLICY ON ENVIRONMENTAL MATTERS

3.3.1.1.1. General policy



Séché Environnement's activity is the recovery and treatment of all types of waste products for all types of customers (private sector and local authorities).

All Séché Environnement sites are officially classified "IPCE" (for the protection of the environment), and respect the stipulations of the prefectural authorization needed to operate each site (volume and nature of waste to be treated, standards for atmospheric emissions and water-borne effluents, etc.) The traceability of waste throughout the recovery and treatment process, and the observance of environmental standards, are controlled by the authorities.

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

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

NB:

This means that the Group is unable to commit to an absolute level of performance in terms of atmospheric emissions of sulfur, for example, since such emissions depend on the volume and

31: HR4, LA13 & LA14. - 32: HR6. - 33: HR6 & HR7.

sulfur content of the waste received from its customers for treatment. Another example illustrates the complete dependence of the Group on the nature of the waste received from its customers for treatment, making it impossible for the Group to limit through proactive policies the amount of final waste it produces. Final waste is almost non-existent in the case of incineration of liquid waste, but, at the other extreme, in the case of decontamination of polluted land, the same weight of pollutant will remain as final waste at the end of the process. On average, the mass of clinker produced is about 20% to 30% of the mass of waste entering the process.

3.3.1.1.2. ISO 14001, MASE and ISO 50001 certifications



Almost all the Group's industrial activities (97% of tonnage) are certified ISO 14001. Only transportation is not so certified, since the ISO 14001 standard does not deal with this activity, which instead adheres to other reference systems such as Charte CO₂ for transportation, which aims to reduce greenhouse gas emissions in that sector.

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

3.3.1.2. ORGANIZATION AND INFORMATION

3.3.1.2.1. Internal organization

This policy is managed by the Director of Industrial Operations who is a member of general management. He is supported in this respect by site general managers and the central Technical Director and his team.

A specific post of Director of Health, Safety and Eco-responsibility reports to him. This manager is responsible for monitoring and coordinating the day-to-day actions in this area of different sites. On the ground, each site has its own Health, Safety, Environment and Quality (HSEQ) Manager.

3.3.1.2.2. Information policy

3.3.1.2.2.1. Regulatory level

Local environmental policies are monitored and discussed in local information and monitoring committees known as CSS³⁴ which bring together industry, the authorities, local council members, local associations and residents, etc. At these meetings, environmental results are presented annually, in addition to the returns made to the regional environmental authorities (DREAL³⁵).

3.3.1.2.2.2. Open sites policy and site visits

Opening its sites to customers is not only a process for getting to know each other, it is the expression of Séché Environnement's desire for transparency, and part of its corporate culture. It is also a prime way of giving information to and educating the public, in which Séché Environnement

can demonstrate the pride of its employees at their workplace, showing the resources that waste may still contain, provided it has been properly sorted at the appropriate stage.

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

In 2016, more than 8 000 visitors were welcomed in around 500 visits, despite France's anti-terrorist measures, to whom should be added further visitors learning about our values at specific open day events.

3.3.1.2.2.3. New communications technologies

Séché Environnement began implementing new communications tools in 2011 to broaden the means of communicating with its stakeholders (employees, associations, institutions, etc.) through the internet: corporate website, CSR website, blog and Facebook.

3.3.1.3. RESOURCES DEVOTED TO PREVENTING RISKS AND POLLUTION³⁶

3.3.1.3.1. Organization

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

Safety audits are performed with insurance companies in particular, and verifications are carried out by the DREAL authorities. Simulation exercises are held with outside emergency services called SDIS³⁷ such as firefighters, with the objective of mutual instruction.

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

3.3.1.3.2. Illustrations

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

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

34: CSS: site monitoring committees. - 35: DREAL: regional environment, territorial planning and housing authorities. - 36: EN 30. - 37: SDIS: fire and rescue service for the département.

3.3.1.4. PROVISIONS AND GUARANTEES FOR ENVIRONMENTAL RISKS³⁸

3.3.1.4.1. Ordinary activities

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

3.3.1.4.2. Supplemental expenses³⁹

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

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

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

The following are excluded from the scope of this definition:

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

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

38: EC 2. - 39: As defined in Recommendation no. 2003-r02 dated October 21, 2003 of the Conseil National de la Comptabilité (French national accounting standards council).

k€

	CHANGES IN PROVISIONS FOR ENVIRONMENTAL EXPENSES AND RISKS					December 31, 2016	CAPITAL EXPENDITURE		December 31, 2016	TOTAL EXPENDITURE December 31, 2016
	January 1, 2016	Allocations	Write-backs used	Write-backs not used	Other changes		Non-provisioned expenses	Operating expenses		
(Eurostat classification)										
3.3.1.4.2.1. By category										
Protection of ambient air and the climate	-	-	-	-	-	-	18	1 199	-	1 217
Waste water management	-	-	-	-	-	-	22	506	-	528
Waste management	-	-	-	-	-	-	13	231	-	244
Protection and cleansing of soil, underground water and surface water	-	-	-	-	-	-	28	56	-	84
Actions to combat noise and vibrations	-	-	-	-	-	-	-	-	-	-
Protection of biodiversity and the landscape	4	-	-	-	8	12	-	-	-	-
Protection against radiation	-	-	-	-	-	-	-	-	-	-
Research and development	-	-	-	-	-	-	-	-	-	-
Other activities for the protection of the environment	16 362	1 228	237	71	-	17 282	94	3 806	-	5 057
TOTAL	16 366	1 228	237	71	8	17 294	174	5 798	-	7 129
3.3.1.4.2.2. By type of action										
Pre-treatment, treatment and elimination	-	-	-	-	-	-	-	1 034	-	1 034
Measurements and controls	-	-	-	-	-	-	68	4 182	-	4 251
Recycling, recovery	4	-	-	-	8	12	13	220	-	233
Prevention of pollution	16 362	1 228	237	71	-	17 282	93	362	-	1 612
TOTAL	16 366	1 228	237	71	8	17 294	174	5 798	-	7 129

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2
3

3.3.2. ENVIRONMENTAL IMPACTS OF WASTE MANAGEMENT

3.3.2.1. WATER SUPPLY, CONSUMPTION AND DISCHARGE⁴⁰



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

The principal sources of discharges into the aquatic environment are:

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

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

t/
yr

Contaminants	2014 restated 2015	2015	2016
Soluble salts	6 834	6 443 ✓	7 334 ✓
Total metals	-	0.3 ✓	0.3 ✓
AOX and EOX	-	1.3 ✓	0.7 ✓

3.3.2.2. IMPACT OF ATMOSPHERIC EMISSIONS⁴¹

t/
yr

Emissions in tonnes per year	2014 restated 2015	2015	2016
Nitrogen oxides in tonnes of NO ₂	368	374 ✓	377 ✓
Sulfur dioxide in tonnes of SO ₂	152	207 ✓	152 ✓
Hydrochloric acid in tonnes of HCl	5.5	7.1 ✓	6.9 ✓
Dust in tonnes	4.3	6.9 ✓	7.3 ✓
Dioxins and furans in grams	0.093	0.1430 ✓	0.3184 ✓

Incineration plants discharge gaseous effluents and dust particles, the cleaning of which is checked very carefully. The principal gases checked for are hydrochloric acid (HCl), sulfur dioxide (SO₂) because of their acidifying power, carbon monoxide (CO) and nitrogen oxides (NO_x), a source of eutrophication. The 2015 figure for dust has been corrected to take account of a threshold effect in the declaration for SEI (value published last year: 4.0).

3.3.2.3. NOISE POLLUTION

The Group's Health & Safety Department monitors the management of exposures to noise within the Group. Reports have now been compiled for all sites concerned. These reports contain:

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

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

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

3.3.3. THE CIRCULAR ECONOMY

3.3.3.1. THE INVOLVEMENT OF SÉCHÉ ENVIRONNEMENT IN THE CIRCULAR ECONOMY



Séché Environnement's involvement in the three domains of the circular economy is part of its essence. The degree of involvement is variable, depending on the specifics of its businesses and activities, often as a link in a chain of the broader circular economy with its waste-producing customers.

40: For 2014 restated 2015 and 2015: zero, by reason of the measurements carried out at each site being below the declaration threshold.
41: EN19 & EN20.

THE SUPPLY SIDE AND ITS ECONOMIC ACTORS

SUSTAINABLE SUPPLY AND ECO-DESIGN:

The Group is not a manufacturer of products, and therefore does not have recourse either to “sensitive” supplies or to eco-design for its own activities.

On the contrary, the Group intervenes indirectly on behalf of its customers, facilitating for them the orientation of their waste materials toward treatment routes which will enable them to become secondary raw materials (sorting centers for non-hazardous waste, including used household packaging, for local authority customers), or taking part in research programs as a innovation precursor for eco-designers. One example of this is bio-sourced, biocompostable plastic bottles for household foodstuff packaging, manufactured from PHA, a molecule synthesized by the action of a common marine bacterium on a substrate of waste from the agri-food industry.

INDUSTRIAL AND TERRITORIAL ECOLOGY:

The Group has for many years exchanged materials and energy on or near its sites, with industrial customers such as petrochemicals at Rouen or chemicals at Salaise, and local authority customers such as the urban heating systems at Nantes and, soon, at Laval, and also with agricultural projects, such as forage drying in the Mayenne region.

THE ECONOMY OF SMOOTH OPERATIONS:

The Group's treatment sites (especially those for hazardous waste) are collective centers. Hence, the Group deploys internally a large spectrum of shared technologies in order to be able to treat the broadest range of waste products. Because of this, its industrial customers avoid the need to invest themselves in facilities which they would only use part of the time.

THE DEMAND SIDE AND CONSUMER BEHAVIOR

RESPONSIBLE CONSUMPTION:

The Group is particularly attentive to its own consumption of water, and favors closed-loop processes which re-use natural water. However, its main action on consumption is energy recovery, which enables the Group to be twice as self-sufficient for its own needs, and to position itself as a net energy producer on electricity and heat-distribution networks.

EXTENDING THE USEFUL LIFE OF EQUIPMENT:

Some of the Group's activities enable it to extend the useful life of certain types of equipment which comes to it as waste, by repairing and re-using items such as transformers (after PCB decontamination) or by the purification or regeneration of solvents and synthetic chemical intermediaries, which can then be returned to the customer's manufacturing processes.

WASTE MANAGEMENT

RECYCLING:

When the Group involves itself in recycling operations on its own account, it is usually in response to a demand for a rare material, requiring a high degree of technical know-how to extract it from the surrounding waste and to bring it into conformity with the future user's specification. For example, zinc, nickel or molybdenum extracted from metal hydroxide sludge, or bromine recovery from chemical industry effluents. Historically, the Group also recovers copper and magnetic materials from PCB-polluted transformers after decontamination.

3.3.3.2. WASTE PREVENTION AND MANAGEMENT

3.3.3.2.1. Prevention, recycling and elimination of waste⁴²

Séché Environnement's business being waste treatment, the Group produces final waste which is merely what remains after treatment of the 2 217 million tonnes of waste it receives from its customers.

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

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

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



kt

Recovery in thousands of tonnes (criterion R)	2014	2015	2016
Recovery from hazardous waste	11.2	14.5	13.2
Recovery from non-hazardous waste	151.7	162.0	230.6
TOTAL	162.9	176.5	243.8

42: EN2.

kt	Waste production in thousands of tonnes (criterion D)	2014	2015	2016
	TOTAL HAZARDOUS WASTE	139.7	124.8	125.5
	<i>Of which redirected to another Group site</i>	97.2	92.0	83.8
	TOTAL NON-HAZARDOUS WASTE	106.2	161.1	37.8
	<i>Of which redirected to another Group site</i>	95.5	32.3	34.4

Outside France, the Group's recovery activities in 2016 produced 348 tonnes of metals from decontamination activities, and returned to circulation some 20.1 thousand tonnes of solvents after purification.

3.3.3.2.2. Actions to combat food waste

The Group has no activities related to the production, sale or consumption of foodstuffs, and therefore is not concerned by

the reporting obligation instituted by article 173 of the French Energy Transition Law.

3.3.3.3. SUSTAINABLE USE OF RESOURCES

3.3.3.3.1. Water supply and consumption

3.3.3.3.1.1. Water policy

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

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

3.3.3.3.1.2. Water consumption⁴³

Consumption in thousands of cubic meters	2014	2015	2016
Incineration	3 239	3 400	3 173
Others	191	179	128
TOTAL	3 430	3 579	3 301

In addition to water consumed for sanitation and cleaning purposes, certain treatment techniques consume significant quantities of water. This is notably the case for purification systems associated with the wet treatment of exhaust gases from incinerators, and the stabilization of final waste before landfill. Significant programs aimed at achieving savings and

improving recycling have been implemented in recent years, leading to a constant reduction in water drawn for consumption.

Outside France in 2016, water consumption came to 39.8 thousand cubic meters, or less than 1% of the Group's water consumption in France

3.3.3.3.1.3. Origin of water consumed⁴⁴

Sources of supply in thousands of cubic meters	2014	2015	2016
TOTAL	3 430	3 579	3 301
<i>Of which extracted from water table</i>	2 898	2 954	2 739
<i>Of which taken from drinking water networks</i>	382	458	406
PROPORTION EXTRACTED FROM WATER TABLE	88.7%	85.9%	86.7%
Water recycled from treatment processes (consumption avoided)	175	151	163

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

The quantity of water drawn from the water table is not significant in relation to ground water reserves (less than 5%),

and there is no risk that the level of these reserves will be caused to fall. Most ground water is drawn at Saint-Vulbas (Ain) and Salaise (Isère) from non-fossil reserves maintained there in large quantities by Alpine run-off.

43: EN8. - 44: EN9 - only water recycled as part of the treatment process is counted here, excluding water re-used for watering vegetation or washing trucks or roads.

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

Recovery initiatives have been implemented on certain sites, for example recycling rainwater or the use of leachates from landfill-stored waste in treatment processes, in particular for pre-landfill stabilization of hazardous waste products.

3.3.3.3.1.4. Water returned to the natural environment⁴⁵

Water returned, in thousands of cubic meters	2014	2015	2016
TOTAL	2 393	2 388	2 204
<i>Of which returned via a waste water treatment facility</i>	2 393	2 388	2 204
RELATIVE TO CONSUMPTION	70.0%	66.9%	67.0%

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

3.3.3.3.2. Raw materials consumed: quantities and origins⁴⁶

The activities which consume the most raw materials as a proportion of tonnage of waste treated are landfill and stabilization, followed by physico-chemical treatment and

incineration. Consumption of raw materials depends on the nature of the waste to be treated (reactive or "chemical" products) and the nature of work to be performed (construction of landfill cells, building works, etc.)

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

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

kt	Recovery from waste (criterion R)	2014	2015	2016
	Raw materials purchased (chemicals)	31	32	32
	Raw materials purchased (for building works)	114	85	124
	TOTAL RAW MATERIALS PURCHASED	145	117	156
	Raw materials recovered from recycling (chemicals)	-	4	8
	Raw materials recovered from recycling (building works)	131	119	93
	TOTAL RAW MATERIALS USED	276	240	257
	% RECOVERED FROM WASTE (CHEMICALS)	-	11.1%	20.0%
	% RECOVERED FROM WASTE	-	58.3%	42.9%

3.3.3.3.3. Production and consumption of energy⁴⁷

GWh/yr	Source of supply	2014	2015	2016
	ENERGY PRODUCTION	620.4 ✓	644.4 ✓	655.1 ✓
	External sales of energy	555.7 ✓	549.2 ✓	568.6 ✓
	Internal production and consumption	64.7 ✓	95.1 ✓	86.5 ✓
	Energy purchases	218.7 ✓	223.8 ✓	216.5 ✓
	ENERGY CONSUMPTION	283.4 ✓	319.0 ✓	303.0 ✓
	Energy self-sufficiency	219.0% ✓	202.0% ✓	216.0% ✓

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

45: EN10. - 46: EN1 & EN2. - 47: EN3, EN4 & EN5.

3.3.3.3.4. Land use⁴⁸

A team of ecologists has been active since 1994 ensuring integration of landfill sites into the surrounding landscape. Overall plans are drawn up to preserve sensitive ecological areas, such as wetlands in particular, and simulations are carried out to facilitate exchanges with local residents. During ongoing operations, this team works to ensure a good natural balance, planting local species of trees and plants. It checks that sites are in good order using scientific indicators (IBGN biotic index, bird counting according to the methods of the French National Museum of Natural History, amphibian counting, etc.). The countryside is monitored by means of a dashboard which points up the extent of surfaces as seen from outside the site, showing natural areas, industrial facilities, temporarily visible waste, etc.

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

3.3.4. CLIMATE CHANGE

3.3.4.1. ECOCERT CLIMATE COMMITMENT CERTIFICATION

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



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

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

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

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

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

- regular measurement of GHG emissions by the organization, to enhance awareness of its own impact on the climate, and to determine how dependent it is on changes in energy prices;

- progressive reductions in GHG emissions. This lies at the heart of the method. Once it has measured its GHG emissions, the organization implements various actions to reduce them, such as eco-design, energy efficiency, alternative modes of transportation, processes and modes of sourcing, etc., and increasingly sensitizes all stakeholders to the need to act according to their responsibilities.

48 : EN11.

3.3.4.2. CARBON ACCOUNTING (ARTICLE 75 OF THE FRENCH "GRENELLE" LAW)⁴⁹

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

In compliance with regulations, the operating scope includes all sites likely to emit GHGs directly or indirectly in connection with energy use, i.e. categories or scopes 1 (GHG emissions from either fixed or moveable sources which are controlled by the corporate entity) and 2 (GHG emissions from the production of electricity, steam or heat, imported and consumed by the corporate entity for the benefit of its own operations).

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

The short-term biomass carbon cycle

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

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

The very long-term fossil carbon cycle

The carbon contained in fossil matter was trapped in cycles of several million years in "geological reservoirs", practically without any exchange with the atmosphere over numerous millennia. Burning fossil fuels or matter containing carbon of fossil origin, such as plastics, throws the "natural" carbon cycle out of balance, by injecting massive quantities of CO₂ and CH₄ into the atmosphere, adding net carbon to the atmosphere on a time scale of the order of 100 years.

As a result:

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

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

GHG emissions for scopes 1 + 2 in kt eqCO ₂	2014	2015	2016
Bilan Carbone - fossil carbon	571.6	558.1	552.2
Bilan Carbone - biogenic carbon	339.6	299.4	282.7
TOTAL	911.2	857.6	834.9
Bilan Carbone (BEGES) - total carbon	61.0	54.9	53.1

3.3.4.3. SCOPE 3 GHG EMISSIONS⁵⁰

To determine significant GHG emissions generated by the activities of the company, notably by the use of the products and services which it consumes, under the terms of article 173 of the French Energy Transition Law, the Group has made use of various studies since 2011 (for the scope 3 approach), including the most recent calculation model in 2016. This analysis determines the eventual existence of significant emissions which may need to be reported.

3.3.4.3.1. Products or services purchased

These are principally:

- public works materials for the construction of its landfill sites (such as clay or pebbles) and cementitious binders for the inerting of hazardous waste (upper bound hypothesis of 130 kt eqCO₂ estimated in 2011 by simple application of coefficients from a generic life cycle assessment on a theoretical landfill site). In total in 2016, this represented 150 kt of external purchases and 111 kt of waste, recovered internally. That waste was therefore included in the year's activity, and it would be wrong to count it a second time in reports of GHG emissions. There remain 155 kt of external purchases, of which only the 73 kt of cements and cementitious

49: EN16 & EN17. - 50: article 173 of the French Energy Transition Law on GHGs – scope 3 – Decree dated August 19, 2016.

binders were manufactured in a way that caused GHG emissions. One tonne of cement emits approximately 0.9 t eqCO₂, therefore only 66 t eqCO₂ need to be accounted for at this level. These being "calculated" values, the uncertainty would be of the order of 30%, or 20 kt eqCO₂;

- reactive substances for the treatment of smoke from incinerators or effluents from wastewater facilities, for which the tonnages of soda, lime, nitrogenous acids, etc., are recorded annually by weight as received (31 kt in 2016, of which 22% was lime); however, it is impossible to define quantities of active ingredients, which vary considerable from one supplier to another; GWP (global warming potential) uncertainty is therefore maximum, and can be as much as 100% for less than the 28 kt eqCO₂ estimated from 2011 data;
- reactive substances for physico-chemical processes (subject to the nature of the chemical products, the same comments apply as for reactive substances for the treatment of smoke): negligible emissions.

In the light of this analysis, the item "products or services purchased" emits only 94 kt eqCO₂ with a certainty level of 70%. Compared with the totals of scopes 1 and 2, this item represents only 11% with uncertainty of 7 points. It is therefore not significant at the consolidated level of the Group.

3.3.4.3.2. Waste and end-of-life of products sold

The Group does not sell products, therefore this item is not relevant.

3.3.4.3.3. Transportation by third parties

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

It is very difficult to know precisely the nature of all trucks, truck movements and load factors. When waste is transported in trucks chartered by customers, no information is available, and uncertainty is close to 100%. This indicator is therefore not pertinent.

3.3.4.4. GHG GASES AVOIDED⁵¹

3.3.4.4.1. Principle

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

- landfill with production of methane: the regulations provide only for the flaring off of methane produced, in order to reduce its global warming potential, which is 28 times greater than carbon dioxide. The Group recovers this methane by producing electricity and steam: the reduction is the same, but the Group avoids GHG emissions because of this energy production, which would otherwise have necessitated consumption of a fossil fuel. Since the carbon concerned here is biogenic carbon, under the Bilan Carbone® method these emissions avoided will no longer be accounted for as such;
- incineration with production of energy: first and foremost, the Group possesses smoke treatment equipment which enables it to comply with regulations. Energy production gives rise to a certain quantity of GHG emissions avoided. R&D efforts have also made it possible to reduce other GHG emissions such as nitrogen oxides by injecting urea into the smoke treatment process, and by capturing the CO₂ present in smoke by means of membrane techniques which have recently been patented;
- recycling of industrial gases: certain industrial gases used in refrigeration in particular (such as R143a) are recycled. In this case, the difference between "emissions caused by new production of R143a" and "emissions caused by production of recycled R143a" is included under GHGs avoided;

3.3.4.4.2. Emissions reduced by energy recovery of recycling of gases

GHGs avoided for scopes 1 and 2 in kt eqCO ₂	2014	2015	2016
GHGs avoided for scopes 1 and 2 by energy recovery, not including own energy consumption	77.2	75.3	78.1
GHGs avoided for scope 3 by recycling of R134a gas	-	0.9	3.1

Since 2015, the Group also recycles certain refrigeration gases.

51: EN18.

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

Emissions are reduced by the treatment of gases such as CFCs, halons, sulfur hexafluoride (SF₆) with a very high global

warming potential (23 900 times that of CO₂). The calculation method was refined in 2016, and previous fiscal years were recalculated.

GHGs reduced in Kt eqCO ₂	2014	2015	2016
GHGs reduced excluding industrial gases treated	3 191	3 578	4 002

3.3.4.5. ADAPTIVE MEASURES - TRANSPORTATION

Séché Environnement is committed to the “Objectif CO₂” program initiated by the French road haulage federation FNTR: its GHG emissions related to transportation fell by 9.7% from 2009 to 2012. This improvement was made possible by two types of action:

- transfer of a significant part of its transportation activity from highways to railroads, with the creation (in partnership with other industrial operators) of a specific freight link for containers from Salaise (Isère) to Longuefuye (Mayenne), operated first by Combiwest, then by Colas Rail (with 6 months' interruption of service in 2016). This modal shift enabled Séché Environnement to avoid more than 909 truck movements between Salaise and Changé (versus 2 200 in 2015), equivalent to 841 000 km of freight movements;
- improvements in fleet management and better road vehicles (Euro 5 EEV with automatic transmission) and training of drivers in eco-friendly driving techniques.

Séché Transport subscribes to the French road haulage operators' “Objectif CO₂” scheme, in which the Group's second commitment period began in 2013, with emissions of 81.2 g CO₂ per tonne-km. At the end of 2016, this value had fallen to 75.0 g, a decrease of 7.7%.

3.3.5. PROTECTION OF BIODIVERSITY

3.3.5.1. ECOCERT BIODIVERSITY COMMITMENT CERTIFICATION



In 2016, Séché Environnement received the Ecocert Biodiversity Commitment certification, the first company to be certified in this way, and for all five of its landfill sites. This certification defines and structures a framework for

responding to the demands and expectations concerning biodiversity in the ISO 14001 and ISO 26000 standards, the Global Reporting Initiative (GRI) and other regulatory texts, including article 225 of the French “Grenelle 2” Law on the environment.

The seven characteristics of the Biodiversity Commitment are:

- it is a universal “label”, adaptable to all types of organization across the world (small or large businesses, local authorities, territories, natural parks, conservation areas, etc.);
- it takes into consideration both local and global biodiversity as it is impacted throughout the organization's value chain, on territories directly or indirectly related to its activities;
- it aims to increase awareness of the role of organizations with respect to biodiversity, and their dependence on it;
- it involves all stakeholders, to connect the organization with its territory for the purpose of sharing information and capitalizing on experience;
- it is centered around measurement of the biodiversity footprint, through regular evaluation of the pressures on biodiversity exerted by the activities of the organization, rather than being focused on a biodiversity inventory at a particular moment in time. This approach promotes the resiliency of ecosystems and contributes to strengthening the robustness of their ecological functions;
- it aims to avoid and reduce pressure on biodiversity at the operational level of the organization, anticipating impacts from the outset of the project design phase, without losing sight of opportunities to make ecological adjustments to infrastructures;
- it drives organizations toward continuous improvements in their management and conservation of biodiversity, enabling each organization to first analyze itself, then to grow in maturity and, on a day-to-day basis, to act increasingly on suitable levers to reduce the pressures on ecosystems, while at the same time generating positive outcomes on local territories.

3.3.5.2. BIODIVERSITY POLICY - CONSERVATION AND MANAGEMENT

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

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

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

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

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

The process can be summarized in a few points:

- preservation of areas of heritage significance identified at the design stage of the project;
- implementing measures to monitor the maintenance of biodiversity;
- non-dissociation of landscapes and biodiversity, which means integrating into landscape or renaturation programs those elements which can contribute to enriching

biodiversity, paying particular attention to choice of plants, shrubs, trees, and seeds (preferably endogenous);

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

3.3.5.3. NATIONAL BIODIVERSITY STRATEGY (SNB) - ACTIONS CONSEQUENT ON AWARD OF THE SNB QUALITY MARK

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

The Group’s commitment is fourfold:

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

3.3.5.4. NATIONAL BIODIVERSITY STRATEGY (SNB) - RESULTS OF THREE YEARS OF COMMITMENT

	2014				2015				2016			
	Commitments				Commitments				Commitments			
	1	2	3	4	1	2	3	4	1	2	3	4
Percentage of sites having performed at least one biodiversity action under the commitment corresponding to all 15 sites	73%	100%	93%	20%	87%	87%	87%	53%	87%	87%	87%	60%

3.3.5.4.1. Commitment 1 - 166 actions

Commitment 1 covers actions to promote biodiversity through site organization. Progress has been noteworthy, particularly concerning biodiversity actions on small sites. According to the sites, the following achievements were recorded in 2014-2016:

- biodiversity "inventories" to help conserve existing biodiversity around the Group's facilities. 8 studies were carried out between 2014 and 2016 (Hombourg, Beaufort, Changé, Strasbourg, Montech, Salaise, SPP Saint-Vulbas, La Bistade);
- floral gardens or grasslands have been planted on all 15 sites;
- different management actions have been implemented, such as allowing goats and cattle to graze (Changé, Hombourg, La Dominelais);
- ponds have been created or restored at 5 sites (Hombourg, La Dominelais, Changé, Strasbourg and Montech);
- insect hotels, nesting boxes and bird feeders have been put in place on around 10 sites;
- monitoring of biodiversity indicators (amphibians, birds, bats) continues at landfill sites (Changé, Montech, Le Vigeant, La Bistade);
- a new bat monitoring protocol has been implemented with the French National Museum of Natural History at Hombourg and La Dominelais.

3.3.5.4.2. Commitment - 95 actions

Commitment 2 aims to promote the internal communication system which has been implemented on all sites by biodiversity personnel. Here are some examples of communications intended to sensitize internal audiences to biodiversity issues on operating sites:

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

3.3.5.4.3. Commitment 3 - 102 actions

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

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

3.3.5.4.4. Commitment 4 - 24 actions

Commitment 4 consists of establishing partnerships on the themes of art, heritage and biodiversity. It is a commitment that requires time and knowledge of the subject, especially in the research phase. Among the links which have been put in place are:

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

3.3.6. CLIMATE COMMITMENT AND BIODIVERSITY COMMITMENT - TWO PARALLEL QUALITY LABELS

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

3.4. COMMITMENTS to society⁵²

3.4.1. TERRITORIAL, ECONOMIC AND SOCIETAL IMPACTS

3.4.1.1. EMPLOYMENT AND REGIONAL DEVELOPMENT⁵³

3.4.1.1.1. Redistribution of revenue

m€	2014	2015	2016
Employees (wage bill and employer charges)	105.3	108.5	113.5
Suppliers	257.0	248.2	258.1
Shareholders (dividends)	8.2	7.2	7.2
Financial establishments	14.0	12.0	10.7
State and local authorities	35.1	38.5	37.6
Value retained by the enterprise	25.1	46.5	51.2
TOTAL REVENUE	444.7	460.9	478.3

3.4.1.1.2. Links to the local community

3.4.1.1.2.1. Employees' places of residence

% of employees	2014	2015	2016
% living < 50 km from the workplace	91	86	92

3.4.1.1.2.2. Local taxation: economic contribution to the local economy

% of employees	2014	2015	2016
In k€	5 958	5 044	6 276
IN LOCAL JOBS EQUIVALENT	124	115	143

3.4.1.1.3. Cooperation with educational establishments

3.4.1.1.3.1. Work placements (internships) for > 1 month

Number	2014	2015	2016
Executives	4	14	18
Other employees	21	25	27
TOTAL	25	39	45

3.4.1.1.3.2. Apprenticeship tax paid

	2014			2015			2016		
	E	O	T	E	O	T	E	O	T
Regional institutions	35	75	110	20	381	401	31	464	495
National institutions	22	185	207	21	56	77	17	16	33
TOTAL	57	260	317	41	437	478	48	480	528

E: executives – O: others – T: total

52: the Group's commitments to society are detailed in its corporate social responsibility report. - 53: EC8 & EC9.

3.4.1.1.3.3. Contributions to education and teaching

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

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

3.4.1.2. NEIGHBORING OR LOCAL POPULATIONS⁵⁴



Séché Environnement, with its national footprint of waste treatment and landfill facilities in various regions of France, contributes to the development of those regions both by the local recruitment of most of its employees (92% of employees live less than 50 km from their workplace) and by indirect job creation in local communities.

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

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

3.4.2. COMMERCIAL RELATIONSHIPS

3.4.2.1. GOOD BUSINESS PRACTICE

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

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

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

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

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

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

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

No bad practice has been detected over the period.



3.4.2.2. SUB-CONTRACTORS AND SUPPLIERS



	2014	2015	2016
TOTAL SUB-CONTRACTING EXPENSE	89 474	88 420	92 713
% sub-contracting/revenue	20.5%	19.2%	20.2%

54: EC1 & EC6b.

3.4.2.3. CONSUMER SAFETY

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

- can normally be used for defined purposes;
- can be traded on a market;
- can be required to possess certain defined technical characteristics related to its intended use;
- complies with laws and regulations applicable to the products;
- globally, does not produce effects harmful to the environment of human health.

Concerning this last point, the taking into account of consumer safety and security, Trédi and Speichim Processing signed in 2015 the worldwide Responsive Care Charter⁵⁵, a joint commitment of the worldwide chemical industry to lifelong management of chemical products, and the promotion of their role in improving the quality of life and their contribution to sustainable development.

3.4.3. SPONSORSHIP POLICY

3.4.3.1. ENVIRONMENTAL

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

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

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

- renovation of the historic hothouses of the Jardin des Plantes, Paris (2007-2020);
- support of a research program investigating marine biodiversity in Brittany (2009-2010);
- refurbishment of the manatee pond at the Paris Zoo (2013-2016);
- renovation of the Museum of Mankind, Paris (2016-2016),

form the overall framework of the Group's sponsorship efforts, to which may be added other "peripheral" actions, which contribute individually to events produced by associations. These environmental sponsorship programs correspondent to target no. 3 (fostering links with stakeholders) and more especially target no. 4 (establishing partnerships on the

themes of art, heritage and biodiversity) of the commitments undertaken under the National Biodiversity Strategy.

Sharing the exchanges brought about by these partnerships with all Group employees enables target no. 2 to be fulfilled. This is done by sponsoring skills, or the time spent by Group employees on preparing papers or articles for publication in association journals.

3.4.3.2. CULTURAL

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

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

3.4.3.3. SCIENTIFIC

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

3.4.4. RELATIONS WITH STAKEHOLDERS

3.4.4.1. DIALOG WITH STAKEHOLDERS

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

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

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

55: International Council of Chemical Associations.

3.4.4.2. FORUMS FOR NATIONAL OR SUPRANATIONAL DIALOG

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

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

3.4.4.3. ANALYSIS OF STAKEHOLDERS AND THE MATERIALITY OF STAKES BY COMITÉ 21

In-depth stakeholder relations are guided by Comité 21, which combines the necessary independence, relation-building capacity and legitimacy gained from 15 years of relationships with 450 members grouped into four "colleges"

(businesses, local authorities, associations and foundations, and teaching, training and research establishments).

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

- identify any stakeholders or stakes which may have been overlooked;
- judge the relevance of proposed responses to particular stakeholder issues;
- consolidate the Company's extra-financial communication in this area, especially with regard to article 225 of the French Commercial Code.

3.4.4.4. STAKEHOLDER AND STAKE MAPPING

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

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

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



Economic development

Stakes

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

Principal stakeholders concerned

Customers	Expectations and/or requirements	<ul style="list-style-type: none"> ■ good quality/price ratio for the service provided; ■ regulatory compliance; ■ transparency of impacts on the environment and society.
	Type of influence	<ul style="list-style-type: none"> ■ referencing as supplier (responsible purchasing); ■ contracts.
	Representative talking partners	<ul style="list-style-type: none"> ■ purchasing analysts (internal or EcoVadis); ■ responsible suppliers mediator; ■ Obs'AR (Observatory of responsible purchasing).
Financial community, shareholders, insurers	Expectations and/or requirements	<ul style="list-style-type: none"> ■ profitability and financial equilibrium; ■ regulatory compliance; ■ anticipation and control of environmental risks and their financial impacts; ■ transparency regarding the life of the Company.
	Type of influence	<ul style="list-style-type: none"> ■ analysis and ratings on ethical and responsibility criteria; ■ investments in SRI funds; ■ insurance premiums.
	Representative talking partners	<ul style="list-style-type: none"> ■ ratings agencies (Vigeo, Ethifinance, etc.); ■ banks' SRI analysts.
Local populations	Expectations and/or requirements	<ul style="list-style-type: none"> ■ direct job creation; ■ development of indirect activities in the worker catchment area.
	Type of influence	<ul style="list-style-type: none"> ■ attractiveness of the company to new workers; ■ support during applications for operating authorization.
	Representative talking partners	<ul style="list-style-type: none"> ■ local elected representatives; ■ chambers of commerce, clusters, Pôle Emploi; ■ trade associations, employers' federation.

Responses provided

- regular financial communication;
- signature of the Responsible Suppliers' Charter;
- compliance with regulations currently in force ensured by the PROGRESS team in conjunction with administrative authorities, and organization of site audits;
- ISO 9001, 14001, 50001, and OHSAS 18001 certifications;
- transparency of operations (site visits, insurers' audits, public inquiries, etc.);
- investments to prevent pollution, on-site measurements and controls.

Indicators and/or modes of monitoring progress versus expectations

- quarterly financial reports;
- rate of certification cover of operations;
- number of violations for harm done to the environment;
- number of site visits;
- statistics on recruitments, training activities and internships.



Workplace expectations

Stakes

- encourage the professional development of Group employees, through adequate recruitment and training policies;
- be attentive to employees' health and safety conditions in the workplace.

Principal stakeholders concerned

Employees	Expectations and/or requirements	<ul style="list-style-type: none"> ■ quality of work and working conditions; ■ environmental safety for, sites and workers; ■ transparency regarding the life of the Company.
	Type of influence	<ul style="list-style-type: none"> ■ prime communications vehicle for publics close to the Company, therefore important for its image; ■ eventual industrial action; ■ attractiveness to new recruits; workforce stability.
	Representative talking partners	<ul style="list-style-type: none"> ■ labor union delegates and/or employee representatives; ■ employee committees.
Employers and labor unions	Expectations and/or requirements	<ul style="list-style-type: none"> ■ profitability and financial equilibrium; ■ regulatory compliance; ■ anticipation and control of environmental risks and their financial impacts; ■ transparency regarding the life of the Company.
	Type of influence	<ul style="list-style-type: none"> ■ negotiations with labor union delegates and/or employee representatives.
	Representative talking partners	<ul style="list-style-type: none"> ■ labor unions.

Responses provided

- commitment on the part of management and all levels of the enterprise: Sustainable Development Charter, Code of Behavior and Actions, HSEQ Charter;
- whistle-blower's charter for employees;
- training policy including awareness programs when CSR reports are published;
- Health and Safety organization on sites and management of accidents (feedback from experience).

Indicators and/or modes of monitoring progress versus expectations

- number and severity rate of occupational accidents (FR1 and SR);
- absenteeism;
- analysis of training (volumes, subjects, budget, employees receiving training).





Integration into local ecosystems

Stakes

- contribute to safeguarding biodiversity and natural milieus, by playing a role in the reduction of GHGs and working to preserve natural resources, especially through energy recovery from waste;
- preserve the biological, hydrogeological and physical milieus in which the Group operates.

Principal stakeholders concerned

Neighbors

Expectations and/or requirements	<ul style="list-style-type: none"> ■ transparency regarding the life of the Company, news about the Group (NB NIMBY syndrome – waste must be treated, but not near me); ■ respect for local biodiversity and landscapes around sites; ■ control of nuisances (noise, air quality, water effluents, etc.)
Type of influence	<ul style="list-style-type: none"> ■ taking part in public inquiries when applying for operating authorizations; ■ providing expertise through environmental NGOs.
Representative talking partners	<ul style="list-style-type: none"> ■ neighbors, local politicians, NGOs, etc.

Silent stakeholders

Expectations and/or requirements	<ul style="list-style-type: none"> ■ economic activity that respects and protects the environment; ■ anticipating changes as a result of climate change.
Type of influence	<ul style="list-style-type: none"> ■ degradation or disappearance: dangers to health and the survival of mankind; ■ via NGOs.
Representative talking partners	<ul style="list-style-type: none"> ■ organizations for the protection of nature, e.g. LPO (French League for the Protection of Birds), France Nature Environnement, etc. ■ associations with societal aims, e.g. Entreprises pour l'Environnement, Orée, etc. ■ scientific organizations, e.g. National Museum of Natural History, Fondation pour la Recherche sur la Biodiversité, etc..

Responses provided

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

Indicators and/or modes of monitoring progress versus expectations

- richness of biodiversity (inventory of fauna and flora);
- visual impact studies and integrating sites into local landscapes;
- energy, GHGs and raw materials consumption accounting;
- number of partnership events or local sponsorships.



Symbiosis with society

Stakes

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

Principal stakeholders concerned

Public authorities and administrative bodies	Expectations and/or requirements	<ul style="list-style-type: none"> ■ regulatory compliance; ■ local economic development.
	Type of influence	<ul style="list-style-type: none"> ■ sovereign authority; ■ issuance of operating authorizations; ■ environmental police.
	Representative talking partners	<ul style="list-style-type: none"> ■ administrative authorities, including the Ministry for the Environment.
NGOs and associations	Expectations and/or requirements	<ul style="list-style-type: none"> ■ respect for biodiversity, air and soil; ■ regulatory compliance; ■ actions that go beyond regulatory requirements
	Type of influence	<ul style="list-style-type: none"> ■ alerting the media and public opinion; ■ speaking out in public inquiries.
	Representative talking partners	<ul style="list-style-type: none"> ■ Global Compact ; ■ associations with societal aims, e.g. Entreprises pour l'Environnement, Orée, Comité 21, etc.; ■ organizations for the protection of nature, e.g. LPO (French League for the Protection of Birds), France Nature Environnement, etc.



Responses provided

- Ecocert Climate Management and Biodiversity Management certifications;
- regulatory compliance (verified by internal and external audits);
- organization of site visits;
- commitment to the United Nations Global Compact;
- participation in the participatory science programs of the French National Natural History Museum;
- membership of scientific organizations such as, for example, the French League for the Protection of Birds (LPO), professional bodies such as the French national federation of decontamination activities and the environment, and environmental think-tanks such as EpE;
- sponsorship actions linked to biodiversity.

Indicators and/or modes of monitoring progress versus expectations

3.4.4.5. REGULATORY COMMUNICATION

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

3.4.5. FAIR PRACTICE

3.4.5.1. INFLUENCE STRATEGIES AND REPRESENTATION OF INTERESTS

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

3.4.5.1.1. Representation of interests to stakeholders

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

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

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

3.4.5.1.2. Acting as a source of propositions and taking up public positions

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

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

3.4.5.2. ACTIONS TO PREVENT CORRUPTION IN ALL ITS FORMS

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

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

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

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

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

No bad practice has been detected over the period.

3.4.5.3. OTHER ACTIONS IN SUPPORT OF HUMAN RIGHTS

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

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

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

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

3.5. REPORT OF ONE OF THE STATUTORY AUDITORS, DESIGNATED INDEPENDENT THIRD PARTY,

on the consolidated HR, environmental and societal information presented in the management report

Year ended December 31, 2016

To the shareholders,

In our capacity as Statutory Auditor of Séché Environnement SA, appointed as Independent Third Party, accredited by the COFRAC under number 3-1049¹, we hereby present to you our report on the consolidated HR, environmental and societal information (hereinafter the "CSR Information") for the year ended December 31, 2016, presented in the management report. This report has been prepared in accordance with article L.225-102-1 of the French Commercial Code.

Responsibility of the Company

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

Independence and quality control

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

Responsibility of the independent third party

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

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

Our work was performed by a team of nine people between November 2016 and March 2017 and took around four weeks. We were assisted by our specialists in Corporate Social Responsibility.

We performed the procedures below in accordance with professional auditing standards applicable in France, with the decree dated May 13, 2013 determining the manner in which the independent third party should carry out his work, and with ISAE 3000² concerning our opinion on the fair presentation of CSR Information.

1. STATEMENT OF COMPLETENESS OF CSR INFORMATION

Nature and scope of the work

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

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

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

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

1: the scope is available at www.cofrac.fr. - 2: ISAE 3000 - assurance engagements other than audits or reviews of historical financial information.

Conclusion

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

2. REASONED OPINION ON THE FAIRNESS OF THE CSR INFORMATION

Nature and scope of the work

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

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

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

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

- at parent entity level, we consulted documentary sources and conducted interviews to substantiate the qualitative information (organization, policies, actions), we performed analytical procedures on the quantitative information and verified, using sampling techniques, the calculations and consolidation of the data. We also verified that the data was consistent by cross-checking it with other information in the management report;
- at the entity level, for a representative sample of entities selected³ on the basis of their activity, their contribution to the consolidated indicators, their location and risk analysis, we conducted interviews to verify that the procedures were followed correctly, and to identify any omissions; and we performed tests of details, using sampling techniques, in order to verify the calculations made and reconcile the data with the supporting documents. The selected sample represents 100% of headcount, considered to be a magnitude characteristic of the HR information presented, and between 46% and 63% of the quantitative environmental information, considered to be a magnitude characteristic of the environmental information presented. (See list of environmental indicators in the table below.)

HR indicators	Assurance level
Headcount at December 31, 2016	Reasonable
Headcount distribution by age, geography and gender	
Number of part-time contracts	Limited
Number of temporary workers in full-time equivalents	
Total number of days' absence	
Total number of training hours, by category	
Frequency rate, work-related accidents with absence from work	
Severity rate, work-related accidents with absence from work	
Environmental indicators	Assurance level
Contaminants in water returned to the natural environment	Reasonable
Atmospheric emissions by type of gas	
Total energy consumption	
Total energy produced	Limited
Water consumption, by source	
Water returned to the natural environment	

³: HR information: Séch  Environnement in France. Environmental information: Tr di Saint-Vulbas, Tr di Salaise, Alc a, S ch  Eco-industries Cousini re, Tr di Hombourg.

Qualitative information	Assurance level
HR questions	Health and safety conditions at work Work-related accidents, particularly their frequency and severity, and occupational diseases
Environmental questions	Amount of provisions and guarantees for environmental risks Preventive measures, recycling, re-use, other forms of recovery and elimination of wastes Significant GHG emissions generated by the activities of the Company, notably by the use of the goods and services it produces The measures taken to conserve or develop biodiversity
Societal questions	The degree of subcontracting and the account taken in relations with suppliers and subcontractors of their corporate social and environmental responsibility

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

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

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

Conclusion

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

3. REASONABLE ASSURANCE REPORT ON THE FAIR PRESENTATION OF A SELECTION OF CSR INFORMATION

Nature and scope of the work

Concerning the elements of CSR information selected⁴ by the Company and identified by the sign , we undertook work of the same nature as that described in paragraph 2 above for the CSR Information considered the most important, but in a more in-depth manner, in particular in relation to the number of tests.

The sample selected represents 100% of headcount and between 42% and 93% of environmental information presented and identified by the sign .

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

Conclusion

In our opinion, the information selected by the Company and identified by the sign has been established, in all material aspects, in compliance with the Guidelines.

Paris La Défense and Nantes, March 1, 2017

KPMG SA
Anne Garans
Partner
Sustainability Services

Franck Noël
Partner

4: **HR:** Headcount at December 31, 2016; headcount distribution by age, geography and gender. **Environment:** contaminants in water returned to the natural environment, atmospheric emissions by type of gas, total energy consumption, total energy produced.

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CHAPTER 4 FINANCIAL STATEMENTS AT DECEMBER 31, 2016

4.1. CONSOLIDATED FINANCIAL STATEMENTS

at December 31, 2016

4.1.1. STATEMENT OF THE CONSOLIDATED FINANCIAL SITUATION

	Dec. 31, 2014 restated	Dec. 31, 2015	Dec. 31, 2016	Note
Goodwill	227 604	231 457	233 403	1.1
Intangible fixed assets included in concessions	44 720	48 637	49 947	
Other intangible fixed assets	11 454	12 021	13 055	1.2
Property, plant and equipment	163 811	174 011	187 260	2.1
Investments in affiliates	847	3 135	2 885	3
Non-current financial assets	8 681	8 601	8 469	4
Hedging instruments – non-current assets	-	-	-	4.3
Other non-current assets	3 067	37 972	44 926	4
Deferred non-current corporation tax assets	-	-	-	
Deferred tax assets	43 964	40 067	31 862	6
Non-current assets	504 148	555 902	571 807	
Inventories	11 389	11 339	11 560	
Trade and other receivables	139 127	140 341	159 549	
Corporation tax receivables	411	963	4 081	
Current financial assets	1 038	868	761	
Hedging instruments – current assets	-	3	-	4.3
Other current assets	28 751	23 201	24 638	4
Cash and cash equivalents	38 756	30 640	16 732	4.1.3
Current assets	219 472	207 356	217 321	
Assets held for sale	351	352	437	
TOTAL ASSETS	723 971	763 610	789 565	
Share capital	1 727	1 572	1 572	8
Additional paid-in capital	121 486	90 805	74 061	9
Reserves	125 674	134 816	160 076	10
Net income (Group share)	9 767	16 822	3 908	
Shareholders' equity (Group share)	258 654	244 014	239 617	
Minority interests	131	(288)	151	
TOTAL SHAREHOLDERS' EQUITY	258 785	243 726	239 769	
Other equity	131	146	162	
Non-current financial debt	241 824	292 138	296 691	4.2.1
Hedging instruments – non-current liabilities	547	436	637	4.3
Employee benefits	2 327	3 804	5 190	5.3
Deferred tax liabilities	-	-	-	6
Other non-current provisions	8 545	9 300	11 259	5
Other non-current liabilities	4 938	4 093	2 439	4.2.2
Non-current liabilities	258 181	309 771	316 217	
Current financial debt	29 829	28 939	33 092	4.2.1
Hedging instruments – current liabilities	596	144	22	4.3
Current provisions	1 904	1 828	6 632	5
Taxes payable	578	2 377	249	
Other current liabilities	173 617	176 326	192 987	4.2.2
Current liabilities	206 523	209 614	232 981	
Liabilities held for sale	351	352	437	
TOTAL LIABILITIES	723 971	763 610	789 565	

4.1.2. CONSOLIDATED INCOME STATEMENT

k€	Note	2014 restated	2015	2016
REVENUE	12	444 737	460 910	478 257
Other business income		6 636	6 855	6 953
Transfers of expenses		16 944	3 999	2 770
Purchases used for operational purposes		(68 909)	(66 962)	(66 435)
Other external expenses		(176 790)	(169 662)	(181 396)
Taxes other than on income		(35 207)	(38 498)	(37 557)
Employee benefits expenses		(105 276)	(108 536)	(113 526)
EBITDA	13	82 135	88 106	89 066
Expenses for rehabilitation and/or maintenance of sites included in concessions		(10 038)	(9 705)	(10 405)
Other net operating expenses		(1 273)	(1 849)	(1 923)
Net allocations to provisions	14.2	(1 807)	(329)	(1 480)
Net allocations to amortization	14.3	(33 463)	(35 643)	(40 902)
Current operating income	14.1	35 554	40 580	34 356
Income on sales of fixed assets		4 831	(281)	36
Impairment of assets		(123)	-	(66)
Consolidation scope variation effects		-	(626)	(698)
Other operating income and expenditure		(7 433)	(1 145)	(7 432)
OPERATING INCOME	15	32 829	38 528	26 196
Income from cash and cash equivalents		576	423	312
Gross financial borrowing costs		(14 014)	(11 879)	(10 299)
Cost of net financial debt		(13 437)	(11 456)	(9 987)
Other financial income	16.2	320	822	4 473
Other financial expenses		(917)	(1 482)	(5 229)
FINANCIAL INCOME	16.1	(14 035)	(12 116)	(10 742)
Corporation tax	17	(7 092)	(8 472)	(10 531)
INCOME OF CONSOLIDATED COMPANIES		11 702	17 940	4 922
Share of income of affiliates		(1 332)	(664)	(694)
NET INCOME FROM CONTINUING OPERATIONS		10 371	17 277	4 228
Income from discontinued operations		(550)	(417)	(330)
TOTAL NET INCOME OF CONSOLIDATION SCOPE		9 821	16 860	3 898
<i>Of which minority interests</i>		<i>54</i>	<i>38</i>	<i>10</i>
<i>Of which attributable to equity holders of the parent</i>		<i>9 767</i>	<i>16 822</i>	<i>3 908</i>
Net earnings per share		1.14 €	2.05 €	0.50 €
Diluted earnings per share		1.14 €	2.05 €	0.50 €

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4.1.3. STATEMENT OF NET INCOME AND PROFITS AND LOSSES DIRECTLY RECOGNIZED IN EQUITY

k€	Dec. 31, 2014 restated	Dec. 31, 2015	Dec. 31, 2016
Items not included in the income statement (A)			
Actuarial differences	(1 062)	(904)	(562)
Tax effects	347	307	180
Sub-total (A)	(715)	(597)	(381)
Items included in the income statement (B)			
Foreign currency differences	(122)	(324)	(271)
Change in fair value of financial hedging instruments	809	571	(80)
Change in fair value of available-for-sale financial assets	(147)	(153)	(239)
Share of profits and losses booked directly under shareholders' equity of affiliates consolidated under the equity method	-	-	-
Tax effects	(278)	(196)	27
Sub-total (B)	262	(102)	(563)
Sub-total of gains and losses booked directly under shareholders' equity	(454)	(700)	(944)
Net income for the period	9 821	16 860	3 898
NET INCOME AND PROFITS AND LOSSES BOOKED DIRECTLY UNDER SHAREHOLDERS' EQUITY	9 366	16 158	2 954
<i>Of which attributable to equity holders of the parent company</i>	<i>9 313</i>	<i>16 122</i>	<i>2 964</i>
<i>Of which attributable to minority interests</i>	<i>54</i>	<i>36</i>	<i>(11)</i>

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4.1.4. STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

	Share capital	Additional paid-in capital	Number of shares held as treasury stock
	Note 8	Note 9	
Shareholders' equity at Dec. 31, 2013 restated	1 727	290 931	(3 437)
Profits and losses booked directly in equity	-	-	-
Net income at Dec. 31, 2014 restated	-	-	-
NET INCOME AND PROFIT AND LOSSES BOOKED DIRECTLY IN EQUITY			
Dividends paid	-	-	-
Treasury stock	-	-	(24)
Other changes	-	(169 445)	-
Shareholders' equity at Dec. 31, 2014 restated	1 727	121 486	(3 461)
Profits and losses booked directly in equity	-	-	-
Net income at Dec. 31, 2015	-	-	-
NET INCOME AND PROFIT AND LOSSES BOOKED DIRECTLY IN EQUITY			
Dividends paid	-	-	-
Treasury stock	-	-	74
Other changes	(155)	(30 680)	-
Shareholders' equity at Dec. 31, 2015	1 572	90 805	(3 387)
Profits and losses booked directly in equity	-	-	-
Net income at Dec. 31, 2016	-	-	-
NET INCOME AND PROFIT AND LOSSES BOOKED DIRECTLY IN EQUITY			
Dividends paid	-	-	-
Treasury stock	-	-	51
Other changes	-	(16 744)	-
Shareholders' equity at Dec. 31, 2016	1 572	74 061	(3 336)

k€

Consolidated reserves and net income	Profits and losses booked directly in equity	Total attributable to equity holders of the parent	Total attributable to holders of minority interests	Total shareholders' equity
Note 10				
(24 595)	(7 115)	257 510	118	257 628
-	(454)	(454)	-	(454)
9 767	-	9 767	54	9 821
9 767	(454)	9 313	54	9 366
(8 145)	-	(8 145)	(41)	(8 186)
-	-	(24)	-	(24)
169 445	-	-	-	-
146 472	(7 569)	258 654	131	258 785
-	(700)	(700)	(2)	(701)
16 822	-	16 822	38	16 859
16 822	(700)	16 122	36	16 158
(7 413)	-	(7 413)	(55)	(7 467)
-	-	74	-	74
7 413	-	(23 422)	(400)	(23 823)
163 294	(8 270)	244 014	(288)	243 726
-	(944)	(944)	(1)	(944)
3 908	-	3 908	(10)	3 898
3 908	(944)	2 964	(11)	2 954
(7 412)	-	(7 412)	(19)	(7 431)
-	-	51	-	51
16 744	-	-	469	469
176 533	(9 213)	239 617	151	239 769

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4.1.5. CONSOLIDATED STATEMENT OF CASH FLOWS

k€	2014 restated	2015	2016
INCOME OF CONSOLIDATED COMPANIES	11 702	17 940	4 922
Dividends received from companies consolidated by the equity method	88	95	47
Elimination of income and expenses with no cash impact or not related to operating activities:			
Amortization and provisions	34 853	36 711	44 239
Net capital gains on disposals	(4 386)	281	3 864
Deferred taxes	4 465	3 993	8 163
Other income and expenses	2 688	2 014	1 388
Cash flow from operating activities	49 410	61 034	62 624
Corporation tax	2 627	4 478	2 368
Cost of gross financial debt before long-term investments	10 882	10 155	9 506
Cash flow from operating activities before taxes and financing costs	62 919	75 667	74 498
Change in working capital requirement	(8 503)	(31 758)	(16 092)
Tax paid	(224)	(2 761)	(6 955)
NET CASH FLOW FROM OPERATING ACTIVITIES (A)	54 192	41 148	51 451
Cost of acquisition of fixed assets	(46 877)	(48 233)	(53 740)
Proceeds from disposals of fixed assets	9 036	5 177	2 314
Outflows for acquisitions of financial investments	(1 486)	(1 135)	(1 438)
Inflows from disposals of financial investments	73	532	620
Net cash outflows for acquisitions of subsidiaries	(175)	(5 923)	(1 516)
Net cash inflows from disposals of subsidiaries	-	276	-
NET CASH FLOW FROM INVESTMENT ACTIVITIES (B)	(39 429)	(49 306)	(53 760)
Dividends paid to equity holders of the parent	(8 145)	(7 413)	(7 412)
Dividends paid to minority shareholders of consolidated companies	(41)	(55)	(19)
Capital increases in cash	-	-	-
Treasury stock movements	(29)	(23 320)	58
Changes in other shareholders' equity	-	-	-
Borrowings	73 623	190 024	33 128
Repayment of borrowings	(56 592)	(145 955)	(29 683)
Interest paid	(12 373)	(13 011)	(8 871)
NET CASH FLOW FROM FINANCING ACTIVITIES (C)	(3 557)	271	(12 798)
TOTAL CASH FLOW FOR THE PERIOD, CONTINUING OPERATIONS (A) + (B) + (C)	11 205	(7 888)	(15 107)
NET CASH FLOW FROM DISCONTINUED OPERATIONS	(182)	(5)	(2)
TOTAL CASH FLOW FOR THE PERIOD	11 023	(7 893)	(15 110)
Cash and cash equivalents at beginning of year	27 733	38 630	30 453
<i>Of which in continuing operations</i>	27 527	38 614	30 443
<i>Of which in discontinued operations</i>	205	15	10
Cash and cash equivalents at end of year	38 630	30 453	15 185
<i>Of which in continuing operations¹</i>	38 614	30 443	15 178
<i>Of which in discontinued operations</i>	15	10	7
Effect of changes in foreign exchange rates	(127)	(283)	(158)
<i>Of which in continuing operations</i>	(118)	(283)	(158)
<i>Of which in discontinued operations</i>	(8)	-	-
1: Of which:			
<i>Cash and cash equivalents</i>	38 756	30 640	16 732
<i>Short-term bank borrowings (current financial debts)</i>	(141)	(197)	(1 554)

4.1.6. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2016

4.1.6.1. ACCOUNTING PRINCIPLES AND METHODS

Point 1 - Accounting standards

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

When drawing up the financial statements at December 31, 2016, the Group applied the standards for which application was mandatory as of January 1, 2016, namely:

- amendments to IAS 1 "Presentation of financial statements";
- amendments to IFRS 10 "Consolidated financial statements" and IAS 28 "Investments in associates and joint ventures", concerning sales or contributions of assets made between the Group and entities consolidated under the equity method;
- amendments to IAS 16 "Property, plant and equipment" and IAS 38 "Intangible assets" clarifying the rules on accounting for amortization;
- amendments to IFRS 11 "Joint arrangements" on accounting for acquisitions of Interests in joint operations;
- amendments in the 2012-2014 cycle affecting:
 - IFRS 5 "Non-current assets held for sale and discontinued operations";
 - IFRS 7 "Financial instruments: disclosures";
 - IAS 19 "Employee benefits".

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

The Group did not elect to anticipate application of any other standards due to become mandatory after January 1, 2016, but for which early application was permissible.

The Group is currently evaluating what impact application of IFRS 9, IFRS 15 and IFRS 16 might have on its consolidated financial statements, but does not as yet have any results in terms of numbers.

The financial statements were approved by the Board of Directors of Séché Environnement on March 1, 2017, and will be submitted for approval to the next Annual General Meeting. Financial data is presented in euros rounded to the nearest thousand. The financial statements have been prepared on the historical cost basis, except for derivative instruments which are recognized at fair value.

In order to prepare consolidated financial statements in accordance with IFRS, management is required to exercise its judgment and make estimates and assumptions that impact

the application of the Group's accounting policies and the amounts of assets and liabilities, and income and expenses. The estimates and underlying assumptions are based on past experience and other factors considered reasonable under the circumstances. They serve as the basis for any judgment required for determining the book value of assets and liabilities when such amounts cannot be obtained directly from other sources. Due to the inherent uncertainty of any such valuation processes, estimates and underlying assumptions are continuously reviewed. Actual future results from these operations may differ from these estimates. The estimates made by the Group primarily concern the recoverable amount of tangible and intangible assets and the recognition of provisions (particularly, provisions for employee benefits). Point 9.4 in these notes to the financial statements outlines the key assumptions made by management to estimate the recoverable value of tangible and intangible assets, whereas Point 15.4 outlines those used to estimate provisions for employee benefits.

The accounting standards mentioned in the following notes were applied in the preparation of the financial statements at December 31, 2016.

Point 2 - Consolidation scope and consolidation method

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

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

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

Point 3 - Major transactions and comparability

Point 3.1 - Major transactions

In the course of the fiscal year 2016, the Group acquired, on March 2, 2016, 100% of the capital of HPS Holding, which itself holds 100% of HPS Nuclear Services. On July 1, 2016, HPS Nuclear Services absorbed HPS Holding and Séché Energies, and changed its name to "Séché Energies".

These companies are fully consolidated. They represent less than 5% of the balance sheet total and the operating income of the Group. Therefore, the financial statements for 2014 and 2015 have not been restated to take account of these operations.

Point 3.2 - Comparability

From January 1, 2015, the Group applied IFRIC 21 "Levies imposed by a government". In consequence, the following are recognized:

- on January 1, all property taxes (taxe foncière) owed by the Group and payable during the 4th quarter;
- on January 1, 2015, the social solidarity contribution (Contribution sociale de solidarité) calculated on the basis of 2014 revenue and due in 2015. The social solidarity contribution calculated on the basis of 2015 revenue is no longer recognized in 2015.

For comparability purposes, financial statements for 2014 are restated on the same principles.

Point 4 - Conversion method

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

Point 5 - Conversion of transactions in foreign currencies

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

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

Point 6 - Conversion of the financial statements of foreign subsidiaries

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

In the Group's consolidated financial statements, balance sheet items are converted at the exchange rate in effect at the closing date. Income statement and cash flow statement items are converted using the average exchange rate for the year.

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

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

Point 7 - Sector information

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

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

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

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

Point 8 - Changes in accounting and accounting valuation methods

Point 8.1 - Changes in accounting methods

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

Point 8.2 - Changes in accounting valuation methods

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

Point 9 - Tangible and intangible fixed assets

Point 9.1 - Goodwill

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

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

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

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

Point 9.2 - Other intangible fixed assets

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

- potential or actual operating rights; these represent the value paid out for a site in view of its intrinsic properties which make it particularly suitable for landfill operations;
- the intangible rights recognized in application of IFRIC 12 relative to concession arrangements (public service delegation contracts). The intangible assets recognized under this heading represent the right of the operator to charge the public for use of the infrastructure;
- development costs: these correspond to studies relating to technological innovation or improvements in the efficiency of facilities, safety and environmental protection. They are booked as assets when they meet the recognition criteria prescribed by IAS 38;
- patents and software.

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

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

Point 9.3 - Property, plant and equipment

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

The book value of property, plant and equipment is not revalued.

Amortization is determined on a straight-line basis according to the useful life of each component of property, plant or equipment. Amortization is calculated based on the book value of the asset, where appropriate net of residual value.

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

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

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

Point 9.4 - Recoverable value of tangible and intangible fixed assets

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

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

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

- in France, due to the ever-increasing integration of the Group's activities, the development of its global offering, and consequently the nature of intra-Group transactions and flows, Séché Environnement deems it appropriate to consider all its activities in France as constituting one single CGU;
- 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 five CGUs outside France, representing the five countries in which it operates: Spain, Mexico, Argentina, Hungary and Germany.

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

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

- estimated cash flows are calculated based on the consolidated business plans of each CGU, covering a period of 3 fiscal years excluding the current fiscal year, with years 4 and 5 being projected as identical to year 3. Like budgets, these business plans are drawn up based on the most accurate operational information available regarding past experience and trends in markets and techniques, and are reviewed by Group management to ensure consistency with existing strategy and the resulting investment policy;
- a terminal value is calculated for the sixth year, using year 5 flows on the basis of an annual perpetual growth rate of 1.53%. In 2015, the annual perpetual growth rate used was 1.53%;
- the discount rate used for 2016 is 5.15%. In 2015, the discount rate used was 5.46% and in 2014, 5.78%. The discount rate is chosen to reflect current market estimates of the average cost of capital. The choice of a single discount rate is justified by the fact that goodwill and intangible fixed assets with indefinite useful lives are almost entirely accounted for by companies in Europe which carry out their business almost entirely in Europe only. This discount rate is an after-tax rate applied to after-tax cash flows, and results in the same recoverable values as those calculated by applying pre-tax rates to pre-tax cash flows (as recommended by IAS 36).

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

Point 10 - Public service delegation (concession) contracts

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

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

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

commission or indemnity to the authority, based on the results derived from business from other users of the service;

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

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

- infrastructures received free of charge from the grantor are not booked as assets in the balance sheet;
- the right to operate the infrastructures is recognized in the balance sheet, either as a financial asset if analysis of the contract concludes that the operator has an unconditional right to receive cash from the grantor, or as an intangible asset if analysis of the contract concludes that the operator should be considered as receiving from the grantor a right to charge users of the public service. Intangible assets recognized under the latter case are amortized on a straight-line basis over the useful life of the infrastructures generating the right;
- the construction or upgrading of existing infrastructures is booked at fair value in the income statement, according to IAS 11, and revenues from operating the services are booked according to IAS 18 as stated in Point 18 "Accounting treatment of revenues" of this note;
- costs of maintenance and repair are booked under expenses. They may be booked as accrued charges if there exists a time lag between the contractual commitment and its realization.

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

CONTRACTS	Type of service	Duration	Price revision clause	Contractual revision of contract	Renewal option	Cancellation option
BÉARN	Construction Operation	Until 2019	Annual, according to index	No	No	Yes
SÉNÉRAL	Construction Operation	Until 2030	Monthly, according to index	No	No	Yes, in case of serious failure, or in public interest
OLÉRON	Operation	Until 2017	Annual, according to index	No	Yes, 3 times 1 yr	Yes
ALCÉA	Construction Operation	Until 2024	Annual, according to index	No	No	Yes

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

In the case of the Oléron contract, a codicil has been signed, extending the duration of this contract until May 2017.

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

Point 11 - Public subsidies

The subsidies booked by the Group are mainly related to assets. These investment subsidies are booked in the balance sheet as other current liabilities under deferred income. Their carrying value is determined by the rate of amortization of the asset to which they are linked, and is booked under other operating income.

Any operating subsidies received are booked directly as revenue, under other operating income.

Point 12 - Financial instruments

Financial instruments used by the Group include:

- non-derivative financial assets: assets available for sale, loans and receivables, cash and cash equivalents;
- non-derivative financial liabilities: borrowings and other financings, current bank loans, operating debts;
- hybrid or derivative financial instruments: convertible bonds, subscription options, cash flow hedging instruments.

These are booked by the Group according to the principles laid down in IAS 39: they are initially booked at fair value, plus directly attributable transaction costs in the case of those instruments not booked at fair value through the income statement.

Point 12.1 - Non-derivative financial assets

Available-for-sale financial assets

Available-for-sale financial assets comprise mainly:

- shares in non-consolidated companies, whose fair value is determined by taking into account the last known Group share in shareholders' equity;
- other securities not meeting the definition of other financial assets, i.e. for the Group, other investments.

Any changes in the fair value initially recorded are booked directly in shareholders' equity, except where a prolonged or significant reduction in fair value is recognized (i.e. a reduction of more than 30% over a period of six consecutive months).

When these financial assets are sold, the amounts booked in shareholders' equity are restated as income.

Loans and receivables

This category includes receivables on non-consolidated equity investments, loans, deposits and guarantees, as well as customer accounts receivable and other operating receivables (fiscal, social, and other).

This asset category is recorded at fair value when initially booked (which in most cases corresponds to their nominal value), then at their amortized cost (under the effective interest rate method) minus any impairment.

Cash and cash equivalents

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

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

Term deposits are available at any time, with a minimum guaranteed remuneration for each successive six-monthly tranche. Repayment on demand before maturity is possible without penalty. Interest receivable on these deposits is calculated for the period between the subscription date and the maturity date.

Point 12.2 - Non-derivative financial liabilities

The financial liabilities of the Group are recorded initially at their fair value less transaction costs, then at their amortized cost according to the effective interest rate method.

Point 12.3 - Derivative instruments

Hedging instruments

In order to manage its exposure to interest rate risk, the Group uses financial instruments that are listed on organized, over-the-counter markets with high-quality counterparties.

The Group mainly uses interest rate swaps, swaptions, caps, floors and collars to hedge the interest rate risk incurred on its financing commitments:

- swaps are used by the Group to switch from a variable rate to a fixed rate of interest. Gains or losses from these interest rate swaps used to hedge financial liabilities are booked symmetrically to any gains or losses from the liabilities hedged. The differential between interest payable and the interest receivable is booked as interest income or expense over the life of the liabilities hedged;

- swaptions are used by the Group to switch optionally from a variable rate to a fixed rate. When the option is exercised, the accounting principles governing swaps apply;

- caps, floors and collars are used to limit the risk of interest rate fluctuations in either direction on variable rate debt. Gains or losses from these instruments are booked symmetrically to any gains or losses arising from the liabilities hedged.

With respect to the hedging instruments used to hedge cash flows, the Group measures its derivative instruments at fair value:

- for derivative instruments eligible for hedge accounting, the effective portion of the hedging derivative's gain or loss is directly recorded under equity (re-booked on the income statement when the transaction takes place);
- for derivative instruments eligible for hedge accounting, the ineffective portion of the hedging derivative's gain or loss is recorded in the income statement.

Point 13 - Treasury stock

Treasury stock is recorded as a reduction in shareholders' equity. Profits and losses resulting from the sale of treasury stock, and related dividends, net of tax, are booked directly to shareholders' equity.

Point 14 - Inventories

In compliance with IAS 2, inventories are valued at the lower of cost and net realizable value. Net realizable value represents the estimated selling price in the ordinary course of business, minus the anticipated costs of completing the sale.

Point 15 - Provisions

Provisions are booked to the balance sheet when the Group has a present obligation (legal or implied) vis-à-vis a third party, and it is likely that the Group will have to draw on resources representing future economic benefits in order to extinguish that obligation.

A provision is booked to the Group's financial statements only on the condition that the amount of the resources outflow necessary to meet the obligation can be measured in a reliable fashion. In the absence of a reliable estimate, and/or where the Group believes it has strong and relevant arguments in its favor with regard to a contentious claim, no provision is booked. Any such information is presented in the section on disputes and exceptional events in the present notes to the consolidated financial statements.

The main provisions booked by the Group relate to thirty-year monitoring costs, site decontamination and various other risks and disputes.

Point 15.1 - Provisions for thirty-year monitoring

The European Parliament adopted a new European Directive on April 26, 1999 relating to the landfill of waste. Under this Directive, all costs related to the use of landfill sites must be included in the price for eliminating waste using this method, including installation and operation of the site, financial guarantees, site decommissioning and maintenance.

Furthermore, a French regulation dated September 9, 1997 requires long-term monitoring over 30 years of all facilities operating after June 14, 1999.

Accordingly, the Group books provisions for the thirty-year monitoring of its final waste landfill sites. These are determined authorization by authorization, and are constituted over the duration of their operation, pro rata to each site's estimated life expectancy. Costs are estimated for each authorization according to the circular of the French Ministry for the environment dated April 23, 1999, the site's operating methods, and any specific requirements stipulated by the Prefect. These estimated costs are subject to a detailed review every three years, when financial guarantees are renewed. Thirty-year monitoring provisions covering more than 12 months are recalculated using an appropriate financial discount rate.

Point 15.2 - Provisions for site decontamination

Séché Environnement's activities can generate two different types of pollution: "accidental" or "chronic". In either case, the Group implements the controls required to detect pollution of any kind generated by its activities. In addition to organized supervision of all discharged waste products and their impacts, the Group has also implemented an impact reduction plan to respond to any accidental incidents.

Provisions for site decontamination are booked once the Group is aware of a case of contamination and has been required to decontaminate the site by the relevant authorities (e.g. DREAL – the regional government department for the environment, land use and housing). Based on all available sources of information to date, Séché Environnement has no knowledge of any pollution resulting from the Group's activities.

	2014	2015	2016
Turnover	between 3% and 7%	between 3% and 7%	between 3% and 7%
Reassessment of salaries	between 3% and 5%	between 2% and 3%	between 2% and 3%

- a discount rate of 1.25% (versus 1.83% in 2015 and 2.25% in 2014);
- an inflation rate of 1.20% (versus 1.35% in 2015 and 1.68% in 2014);
- a retirement age for executives of 67 years at the initiative of the company, and for non-executives of 65 years at their

Point 15.3 - Provisions for other risks and disputes

These are booked on the basis of the most likely assumptions.

In particular, in the event of a tax audit, the amount of the adjustment notified (or in the process of being notified) by the tax authorities is not the subject of a provision if both the company in question and the Group consider that the points raised are unfounded, or that its own position is reasonably likely to prevail in the course of the dispute with the authorities.

Point 15.4 - Employee benefits

Post-employment benefits consist of the Group's commitments in respect of end-of-career payments to retiring or departing employees, and medals for long service.

Group commitments for long-service medals, an official French institution, are recorded as non-current provisions.

The Group's accumulated end-of-career commitments at the closing date of the period, minus assets managed externally, are accounted for in the form of provisions. If the accumulated total of end-of-career payments made exceeds the amount of the commitment at the balance sheet date, an accrued expense for the difference is recorded in the financial statements.

In the case of those subsidiaries consolidated by the equity method (Gerep and Sogad), the commitment is recognized in the form of provisions.

Regardless of the nature of the commitment (end-of-career payment or long-service medals), and whatever the accounting treatment used to recognize the commitment (expense or provision), the commitment is calculated on the basis of actuarial evaluations using the prospective, or projected unit credit method, taking into account:

- statistical data drawn from the TPF 2005 generational mortality table;
- a turnover rate for each activity and social-occupational category determined on the basis of the historical data to which the Group has access, and a salary reassessment rate based on seniority, expected career profile, maintenance of purchasing power and collective bargaining agreements.

own initiative. The amount of the commitment is determined inclusive of social security contributions.

Actuarial variances are recorded under shareholders' equity, in accordance with amended IAS 19.

Point 16 - Borrowing costs

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

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

Point 17 - Corporation tax

Point 17.1 - Tax consolidation

The Group adopted the 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 Sèche Environnement owns at least a 95% interest come under the scope of this regime.

Point 17.2 - Deferred taxes

In general, deferred taxes are computed on the timing differences that may exist between the book value of assets and liabilities and their tax base. They are calculated company by company using the liability method of tax allocation. In accordance with IAS 12, no deferred taxes are booked for the timing differences generated by goodwill, for which amortization is not deductible for tax purposes.

The net balance of deferred taxes is determined based on the situation of each tax entity. A deferred tax asset is booked only if the Company has a reasonable assurance of recovering the amount over the next few years, having due regard to the prospects for its activities and the tax regulations in force.

Point 18 - Accounting treatment of revenue

Revenue from the sale of goods is recognized under revenue from ordinary activities where:

- the majority of the risks and benefits associated with the ownership of said goods have been transferred to the buyer;
- the Group is no longer involved in the management of the goods, and no longer maintains effective control thereof;
- transaction costs incurred or likely to be incurred relative to the transaction can be measured in a reliable fashion.

Revenue from sales is recognized as follows:

- for the sale of services (the major part of the Group's activity), in compliance with IAS 18, i.e. at the time of completion of the service, and when it is probable that any related economic benefits will flow to entities of the Group.

- for construction contracts, in accordance with IAS 11, based on the percentage of completion method defined by that standard. The percentage of completion is measured on the basis of the amount of work actually completed. When it seems likely that the total cost of the contract will exceed the total amount of revenue, a loss on completion for the total difference is booked for the period.

Revenue received from the Group's activities governed by mandates is recorded net of the expenses incurred by these same activities.

Revenue received from the Group's ordinary activities in the framework of public service concession contracts is booked according to interpretation IFRIC 12, and explained in Point 10 of the present note.

Point 19 - Financial items on the income statement

Point 19.1 - Income from cash and cash equivalents

Income from cash and cash equivalents mainly covers income from financial instruments held by the Group (convertible bonds), net of any provisions recorded, and income from the sale of cash equivalents, net of any impairment of cash equivalents booked as assets.

Point 19.2 - Financial borrowing costs

Gross financial borrowing costs include interest accrued on loans, calculated at the effective interest rate, and the cost of hedging interest rates on these same loans.

Net financial borrowing costs correspond to gross financial borrowing costs, minus income from cash and cash equivalents.

Point 19.3 - Other financial income and expenses

Other financial income and expenses correspond to income from loans and financial receivables, dividends paid by non-consolidated companies, foreign exchange gains, accretion of provisions and impairments on financial assets.

4.1.6.2. CONSOLIDATION SCOPE**4.1.6.2.1. Parent company**

Séché Environnement SA

A French limited liability company (Société Anonyme) with share capital of EUR 1 571 546

Les Hêtres - CS 20020 - 53811 Changé Cedex

4.1.6.2.2. Consolidated subsidiaries

Company name		Siren registration n°	% holding	Consolidation method
Alcéa	Changé (France)	751 380 569	100.00	Full
Béarn Environnement	Pau (France)	393 439 203	100.00	Full
Drimm	Montech (France)	339 278 871	100.00	Full
Gabarre Énergies	Les Abymes (France)	820 626 000	51.00	Full
IberTrédi Medioambiental	Barcelona (Spain)	-	100.00	Full
Moringa	Fort-de-France (France)	793 296 963	100.00	Full
Opale Environnement	Calais (France)	332 359 637	100.00	Full
Séche Alliance	Changé (France)	556 850 279	99.94	Full
Séché Développement	Changé (France)	813 605 839	100.00	Full
Séché Éco-services	Changé (France)	393 307 053	99.98	Full
Séché Éco-industries	Changé (France)	334 055 183	99.99	Full
Séché Énergies	Changé (France)	504 440 330	100.00	Full
Séché Healthcare	Changé (France)	812 631 679	100.00	Full
Séché Transports	Changé (France)	391 918 885	99.50	Full
Sénergies	Changé (France)	306 919 535	80.00	Full
SCI LCDL	Changé (France)	410 629 752	99.80	Full
SCI Les Chênes Secs	Changé (France)	397 475 138	99.80	Full
SCI Mézerolles	Changé (France)	340 493 840	99.99	Full
Sem Trédi	(Mexico)	-	100.00	Full
Sotrefi	Étupes (France)	315 669 218	100.00	Full
Sénerval	Strasbourg (France)	519 253 355	99.90	Full
Sodicome	Saint-Gilles (France)	431 912 620	80.00	Full
Solena	Viviez (France)	823 197 322	60.00	Full
Speichim Processing	Saint-Vulbas (France)	389 218 850	100.00	Full
Trédi Argentina	Buenos Aires (Argentina)	-	100.00	Full
Trédi SA	Saint-Vulbas (France)	338 185 762	100.00	Full
Triadis Services	Étampes (France)	384 545 281	100.00	Full
UTM	Lübeck (Germany)	-	100.00	Full
Valls Quimica	Valls (Spain)	-	100.00	Full
La Barre Thomas	Rennes (France)	392 583 563	40.00	Equity
Kanay	Lima (Peru)	13038686	49.00	Equity
SAS Laval Énergie Nouvelle	Laval (France)	808 190 375	35.00	Equity
SAEM Transval	Saint-Georges-les-Baillargeaux (France)	539 131 698	35.00	Equity
Gerep	Paris (France)	320 179 559	50.00	Equity
Sogad	Le Passage (France)	322 323 783	50.00	Equity
Hungaropéc	Budapest (Hungary)	-	99.57	Operation discontinued

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Consolidated financial statements

CHAPTER 4 FINANCIAL STATEMENTS AT DECEMBER 31, 2016

4.1.6.2.3. Non-consolidated subsidiaries

At December 31, 2016, there are no non-consolidated subsidiaries.


4.1.6.3. EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS

4.1.6.3.1. Notes to the balance sheet

Note 1 - Intangible fixed assets

Note 1.1 - Goodwill

Goodwill breaks down by CGU as follows:

	France	Germany	Spain	TOTAL
Gross value				
Dec. 31, 2014 restated	243 125	3 582	6 790	253 498
Changes in consolidation scope	3 852	-	-	3 852
Increases	-	-	-	-
Decreases	-	-	-	-
Dec. 31, 2015	246 978	3 582	6 790	257 350
Changes in consolidation scope	1 946	-	-	1 946
Increases	-	-	-	-
Decreases	-	-	-	-
Dec. 31, 2016	248 924	3 582	6 790	259 297
Impairments				
Dec. 31, 2014 restated	(20 220)	-	(5 674)	(25 894)
Changes in consolidation scope	-	-	-	-
Increases	-	-	-	-
Decreases	-	-	-	-
Dec. 31, 2015	(20 220)	-	(5 674)	(25 894)
Changes in consolidation scope	-	-	-	-
Increases	-	-	-	-
Decreases	-	-	-	-
Dec. 31, 2016	(20 220)	-	(5 674)	(25 894)
Net value				
Dec. 31, 2014 restated	222 906	3 582	1 117	227 604
Changes in consolidation scope	3 852	-	-	3 852
Increases	-	-	-	-
Decreases	-	-	-	-
Dec. 31, 2015	226 758	3 582	1 117	231 457
Changes in consolidation scope	1 946	-	-	1 946
Increases	-	-	-	-
Decreases	-	-	-	-
Dec. 31, 2016	228 705	3 582	1 117	233 403

In the absence of indications of impairment losses, impairment tests are performed annually, at December 31. As a result of the impairment test carried out in 2016 (using the methods described in these notes to the consolidated financial statements, under accounting principles and valuation methods – recoverable value of tangible and intangible fixed assets), it was not necessary to book any impairment.

The most sensitive assumptions made in the evaluation of impairment tests are the discount rate and the perpetual growth rate on the one hand, and the revenue growth rate on the other. A 0.5 basis point increase in the discount rate would have the effect of understating the fair value of all of the Group's goodwill by EUR 99 million. Such a decrease

would not lead the Group to recognize an impairment.

A 0.5 point decrease in the perpetual growth rate would have the effect of understating the fair value of all of the Group's goodwill by EUR 83 million. A 1 point decrease in the annual revenue growth rate in the first three years of the business plan would have the effect of understating the fair value of all of the Group's goodwill by EUR 34 million, and would lead the Group to recognize an impairment of goodwill of EUR 12.3 million.

Furthermore, the discount rate sensitivity analysis did not reveal any probable scenario under which the recoverable value of any CGU would fall below its net book value.

Note 1.2 - Table of changes in other intangible fixed assets

k€	Software, patents	Intangible fixed assets included in concessions	Other intangible fixed assets	TOTAL
Gross value				
Dec. 31, 2014 restated	8 313	48 445	15 501	72 258
Increases (investments)	780	6 678	500	7 958
Disposals	(389)	-	(116)	(505)
Other changes	121	(627)	(24)	(529)
Dec. 31, 2015	8 824	54 496	15 861	79 182
Increases (investments)	947	4 240	970	6 157
Disposals	(287)	-	-	(287)
Other changes	105	-	(42)	64
Dec. 31, 2016	9 590	58 736	16 790	85 116
Amortization				
Dec. 31, 2014 restated	(7 777)	(3 725)	(4 578)	(16 080)
Allocations	(596)	(2 762)	(21)	(3 379)
Write-backs	388	-	-	388
Other changes	(68)	627	(8)	550
Dec. 31, 2015	(8 054)	(5 860)	(4 607)	(18 520)
Allocations	(868)	(2 929)	(33)	(3 831)
Write-backs	287	-	-	287
Other changes	(46)	-	-	(46)
Dec. 31, 2016	(8 681)	(8 789)	(4 640)	(22 110)
Impairments				
Dec. 31, 2014 restated	(4)	-	-	(4)
Allocations	-	-	-	-
Write-backs	-	-	-	-
Other changes	-	-	-	-
Dec. 31, 2015	(4)	-	-	(4)
Allocations	-	-	-	-
Write-backs	-	-	-	-
Other changes	-	-	-	-
Dec. 31, 2016	(4)	-	-	(4)
Net value				
Dec. 31, 2014 restated	532	44 720	10 923	56 175
Increases (investments)	183	3 916	479	4 579
Disposals	(1)	-	(116)	(117)
Other changes	53	-	(31)	22
Dec. 31, 2015	767	48 637	11 255	60 658
Increases (investments)	79	1 310	937	2 326
Disposals	-	-	-	-
Other changes	60	-	(42)	18
Dec. 31, 2016	905	49 947	12 150	63 002

No intangible fixed assets were generated internally.

CHAPTER 4 FINANCIAL STATEMENTS AT DECEMBER 31, 2016

Note 1.3 - Breakdown of other changes in other intangible fixed assets

k€	Net value	Software, patents	Intangible fixed assets included in concessions	Other intangible fixed assets	TOTAL
	Business combinations	29	-	-	29
	Translation differences	-	-	-	-
	Other changes	24	-	(31)	(7)
	TOTAL AT DEC. 31, 2015	53	-	(31)	22
	Business combinations	12	-	-	12
	Translation differences	-	-	-	-
	Other changes	48	-	(42)	6
	TOTAL AT DEC. 31, 2016	60	-	(42)	18

Concerning both 2016 and 2015, other changes consist principally of companies entering the consolidation scope, and reclassifications from one account to another.

CHAPTER 4 FINANCIAL STATEMENTS AT DECEMBER 31, 2016

Note 2 - Tangible fixed assets: property, plant and equipment

Note 2.1 - Table of changes in property, plant and equipment

k€	Land	Buildings	Technical facilities	Transportation equipment
Gross value				
Dec. 31, 2014 restated	29 973	156 098	332 441	16 768
Increases (investments)	715	1 263	16 298	1 258
Disposals (sale or scrap)	73	(1 939)	(2 930)	(1 578)
Other changes	56	4 457	3 094	(21)
Dec. 31, 2015	30 818	159 879	348 904	16 426
Increases (investments)	408	5 393	20 538	954
Disposals (sale or scrap)	(30)	(5 736)	(8 782)	(1 325)
Other changes	(22)	12 512	7 709	86
Dec. 31, 2016	31 175	172 048	368 369	16 141
Amortization				
Dec. 31, 2014 restated	(4 297)	(123 450)	(274 751)	(13 786)
Allocations	(519)	(8 422)	(15 394)	(1 483)
Write-backs	(3)	1 867	2 506	1 442
Other changes	(70)	(1 468)	(996)	69
Dec. 31, 2015	(4 889)	(131 472)	(288 635)	(13 757)
Allocations	(536)	(10 615)	(17 848)	(1 370)
Write-backs	6	5 734	8 654	1 189
Other changes	-	43	(11)	(171)
Dec. 31, 2016	(5 420)	(136 309)	(297 840)	(14 110)
Impairment				
Dec. 31, 2014 restated	(299)	-	(174)	-
Allocations	-	-	-	-
Write-backs	-	-	111	-
Other changes	-	-	-	-
Dec. 31, 2015	(299)	-	(63)	-
Allocations	-	-	(55)	-
Write-backs	-	-	35	-
Other changes	-	-	-	-
Dec. 31, 2016	(299)	-	(83)	-
Net value				
Dec. 31, 2014 restated	25 377	32 648	57 516	2 982
Increases (investments)	196	(7 159)	904	(225)
Disposals (sale or scrap)	70	(72)	(312)	(136)
Other changes	(14)	2 989	2 098	48
Dec. 31, 2015	25 629	28 407	60 206	2 669
Increases (investments)	(128)	(5 222)	2 636	(416)
Disposals (sale or scrap)	(24)	(1)	(93)	(136)
Other changes	(22)	12 555	7 698	(85)
Dec. 31, 2016	25 456	35 738	70 445	2 031

Note 2.2 - Breakdown of other changes in property, plant and equipment

2015				
Business combinations	-	-	1 263	47
Translation differences	(14)	(11)	(71)	(4)
Other changes	-	3 001	906	5
TOTAL AT DEC. 31, 2015	(14)	2 989	2 098	48
2016				
Business combinations	-	-	111	5
Translation differences	(31)	(25)	(32)	(3)
Other changes	10	12 580	7 619	(87)
TOTAL AT DEC. 31, 2016	(22)	12 555	7 698	(85)

Most of the other changes in 2016 consist principally of companies entering the consolidation scope and reclassifications from one account to another.

Fixtures and fittings	Office equipment and furniture	Fixed assets under construction	Fixed assets under finance leases	TOTAL
59 295	7 910	17 269	12 266	632 020
2 493	557	18 313	613	41 512
(59)	(627)	(88)	(208)	(7 356)
435	120	(8 686)	3 854	3 309
62 164	7 960	26 808	16 526	669 484
2 675	1 162	18 766	472	50 368
(371)	(367)	(101)	(90)	(16 802)
2 063	114	(23 818)	1 753	398
66 531	8 870	21 655	18 661	703 449
(38 635)	(7 077)	-	(5 396)	(467 391)
(3 785)	(543)	-	(2 108)	(32 255)
46	622	-	208	6 687
(135)	(91)	-	883	(1 808)
(42 509)	(7 090)	-	(6 413)	(494 766)
(3 776)	(627)	-	(2 301)	(37 073)
369	361	-	90	16 402
(43)	-	-	158	(24)
(45 961)	(7 356)	-	(8 466)	(515 462)
-	-	(344)	-	(818)
-	-	-	-	-
-	-	-	-	111
-	-	-	-	-
-	-	(344)	-	(707)
-	-	-	-	(55)
-	-	-	-	35
-	-	-	-	-
-	-	(344)	-	(727)
20 660	833	16 925	6 870	163 811
(1 292)	14	18 313	(1 494)	9 257
(14)	(5)	(88)	-	(557)
300	29	(8 686)	4 737	1 501
19 654	870	26 464	10 112	174 011
(1 102)	536	18 766	(1 829)	13 240
(2)	(6)	(101)	-	(365)
2 020	114	(23 818)	1 912	374
20 570	1513	21 310	10 196	187 260
153	10	116	-	1 589
-	(1)	-	-	(101)
147	19	(8 803)	4 737	12
300	29	(8 686)	4 737	1 501
281	21	53	-	472
-	(1)	-	-	(92)
1 739	93	(23 871)	1 912	(6)
2 020	114	(23 818)	1 912	374

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Consolidated financial statements

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Note 3 - Investments in affiliates

Note 3.1 - Summary of investments in affiliates

The investments in affiliates held by the Group are as follows:

k€	% held by Group	Shareholders' equity	Latest profit or loss	Net book value of holding
La Barre Thomas	40%	310	(43)	124
Kanay	49%	(375)	(715)	2 364
Laval Énergie Nouvelle	35%	(1 084)	(544)	-
Transval	35%	92	(15)	35
Gerep	50%	(4 496)	(681)	-
Sogad	50%	(1 524)	214	362
TOTAL				2 885

Note 3.2 - Changes to investments in affiliates

Changes in investments in affiliates held by the Group break down as follows:

k€	Value at Dec. 31, 2014 restated	Value at Dec. 31, 2015	Net income	Change in fair value through equity	Translation differences	Change in consolidation scope	Other changes	Value at Dec. 31, 2016
Altergies	189	-	-	-	-	-	-	-
La Barre Thomas	216	141	(17)	-	-	-	-	124
Kanay	-	2 633	(259)	-	(10)	-	-	2 364
Laval Énergie Nouvelle	77	-	(188)	-	-	-	188	-
Transval	42	36	(1)	-	-	-	-	35
Gerep	-	-	(338)	-	-	-	338	-
Sogad	323	324	109	(24)	-	-	(47)	362
TOTAL	847	3 135	(694)	(24)	(10)	-	479	2 885

Note 3.3 - Financial information on affiliates

A summary of financial information on affiliates is provided below:

k€	La Barre Thomas	Kanay	Laval Énergie Nouvelle	Transval	Gerep	Sogad
Date of most recent financial information known	Dec. 31, 2016	Dec. 31, 2016	Dec. 31, 2016	Dec. 31, 2016	Dec. 31, 2016	Dec. 31, 2016
% held	40%	49%	35%	35%	50%	50%
Non-current assets	14	2 950	1 770	-	1 138	829
Current assets	672	1 025	2 014	108	931	1 168
Shareholders' equity	310	(375)	(1 084)	92	(4 496)	(1 524)
Non-current liabilities	-	1 982	1 975	-	5 175	2 455
Current liabilities	377	2 369	2 893	16	1 391	1 066
Revenue	3 031	1 116	1 876	160	2 739	4 059
EBITDA	(41)	(758)	169	(15)	(112)	564
Current operating income	(43)	(849)	(544)	(15)	(682)	320
Operating income	(43)	(849)	(544)	(15)	(678)	320
Net income	(43)	(715)	(544)	(15)	(681)	214

Note 3.4 - Transactions with affiliates

The Group did not carry out any significant transactions with its affiliates.

Note 4 - Financial instruments

	2014 restated			2015			2016		
	NC	C	TOTAL	NC	C	TOTAL	NC	C	TOTAL
Available-for-sale financial instruments	1 808	-	1 808	1 655	-	1 655	1 436	-	1 436
Financial loans and receivables at amortized cost	6 872	1 038	7 910	6 946	868	7 814	7 033	761	7 794
Financial assets	8 681	1 038	9 719	8 601	868	9 469	8 469	761	9 230
Trade and other receivables	3 016	139 127	142 143	34 520	140 341	174 861	43 082	159 549	202 631
Other current assets (incl. corporation tax receivables)	51	29 162	29 213	3 452	24 165	27 617	1 843	28 719	30 562
Loans and receivables at amortized cost	3 067	168 289	171 355	37 972	164 505	202 478	44 926	188 268	233 194
Hedging instruments – assets	-	-	-	-	3	3	-	-	-
Other instruments at fair value by the income statement	-	-	-	-	-	-	-	-	-
Financial assets at fair value by the income statement	-	-	-	-	3	3	-	-	-
Cash and cash equivalents	-	38 756	38 756	-	30 640	30 640	-	16 732	16 732
TOTAL FINANCIAL ASSETS	11 748	208 083	219 830	46 574	196 017	242 591	53 394	205 761	259 155
Financial debts	241 824	29 829	271 653	292 138	28 939	321 077	296 691	33 092	329 783
Hedging instruments – liabilities	547	596	1 143	436	144	580	637	22	659
Other liabilities	4 938	174 195	179 133	4 093	178 703	182 796	2 439	193 235	195 674
TOTAL FINANCIAL LIABILITIES	247 309	204 620	451 929	296 667	207 786	504 453	299 767	226 349	526 116

NC: non-current – C: current – T: total

Non-current financial assets principally consist of the amounts due to Sénerval by Eurométropole Strasbourg in respect of codicils 4, 5, 6 and 7 of the public service delegation contract.

These amounts will be receivable over the remaining duration of the delegation contract once the facilities concerned have re-entered service, expected in February 2019.

Note 4.1 - Financial assets

Note 4.1.1 - Available-for-sale financial assets

Available-for-sale financial assets consist of:

- equity investments in non-consolidated companies, in connection with an ongoing liquidation process;

- securities treated as financial assets (mainly the Group's investment in Emertec funds).

Their net value breaks down as follows:

Net value	Dec. 31, 2014	Dec. 31, 2015	Ch in FV	Acquisitions	Other changes	Disposals/repaymts	Dec. 31, 2016
	restated		through equity				
Bonds (principal + capitalized interest)	-	-	-	-	-	-	-
Bonds (non-capitalized interest)	-	-	-	-	-	-	-
Total bond portion, gross	-	-	-	-	-	-	-
Provision on bond portion	-	-	-	-	-	-	-
Total bond portion, net	-	-	-	-	-	-	-
Trédi New Zealand	-	-	-	-	-	-	-
Total non-consolidated investments	-	-	-	-	-	-	-
Emertec	1 555	1 402	(239)	-	-	-	1 164
Other securities	253	253	-	20	-	-	272
TOTAL other investments	1 808	1 655	(239)	20	-	-	1 436
TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS	1 808	1 655	(239)	20	-	-	1 436

CHAPTER 4 FINANCIAL STATEMENTS AT DECEMBER 31, 2016

Note 4.1.2 - Loans and receivables at amortized cost

Loans and receivables consist of:

■ financial loans, deposits and bonds of indemnity of a financial nature received, booked under financial assets (current and non-current);

■ trade receivables and other debtors;

■ other current and non-current assets.

	2014 restated			2015			2016		
	NC	C	TOTAL	NC	C	TOTAL	NC	C	TOTAL
Deposits and bonds of indemnity	1 938	350	2 288	2 037	190	2 227	2 582	59	2 641
Loans	999	82	1 081	1 343	73	1 416	1 274	97	1 371
Operating receivables from concessions	3 935	606	4 541	3 566	606	4 172	3 177	606	3 782
Financial loans and receivables	6 872	1 038	7 910	6 946	868	7 815	7 033	761	7 794
Trade receivables and other debtors	3 016	139 127	142 143	34 520	140 341	174 861	43 082	159 549	202 631
State	-	16 184	16 184	-	16 014	16 014	-	15 942	15 942
Corporation tax receivables	-	411	411	-	963	963	-	4 081	4 081
Prepaid accounts	-	1 505	1 505	-	1 246	1 246	-	1 955	1 955
Social security receivables	-	233	233	-	514	514	-	323	323
Receivables from disposal of fixed assets	-	1 030	1 030	-	930	930	-	1 818	1 818
Other receivables	51	9 538	9 589	3 452	4 411	7 864	1 843	3 945	5 789
Current accounts receivable	-	261	261	-	87	87	-	654	654
Other current assets	51	29 162	29 213	3 452	24 165	27 617	1 843	28 719	30 562
Operational loans and receivables	3 067	168 288	171 355	37 972	164 505	202 478	44 926	188 268	233 194
LOANS AND RECEIVABLES AT AMORTIZED COST	9 940	169 327	179 266	44 919	165 373	210 292	51 958	189 029	240 987

NC: non-current - C: current - T: total

Depreciation and impairment on loans and receivables at amortized cost break down as follows:

	2014 restated			2015			2016		
	Gross	Impairment	Net	Gross	Impairment	Net	Gross	Impairment	Net
Loans and financial receivables	9 411	(1 500)	7 910	9 725	(1 910)	7 815	10 042	(2 248)	7 794
Trade receivables and other debtors	145 684	(3 541)	142 143	178 538	(3 678)	174 861	206 605	(3 974)	202 631
Other assets	29 797	(584)	29 213	27 736	(119)	27 617	30 647	(85)	30 562
LOANS AND RECEIVABLES AT AMORTIZED COST	184 891	(5 625)	179 266	215 999	(5 707)	210 292	247 294	(6 307)	240 987

Note 4.1.3 - Financial assets at fair value by the income statement

	2014 restated			2015			2016		
	NC	C	TOTAL	NC	C	TOTAL	NC	C	TOTAL
Hedging instruments – assets	-	-	-	-	3	3	-	-	-
FINANCIAL ASSETS AT FAIR VALUE BY THE INCOME STATEMENT	-	-	-	-	3	3	-	-	-

NC: non-current - C: current - T: total

Hedging instruments

Hedging instruments are put in place by the Group as part of its policy for managing interest rate risk, and are analyzed in Note 4.3.

Note 4.1.4 - Cash and cash equivalents

k€	2014 restated		2015	2016
Cash	23 113		17 209	9 498
Cash equivalents	15 642		13 431	7 234
TOTAL	38 756		30 640	16 732

Cash equivalents correspond to SICAVs (open-ended mutual funds).

Income from the sale of mutual funds amounted to EUR 0.2 million and was booked in the income statement under income from cash and cash equivalents.

Note 4.2 - Financial liabilities**Note 4.2.1 - Financial debts**

k€	2014 restated			2015			2016		
	NC	C	TOTAL	NC	C	TOTAL	NC	C	TOTAL
Financial debt liabilities	187 660	28 218	215 878	236 994	26 559	263 553	241 205	28 503	269 708
Effective interest rate impact	(619)	(550)	(1 169)	(1 813)	(666)	(2 478)	(1 202)	(610)	(1 813)
Bank loans	187 041	27 668	214 709	235 182	25 894	261 075	240 003	27 892	267 895
Bonds outstanding	50 000	-	50 000	50 000	-	50 000	50 000	-	50 000
Effective interest rate impact	(879)	(185)	(1 064)	(686)	(194)	(879)	(484)	(202)	(686)
Bonds	49 121	(185)	48 936	49 314	(194)	49 121	49 516	(202)	49 314
Finance leases	5 327	1 626	6 954	7 607	2 302	9 910	7 149	2 712	9 861
Other financial debt	335	578	913	35	739	774	23	1 135	1 158
Short-term bank borrowings	-	141	141	-	197	197	-	1 554	1 554
TOTAL	241 824	29 829	271 653	292 138	28 939	321 077	296 691	33 092	329 783

NC: non-current - C: current - T: total

Changes in debt over the year can be analyzed as follows:

k€	Dec. 31, 2014	Dec. 31, 2015	Increases	Repayments	Changes in scope	Amortized cost	Transl. diff.	Other changes	Dec. 31, 2016
	restated								
Bank loans	214 709	261 075	33 106	(26 951)	-	666	-	(1)	267 895
Bonds	48 936	49 121	-	-	-	194	-	-	49 314
Finance leases	6 954	9 910	472	(2 434)	-	-	-	1 913	9 861
Other financial debt	913	774	724	(340)	-	-	-	-	1 158
Short-term bank borrowings	141	197	1 262	-	95	-	-	-	1 554
TOTAL	271 653	321 077	35 564	(29 725)	95	859	-	1 912	329 783

CHAPTER 4 FINANCIAL STATEMENTS AT DECEMBER 31, 2016

Debt table

At December 31, 2016, Group debt broke down as follows:

k€	Type of rate (before hedging)	Amount	Maturity	Hedging
Other bank loans	Variable	16 411	less than 1 year	Debt contracted at a variable interest rate Interest rate hedge of EUR 95.0 M
		147 525	from 1 to 5 years	
		-	more than 5 years	
	Fixed, between 0% and 6%	11 481	less than 1 year	
		48 627	from 1 to 5 years	
		43 851	more than 5 years	
	Total	267 895		
Bonds	Variable	-	less than 1 year	
		-	from 1 to 5 years	
		-	more than 5 years	
	Fixed, between 3% and 5%	(202)	less than 1 year	
		49 516	from 1 to 5 years	
		-	more than 5 years	
	Total	49 314		
Finance leases	Variable	369	less than 1 year	
		1 100	from 1 to 5 years	
		-	more than 5 years	
	Fixed, between 0% and 6%	2 343	less than 1 year	
		493	from 1 to 5 years	
		556	more than 5 years	
	Total	9 861		
Other miscellaneous financial debt	Variable	-	less than 1 year	
		-	from 1 to 5 years	
		-	more than 5 years	
	Fixed	1 135	less than 1 year	
		23	from 1 to 5 years	
		-	more than 5 years	
	Total	1 158		
Short-term bank borrowings	Variable	1 554	less than one year	
	TOTAL	329 783		
	<i>Of which current</i>	<i>33 092</i>	<i>less than 1 year</i>	
	<i>Of which non-current</i>	<i>296 691</i>	<i>more than 1 year</i>	

Finance lease agreements

k€	Net book value Dec. 31, 2016	Total minimum future payments			TOTAL sub-lease payments
		TOTAL	< 1 yr	1 – 5 yrs	
	-	-	-	-	-
Land	-	-	-	-	-
Buildings	2 008	1 474	371	1 103	-
Technical facilities, equipment and industrial plant	7 086	7 448	2 019	4 948	481
Transportation equipment, vehicles	1 102	1 341	486	778	77
Fixtures and fittings	-	-	-	-	-
Office equipment and furniture	-	-	-	-	-

k€	Net book value Dec. 31, 2016	Total minimum future payments, discounted			TOTAL sub-lease payments
		TOTAL	< 1 yr	1 – 5 yrs	
	-	-	-	-	-
Land	-	-	-	-	-
Buildings	2 008	1 435	367	1 068	-
Technical facilities, equipment and industrial plant	7 086	7 221	1 996	4 774	450
Transportation equipment, vehicles	1 102	1 305	481	752	72
Fixtures and fittings	-	-	-	-	-
Office equipment and furniture	-	-	-	-	-

Most of the Group's finance lease agreements are lease financing agreements with option to purchase. 15% of the agreements (as a percentage of the associated debt) are at variable interest rates (before factoring in any interest rate hedges), primarily indexed on the 3-month Euribor.

Note 4.2.2 - Financial liabilities at fair value by the income statement

Financial liabilities at fair value by the income statement correspond to the derivative instruments used for hedging put in place by the Group to manage its interest rate risk. They are analyzed in Note 4.3.

Note 4.2.3 - Other liabilities at amortized cost

k€	2014 restated			2015			2016		
	NC	C	TOTAL	NC	C	TOTAL	NC	C	TOTAL
Trade payables	-	77 295	77 295	3	79 915	79 918	23	92 476	92 499
Debts on acquisition of fixed assets	1 131	11 195	12 326	752	10 291	11 043	510	12 783	13 292
Advance payments received	-	3 509	3 509	-	3 766	3 766	-	8 257	8 257
Social security and related payments	-	24 690	24 690	-	25 671	25 671	-	24 013	24 013
State (excluding corporation tax)	3 806	31 342	35 149	2 638	33 141	35 779	1 362	32 670	34 033
Corporation tax	-	578	578	-	2 377	2 377	-	249	249
Current account credit balances	-	-	-	-	-	-	-	17	17
Other debts	-	1 858	1 858	699	913	1 613	544	830	1 374
Liabilities for replacing assets in concessions	-	10 705	10 705	-	9 874	9 874	-	9 966	9 966
Prepayments	-	13 022	13 022	-	12 754	12 754	-	11 975	11 975
OTHER LIABILITIES	4 938	175 195	179 133	4 093	178 703	182 796	2 439	193 235	195 674

NC: non-current - C: current - T: total

CHAPTER 4 FINANCIAL STATEMENTS AT DECEMBER 31, 2016

Note 4.3 - Financial hedging instruments

	2014 restated			2015			2016		
	NC	C	TOTAL	NC	C	TOTAL	NC	C	TOTAL
Hedging instruments – assets	-	-	-	-	3	3	-	-	-
Hedging instruments – liabilities	547	596	1 143	436	144	580	637	22	659

NC: non-current - C: current - T: total

The financial instruments used by the Group are for hedging cash flows related to its financing. These instruments, which

are traded on organized markets, are managed by the Group's Finance Department.

	2014 restated		2015		2016	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Swaps	80 000	(1 056)	50 000	(367)	30 000	(363)
Collars	22 500	(94)	45 000	(209)	65 000	(307)
Hybrid instruments	-	-	-	-	-	-
TOTAL	102 500	(1 143)	95 000	(576)	95 000	(659)

At December 31, 2016, the maturity of the cash flow hedging instruments was as follows:

	< 1 yr	1 to 5 yrs	> 5 yrs	TOTAL
Swaps	-	30 000	-	30 000
Collars	22 500	42 500	-	65 000
Hybrid instruments	-	-	-	-
TOTAL	22 500	72 500	-	95 000

The gains and losses booked in equity over the period amounted to EUR - 0.1 million, and the cumulative total at December 31, 2016 of gains and losses booked in equity amounted to

EUR - 0.6 million. The ineffective portion of this hedging booked as income in 2016 was not significant.

No part of shareholders' equity was recycled and booked in income for the period.

Note 5 - Current and non-current provisions

Note 5.1 - Changes in current and non-current provisions

	Dec. 31, 2014 restated	Dec. 31, 2015	Other changes	Impact on equity	Allocations	Write-backs used	Write-backs unused	Dec. 31, 2016
Employee benefits ¹	2 327	3 804	(5)	630	813	(52)	-	5 190
Other non-current provisions ²	8 545	9 300	188	-	1 772	-	-	11 259
Non-current provisions	10 872	13 104	183	630	2 585	(52)	-	16 450
Provisions for litigation	1 069	1 124	166	-	1 175	(298)	(352)	1 815
Provisions for other risks	168	-	-	-	-	-	-	-
Provisions for waste to be treated	148	157	-	-	147	(157)	-	147
Provisions for other costs	518	547	-	-	4 597	(467)	(7)	4 670
Current provisions	1 904	1 828	166	-	5 919	(922)	(359)	6 632
TOTAL	12 776	14 932	349	630	8 503	(974)	(359)	23 082

1: provisions for end-of-career payment and long-service medal commitments are calculated according to the method described in the accounting principles and methods section of this report.

2: including provision for 30-year monitoring period.

Note 5.2 - Breakdown of other changes

k€	Business combinations	Translation differences	Other changes	TOTAL
Employee benefits	-	(5)	-	(5)
Other non-current provisions	-	-	188	188
Non-current provisions	-	(5)	188	183
Provisions for litigation	166	-	-	166
Provisions for other risks	-	-	-	-
Provisions for waste to be treated	-	-	-	-
Provisions for other costs	-	-	-	-
Current provisions	166	-	-	166
TOTAL	166	(5)	188	349

Other movements correspond essentially to companies entering the consolidation scope.

Note 5.3 - Post-employment benefits - end-of-career payments and long-service medals

The only benefits offered to Group employees consist of long-service medals and post-employment benefits in the form of end-of-career payments to retiring or departing employees.

Post-employment benefits – end-of-career payments

The Group's total commitment (however managed) changed as follows:

k€	Dec. 31, 2014 restated	Dec. 31, 2015	Dec. 31, 2016
AMOUNT OF COMMITMENT AT BEGINNING OF YEAR	8 224	10 087	11 190
Cost of services rendered during the year	511	618	705
Interest credited over the year	300	217	201
Payments made over the year	(259)	(490)	(580)
Acquisition/sale of subsidiaries	-	34	26
Actuarial gains (losses)	1 311	724	458
Other (scope changes, translation differences)	-	-	-
AMOUNT OF COMMITMENT AT END OF YEAR	10 087	11 190	12 001
<i>Of which outsourced</i>	<i>8 411</i>	<i>8 099</i>	<i>7 582</i>
<i>Of which provisioned</i>	<i>1 676</i>	<i>3 091</i>	<i>4 419</i>

Changes in the fair value of funds invested to hedge the commitment were as follows:

k€	Dec. 31, 2014 restated	Dec. 31, 2015	Dec. 31, 2016
FAIR VALUE OF ASSETS HEDGED AT BEGINNING OF YEAR	7 284	8 565	8 155
Contributions paid in	1 035	-	-
Amounts paid out	(259)	(490)	(580)
Expected return on investments	164	156	149
Management costs	(25)	(30)	(29)
Acquisition/sale of subsidiaries	-	68	-
Actuarial gains (losses)	365	(114)	(4)
FAIR VALUE OF ASSETS HEDGED AT END OF YEAR	8 565	8 155	7 692

CHAPTER 4 FINANCIAL STATEMENTS AT DECEMBER 31, 2016

If the value of the funds invested exceeds the amount of the commitment, an item of accrued expense is recorded. In the inverse case, a provision is booked. The analysis is made company by company. At December 31, 2016, the following were recognized:

- provisions of EUR 4 419 thousand;
 - accrued expenses of EUR 110 thousand.
- Hedging assets break down as follows:

%	Dec. 31, 2014 restated	Dec. 31, 2015	Dec. 31, 2016
Diversified investments	76%	76%	76%
Monetary investments	24%	24%	24%

The following should be noted:

- when Sénerval began operations, since it took over a number of employees from the preceding operator, it also took over commitments in respect of the past services of those same employees, in the amount of some EUR 450 thousand. The Group recorded an asset of EUR 450 thousand in respect of the commitments taken over, which was booked in accrued income. This asset was to be amortized over 18 years from July 1, 2010, i.e. the average time remaining until the employees taken over reach retirement age. In application of amended IAS 19, applied retrospectively, this sum was booked in equity at July 1, 2012;
- when the Group took over management of the household waste incinerator and its workforce at Lescar, the Group

also took over commitments in respect of the past services of those same employees. In view of the amount represented by these commitments, they were booked directly in the income statement;

- when the Group took over management of the Nantes incinerator and its workforce, the Group also took over commitments in respect of the past services of those same employees. In application of amended IAS 19, these were recorded in the income statement.

Long-service medal commitments

The Group's commitments in respect of long-service medals were as follows:

k€	Dec. 31, 2016
AMOUNT OF COMMITMENT AT BEGINNING OF YEAR	713
Cost of services rendered during the year	32
Interest credited over the year	12
Payments made over the year	(59)
Acquisition/sale of subsidiaries	-
Actuarial gains (losses)	73
Other (scope changes, translation differences)	-
AMOUNT OF COMMITMENT AT END OF YEAR	772

Note 5.4 - Disputes and exceptional events

There are no government, legal or arbitration procedures, including any procedures of which the Company is aware, which are pending or threatened, and/or likely to have or,

during the last twelve months, to have had significant impacts on the financial situation or the profitability of the Company and/or the Group.

Note 6 - Deferred taxes

The analysis of deferred taxes by type is as follows:

k€	Dec. 31, 2014 restated	Dec. 31, 2015	Dec. 31, 2016
Employee profit-sharing	579	589	475
Social solidarity contribution	252	174	167
Paid leave	638	653	661
Capital gain on insurance claims	(1 626)	(1 014)	(448)
Tax loss carry-forwards	53 334	48 215	40 162
Deferred amortization and regulatory provisions	(6 814)	(6 338)	(6 427)
Finance leases	(1 224)	(1 095)	(985)
Internal income	168	142	116
Provisions for end-of-career payments	69	1 115	1 536
Restated provisions for thirty-year monitoring	(1 373)	(1 242)	(1 254)
Harmonization of amortization	415	369	324
Fair value of hedging instruments	394	198	227
Industrial repairs and maintenance	-	-	(1 730)
Other temporary differences	(848)	(1 699)	(962)
TOTAL	43 964	40 067	31 862
<i>Of which deferred tax assets</i>	<i>43 964</i>	<i>40 067</i>	<i>31 862</i>
<i>Of which deferred tax liabilities</i>	<i>-</i>	<i>-</i>	<i>-</i>

Tax loss carry-forwards correspond to:

- deficits which arose before fiscal consolidation. Their activation is decided on a subsidiary-by-subsi- diary basis according to the business plan of each;
- the deficits recognized in the tax consolidation group for 2012 and 2013, related to the provisioning of the Group's entire stake in HIME. Recognition of this tax credit as an asset was enabled by the fact that the tax consolidation group was able to recover this credit within a reasonable period of time. The amount of this tax credit takes account of the expected fall in the corporation tax rate in France, from 34.43% to 28.92% by 2019;

- the deficit recorded for Valls Quimica as a result of the provision for its tax dispute, given that the sum involved was deemed in its business plan to be recoverable. Apart from this exception, any tax losses incurred by foreign subsidiaries are not carried forward.

At December 31, 2016, the amount of deferred tax assets not carried forward relative to qualifying deficits was EUR 2.9 million.

Changes in deferred tax assets over the fiscal year can be analyzed as follows:

k€	Deferred tax assets	Deferred tax liabilities	NET
BALANCE AT DECEMBER 31, 2014, RESTATED	43 964	-	43 964
Net income	(3 993)	-	(3 993)
Changes in fair value by shareholders' equity	293	196	97
Changes in consolidation scope and other changes	-	-	-
Translation differences	-	-	-
Compensation of deferred taxes among subsidiaries in the tax consolidation scope	763	763	-
Compensation of deferred tax assets and deferred tax liabilities	(960)	(960)	-
BALANCE AT DECEMBER 31, 2015	40 067	-	40 067
Net income	(8 163)	-	(8 163)
Changes in fair value by shareholders' equity	215	-	215
Changes in consolidation scope and other changes	54	312	(258)
Translation differences	-	-	-
Compensation of deferred taxes among subsidiaries in the tax consolidation scope	(106)	(106)	-
Compensation of deferred tax assets and deferred tax liabilities	(205)	(205)	-
BALANCE AT DECEMBER 31, 2016	31 862	-	31 862

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Note 7 - Off-balance sheet commitments

Note 7.1 - Off-balance sheet commitments arising from current operations

k€	2014 restated	2015	2016
Loans ceded before maturity (bills, Daily Act)	-	-	-
Sureties	56 630	67 704	90 565
Financial guarantees ¹	27 395	37 135	52 183
Other guarantees	29 236	30 569	38 382
Secured guarantees	-	-	-
Tangible and intangible assets pledged as collateral	-	-	-
Securities pledged as collateral	-	-	-
Arising from partner's responsibilities in property companies	-	-	-
TOTAL OFF-BALANCE SHEET COMMITMENTS RELATED TO CURRENT OPERATIONS	56 630	67 704	90 565

1: this concerns sureties of EUR 52 million granted to a financial institution during the setting up of financial guarantees extended by it under the Ministerial Order of February 1, 1996.

Note 7.2 - Off-balance sheet commitments given or received in connection with Group debt

k€	2014 restated	2015	2016
Business loans ceded	1 545	1 428	1 537
Sureties and letters of intent	28 249	36 964	32 862
Secured guarantees	9 828	11 194	-
Tangible and intangible assets pledged as guarantees and collateral	9 828	11 194	-
Securities pledged as guarantees and collateral	-	-	-
Mortgages	-	-	-
Borrowing commitments received	10 771	3 591	-
TOTAL OFF-BALANCE SHEET COMMITMENTS RELATED TO DEBT	50 394	53 177	34 399

As part of its asset financing, the Company signed commitments not to sell its shareholdings in Sénergies, Séché Eco-industries and Mézerolles.

All the above-mentioned off-balance sheet commitments are covered by balance sheet debt, with the exception of a EUR 0.8 million guarantee.

In the case of public service delegation concession contracts, Séché Environnement makes guarantees to the granting authorities in respect of proper execution of the contracts.

Note 7.3 - Other off-balance sheet commitments

The current breakdown of the Group's off-balance sheet commitments does not exclude any significant commitment as defined by current accounting standards.

4.1.6.3.2. Notes to the table of changes in shareholders' equity

Note 8 - Breakdown of share capital

Share category	Number	Par value
1- SHARES COMPRISING THE SHARE CAPITAL AT THE START OF THE YEAR	7 857 732	0.20 €
Capital decrease (by share cancellation)		
2- SHARES COMPRISING THE SHARE CAPITAL AT THE END OF THE YEAR	7 857 732	0.20 €
<i>Of which shares with single voting rights</i>	<i>7 246 402</i>	
<i>Of which shares with double voting rights</i>	<i>611 330</i>	

Note 9 - Additional paid-in capital

This line is made up exclusively of additional paid-in capital from the different capital increases, net of charges:

k€		
Capital increase of November 27, 1997		11 220
Capital increase of December 19, 1997		112
Capital increase of October 1, 2001 (to pay for Alcor shares)		10 795
Capital increase of July 5, 2002 (to pay for Trédi shares)		192 903
Charges on additional paid-in capital		(1 578)
Issuance of 596 408 share subscription warrants in favor of Caisse des Dépôts et Consignations on December 12, 2006		10 908
Exercise of share subscription warrants by Caisse des Dépôts et Consignations on April 24, 2007		74 718
Payout of dividends on June 10, 2014		(8 148)
Charge on share premium account on April 25, 2014		(169 445)
Payout of dividends on June 10, 2015		(8 203)
Charge on share premium account on April 28, 2015		790
Cancellation by Séché Environnement of its own shares on June 17, 2015		(23 268)
Charge on share premium account on April 28, 2016		(16 744)
TOTAL		74 061

Note 10 - Breakdown of consolidated reserves

k€	Dec. 31, 2014 restated	Dec. 31, 2015	Increases	Decreases	Dec. 31, 2016
Legal reserve	173	173	-	-	173
Regulatory reserves	-	-	-	-	-
Retained earnings	-	(42 616)	42 669	-	52
Other reserves	6 037	6 037	-	(6 037)	-
Sub-total – legal and regulatory reserves	6 210	(36 407)	42 669	(6 037)	225
Consolidated reserves (excluding translation differences)	122 224	174 306	-	(11 100)	163 206
TOTAL RESERVES (excluding translation differences)	128 434	137 899	42 669	(17 137)	163 431
Translation differences	(2 760)	(3 083)	-	(271)	(3 355)
TOTAL RESERVES (including translation differences)	125 674	134 816	42 669	(17 409)	160 076

Note 11 - Information on treasury stock

By virtue of the authorizations granted by the Annual General Meetings of April 28, 2016 and April 28, 2015, the Board of Directors ordered in 2016 the repurchase of a certain number

of its own shares under a liquidity contract concluded with an independent organization. Funds totaling EUR 1.4 million were made available to that organization for the repurchase of 4 862 shares. At December 31, 2016, the results of these share buybacks broke down as follows:

Number of shares held as treasury stock ¹	57 458
Percentage of shares held as treasury stock	0.73%
Net book value of shares held as treasury stock (EUR)	1 591 009
Market value of shares held as treasury stock at December 31, 2016 (EUR) ²	1 663 409

1: including shares acquired under previous share buyback programs.

2: on the basis of the closing price of the Séché Environnement share in the month of December 2016, i.e. EUR 28.95.

CHAPTER 4 FINANCIAL STATEMENTS AT DECEMBER 31, 2016

4.1.6.3.3. Notes to the income statement

Note 12 - Revenue from ordinary activities

Note 12.1 - Breakdown of revenue by type

k€	2014 restated	2015	2016
Revenue	444 737	460 910	478 257
<i>Of which sales of goods</i>	<i>63 866</i>	<i>65 724</i>	<i>58 384</i>
<i>Of which sales of services</i>	<i>380 871</i>	<i>395 186</i>	<i>419 873</i>
Other business income	6 636	6 855	6 953
Transfers of expenses	16 944	3 999	2 770
REVENUE FROM ORDINARY ACTIVITIES	468 318	471 764	487 981

Note 12.2 - Breakdown of revenue by type of waste

k€	2014 restated	2015	2016
HW treatment	271 391	265 686	296 520
NHW treatment	173 346	195 224	181 737
<i>Of which revenue under IFRIC 12</i>	<i>8 115</i>	<i>6 581</i>	<i>4 225</i>
TOTAL	444 737	460 910	478 257

Note 13 - Earnings before interest, taxes, depreciation and amortization (EBITDA)

Note 13.1 Breakdown of EBITDA

k€	2014 restated	2015	2016
REVENUE FROM ORDINARY ACTIVITIES	468 318	471 764	487 981
Purchases used for operational purposes	(68 909)	(66 962)	(66 435)
Stored purchases	(41 426)	(38 298)	(38 103)
Non-stored purchases	(27 483)	(28 664)	(28 332)
External expenses	(176 790)	(169 662)	(181 396)
Sub-contracting	(104 118)	(102 970)	(105 623)
Rental expenses	(18 366)	(17 479)	(18 568)
Maintenance and repairs	(20 433)	(16 073)	(20 789)
Insurance	(5 232)	(6 837)	(6 903)
Other external expenses	(28 640)	(26 303)	(29 513)
Taxes other than on income	(35 207)	(38 498)	(37 557)
Employee benefit expenses	(105 276)	(108 536)	(113 526)
Employee costs	(103 516)	(106 518)	(111 488)
Profit-sharing schemes	(1 697)	(2 109)	(1 999)
Contributions towards end-of-career payments	(63)	91	(39)
Remuneration in shares	-	-	-
EBITDA	82 135	88 106	89 066

External services purchased mainly concern sub-contracting (transportation, upstream activities and disposal).

Note 13.2 - Simple rental agreements

k€	TOTAL minimum future payments, discounted (non-cancelable contracts)				Expenses for the year (non- cancelable contracts)	TOTAL sub-lease payments
	TOTAL	< 1 yr	1 – 5 yrs	> 5 yrs		
Intangible fixed assets	168	14	56	97	41	-
Land	2 712	276	1 073	1 363	314	-
Buildings	5 233	677	2 589	1 967	2 011	-
Technical facilities, equipment and industrial plant	18 809	2 573	8 003	8 233	5 925	-
Transportation equipment, vehicles	567	304	263	-	759	-
Fixtures and fittings	-	-	-	-	-	-
Office equipment and furniture	176	71	105	-	97	-

Note 14 - Current operating income

Note 14.1 - Breakdown of current operating income

k€	2014 restated	2015	2016
EBITDA	82 135	88 106	89 066
Cost of renewal of assets included in concessions and rehabilitation of treatment sites	(10 038)	(9 705)	(10 405)
Other operating income and expenses	(1 273)	(1 849)	(1 923)
Other operating expenses	(1 343)	(1 937)	(2 060)
Other operating income	70	88	137
Net allocations to provisions	(1 807)	(329)	(1 480)
Allocations to provisions	(3 742)	(3 099)	(4 220)
Write-backs of provisions	1 935	2 770	2 740
Net allocations to amortization	(33 463)	(35 643)	(40 902)
Allocations to amortization	(33 463)	(35 643)	(40 902)
Write-backs of amortization	-	-	-
CURRENT OPERATING INCOME	35 554	40 580	34 356

Note 14.2 - Net allocations to provisions

k€	2014 restated	2015	2016
Net allocations to provisions for 30-year monitoring	(1 185)	(246)	(1 263)
Net allocations to current assets	(278)	342	(167)
Net allocations to other operating provisions	(344)	(425)	(50)
TOTAL	(1 807)	(329)	(1 480)

CHAPTER 4 FINANCIAL STATEMENTS AT DECEMBER 31, 2016

Note 14.3 - Net allocations to amortization

k€	2014 restated	2015	2016
Net allocations to intangible fixed assets	(3 357)	(3 379)	(3 831)
Net allocations to tangible fixed assets	(30 103)	(32 255)	(37 062)
Amortization to be allocated	(2)	(9)	(9)
TOTAL	(33 463)	(35 643)	(40 902)

Note 15 - Operating income

k€	2014 restated	2015	2016
CURRENT OPERATING INCOME	35 554	40 580	34 356
Reassessment of fixed assets	-	-	-
Income on disposal of fixed assets¹	4 831	(281)	36
Disposals of intangible fixed assets	-	(117)	-
Disposals of property, plant and equipment	4 831	(247)	36
Disposals of consolidated investments	-	84	-
Impairment of assets	(123)	-	(66)
Impairment of goodwill	-	-	-
Impairment of other intangible fixed assets	-	-	-
Impairment of property, plant and equipment	(123)	-	(66)
Business combination effects²	-	(626)	(698)
Other³	(7 433)	(1 145)	(7 432)
OPERATING INCOME	32 829	38 528	26 196

1: in 2014, the Group received an indemnity consequent on an insurance claim under its "damage to property" cover, of EUR 8.0 million following the destruction by fire of its sorting center at Changé, France, which was valued in the accounts at EUR 3.5 million.

2: the amounts recorded on the business combinations effects line refer to:

- in 2015, the funds expended to cement the business combination consisting of Séché-Kanay, Séché-Sodicome and Séché-Moringa;
- in 2016, the funds committed to study the grouping together of certain subsidiaries of Séché Environnement and the waste treatment activities of the Charier group.

3: The amounts recorded on the "other" line concern principally:

- in 2014 :
 - EUR - 8.4 million corresponding to the additional operating costs incurred by Sénerval during industrial action at the site between March 21, 2014 and June 12, 2014, which paralyzed the Strasbourg plant, while the company was obliged to continue to perform its public service obligation to treat waste from the Strasbourg urban community and surrounding local authorities;

- an indemnity of EUR + 1.3 million received in recognition of the loss incurred by Valaudia as a result of termination of the public service delegation concession contract which had earlier been concluded with that company;
- the cost of closing down and final disposal of the Izeaux site (EUR - 0.4 million).

- in 2015, this line recorded the costs incurred by the Group for the management of the Strasbourg-Sénerval public service delegation contract, rendered complex by the presence of asbestos in the facilities conceded.

- in 2016 :
 - further costs incurred by the Group for the management of the Strasbourg-Sénerval public service delegation contract, rendered complex by the presence of asbestos in the facilities conceded;
 - EUR - 4.1 million in respect of the contested tax reassessment on Séché Eco-industries concerning landfill cells which have been assessed for property tax. This reassessment is contested by the company for the portion of the reassessment which concerns completely filled cells, and 50% of the reassessment is contested in respect of cells used for non-hazardous waste;
 - EUR - 2.1 million of expenses made or committed to concerning a performance plan to optimize management functions.

Note 16 - Net financial income**Note 16.1 - Breakdown of net financial income**

k€	2014 restated	2015	2016
Income from cash and cash equivalents	576	423	312
Gross financial borrowing costs	(14 014)	(11 879)	(10 299)
Other financial income and expenses	(597)	(660)	(755)
TOTAL	(14 035)	(12 116)	(10 742)

k€	2014 restated	2015	2016
Financial liabilities at amortized cost	(12 630)	(10 857)	(9 857)
Gain (loss) on hedging instruments	(1 384)	(1 022)	(442)
COST OF GROSS FINANCIAL DEBT	(14 014)	(11 879)	(10 299)

In 2016, the cost of gross financial debt evolved principally under the influence of a reduction in financial charges as a

result of a reduced average cost of debt, following the refinancing operations of 2014 and 2015.

Note 16.2 - Breakdown of other financial income and expenses

k€	2014 restated	2015	2016
Foreign exchange gain (loss)	(20)	(64)	(46)
Net gain (loss) on the sale of financial fixed assets	(3)	-	-
Net impairment on financial assets	(322)	(397)	(540)
Other financial income and expenses	(253)	(198)	(170)
TOTAL	(597)	(660)	(755)

The foreign exchange loss was essentially due to unrealized positions on Group prepayments to its international subsidiaries which do not meet the definition of net investments under

IAS 21. To date, the Group holds no instruments or other means of hedging against foreign exchange risk.

Note 17 - Taxes

k€	2014 restated	2015	2016
Corporation tax payable	(2 627)	(4 478)	(2 368)
Deferred tax	(4 465)	(3 993)	(8 163)
TOTAL TAX EXPENSE	(7 092)	(8 472)	(10 531)

The transition from the theoretical tax at the statutory tax rate to the actual rate of tax paid can be analyzed as follows:

k€	2014 restated	2015	2016
THEORETICAL TAX AT CURRENT STATUTORY TAX RATE	(6 471)	(9 986)	(5 256)
Change in tax rate applicable to parent company ¹	(6)	(105)	(5 130)
Differences in tax rates applicable to subsidiaries	(5)	971	164
Unrecognized tax assets	(49)	(213)	(1 224)
Use of previous losses not previously carried forward	37	-	327
Definitively non-taxable income and expenses	(596)	862	587
TOTAL TAX EXPENSE	(7 092)	(8 472)	(10 531)

1: the tax rate (excluding social security contributions) on profits is 33.33%. Including social security contributions on profits, the Group's tax rate is 34.01%.

CHAPTER 4 FINANCIAL STATEMENTS AT DECEMBER 31, 2016

Within the tax consolidation group headed by Séché Environnement, which includes all French subsidiaries more than 95%-held, directly or indirectly, by Séché Environnement, tax savings of EUR 7.6 million were achieved.

The lowering of the French corporation tax rate, from 34.43% to 28.92%, voted as part of the French Finance Law for 2017,

has a negative impact on the Group's net income at December 31, 2016, corresponding principally to tax loss carry-forwards. This one-time effect, which does not affect the cash position, is included in the "change in tax rate applicable to parent company" line in the above table.

4.1.6.3.4. Financial risk management

Note 18 - Financial instruments at fair value

Financial instruments break down as follows in terms of their different levels of fair value assessment:

k€	2016			
	Level 1	Level 2	Level 3	TOTAL
Available-for-sale securities	-	1 164	273	1 436
Hedging instruments	-	-	-	-
Other financial assets at fair value by the income statement	-	-	-	-
FINANCIAL ASSETS	-	1 164	273	1 436
Financial debts	-	329 783	-	329 783
Hedging instruments	-	659	-	659
Other financial assets at fair value by the income statement	-	-	-	-
FINANCIAL LIABILITIES	-	330 442	-	330 442

For comparison purposes, the breakdown in terms of fair value of the Group's financial instruments for the last two fiscal years was as follows:

k€	2015			
	Level 1	Level 2	Level 3	TOTAL
Available-for-sale securities	-	1 402	253	1 655
Hedging instruments	-	3	-	3
Other financial assets at fair value by the income statement	-	-	-	-
FINANCIAL ASSETS	-	1 403	253	1 658
Financial debts	-	321 077	-	321 077
Hedging instruments	-	580	-	580
Other financial assets at fair value by the income statement	-	-	-	-
FINANCIAL LIABILITIES	-	321 657	-	321 657

k€	2014 restated			
	Level 1	Level 2	Level 3	TOTAL
Available-for-sale securities	-	1 555	253	1 808
Hedging instruments	-	-	-	-
Other financial assets at fair value by the income statement	-	-	-	-
FINANCIAL ASSETS	-	1 555	253	1 808
Financial debts	-	271 653	-	271 653
Hedging instruments	-	1 143	-	1 143
Other financial assets at fair value by the income statement	-	-	-	-
FINANCIAL LIABILITIES	-	272 796	-	272 796

Available-for-sale securities

- quoted securities valued at their stock exchange closing price are considered to be of level 1;
- non-quoted securities whose fair value can be determined on the basis of observable data, such as valuation by an independent expert, are considered to be of level 2;
- non-quoted securities whose fair value can be determined on the basis of a valuation model (such as discounted cash flow, multiples, etc.) are considered to be of level 3.

Hedging instruments

The fair value of the hedging instruments used by the Group (swaps, collars, swaptions, hybrid instruments) is determined by reference to a valuation model using observable data (interest rates, in particular) and is therefore considered to be of level 2.

Financial debts

The fair value of financial debts can be determined on the basis of observable data (interest rates) and is considered to be of level 2.

Note 19 - Exposure to credit risk

Credit risk is the risk of financial loss incurred by the Group in the event that a customer or counterparty to a given asset were to fail to meet its contractual obligations.

At present this risk arises mainly from trade receivables.

The Group manages the credit risk associated with trade receivables by means of an active receivables collection policy operated at each of its French subsidiaries. This policy is operated using a centralized software program which issues formal reminders and provides real-time information on the various parties concerned. An analysis of actual payment dates is monitored on a monthly basis, and any incidents are the subject of corrective actions.

The Group's maximum exposure to credit risk is the book value of its financial assets. At the close of the year, maximum credit risk exposure broke down as follows:

	2014 restated			2015			2016		
	NC	C	TOTAL	NC	C	TOTAL	NC	C	TOTAL
Available-for-sale financial assets	1 808	-	1 808	1 655	-	1 655	1 436	-	1 436
Financial loans and receivables at amortized cost	6 872	1 038	7 910	6 946	868	7 814	7 033	761	7 794
Non-current financial assets	8 681	1 038	9 719	8 601	868	9 469	8 469	761	9 230
Trade and other receivables	3 016	139 127	142 143	34 520	140 341	174 861	43 082	159 549	202 631
Other current assets (incl. corporation tax credits)	51	29 162	29 213	3 452	24 165	27 617	1 843	28 719	30 562
Loans and receivables at amortized cost	3 067	168 289	171 355	37 972	164 505	202 478	44 926	188 268	233 194
Hedging instruments – assets	-	-	-	-	3	3	-	-	-
Other instruments at fair value by the income statement	-	-	-	-	-	-	-	-	-
Financial assets at fair value by the income statement	-	-	-	-	3	3	-	-	-
Cash and cash equivalents	-	38 756	38 756	-	30 640	30 640	-	16 732	16 732
TOTAL FINANCIAL ASSETS	11 748	208 083	219 830	46 574	196 017	242 591	53 394	205 761	259 155
Derivative portion of convertible bonds	-	-	-	-	-	-	-	-	-
TOTAL	11 748	208 083	219 830	46 574	196 017	242 591	53 394	205 761	259 155

NC: non-current – C: current – T: total

Revenues, expenses, income and impairments recognized as financial assets in the financial statements for 2016 were almost exclusively related to marketable securities.

CHAPTER 4 FINANCIAL STATEMENTS AT DECEMBER 31, 2016

Note 20 - Exposure to counterparty risk

Counterparty risk corresponds to the loss that the Group could suffer if one or more counterparties were to fail to fulfill their contractual obligations. It concerns loans and receivables

at amortized cost (financial or operational) and short-term investments of excess cash.

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

2016

	Net value (C and NC)	Of which not due	Of which due		
			0 - 6 mths	6 mths - 1 yr	> 1 yr
Financial loans and receivables at amortized cost	7 794	7 794	-	-	-
Trade and other receivables	202 631	181 396	14 673	2 357	4 205
Other assets	30 562	29 644	11	12	895
TOTAL	240 987	218 834	14 685	2 369	5 100

NC: non-current - C: current

The aged balance of loans and receivables at amortized cost at the end of the preceding two fiscal years was as follows:

2015

	Net value (C and NC)	Of which not due	Of which due		
			0 - 6 mths	6 mths - 1 yr	> 1 yr
Financial loans and receivables at amortized cost	7 814	7 814	-	-	-
Trade and other receivables	174 861	147 322	19 432	4 306	3 801
Other assets	27 617	27 440	-	-	177
TOTAL	210 292	182 576	19 432	4 306	3 978

NC: non-current - C: current

2014 restated

	Net value (C and NC)	Of which not due	Of which due		
			0 - 6 mths	6 mths - 1 yr	> 1 yr
Financial loans and receivables at amortized cost	7 910	7 910	-	-	-
Trade and other receivables	142 143	112 815	25 922	1 608	1 798
Other assets	29 213	26 514	2 000	12	687
TOTAL	179 266	147 238	27 922	1 620	2 485

NC: non-current - C: current

In the Group's opinion, it is not exposed to any significant counterparty risk.

Note 21 - Exposure to liquidity risk

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

The Group manages its financing centrally. A cash management report is prepared, with the aim of providing a regularly updated overview of the Group's short-, medium- and long-term

financing requirements. Nearly all of the Group's financing is arranged centrally, as is the balancing of its sources of financing (capital markets, banks).

At December 31, 2016, the residual contractual maturities of the Group's financial liabilities broke down as follows:

k€	Dec. 31, 2016	Book value	Contractual cash flows	< 1 yr	1 to 5 yrs	> 5 yrs
	Bank loans	317 209	351 734	35 982	266 027	49 724
	Lease finance debt	9 861	10 263	2 876	6 829	558
	Other financial debt	1 158	1 158	1 135	-	23
	Short-term bank borrowings	1 554	1 554	1 554	-	-
	Trade and other payables (incl. corporation tax debts)	185 708	185 708	183 269	2 439	-
	Liabilities for renewal of assets included in concessions	9 966	9 966	9 966	-	-
	TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES	525 457	560 383	234 782	275 295	50 305
	Hedging instruments	659	659	22	637	-
	TOTAL DERIVATIVE FINANCIAL LIABILITIES	659	659	22	637	-

For comparison purposes, the residual contractual maturities of the Group's financial liabilities in 2015 and 2014 were as follows:

k€	Dec. 31, 2015	Book value	Contractual cash flows	< 1 yr	1 to 5 yrs	> 5 yrs
	Bank loans	310 196	350 517	34 140	244 505	71 873
	Lease finance debt	9 910	10 517	2 525	7 100	892
	Other financial debt	774	774	739	-	35
	Short-term bank borrowings	197	197	197	-	-
	Trade and other payables (incl. corporation tax debts)	179 287	179 287	175 194	4 093	-
	Liabilities for renewal of assets included in concessions	9 874	9 874	9 874	-	-
	TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES	510 238	551 166	222 669	255 698	72 800
	Hedging instruments	580	580	144	436	-
	TOTAL DERIVATIVE FINANCIAL LIABILITIES	580	580	144	436	-

k€	Dec. 31, 2014	Book value	Contractual cash flows	< 1 yr	1 to 5 yrs	> 5 yrs
	Bank loans	263 645	301 270	36 805	195 272	69 193
	Lease finance debt	6 954	7 357	1 796	5 246	315
	Other financial debt	913	913	578	301	34
	Short-term bank borrowings	141	141	141	-	-
	Trade and other payables (incl. corporation tax debts)	169 177	169 177	164 239	4 938	-
	Liabilities for renewal of assets included in concessions	10 705	10 705	10 705	-	-
	TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES	451 536	489 563	214 264	205 757	69 542
	Hedging instruments	1 143	1 143	596	547	-
	TOTAL DERIVATIVE FINANCIAL LIABILITIES	1 143	1 143	596	547	-

CHAPTER 4 FINANCIAL STATEMENTS AT DECEMBER 31, 2016

Ratios prescribed by the credit covenant and bond issuance agreement

The Group's credit covenant signed on May 12, 2016 and one of its bond issuance agreements include a commitment to respect two financial ratios based on the Group's consolidated financial statements. Compliance with these financial ratios is

checked twice per year for the twelve-month periods ending December 31 and June 30.

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

The financial ratios to be complied with are as follows:

RATIO	COMMITMENT
Net financial debt/equity	< 1.4
Net financial debt/EBITDA	< 3.5

The above assumes the following, on a consolidated basis:

- net financial debt means the aggregate of all financial debt as reported in the consolidated financial statements of Séché Environnement under the heading of bank loans and other financial debt, less cash and cash equivalents and investments in mutual funds, as indicated in the Group's consolidated financial statements, with the exception of non-recourse financings. "Non-recourse financings" refers to any financing arranged to finance the acquisition, deficit, operation, upkeep or maintenance of an asset or project where the entity to whom the debt is due has no recourse to any member of the Séché Group for the payment of any sum relative to such financing, and where reimbursement results essentially from the financial flows deriving from operation of the asset or project in question;
- equity means the totality of the shareholders' equity (Group share);

- EBITDA means consolidated operating income before deduction of all net allocations to amortization and provisions and other operating income and charges.

At December 31, 2016, the Group's bank gearing stood at 1.17 and bank-debt-to-earnings at 3.13, both ratios lying within the required range.

Ratios of the second bond issuance agreement

The second bond issuance agreement also includes a commitment to respect the same two financial ratios calculated on the basis of the Group's consolidated financial statements. Compliance with these financial ratios is checked twice per year for the twelve-month periods ending December 31 and June 30. Non-compliance with these ratios would constitute default and, in the case of most lenders, would render all debt immediately due.

The financial ratios to be complied with are as follows:

RATIO	COMMITMENT
Net financial debt/equity	< 1.1
Net financial debt/EBITDA	< 3.5

On the understanding that, on a consolidated basis:

- net financial debt means the aggregate of all financial debt as reported in the consolidated financial statements of Séché Environnement under the heading of bank loans and other financial debt, less cash and cash equivalents and investments in mutual funds, as indicated in the Group's consolidated financial statements, with the exception of non-recourse financings. "Non-recourse financings" refers to any financing arranged to finance the acquisition, deficit, operation, upkeep or maintenance of an asset or project where the entity to whom the debt is due has no recourse to any member of the Séché Group for the payment of any

sum relative to such financing, and where reimbursement results essentially from the financial flows deriving from operation of the asset or project in question;

- equity means the totality of the shareholders' equity (Group share), with the exception of the fair value of the hedging instruments used to hedge flows related to HIME
- EBITDA means consolidated operating income before deduction of all net allocations to amortization and provisions and other operating income and charges, with the exception, where appropriate, of the EBITDA of the HIME-Saur Group.

Note 22 - Exposure to interest rate risk

Séché Environnement's corporate debt, before hedging, is subject to a variable rate of interest.

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

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

- a 50 basis point decline in interest rates would have a negative impact on shareholders' equity of EUR 1.3 million;
- an instantaneous 100 basis point upward change in interest rates would have a negative impact of EUR 0.6 million on the

Group's financial costs in 2016, based on its indebtedness at December 31 and its reimbursement profile at that date.

Note 23 - Exposure to exchange rate risk

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

- the conversion of contributions from foreign subsidiaries outside the euro zone to its balance sheet and income statement. However, this risk is increasingly limited thanks to the Group's ongoing efforts to refocus on its European activities in the euro zone;
- bank debt financing, denominated almost exclusively in euros, of the investments of its foreign subsidiaries operating in local currencies (for those subsidiaries not considered as long-term foreign investments).

Changes in foreign exchange income break down as follows:

k€	2014 restated	2015	2016
Foreign exchange income, Europe	(3)	(132)	52
Foreign exchange income, Americas	(17)	67	(98)
TOTAL	(20)	(64)	(46)

To date, this risk is not the subject of specific hedging at Group level.

4.1.6.3.5. Breakdown by geographical area**Note 24 - Breakdown of ordinary activities by geographical area**

k€	2014 restated	2015	2016
France	446 976	448 391	466 798
Europe (outside France)	19 270	20 396	19 670
Outside Europe	2 071	2 977	1 512
TOTAL REVENUE FROM ORDINARY ACTIVITIES	468 318	471 764	487 981

CHAPTER 4 FINANCIAL STATEMENTS AT DECEMBER 31, 2016

Note 25 - Non-current assets by geographical area

k€	December 31, 2016	France	Europe (outside France)	Outside Europe	TOTAL
	Goodwill	228 705	4 699	-	233 403
	Intangible fixed assets included in concessions	49 947	-	-	49 947
	Other intangible fixed assets	13 052	3	-	13 055
	Property, plant and equipment	183 421	3 265	574	187 260
	Non-current financial assets	8 454	15	-	8 469
	Shareholdings in affiliates	521	-	2 364	2 885
	Other non-current operating assets	44 926	-	-	44 926
	Deferred tax assets	31 001	860	-	31 862
	TOTAL NON-CURRENT ASSETS	560 027	8 842	2 938	571 807

k€	December 31, 2015	France	Europe (outside France)	Outside Europe	TOTAL
	Goodwill	226 758	4 699	-	231 457
	Intangible fixed assets included in concessions	48 637	-	-	48 637
	Other intangible fixed assets	12 016	5	-	12 021
	Property, plant and equipment	170 206	3 141	665	174 011
	Non-current financial assets	8 587	15	-	8 601
	Shareholdings in affiliates	501	-	2 633	3 135
	Other non-current operating assets	37 972	-	-	37 972
	Deferred tax assets	38 818	1 249	-	40 067
	TOTAL NON-CURRENT ASSETS	543 495	9 109	3 298	555 902

k€	December 31, 2014 restated	France	Europe (outside France)	Outside Europe	TOTAL
	Goodwill	222 906	4 699	-	227 604
	Other intangible fixed assets	44 720	-	-	44 720
	Property, plant and equipment	11 445	9	-	11 454
	Immobilisations corporelles	160 300	2 970	541	163 811
	Non-current financial assets	8 666	15	-	8 681
	Shareholdings in affiliates	847	-	-	847
	Other non-current operating assets	3 067	-	-	3 067
	Deferred tax assets	42 424	1 540	-	43 964
	TOTAL NON-CURRENT ASSETS	494 375	9 233	541	504 148

4.1.6.3.6. Earnings per share

The earnings per share figure presented at the foot of the income statement is the ratio of the net income attributable to shareholders of the parent company, to the weighted average number of shares making up the share capital of the parent company which were in circulation over the period, i.e. 7 798 789.

The Group has no dilutive instruments, therefore diluted EPS is equal to net EPS.

4.1.6.3.7. Dividends

In fiscal 2016, Séché Environnement paid out EUR 7 412 489.95 in dividends, or EUR 0.95 per share, regardless of the type of share. Dividends concerning treasury stock were booked in additional paid-in capital in the amount of EUR 52 355.40.

The Board of Directors resolved on March 1, 2017, to propose to the Annual General Meeting a dividend payout of EUR 7 464 845.40, or EUR 0.95 per share.

4.1.6.3.8. Transactions with related parties

The Group maintains relations with the following related parties:

- non-consolidated Group subsidiaries and affiliates: the Group maintains no significant relations with these related parties;
- members of the Board of Directors and the Executive Committee: their remuneration and benefits of all kinds are presented in the section below.

4.1.6.3.9. Remuneration of senior management

Remuneration of the senior officers and directors breaks down as follows:

€	2014 restated	2015	2016
Short-term benefits	1 926 690	1 403 014	1 288 732
Post-employment benefits	-	-	-
Share-based payments	-	-	-
TOTAL	1 926 690	1 403 014	1 288 732

4.1.6.3.10. Key events since the closing of accounts

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

As far as the Company is aware, there was no litigation, arbitration or exceptional event occurring after the closing likely

to have, or to have had in the recent past, a significant effect on the financial position, earnings, business or assets of the Company or the Group.

4.1.6.3.11. Fees of the statutory auditors

Fees paid by the Group to its statutory auditors and members of their networks were as follows:

k€	KPMG		RSM Ouest audit	
	2015	2016	2015	2016
Auditing assignments				
Statutory audit, examination of individual and consolidated accounts, certification of accounts				
Séché Environnement	103	109	104	108
Fully consolidated subsidiaries	230	229	167	178
Additional assignments directly related to the auditors' mission				
Séché Environnement	108	169	-	-
Fully consolidated subsidiaries	-	3	-	-
SUB-TOTAL 1	441	510	271	286
Other services rendered by the auditors' networks to fully consolidated subsidiaries				
Legal, tax and corporate	-	-	-	-
Other	-	-	-	-
SUB-TOTAL 2	-	-	-	-
TOTAL	441	510	271	286

4.2. STATUTORY AUDITORS' REPORT

on the consolidated financial statements at December 31, 2016

To the Shareholders,

In compliance with the assignment entrusted to us at your Annual General Meeting, we hereby report to you, for the year ended December 31, 2016, on:

- the audit of the accompanying consolidated financial statements of Séché Environnement SA, as attached to the present report;
- the justification of our assessments;
- the specific verification required by law.

These consolidated financial statements have been approved by your Board of Directors. Our role is to express an opinion on these consolidated financial statements based on our audit.

1. Opinion on the consolidated financial statements

We conducted our audit in accordance with professional standards applicable in France; those standards require that we plan and perform the audit to obtain reasonable assurance that the consolidated financial statements are free of material misstatement. An audit involves performing procedures, using sampling techniques or other methods of selection, to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made, as well as the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 2016 and of the results of the operations of the consolidated entities for the year then ended in accordance with IFRS as adopted by the European Union.

2. Justification of our assessments

In compliance with article L.823-9 of the French Commercial Code relative to the justification of statutory auditors' opinions, we bring to your attention the following:

■ Goodwill:

Goodwill and other intangible assets with an indefinite useful life which are subject to regular annual impairment tests, or when a triggering event occurs as described in Point 9.4 – “Recoverable value of tangible and intangible fixed assets” in the notes to the consolidated financial statements. We have analyzed the implementation procedures for these impairment tests and the assumptions used to estimate future cash flows and have verified that the information disclosed in Point 9.4 – “Recoverable value of tangible and intangible fixed assets”, and Point 9.1 – “Goodwill” provide appropriate information. These estimates are based on assumptions which are by nature uncertain, and which may differ significantly from actual results.

■ Provisions:

Provisions recognized in the balance sheet and the principles and methods for accounting for them are detailed in Point 15 “Provisions” and Note 5 “Current and non-current provisions”. As part of our review, we examined the estimates made for the closing of the accounts; on the basis of the information available to us during our work, we reviewed the approaches used by the Group and satisfied ourselves as to the reasonable nature of the assumptions made.

These assessments were made as part of our audit of the consolidated financial statements taken as a whole, and therefore contributed to the opinion we formed which is expressed in the first part of this report.

3. Specific verification

As required by law, we also verified, in accordance with professional standards applicable in France, the information presented in the Group's management report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

The auditors

Nantes, March 2, 2017

KPMG Audit
A department of KPMG SA
Franck Noël
Partner

Laval, March 2, 2017

RSM Ouest Audit
Jean-Claude Bonneau
Partner

Séché Environnement

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