2012

# ANNUAL REPORT

## Report of the Board of Directors

Séché environnement

Séché global solutions

# Contents


# chapter 1

## Management report

# 1. Management report

## 1.1. Highlights of the period

The year 2012 was marked for Séché Environnement by notable changes in its macro-economic environment within the scope of its consolidated activities, and in the institutional and financial context of its investment in the HIME sub-group.

### 1.1.1. Shareholding in HIME

The call option granted for four years from 27 May, 2008 by Caisse des Dépôts et Consignations (CDC), and later by Fonds Stratégique d'Investissement (FSI), which, if exercised, would have taken Séché Environnement's shareholding in HIME from 33% to 51%, expired on 28 May, 2012 without having been exercised by Séché Environnement. Exercise of the option would have been uneconomical in a financial context which has changed substantially since 2008. On 27 May, 2012 Joël Séché was not reappointed as Executive Chairman of HIME/Saur.

In parallel, HIME, in the second half of 2012, failed to respect its banking covenants and began the process of restructuring its debts.

This situation has led the Séché Group to reconsider its strategic position in this regard, and the recoverability of its assets invested in HIME. Having regard to the state reached in the debt restructuring process, and the poor visibility at this stage as to how that process will turn out, Séché Environnement deemed it necessary to provision its entire stake in HIME.

Its HIME stock having already been written down to zero during the year 2011, and further to the provision of EUR 51.9 million already booked at June 30, 2012, representing Séché Environnement's share in the negative shareholders' equity of HIME, a further provision of EUR 161.0 million was booked, causing a negative impact on net financial income.  At the same time, a tax credit of EUR 63.3 million was recognized, calculated on the deductible fraction of all provisions concerning the convertible bonds. The net impact of this decision on the results of the Group's  consolidated companies amounts to EUR 97.7 million.

Given that Séché Environnement is not contractually committed to covering the liabilities of HIME beyond the amounts of its own investments (convertible bonds and securities), the Group has also ceased to take account of its share in losses generated by HIME from July 1, 2012 onwards.

### 1.1.2. Scope of consolidated companies

The year 2012 was marked, in general terms, by a contraction in industrial activity which limited growth margins and made for uncertain visibility over the coming months.

Séché Environnement has however succeeded in confronting this unfavorable macro-economic environment, enabling it to compensate for the unfavorable developments on some of its markets (in particular, storage and PCBs) by continuing to expand its services offering. By modifying its activities mix, the Group was able to post revenue growth of + 4.2% in 2012 (+ 0.5% not including the effects of revenue from investments in concessions). This achievement was built on its dynamic sales efforts (eco-services contracts and the winning of the public service delegation contract for the management of the Nantes incinerator) and its positioning on materials recovery activities.

This modification of the activities mix was not however without negative consequences on Group profitability. This was also affected by more time-limited factors such as the bad weather at the beginning of the year, when technical incidents reduced the availability of certain HW facilities, and the Strasbourg plant was impacted by extensive improvement works. On this basis, the Group's current operating profitability fell by EUR – 20.1 million to EUR 37.3 million in 2012 (8.8% of revenue not including investments in concessions). Operating income was down by EUR – 26.3 million as a result of the fall in current operating income and of the booking of a provision of EUR 6.8 million concerning a tax dispute in Spain.

The reduction in operating profitability, combined with the impact of the provision for HIME convertible bonds on the one hand, and increases in the cost of debt on the other (EUR –3.3 million) led Séché Environnement to record negative net income for consolidated companies for the year 2012 of EUR –73.2 million (versus EUR + 44 million in 2011).

Net income for Séché Environnement, which only includes the losses of HIME in the first half of 2012, came out at EUR – 82.4 million, compared with EUR + 15.9 million at the end of 2011.

Conscious of the need to continue to adapt its facilities to changes in its markets and the regulatory constraints of the sector, Séché Environnement continued to pursue in 2012 a sustained investment policy, oriented toward both the maintenance of its current facilities (with the objective of maximizing availability rates) and its positioning on segments expected to provide future growth (materials sorting and recovery, sorting centers, consolidation and logistics platforms). The Group also strengthened its position on its historical storage activity by acquiring 100% of Tree, a company in the West of France strategically positioned on the activity of clinker maturation. This will enable the Group to reinforce and optimize its offering in this area.

This policy was accompanied by a refinancing of Group debt in April 2012, leading to an improved debt structure in terms both of maturities and of diversification.

## 1.2. Activity and results

### 1.2.1. Activity in 2012

*NB: Except where expressly stated otherwise, percentages are calculated after restatement of revenue concerning investments in concessions.*

| in M€ Extracts from consolidated income statement | 2010 restated | 2011 actual | 2012 actual |
|---|---|---|---|
| **REVENUE** | **402.1** | **424.2** | **441.9** |
| *Of which revenue other than from investments in concessions* | *401.7* | *422.8* | *425.0* |
| EBITDA (earnings before interest, tax, depreciation and amortization) | 103.7 | 97.4 | 79.6 |
| *% of revenue* | *25.8%* | *23.0%* | *18.7%* |
| Current operating income | 66.9 | 57.4 | 37.3 |
| *% of revenue* | *16.6%* | *13.6%* | *8.8%* |
| Operating income | 60.4 | 55.2 | 28.9 |
| Net financial income | 6.9 | 8.3 | (156.1) |
| Tax | (21.2) | (19.5) | 54.0 |
| **NET INCOME OF CONSOLIDATED COMPANIES** | **46.1** | **44.0** | **(73.2)** |
| Share of income of affiliates | (19.2) | (28.3) | (9,6) |
| **CONSOLIDATED NET INCOME (GROUP SHARE)** | **27.4** | **15.9** | **(82.4)** |

#### *1.2.1.1. Revenue*

Revenue generated by Séché Environnement in 2012 amounted to EUR 441.9 million compared with EUR 424.2 million in 2011 in reported data, an increase of + 4.2% on the year.
The Group benefited from the good performance of most of its activities, in a listless macro-economic context.

##### 1.2.1.1.1. Breakdown of revenue by division

| Breakdown of revenue | 2010 | | 2011 | | 2012 | |
|---|---|---|---|---|---|---|
| **By division** | **M€** | **%** | **M€** | **%** | **M€** | **%** |
| HW treatment | 267.3 | 66.5% | 270.1 | 63.7% | 269.8 | 61.0% |
| NHW treatment (outside the scope of IFRIC 12) | 134.4 | 33.4% | 152.7 | 36.0% | 155.2 | 35.1% |
| **TOTAL REVENUE OUTSIDE THE SCOPE OF IFRIC 12** | **401.7** | **99.9%** | **422.8** | **99.7%** | **425.0** | **96.1%** |
| Revenue under IFRIC 12 | 0.4 | 0.1% | 1.4 | 0.3% | 16.9 | 3.9% |
| **CONSOLIDATED REVENUE** | **402.1** | **100%** | **424.2** | **100%** | **441.9** | **100%** |
| *Of which Energy* | *17.3* | *4.3%* | *21.1* | *5.0%* | *22.9* | *5.2%* |

In the hazardous waste (HW) treatment activity, revenue fell by – 0.1%, penalized by the strongly unfavorable development of the PCB treatment market (– 23.5% compared with 2011). Disregarding this, revenue growth in this activity came out at 2.4%, resulting from the stability of markets for the treatment and recovery of more technical waste products in a slow-moving industrial environment.

The non-hazardous waste (NHW) activity (not including revenues from investments in concessions) posted revenue growth of + 1.6%. This activity benefited from the strength of its recovery, site rehabilitation and incineration activities - the latter being reinforced by contributions from the commercial successes of the period (Nantes-Alcéa, Scherwiller) - but was affected by a drop in volume of storage activities, and by a reduction in the availability of the Strasbourg incinerator as a result of important maintenance work carried out on this plant from the second half of 2012 onwards.

#### 1.2.1.1.2. Breakdown of revenue by region

| Breakdown of revenue | 2010 | | 2011 | | 2012 | |
|---|---|---|---|---|---|---|
| By region | M€ | % | M€ | % | M€ | % |
| Subsidiaries in France | 380.6 | 94.7% | 399.3 | 94.1% | 415.4 | 94.0% |
| International subsidiaries | 21.5 | 5.3% | 24.9 | 5.9% | 26.5 | 6.0% |
| **TOTAL** | **402.1** | **100%** | **424.2** | **100%** | **441.9** | **100%** |

The activities of the Group's international subsidiaries are:

- in Spain, solvent regeneration activities;
- in Germany, gas treatment activities;
- in Hungary, hazardous waste treatment;
- in Latin America. pre-treatment activities which help generate business for PCB treatment facilities in France.

Over the year, the businesses of the Group's international subsidiaries posted growth of + 6.4% principally because markets held up well in Latin America (spot contracts) and gas treatment enjoyed good levels of activity. Solvent regeneration activities, however, suffered from the poor industrial situation in Spain.

### *1.2.1.2. EBITDA (earnings before interest, tax, depreciation and amortization)*

Group EBITDA for the year 2012 came out at EUR 79.6 million, versus EUR 97.4 million in 2011, a decrease of EUR – 17.8 million. This variation in EBITDA is essentially due to:

- a change in activities mix EUR – 9.4 million;
- reduced availability of DD facilities EUR – 2.1 million;
- reduced availabilty of the Séneval plant EUR – 2.7 million;
- adverse weather impacts (in February) EUR – 1.3 million;
- isolated exogenous effects EUR – 2.2 million.

Isolated exogenous effects principally concern development costs of EUR – 0.9 million, and the effect of the non-recurrence in 2012 of exceptional income recognized in 2011 following tax and national insurance audits (EUR – 1.1 million).

### 1.2.1.3. Current operating income

Operating profitability at the end of 2012 amounted to EUR 37.3 million (8.8% of revenue), versus EUR 57.4 million (13.6% of revenue) at the end of 2011, a fall of EUR – 20.1 million. This was mainly attributable to the decrease in EBITDA (EUR – 17.8 million) and the effects of the increased charges for the renewal of assets contained in concessions (concerning the taking over of the management of the Pau contract) of EUR –2.6 million.

The French operations consolidation scope contributed approximately 94% of the Group's current operating income, with current operating income of EUR 34.9 million, or 8.8% of the revenue generated in this consolidation scope (versus 14.1% in 2011, at EUR 55.9 million).

The international operations consolidation scope contributed EUR 2.3 million, representing 8.8% of revenue, a slight increase as a result of spot contracts in Latin America.

### 1.2.1.4. Operating income

The Group's operating income came out at EUR 28.9 million (6.8 % of revenue) at the end of 2012, a drop of EUR –26.3 million compared with 2011.

This result reflects the decline in current operating income (EUR – 20.1 million) and the constitution of a risk provision related to a tax dispute endured by the Group (EUR –6.3 million).

### 1.2.1.5. Net financial income

Net financial income for 2012 came out at EUR –156.0 million, compared with EUR + 8.3 million in 2011, a decrease of EUR – 164.3 million.
This improvement is principally explained by:

- the constitution of a provision of EUR 160 million to cover the Group's assets invested in HIME;
- an increase in the average cost of debt of EUR – 3.3 million, to be considered in connection with the refinancing operations carried out in April 2012.

### 1.2.1.6. Corporation tax

The Group posted corporation tax income amounting to EUR + 54.0 million in 2012, versus a charge of EUR – 19.5 million at December 31, 2011.

In 2012, the Group recorded a tax credit brought about by the creation of a provision on its convertible bonds (commensurate with the fraction of its commitment deductible from its net income at the standard rate of corporation tax).

If one disregards the booking of this tax income of EUR 63.3 million, Séché Environnement posted a net tax charge of EUR – 9.5 million. This reduction in tax charge compared with 2011 (a variance of EUR – 10.1 million) is in line with changes in operational profitability.

### 1.2.1.7. Net income of consolidated companies

As a result of the factors mentioned above, net income from consolidated companies amounted to EUR – 73.2 million in 2012, an apparent reduction of EUR – 117.2 million compared to the corresponding figure for net income of consolidated companies in 2011 of EUR 44.0 million.

### *1.2.1.8. Share of income of affiliates*

Income from affiliates recorded in the Group's consolidated financial statements breaks down as follows:

| in M€ | 2010 | | 2011 | | 2012 | |
|---|---|---|---|---|---|---|
| | HIME | Others (1) | HIME | Others (1) | HIME | Others (1) |
| Current operating income | 65.1 | (0.1) | 64.6 | 0.4 | 20.3 | (0.3) |
| Net financial income | (135.1) | (0.1) | (139.1) | (0.1) | (69.0) | 0.2 |
| Tax | 15.1 | Ns | (9.3) | Ns | 5.5 | - |
| Net income of affiliates (Group share) | (58.1) | (0.2) | (86.1) | 0.3 | (29.1) | (0.1) |
| *Share of net income of affiliates* | *(19.2)* | *Ns* | *(28.4)* | *0.1* | *(9.6)* | *0* |
| **TOTAL SHARE OF NET INCOME OF AFFILIATES** | **(19.2)** | **(28.3)** | **(9.6)** | | | |

(1) The other affiliates are La Barre Thomas, SCI Noiseraie, Altergies and Transval.

The share of net income of HIME used to calculate the net income of the Séché Group is that determined as at June 30, 2012, given that, at that date:

- all Séché Environnement's commitments toward HIME had been provisioned;
- the Séché Group had incurred no legal or implicit obligation to cover the losses of HIME beyond the said commitments.

At the time of writing the present Annual Report, the accounts for HIME for 2012 had not been finalized.

### *1.2.1.9. Consolidated net income, Group share*

By reason of developments in the French simplified tax regime (RSI) on the one hand, and the Group's share in the net income of consolidated companies on the other, the Séché Group recorded a net loss for the year 2012 of EUR - 82.4 million, compared with net income of EUR 15.9 million for the year 2011.

## 1.2.2. Cash flow

The Group's decline in operating profitability led to a contraction of cash flows from operating activities. Nevertheless, the Group was able to refinance itself and to maintain balanced cash flows over the period, while continuing to pursue a resolute investment policy, oriented towards its historical business activities and towards development projects which can be expected to deliver future growth.

The cash-flow position of the Séché Group can be summarized as follows:

| in M€ | Dec. 31, 2010 | Dec. 31, 2011 | Dec. 31, 2012 |
|---|---|---|---|
| Cash flow generated by operating activities | 93.0 | 74.5 | 52.6 |
| Cash flow linked to investment activities | (22.6) | (50.5) | (58.3) |
| Cash flow linked to financing activities | (46.3) | (42.8) | 4.3 |
| **CHANGE IN CASH FLOW** | **24.2** | **(18.7)** | **(1.4)** |

### *1.2.2.1. Net cash from operations*

Over the period, cash flow generated in 2012 by the Séché Group's operating activities amounted to EUR 52.6 million (compared with EUR 74.5 million in 2011), a decrease of EUR – 21.9 million. This change was due to the combined effects of:

- a decline in cash flow generated by operations of EUR - 18.7 million, related to the change in operating income before non-cash charges;
- changes in WCR (a negative variation of EUR - 4.9 million, a change of EUR - 16.2 million compared with the variation recorded in 2011);
- a reduction in tax paid (EUR 13 million) resulting from the time difference between recognizing expenses and making payments under the advance payments method.

### *1.2.2.2. Net cash paid out for investments*

| in M€ | | 2010 | 2011 | 2012 |
|---|---|---|---|---|
| Capital expenditures | | 33.9 | 49.7 | 49.4 |
| Financial investments | | 0.7 | 0.1 | 0.5 |
| **INVESTMENTS BOOKED (1)** | | **34.6** | **49.8** | **49.9** |
| Capital expenditures | 27.0 | 50.2 | 41.3 | |
| Financial investments (2) | | (4.4) | 0.1 | 0.7 |
| Acquisition of subsidiaries - net cash cost | | - | 0.2 | 16.3 |
| **NET INVESTMENTS PAID OUT** | **22.5** | **50.5** | **58.3** | |

(1) Excluding financial lease agreements.

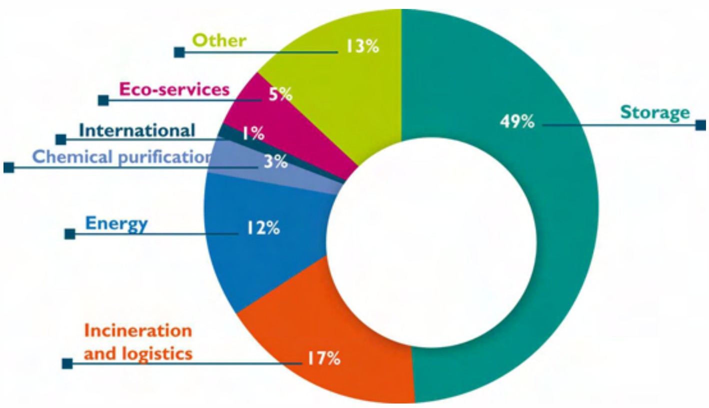
(2) In 2010, Séché Environnement received EUR 5.5 million from HIME as payment for a portion of interest on convertible bonds.

The acquisition of Tree on October 1, 2012 represented net cash outflow for the Group of EUR 16.3 million.

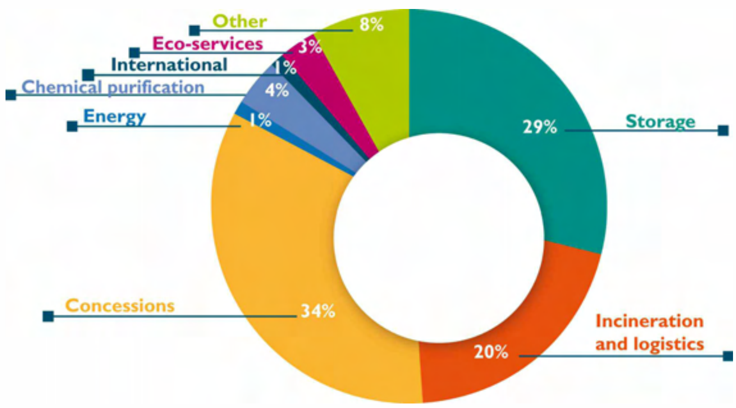
Capital expenditures booked by the Séché Group in 2012 amounted to EUR 49.9 million. They concern:

- investments in concessions within the framework of the Group's public service delegation contracts (EUR 17.2 million)
- development investments for a total of EUR 8.3 million (including EUR 3.3 million for a logistics platform, EUR 2 million for materials recovery equipment, and EUR 1.3 million for specific equipment);
- recurrent investments of EUR 24.5 million, of which EUR 7.0 million for the acquisition of land and the building of storage cells, EUR 3 million for regulatory and safety investments, EUR 3.6 million for utility and other vehicles, and EUR 8.8 million for maintenance investments (of which EUR 5.9 million for incineration facilities and EUR 2.9 million for other activities).

## Capital Expenditure 2011




## Capital Expenditure 2012




The Group's capacity to finance its investments itself is presented below:

in M€

| Cash flow and investments booked | 2010 restated | 2011 | 2012 |
|---|---|---|---|
| Cash flow (before taxes and financial expenses) (A) | 100.8 | 86.8 | 68.0 |
| **CAPITAL EXPENDITURES (B)** | **34** | **50** | **49.4** |
| *HW* | *43%* | *37%* | *38%* |
| *NHW* | *57%* | *63%* | *62%* |
| **(A)/(B)** | **293.1%** | **173.6%** | **137.7%** |
| **FINANCIAL INVESTMENTS (C)** | **0.7** | **0.1** | **0.4** |

### *1.2.2.3. Net cash from financing activities*

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.

The table below presents changes in net debt over the last three financial years.

| in M€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| Non-current financial debt | 193.7 | 43.7 | 218.2 |
| Current financial debt | 44.6 | 172.9 | 28.0 |
| Cash and cash equivalents | (43.4) | (24.7) | (23.1) |
| **NET FINANCIAL DEBT** | **194.9** | **191.9** | **223.1** |
| **Net debt to banks** (1) | **193.9** | **190.9** | **221.4** |

(1) Calculated under the terms of the banking contract, which excludes certain lines of financial debt from the definition of debt.

At December 31, 2012, 88% of gross financial debt was hedged at fixed rates.

## 1.2.3. Balance sheet structure

| in M€ Extract from consolidated balance sheet | 2010 actual | 2011 actual | 2012 actual |
|---|---|---|---|
| Non-current assets | 575 | 570 | 490 |
| Current assets (excluding cash and cash equivalents) | 133 | 146 | 172 |
| Cash and cash equivalents | 43 | 25 | 23 |
| Shareholders' equity (including minority interests) | 370 | 356 | 257 |
| Non-current liabilities | 200 | 51 | 226 |
| Current liabilities | 182 | 334 | 202 |

### *1.2.3.1. Non-current assets*

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

The change from December 31, 2011 to December 31, 2012 of EUR −80 million was primarily attributable to:

- recognition of goodwill amounting to EUR 15.3 millions on the acquisition of Tree;
- a net increase in tangible and intangible fixed assets of EUR + 18.1 million;
- recognition of EUR + 15.5 million in interest for the period on HIME convertible bonds;

- recognition of a provision of EUR –213 million in respect of HIME bonds (including EUR –51 million from the reclassification of an earlier provision for risk booked under liabilities)
- an increase in deferred tax assets of EUR + 41 million, of which EUR + 59.4 million related to the recognition of a tax credit arising from the provision for HIME convertible bonds, and EUR –14.1 million from the cancellation of the tax effect of the derivative split.

### *1.2.3.2. Current assets (excluding cash and cash equivalents)*

The increase in current assets excluding cash of EUR + 26 million is principally due to the increase in:

- corporation tax credits (EUR 12.6 million) as a result of the tax impact of the provision for HIME bonds already recognized fiscally for the portion of the interest payments provisioned;
- credits against the French tax on polluting activities (TGAP) amounting to EUR 1.5 million, following application of the advance payments method:
- prepayments of EUR + 6.5 million mainly related to advances made in GER programs
- customer receivables correlated to the increase in trading activity (EUR 5.2 million).

### *1.2.3.3. Shareholders' equity*

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

| in M€ | Group | Share of HIME | Minority interests |
|---|---|---|---|
| SHAREHOLDERS' EQUITY AT JANUARY 1, 2012 | 355.3 | (148.3) | 0.8 |
| Dividends paid | (11.2) | - | - |
| Net earnings (Group share) | (82.4) | (9.6) | (0.4) |
| Foreign currency differences | - | *(0.2)* | - |
| Hedging instruments | (4.4) | *(4.1)* | - |
| Actuarial differences | (0.8) | - | - |
| Fair value of assets available for sale | (0.2) | - | - |
| Treasury stock | - | - | - |
| Entry into scope | - | - | - |
| Other changes | (0,1) | - | - |
| SHAREHOLDERS' EQUITY AT DECEMBER 31, 2011 | 256.2 | (162.2) | 0.4 |

### 1.2.3.4. Current and non-current liabilities

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

| in M€ | Dec. 31, 2010 restated | | | Dec. 31, 2011 | | | Dec. 31, 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| | NC | C | TOTAL | NC | C | TOTAL | NC | C | TOTAL |
| Financial debt | 193.7 | 44.6 | **238.3** | 43.7 | 172.9 | **216.6** | 218.2 | 28.0 | **246.2** |
| Hedging instruments | 2.0 | 0.6 | **2.6** | 3.5 | 0.3 | **3.8** | 3.3 | 0.7 | **4.0** |
| Provisions | 2.8 | 17.0 | **20.8** | 3.5 | 24.9 | **28.4** | 4.8 | 20.4 | **25.2** |
| Other liabilities | 1.4 | 115.3 | **115.8** | 0.3 | 135.8 | **136.1** | 0.2 | 152.0 | **152.2** |
| Tax due | - | 4.6 | **4.6** | - | 0.2 | **0.2** | - | 0.9 | **0.9** |
| **TOTAL** | **199.9** | **182.2** | **382.1** | **51.0** | **334.1** | **385.1** | **226.5** | **202.0** | **428.5** |

Current and non-current liabilities amounted to EUR 428.5 million, an increase of EUR + 43.4 million. This increase reflects for the most part an increase in financial debt (EUR + 29.6 million), and an increase in current operational debt (EUR + 16.1 million).

Changes in the Group's net financial debt break down as follows:

| in M€ | Dec. 31, 2010 | Dec. 31, 2011 | Dec. 31, 2012 |
|---|---|---|---|
| Bank loans | 216.3 | 197.6 | 205.4 |
| Bonds issued | - | - | 22.7 |
| Lease finance debt | 20.4 | 17.3 | 15.9 |
| Miscellaneous financial debt | 0.3 | 0.3 | 0.9 |
| Short-term bank borrowings | 0.6 | 0.7 | 0.5 |
| Equity investments | 0.8 | 0.7 | 0.8 |
| **TOTAL FINANCIAL DEBT (current and non-current)** | **238.3** | **216.6** | **246.2** |
| Cash balance | (43.4) | (24.7) | (23.1) |
| **NET FINANCIAL DEBT** | **194.9** | **191.9** | **223.1** |
| *Of which less than one year* | *1.3* | *148.2* | *4.9* |
| *Of which more than one year* | *193.7* | *43.7* | *218.2* |

The Group's net financial debt increased to EUR 223.1 million compared with EUR 191.9 million in 2011.

The Group's senior debt matured on April 12, 2012, on which date the Group reimbursed the last tranche of capital due (EUR 162.5 million) while putting in place a new financing structure. The new structured debt will enable the Group to honor this maturity date and to finance its general needs, while significantly extending its duration, which will become six years.

This refinancing operation concerns EUR 188.3 million of debt and breaks down as follows:

- EUR 163.3 million by means of a new bank credit maturing in 2017, amortizable in tranches of 5% per semester beginning in 2013;
- EUR 25 million by the issuance of a bullet bond at 96% of its nominal value, with a maturity date in 2019.

These new contracts carry a commitment to respect the same financial ratios as in the previous credit agreement, i.e. gearing (net financial debt/equity) of less than 1.1, and leverage (net financial debt/EBITDA) of less than 3. At December 31, 2012, the Group complied with these ratios.

## 1.3. Group structure

### 1.3.1. Parent company: Séché Environnement SA

| in K€ | Dec. 31, 2010 | Dec. 31, 2011 | Dec. 31, 2012 | Change |
|---|---|---|---|---|
| Revenue | 14 683 | 12 989 | 12 690 | (299) |
| Operating income | 4 586 | 1 276 | (9 832) | (11 108) |
| Net financial income | 39 049 | 41 467 | (317 317) | (358 784) |
| Extraordinary items | 1 849 | 614 | (2 201) | (2 815) |
| Corporation tax (including tax consolidation) | (2 583) | (1 718) | 10 807 | 12 525 |
| **NET INCOME** | **42 901** | **41 638** | **(318 543)** | **(360 181)** |

Séché Environnement SA posted a net loss for 2012 of EUR – 318.5 million, versus net income of EUR 41.6 million in 2011, an unfavorable variance of EUR – 360.1 million. This result for 2012 reflects:

- a provision in respect of Séché's investment in HIME, consisting of its HIME stock - EUR –98.3 million) and convertible bonds (EUR –217.2 million);
- a provison in respect of Tredi stock (EUR 31.3 million);
- expenses related to the Séché/HIME business combination, recognized under exceptional income for EUR –5.9 million. These were

booked under prepayments so long as the 18% call option, which would have taken Séché Environnement's holding in HIME to 51%, was not exercised;

- the effects of the refinancing of the Company's senior debt (negotiation expenses with a negative impact on operating income of EUR –4.4 million; increase in the cost of debt).

Since 2007, all French subsidiaries subject to corporation tax in which Séché Environnement SA directly or indirectly holds an interest of more than 95% have been members of the tax consolidation group headed by Séché Environnement SA. However, Tree (acquired on October 1, 2012) and Alcéa (set up in 2012) will not enter the tax consolidation group until January 1, 2014.

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:

| in K€ | Accounts payable (1) | Overdue | 30 days | 60 days | > 60 days |
|---|---|---|---|---|---|
| Dec. 31, 2012 | 1 775.9 | 285.0 | 817.7 | 401.4 | 271,7 |
| Dec. 31, 2011 | 1 117.7 | 66.8 | 745.9 | 305.0 | - |
| Dec. 31, 2010 | 947.2 | 11.8 | 438.5 | 496.8 | - |

(1) Excluding suppliers of financial fixed assets corresponding to non-paid-up capital on investment funds or mutual funds.

On average, in 2012, suppliers (excluding suppliers of financial fixed assets) were paid within 39 days, versus 32 days in 2011.

### 1.3.2. Subsidiaries and holdings

In the course of the year 2012, Séché Environnement:

- acquired 100% of the capital of Tree, a company owning an authorized, certified waste storage facility in the Ille-et-Vilaine département of France;
- set up Alcéa, the beneficiary of the public service delegation contract to manage the Nantes incinerator.

### 1.3.3. Research and development expenses

The Group regularly commits funds to its research and development efforts to improve its tools and processes, with a view to:

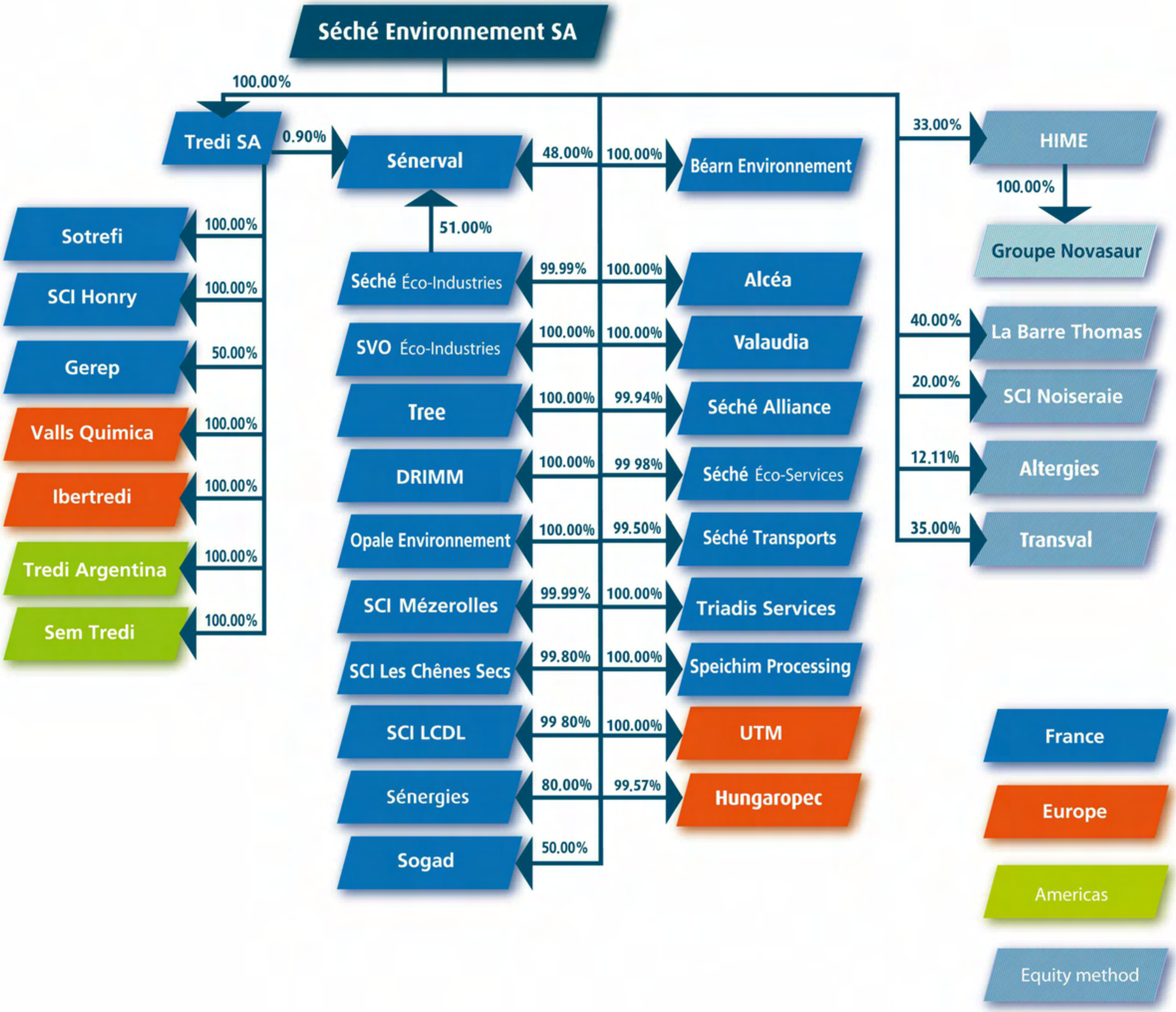
- responding to its customers' demands, which are of an increasingly technical nature, by elaborating innovative solutions
- controlling consumption of inputs and reducing waste outputs related to its activities, by, for example, recycling solvents, researching substitutes for carbon-based materials used in metallurgical processes, and researching processes for the treatment of fluorides;
- offering innovative technologies able to anticipate future needs, such as, for example, a project looking for ways of storing renewable energy produced, to be able to release it for later use at times of high energy demand.

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 1.4 million.

## 1.3.4. Subsidies

In connection with the expansion of its waste treatment activities, the Group may receive investment or operating subsidies.
In the course of the year 2012, the total of such subsidies attributed to the Group amounted to EUR 4.2 million.

## 1.3.5. Organization Chart





## 1.4. Financial risk management

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

Information concerning the appraisal of these risks and methods for managing them, and more generally the information required by IFRS 7, is compiled and presented in Note 18 onwards in the notes to the balance sheet in the consolidated financial statements.

## 1.5. Key events since the closing of accounts

At the time the present management report was drafted, the Group was not aware of any significant event occurring after the closing likely to have a significant impact on the Group's assets, financial position or operating income.

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

## 1.6. Outlook for 2013

Séché Environnement is the specialist, in France, in the recovery and treatment of waste products, and intervenes on regulated markets with high barriers to entry. The Group is pursuing an active development strategy to broaden its services offering, in order to take advantage of the commercial opportunities originating in regulatory changes, and to accompany the needs of its customers on the growing markets for sorting, materials recovery and treatment.

With its high value-added know-how, Séché Environnement confirms its status as a top-level player, both in highly technical niche markets such as the hazardous waste sector, and in high-potential areas such as out-sourcing for large industrial undertakings and prominent local authorities.

Séché Environnement takes advantage of changes in the regulatory environment which contribute to the dynamism of its markets and create commercial opportunities. For example, recovery and treatment constraints on producers of waste have led to the setting up of dedicated recovery channels under the rules of extended producer responsibility (EPR). In this context, Séché Environnement intends to play an active role by developing specific materials recovery solutions. In February 2013, Séché Environnement was chosen by Valdelia, a new eco-organization set up to deal with waste produced by professional decorators, to treat their waste products collected in Brittany.

In 2013, Séché Environnement should benefit from a return to better conditions for its activities, characterized in particular by a return to full availability of its treatment plants, and in particular the Strasbourg incinerator. Consolidated activities should be characterized in 2013 by:

- stabilization of its recurrent PCB activities compared with 2012, within the HW division which should therefore enjoy a level of activity comparable with that of last year;
- business levels in line with those of 2012 in NHW storage, where growth should be strengthened by full-year contributions from public service delegation contracts signed in 2012 and the integration of Tree.

These factors should contribute to the Group's growth in a macro-economic environment expected to remain flat in 2013. Once the one-time and/or exogenous factors which weighed on last year's operating margins and caused adverse mix effects (PCB, storage) have been neutralized, current operating income can be expected to improve significantly in 2013 to around 10% of revenue (not including IFRIC 12 revenue).

Séché Environnement plans to invest some EUR 70 million in 2013, of which EUR 36 million in public service concessions, notably concerning the Strasbourg and Nantes incinerators.

In the coming years, operating margins should continue to improve, bringing current operating income to more than 12% in 2016. At this time, the return on investment should make possible a significant reduction in net financial debt, with leverage of around 2x, while the after-tax return on capital empoyed should reach about 10%.

## 1.7. Stakeholders

### 1.7.1. Share ownership and changes in share capital

#### *1.7.1.1. Breakdown of share capital*

Share capital amounts to EUR 1 726 974, divided into 8 634 870 shares of par value EUR 0.20 each, fully paid up and fully negotiable.

| Operation | Number of new shares | Total number of outstanding shares | Nominal value of share |
|---|---|---|---|
| **Feb. 17, 1997** | | | |
| Share split | | 50 000 | FRF 100 |
| **Oct. 8, 1997** | | | |
| Share split | | 5 000 000 | FRF 1 |
| **Nov. 27, 1997** | | | |
| Capital increase | 400 000 | 5 400 000 | FRF 1 |
| **Dec. 19, 1997** | | | |
| Capital increase | 5 000 | 5 405 000 | FRF 1 |
| **Apr. 26, 2001** | | | |
| Conversion of capital into EUR | | 5 405 000 | EUR 0.20 |
| **Oct. 1, 2001** | | | |
| Capital increase (1) | 160 405 | 5 565 405 | EUR 0.20 |
| **July 5, 2002** | | | |
| Capital increase (2) | 2 473 057 | 8 038 462 | EUR 0.20 |
| **Dec. 12, 2006** | | | |
| Issuance of 596 408 share subscription warrants | | | |
| **April 24, 2007** | | | |
| Capital increase (3) | 596 408 | 8 634 870 | EUR 0.20 |

(1) Payment for Alcor stock tendered to the company .

(2) Payment for Tredi stock tendered to the company.

(3) Exercise of 596 408 share subscription warrants by CDC.

| Nominal amount of capital increase | | | |
|---|---|---|---|
| By contribution in cash or kind | By incorporation of reserves | Additional paid-in capital | Subsequent amount of capital |
| | | | FRF 5 000 000 |
| | | | FRF 5 000 000 |
| FRF 400 000 | | FRF 73 600 000 | FRF 5 400 000 |
| FRF 5 000 | | FRF 735 000 | FRF 5 405 000 |
| | EUR 257 013.06 | | EUR 1 081 000 |
| EUR 32 081 | | EUR 10 795 257 | EUR 1 113 081 |
| EUR 494 611 | | EUR 19 902 780 | EUR 1 607 692 |
| | | EUR 10 908 302 | EUR 1 607 692 |
| EUR 119 282 | | EUR 74 717 994 | EUR 1 726 974 |

### 1.7.1.2. Share ownership and voting rights

| Share ownership at Dec. 31, 2012 | Number of shares | % | Voting rights [2] | % |
|---|---|---|---|---|
| Joël Séché | 3 522 400 | 40.8% | 7 044 800 | 57.3% |
| Amarosa family trust [1] | 116 036 | 1.3% | 232 072 | 1.9% |
| **Sub-total, Joël Séché family** | **3 638 436** | **42.1%** | **7 276 872** | **59.2%** |
| Fonds Stragégique d'Investissement | 1 726 974 | 20.0% | 1 726 974 | 14.0% |
| Treasury stock | 59 241 | 0.7% | 59 241 | 0.5% |
| Free float | 3 210 219 | 37.2% | 3 234 081 | 26.3% |
| **TOTAL** | **8 634 870** | **100.0%** | **12 297 168** | **100.0%** |

(1) Joël Séché has majority control of the Amarosa family trust.

(2) Based on the AMF's recommended calculation for determining threshold crossings.

Since January 1, 2012 and up to the date of the present Board meeting, Séché Environnement has not been informed of any ownership threshold crossings, in either direction, with the exception of the following: IVA (International Value Advisers LLC) declared that on December 14, 2012, it exceeded the threshold of 5% of the capital of Séché Environnement, and now holds 447 133 Séché Environnement shares representing 5.18% of this company's capital and 3.64% of its voting rights.

### 1.7.1.3. 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.

At December 31, 2012, Séché Group employees held 34 400 Séché Environnement shares via the FCPE Séché Croissance fund. These holdings account for 0.4% of the capital and 0.28% of the voting rights.

### 1.7.1.4. Transactions carried out on Company shares by senior officers, associated persons and their relatives

In 2012, no director in office carried out any transactions totalling more than EUR 5 000 on Company shares

### *1.7.1.5. Changes in share ownership over the past three years*

| Situation at December 31 | 2010 | 2011 | 2012 |
|---|---|---|---|
| Joël Séché family (1) | 42.9% | 42.1% | 42.1% |
| CDC Group/FSI | 20.0% | 20.0% | 20.0% |
| Free float | 36.4% | 37.2% | 37.2% |
| Treasury stock | 0.7% | 0.7% | 0.7% |
| **TOTAL** | **100%** | **100%** | **100%** |

(1) Joël Séché and the Amarosa family trust (majority controlled by Joël Séché).

### *1.7.1.6. Shareholders' agreements*

There are no agreements between shareholders of the Company, with the exception of the one described below, expiring on April 26, 2017, initially binding Caisse des Dépôts et Consignations, CDC Entreprises Valeurs Moyennes, Joël Séché and the Amorosa family trust. However, the transfer of the shareholdings of Caisse des Dépôts et Consignations and CDC Entreprises Valeurs Moyennes to Fonds Stratégique d'Investissement (a subsidiary of Caisse des Dépôts et Consignations) on July 15, 2009 transferred adherence to the said agreement to Fonds Stratégique d'Investissement, which substituted itself in law for Caisse des Dépôts et Consignations and CDC Entreprise Valeurs Moyennes.

This shareholders' agreement (registered with the AMF under no. 206C1928) contains the following main provisions, which remain applicable at December 31, 2012:

- *representation of Fonds Stratégique d'Investissement on the Board of Directors of Séché Environnement:* Fonds Stratégique d'Investissement is entitled to appoint several members of Séché Environnement's Board of Directors, commensurate with its equity stake in the Group;
- *management of shareholdings of the parties to the shareholder agreement:* shareholder agreement members are not permitted to acquire directly or indirectly securities issued by Séché Environnement, if such acquisition were to lead to one of the members making a public offer for Séché Environnement shares;

in the event of any transfer of Séché Environnement shares by Joël Séché, the Amarosa family trust and/or their transferees to a third party, as long as they jointly hold less than 50.1% of the voting rights of the company, Fonds Stratégique d'Investissement shall have the option of selling its own shares to such third party at the same price and in the same proportions;

Fonds Stratégique d'Investissement shall have the option of subscribing to any issue of Séché Environnement securities, commensurate with its share of the equity, with the exception of securities issued to pay for an acquisition project outside the Group to the benefit of a third party, which would have the effect of diluting all shareholders in the same proportions;

- *co-investment rules:* as long as Fonds Stratégique d'Investissement holds at least 15% of the equity of Séché Environnement, it shall be entitled to participate as a co-investor in any acquisition project above a certain threshold amount.

It is furthermore specified that this shareholders' agreement shall be terminated automatically if at any time Fonds Stratégique d'Investissement holds less than 10% of the equity of the Company or if the balance of the respective stakes of Fonds Stratégique d'Investissement, on the one hand, and Joël Séché and the Amorosa family trust on the other, are modified to such an extent that would oblige the parties to make a public offer for all the shares.

#### *1.7.1.1. Authorizations to increase/decrease share capital and repurchase shares*

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 |
|---|---|---|---|---|
| June 8, 2012 | 16th | Issuance of stocks or marketable securities with preferential subscription rights | 23 months May 8, 2014 | EUR 172 697 (1) |
| | 17th | Issuance of stocks or marketable securities without preferential subscription rights | 23 months May 8, 2014 | EUR 172 697 (1) |
| | 18th | Issuance of stocks or marketable securities as payment for contributions in kind | 23 months May 8, 2014 | 10% of share capital |
| | 20th | Capital increase reserved for Group employees | 26 months August 8, 2014 | EUR 51 809 (1) |
| | 15th | Reduction of capital by share cancellation | 18 months December 8, 2013 | 10% of share capital |
| May 12, 2011 | 9th | Capital increase by incorporation of reserves, profits or bonuses | 26 months July 11, 2013 | EUR 172 697 |

(1) These amounts are deducted from the maximum overall nominal amount of EUR 458 500 set forth by the 21st resolution of the Annual General Meeting of June 8, 2012.

At the time of writing this Management Report, the Board of Directors had not made use of any of the above-mentioned authorizations, with the exception of the authorization to repurchase the company's own shares. This transaction is described in the present report, in the paragraph covering the Company's share buyback transactions.

### *1.7.1.8. Information on stock option plans*

The Extraordinary General Meeting of the Company held on June 8, 2012, in passing its nineteenth resolution, delegated the necessary powers to the Board of Directors for a period of 26 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 458 500 set by the twenty-first 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 May 6, 2010, in its twelfth 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.

### *1.7.1.9. Information on the awarding of free shares*

The Extraordinary General Meeting of May 12, 2011, in passing its tenth 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 senior officers 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 April 25, 2008 in its seventh resolution.

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

### *1.7.1.10. Share buybacks*

The Annual General Meeting held on June 8, 2012, in passing its fourteenth 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 May 12, 2011 under the same terms, the use of which was reported to you at the last Annual General Meeting.

Furthermore, the Annual General Meeting of June 8, 2012, in passing its fifteenth resolution, delegated the necessary powers to the Board of Directors, in compliance with the provisions of article L.225-109 of the French Commercial Code, to cancel the Company's own shares (within the limit of 10% of its share capital) acquired through share buybacks authorized by the previous successive Annual General Meetings of the Company. This authorization was granted for a period of 18 months, and terminated the previous authorization granted by the Annual General Meeting of May 12, 2011.

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 June 8, 2012 and ending December 31, 2012:

| | |
|---|---|
| Number of shares purchased, sold or transferred since the start of the program | 119 178 |
| Percentage of shares held directly or indirectly as treasury stock | 0.69% |
| Number of shares canceled over the last 24 months | - |
| Number of shares held in portfolio | 59 241 |
| Net asset value of portfolio (in EUR) | 2 741 956 |
| Market value of portfolio at December 31, 2012 (in EUR) | 1 630 905 |

Should the Board of Directors decide to implement the entire share buyback program (excluding shares already acquired at December 31, 2012), 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. 85 748 shares;
- an average repurchase price of EUR 29.09 per share, which represents the average closing price observed from February 1 through 28, 2013, i.e. a total of EUR 2.5 million for the repurchase of 1% of the share capital;
- a cost of financing this buyback program of 5.17% before taxes.

Based on these assumptions, the impact of the share buyback program on the 2012 consolidated financial statements as presented in this management report would have been as follows:

| | Consolidated financial statements as reported at Dec. 31, 2012 (1) | Repurchase of 1% of capital and cancellation (excluding impact of provisions) | Pro forma data after repurchase and cancellation of 1% of capital (excluding impact of provisions) | Impact of buyback (in %) |
|---|---|---|---|---|
| Shareholders' equity (Group share) (K€) | 256 154 | (2 494) | 253 660 | (1.0)% |
| Shareholders' equity (total consolidated) (K€) | 256 532 | (2 494) | 254 037 | (1.0)% |
| Net financial debt (K€) (2) | 223 104 | 2 494 | 225 598 | 1.1% |
| Net income (Group share) (K€) | (82 377) | (85) | (82 462) | 0.1% |
| Average weighted number of shares in circulation | 8 574 828 | (85 748) | 8 489 080 | (1.0)% |
| Net earnings per share (€) | (9.61) | (0.01) | (9.71) | 1.1% |
| Average weighted number of shares in circulation, adjusted for dilutive instruments effect | 8 574 828 | (85 748) | 8 489 080 | (1.0)% |
| Net diluted earnings per share (€) | (9.61) | (0.01) | (9.71) | 1.1% |

(1) After closure of the accounts by the Board of Directors' meeting held on April 16, 2013, and subject to their approval by the Annual General Meeting of June 7, 2013.

(2) Financial debt net of cash balance.

### *1.7.1.11. 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.

### *1.7.1.12. Shares not representative of capital*

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

## 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:

### Share price (in €)

| Month | Low | High | Closing price | Trading volume: Number of shares traded | Trading volume: Value in M€ |
|---|---|---|---|---|---|
| **2012** | | | | | |
| January | 26.00 | 30.20 | 28.24 | 256 342 | 7.08 |
| February | 28.00 | 35.27 | 32.80 | 324 311 | 10.19 |
| March | 30.00 | 33.36 | 32.04 | 141 190 | 4.49 |
| April | 25.00 | 32.20 | 27.29 | 148 939 | 4.28 |
| May | 21.00 | 27.40 | 21.11 | 141 910 | 3.33 |
| June | 19.42 | 22.39 | 20.55 | 132 570 | 2.74 |
| July | 20.35 | 29.00 | 28.00 | 162 694 | 4.13 |
| August | 25.42 | 28.11 | 26.79 | 83 693 | 2.27 |
| September | 25.55 | 28.59 | 28.55 | 66 787 | 1.84 |
| October | 25.00 | 30.00 | 25.30 | 63 751 | 1.74 |
| November | 24.75 | 26.58 | 25.60 | 55 918 | 1.43 |
| December | 25.50 | 27.64 | 27.53 | 158 109 | 4.16 |
| **Extremes and totals in 2012** | **19.42** | **35.27** | **20.55** | **1 736 214** | **47.68** |
| **2013** | | | | | |
| January | 27.40 | 31.00 | 29.58 | 88 828 | 2.61 |
| February | 29.20 | 35.88 | 33.19 | 91 569 | 2.99 |
| March | 27.51 | 35.50 | 27.70 | 85 975 | 2.80 |

## Changes in stock price and volumes traded
### 2012


**Eurolist Paris By EURONEXT (Compartment B)**

## 1.7.3. Composition of the Board of Directors

At December 31, 2012, the Board of Directors of Séché Environnement SA consisted of the following members:

| | | Date first appointed | Date last reappointed |
|---|---|---|---|
| **Chairman and Chief Executive Officer, and Director** | Joël Séché | October 19, 1981 | June 8, 2012 |
| **Directors** | Jean-Pierre Vallée | November 29, 1993 | June 8, 2012 |
| | FSI represented by Jean Bensaïd | December 12, 2006 (1) | May 12, 2011 |
| | Philippe Valletoux | May 11, 2007 | |
| | Dominique Cyrot | August 30, 2011 | June 8, 2012 |

(1) Representative of predecessor shareholder (CDC) co-opted.

## 1.7.4. Directors' mandates and functions

At December 31, 2012, the senior officers of Séché Environnement held mandates and functions in the following companies:

### Joël Séché:

| Current positions | | Positions relinquished in the last 5 financial years | |
|---|---|---|---|
| Séché Éco-Services SAS | Chairman | HIME SAS | Chairman until May 27, 2012 |
| Séché Transport SAS | Chairman | SAUR SAS | Chairman until May 27, 2012 |
| Séché Éco-Industries SAS | Chairman | | |
| Séché Alliance SAS | Chairman | | |
| Tredi SA | Director | | |
| SCI La Croix des Landes | Manager | | |
| SCI Les Chênes secs | Manager | | |
| SCI Mézerolles | Manager | | |
| SCI La Montre | Manager | | |
| SCI de La Censie | Manager | | |
| SCI Saint Kiriec | Manager | | |
| SCI La Perrée | Manager | | |
| SC Amarosa | Manager | | |
| Altamir Amboise SCA | Chairman of the Supervisory Board | | |
| HIME | Member of the Supervisory Board | | |

### Jean Bensaïd:

| Current positions | | Positions relinquished in the last 5 financial years | |
|---|---|---|---|
| Galaxy | Director, representative of CDC | Eutelsat Communication SA | Permanent representative of CDC Infrastructure up to 2012 |
| SANEF | Permanent representative of CDC Infrastructure | | |
| HIME SAS | Chairman of the Supervisory Board, representative of FSI | TDF | Permanent representative of CDC Infrastructure up to April 2010 |
| GRT GAZ | Director | MAP SUB | Chairman up to April 2010 |
| HIG | Director | HIME SA | Chairman up to May 27, 2008 |
| SIG | Director | CDC Infrastructures | Director up to October 24, 2008 |


**Philippe Valletoux:**

| Current positions | | Positions relinquished in the last 5 financial years | |
|---|---|---|---|
| Société du Parc du Futuroscope | Member of the Supervisory Board | Dexia Crédit Local | Vice-Chairman of the Management Committee up to September 30, 2009 |
| | | FLORAL | Chairman and Chief Executive Officer up to October 15, 2009 |
| | | DEXIA Sofaxis | Director up to December 4, 2009 |
| | | DEXIA Public Finance Switzerland | Director up to April 28, 2009 |
| | | HIME SAS | Member of the Supervisory Board up to June 25, 2012 |

**Dominique Cyrot:**

| Current positions | | Positions relinquished in the last 5 financial years | |
|---|---|---|---|
| Interparfums | Director since April 27, 2012 | SAFETIC | Director up to 2012 |

**Jean-Pierre Vallée:**

| Current positions | | Positions relinquished in the last 5 financial years | |
|---|---|---|---|
| | | BCB Rennes (35) (subsidiary of Lafarge Group) | Director up to January 29, 2010 |
| | | Simat (12) (subsidiary of Saint-Gobain Group) | Director up to January 31, 2010 |
| | | Letulle Brevets et Modèles (76) (subsidiary of Saint-Gobain Group) | Director up to January 31, 2010 |

## 1.7.5. Remuneration of senior officers of Séché Environnement

On December 2, 2008, the Board of Directors of the Séché 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 of 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.

### *1.7.5.1. Remuneration of senior officers*

For the past three fiscal years, the only senior officer has been Joël Séché (Chairman and Chief Executive Officer).

Joël Séché is paid for his role as Chairman and Chief Executive Officer.

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 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.

#### 1.7.5.1.1. Joël Séché

| in € Remuneration, options and shares allocated to Joël Séché | 2010 | 2011 | 2012 |
|---|---|---|---|
| Remuneration due for the fiscal year (detail below) | 424 525 | 425 109 | 426 062 |
| Value of options allocated during the fiscal year | - | - | - |
| Value of performance shares allocated during the fiscal year | - | - | - |
| **TOTAL** | **424 525** | **425 109** | **426 062** |

| in € Breakdown of remuneration of Joël Séché | 2010 | | 2011 | | 2012 | |
|---|---|---|---|---|---|---|
| | 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) | 12 525 | 12 525 | 13 109 | 13 109 | 14 062 | 14 062 |
| Directors' fees | 12 000 | 12 000 | 12 000 | 12 000 | 12 000 | 12 000 |
| **TOTAL** | **424 525** | **424 525** | **425 109** | **425 109** | **426 062** | **426 062** |

(1) Benefits in kind represent the use of company cars.

### 1.7.5.2. Remuneration of non-executive directors

The only remuneration of non-executive 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 the senior officers. Furthermore, no loans or guarantees were granted in favor of any members of the Board of Directors.

| in € Table of directors' fees | 2010 | 2011 | 2012 |
|---|---|---|---|
| Joël Séché | 12 000 | 12 000 | 12 000 |
| CDC/FSI | 12 000 | 12 000 | 12 000 |
| Thérèse Bigeon | 12 000 | - | - |
| Dominique Cyrot | - | 12 000 | 12 000 |
| Jean-Pierre Vallée | 12 000 | 12 000 | 12 000 |
| Philippe Valletoux | 12 000 | 12 000 | 12 000 |
| **TOTAL** | **60 000** | **60 000** | **60 000** |

## 1.7.6. Conflicts of interest

To the knowledge of Séché Environnement, no director presents any conflict between his interests in Séché Environnement (as a result of his mandate from the company) and his 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, 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.

Furthermore, it is expressly stated that Fonds Stratégique d'Investissement (a subsidiary of Caisse des Dépôts et Consignations) is a shareholder of both Séché Environnement and HIME/Saur. This situation, combined with the stipulations of the shareholders' agreement concluded by Séché Environnement shareholders attributing a veto right to Fonds Stratégique d'Investissement on certain decisions, could potentially be a source of a conflict of interest in a limited range of situations.

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

## 1.8. Appropriation and distribution of earnings

### 1.8.1. Proposed appropriation of earnings

In the resolutions submitted for their approval, shareholders are asked to approve the financial statements for 2012, and after noting the recognition of a net loss of EUR 318 543 508.72, to approve the following appropriation and distribution of earnings proposed by the Board of Directors:

- allocation of EUR - 318 543 508.72 to the retained earnings account;
- distribution of EUR 8 203 126.50 from the premium on shares account.

The dividend payment to be distributed for the year would therefore be set at EUR 0.95 per share. This dividend entitles French individual shareholders to a 40% personal income tax reduction (i.e. EUR 0.38 per share). The dividend would be paid out on or after June 14, 2013.

### 1.8.2. Dividends

#### *1.8.2.2. 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.

#### *1.8.2.2. 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.

| Fiscal year | Dividend | Personal income tax reduction |
|---|---|---|
| 2009 | EUR 1.30 | 40% |
| 2010 | EUR 1.30 | 40% |
| 2011 | EUR 1.30 | 40% |


# 1.9. Social, environmental and corporate social data

## 1.9.1. Reporting methodology

### *1.9.1.1. Data collection scope*

#### 1.9.1.1.1. Definition of data collection scope

Séché Environnement is quoted on EURONEXT Paris since 1997 and therefore publishes consolidated social and environmental indicators according to the stipulations of article 116 of the French Commercial Code since 2002, and those of article 225 of Law n° 2010-788 from 2012 onwards.

Séché Environnement SA discloses a balance sheet total for its French company accounts in excess of EUR 100 million. Given its role as a holding company, the non-financial indicators featuring in the above-mentioned article 225 do not seem relevant, and Séché Environnement has accordingly opted for exemption from the requirement to publish social and environmental information concerning it from December 31, 2013 onwards (fiscal year 2014), since this information will be published in consolidated form.

Almost all the Group's subsidiaries in France operate on classified sites with compulsory authorizations. Since their activities are consolidated into the overall reporting of Séché Environnement, information on individual sites is not provided.

Tredi SA, the only subsidiary of the Group with more than 500 employees and revenue in excess of EUR 100 million, has opted for exemption from the requirement to publish separately the social and environmental information concerning it from December 31, 2013 onwards (fiscal year 2014), since this information will be published by the consolidating parent company. In 2012, Tredi SA had chosen to publish this information itself.

The consolidation scope consists of the parent company Séché Environnement SA and its majority-controlled French subsidiaries which were fully consolidated at year-end 2012.

No social or environmental data has been collected to date for international activities because they are relatively unimportant, and because any attempt to consolidate them would be difficult given the different regulatory contexts compared with France.

#### 1.9.1.1.2. Changes in consolidation scope

Alcéa, set up in 2012 to fulfil the public service delegation contract for the Nantes (Loire-Atlantique) incinerator, and the methanization facility in Scherwiller (Haut-Rhin) and Triadis Services Béziers (Hérault), acquired in 2012, will enter the consolidation scope for environmental data only in 2013, as data on them does not exist for the whole of the year 2012. However, information on these units is included in data relative to employee numbers at year-end. Similarly, the Oléron incinerator did not enter the environmental consolidation scope until 2012, although information on that unit was included in social indicators as at the end of December 2011.

| | Changes 2011/2010 | Changes 2012/2011 |
|---|---|---|
| **Social data** | | |
| Entered consolidation scope | | |
| *Movements over the year* | Sénerval | Oléron |
| *Situation at Dec. 31, 2012* | Oléron | Alcéa, Scherwiller, Triadis SCES Béziers |
| Left consolidation scope | | |
| *Changes over the year* | None | None |
| **Environmental data** | | |
| Entered consolidation scope | | |
| *Changes over the year* | Sénerval | Oléron |
| Left consolidation scope | | |
| *Changes over the year* | None | None |

### *1.9.1.2. References used*

The following environmental, social and corporate social data corresponds to an economic vision of Séché Environnement as it existed in 2012 in France. It includes information concerning the environmental and social impacts of the Group's operations, as required under article 225 of Law no. 2010-788 of July 10, 2010, and listed in Decree no. 2012-557 of April 24, 2012.

This text lists 14 generic information subject headings under which data has to be provided in corporate management reports. New items since the "NRE" decree of 2001 are limited to aspects of climate change and the protection of biodiversity. Consequently, Séché Environnement maintains its mode of reporting under the other 12 headings, and takes as its basis the list of indicators published in Decree no. 2002-221 of February 20, 2002 issued in application of article L.225-102-1 of the French Commercial Code. Information concerning waste generated is given according to the requirements of the Order of April 30, 2002.

Concerning social data, Decree no. 2012-557 of April 24, 2012 explicitly adds to reporting requirements the following 4 aspects of the fundamental conventions of the ILO (International Labor Organization):

- the right to freedom of association and the right to collective bargaining;
- abolition of discrimination in employment and occupation;
- abolition of forced or compulsory labor;
- effective abolition of child labor.

As a law-abiding company operating principally in France, Séché Environnement has always applied these standards automatically. The innovations introduced by the 2012 decree are minimal, and concern break-downs of employee numbers by age, gender and geographical location. These breakdowns were already included in the Group's earlier annual reports, which were drafted in accordance with articles L.2323-70 and R.2323-17 of the French Labor Code relative to the social data content of company reports.


The frames of reference used by Séché Environnement are national and/or international standards or regulations:

- Commitments:
  - OECD guiding principles;
  - ILO (International Labor Organization) conventions;
  - Principles of the United Nations Global Compact;
  - ISO 26000 standard on social responsibility for businesses and organizations.
- Management:
  - ISO 9000 for the certification of production quality;
  - ISO 14001 for environmental management;
  - OHSAS 18001 specification for the management of occupational health and safety;
  - MASE (manual of enterprise safety improvement) certification for integrated management in chemical environments.
- Reporting:
  - GRI3 (Global Reporting Initiative) guidelines;
  - French Commercial Code social data reporting guidelines;
  - Bilan Carbone© carbon accounting method developed by the French Agency for the Environment and Energy Management (ADEME) and now promoted by the Association Bilan Carbone (ABC).

The French employers' federation MEDEF, with the help of the expertise of Deloitte®, has published a booklet on CSR reporting and the new legal and regulatory requirements in France, which compares these frames of reference.

### *1.9.1.3. Principles*

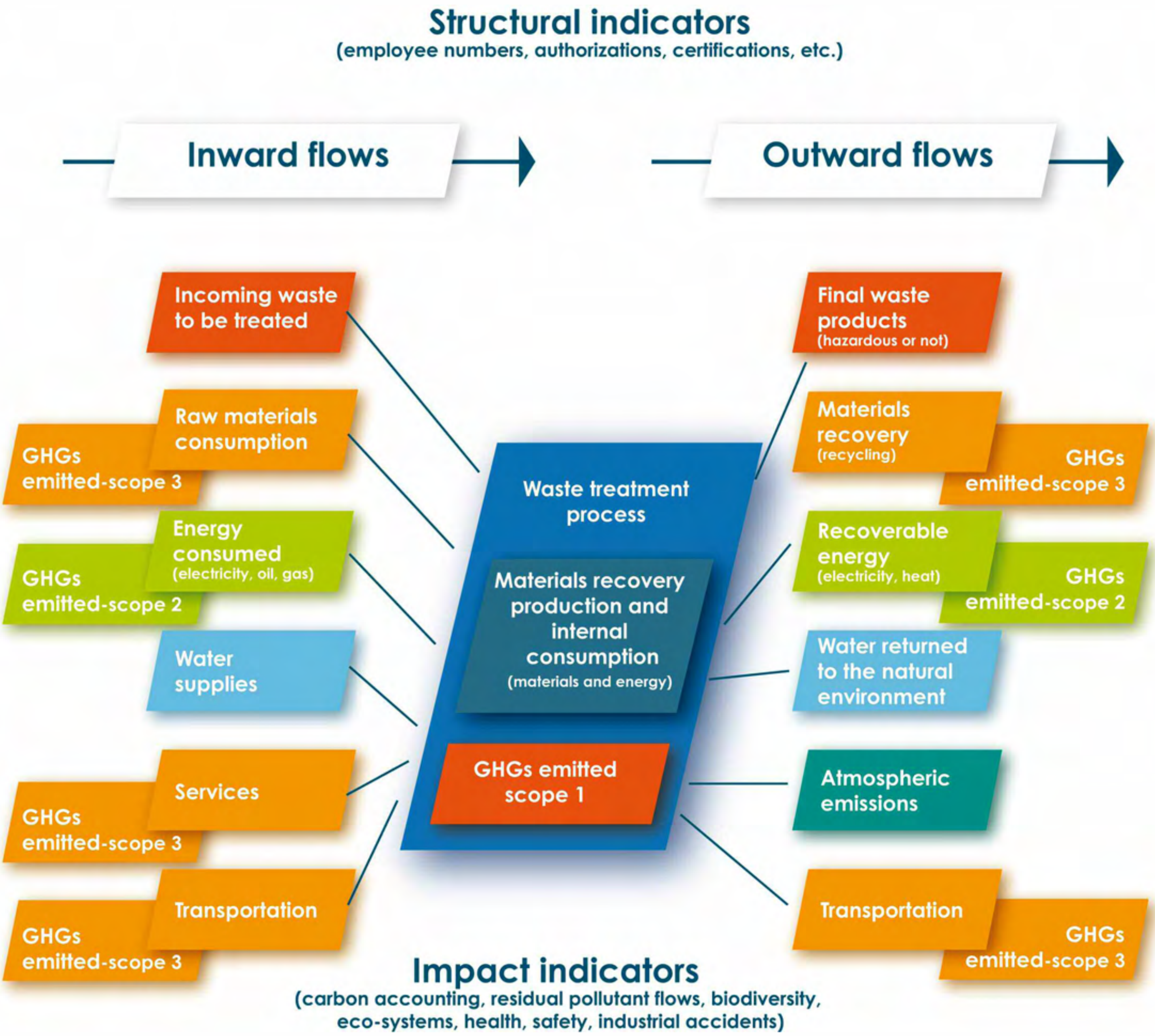
#### 1.9.1.3.1. Measurements

##### *1.9.1.3.1.1. Types of indicator*

The indicators used by the Group fall into three categories:

- "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 at 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, greenhouse gases (GHGs) or carbon accounting.

## Indicators for a waste treatment site




### *1.9.1.3.1.2. Origin of data*

The social 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 social data reports in respect of the legal entities required to file them. They correspond to the regulatory declarations made to various administrative bodies.

The environmental data in this report is extracted from declarations made regularly by the industrial sites to the competent government authorities (DREAL, regional health authorities, water agencies) which oversee and regulate them. This data is derived from measurements carried out either internally (self-audits) or by certified organizations.

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

### *1.9.1.3.1.3. Comparability*

The results of these measurements have been regularly recorded for several years (6 years) by means of an environmental reporting software package, 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, with the exception of the calculation of GHG emissions which migrated in 2011 to those of the Bilan Carbone®.

### *1.9.1.3.1.4. Materiality*

Certain reporting errors in previous years were 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.

## 1.9.1.5.2. Transparency

### *1.9.1.3.2.1. References and conventions*

Definitions of certain indicators which are specific to Séché Environnement are given at the end of this report, in the section References and definitions. Where the main text refers to one of these definitions, this is indicated by a footnote reference in Roman numerals. Correspondence with the GRI approach is indicated by footnote references in arabic numerals according to GRI's own coding.

### *1.9.1.5.2.2. Audit*

The following environmental and social data was the focus of a special audit by Bureau Véritas Consulting for fiscal years 2002 through 2012, and is the subject of exhaustive communication and comment in the corporate social responsibility report published by the Group every year. The Order expected to define the precise audit method prescribed by Law no. 2010-788 had not yet been published at the closing of the fiscal year 2012, and accordingly Séché Environnement retains the audit format of previous years.

## 1.9.2. Social data

### *1.9.2.1. Employment*

#### 1.9.2.1.1. Worldwide headcount

| At December 31 | 2010 | 2011 | 2012 |
|---|---|---|---|
| Séché Environnement (parent company) | 25 | 29 | 27 |
| Fully consolidated French subsidiaries | 1 451 | 1 531 | 1 605 |
| **Sub-total** (scope defined in new economic regulations (NRE) law) | **1 476** | **1 560** | **1 632** |
| Proportionately consolidated French subsidiaries [(1)] | 7 | 10 | 5 |
| Foreign subsidiaries, Europe [(2)] | 74 | 76 | 76 |
| Foreign subsidiaries, Americas[(3)] | 25 | 25 | 27 |
| **TOTAL** | **1 582** | **1 671** | **1 740** |

#### 1.9.2.1.2. Headcount in France [(4)]

*1.9.2.1.2. Headcount at a particular date (December 31) ˡ*

**By category and gender**

| At December 31 | 2010 | | | 2011 | | | 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| In headcount units | M | W | T | M | W | T | M | W | T |
| Executives | 199 | 73 | **272** | 213 | 76 | **289** | 226 | 85 | **311** |
| Supervisors | 261 | 109 | **370** | 326 | 109 | **435** | 341 | 105 | **446** |
| Employees | 142 | 144 | **286** | 115 | 146 | **261** | 122 | 144 | **266** |
| Workers | 510 | 38 | **548** | 543 | 32 | **575** | 572 | 37 | **609** |
| **TOTAL HEADCOUNT UNITS** | **1 112** | **364** | **1 476** | **1 197** | **363** | **1 560** | **1 261** | **371** | **1 632** |
| *% men/women* | *75.3* | *24.7* | | *76.7* | *23.3* | | *77.3* | *22.7* | |

(1) Company 50% held, but without operational control. (2) Spain (solvent regeneration), Germany (gas treatment), Hungary (storage facilities). (3) Mexico and Argentina (decontamination of transformers). (4) LA1.


### By type of contract and gender II

| At December 31 | 2010 | | | 2011 | | | 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| **In headcount units** | **M** | **W** | **T** | **M** | **W** | **T** | **M** | **W** | **T** |
| Permanent contracts | 1 063 | 341 | **1 404** | 1 153 | 343 | **1 496** | 1 220 | 354 | **1 574** |
| Fixed-term contracts | 49 | 23 | **72** | 44 | 20 | **64** | 41 | 17 | **58** |
| **TOTAL HEADCOUNT UNITS** | **1 112** | **364** | **1 476** | **1 197** | **363** | **1 560** | **1 261** | **371** | **1 632** |
| *% of fixed-term* | *4.4* | *6.3* | ***4.9*** | *3.7* | *5.5* | ***4.1*** | *3.3* | *4.6* | ***3.6*** |

### Age distribution

| At December 31, 2012 | Men | Women | TOTAL |
|---|---|---|---|
| < 25 years | 48 | 18 | **66** |
| from 25 to 30 years | 105 | 43 | **148** |
| from 31 to 35 years | 196 | 64 | **260** |
| from 36 to 40 years | 212 | 66 | **278** |
| from 41 to 45 years | 210 | 81 | **291** |
| from 46 to 50 years | 207 | 54 | **261** |
| from 51 to 55 years | 166 | 25 | **191** |
| from 56 to 60 years | 107 | 15 | **122** |
| > 60 years | 10 | 5 | **15** |
| **Proportion of seniors (> 45 years)** | **38.9** | **26.7** | **36.1** |
| **AVERAGE AGE** | **42.1** | **39.9** | **41.6** |

#### *1.9.2.1.2.2. Average headcount in FTE*

| | 2010 | | | 2011 | | | 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| **In headcount units** | **H** | **F** | **T** | **H** | **F** | **T** | **H** | **F** | **T** |
| Full-time equivalents III | 1 110 | 346 | **1 456** | 1 193 | 349 | **1 542** | 1 258 | 360 | **1 618** |
| Monthly average IV | 1 089 | 362 | **1 451** | 1 159 | 368 | **1 527** | 1 211 | 364 | **1 575** |

### 1.9.2.1.3. Workforce changes over the year (5)

#### *1.9.2.1.3.1. Recruitments by type of contract and gender*

| | 2010 | | | 2011 | | | 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| **In headcount units** | **M** | **W** | **T** | **M** | **W** | **T** | **M** | **W** | **T** |
| Permanent contracts [V] | 59 | 14 | **73** | 129 | 15 | **144** | 135 | 39 | **174** |
| Fixed-term contracts [VI] | 55 | 20 | **75** | 55 | 20 | **75** | 36 | 15 | **51** |
| *Of which due to increased activity* | *44* | *16* | | *46* | *14* | | *34* | *7* | |
| *Of which replacements* | *11* | *4* | | *9* | *6* | | *2* | *8* | |
| **TOTAL IN HEADCOUNT UNITS** | **114** | **34** | **148** | **184** | **35** | **219** | **171** | **54** | **225** |
| *% men/women* | *77.0* | *23.0* | | *84.0* | *16.0* | | *76.0* | *24.0* | |

#### *1.9.2.1.3.2. Departures by reason and gender [VII]*

| | 2010 | | | 2011 | | | 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| **In headcount units** | **H** | **F** | **T** | **H** | **F** | **T** | **H** | **F** | **T** |
| Resignations | 14 | 9 | **23** | 13 | 6 | **19** | 10 | 7 | **17** |
| Individual dismissals | 7 | 1 | **8** | 7 | 0 | **7** | 22 | 5 | **32** |
| Departures during trial period | 0 | 0 | **0** | 3 | 1 | 4 | 4 | 1 | **5** |
| Negotiated departures | 12 | 7 | **19** | 13 | 9 | **22** | 15 | 5 | **20** |
| Redundancies | 0 | 0 | **0** | 3 | 6 | **9** | 2 | 5 | **7** |
| Intra-Group transfers | 8 | 3 | **11** | 5 | 0 | **5** | 10 | 3 | **13** |
| Retirements and early retirements | 12 | 1 | **13** | 2 | 0 | **2** | 6 | 0 | **6** |
| Deaths | 5 | 0 | **5** | 1 | 0 | **1** | 0 | 0 | **0** |
| End of fixed-term contracts | 26 | 10 | **36** | 40 | 17 | **57** | 51 | 23 | **74** |
| Other | 1 | 0 | **1** | 0 | 0 | **0** | 0 | 0 | **0** |
| **OTHER** | **85** | **34** | **119** | **87** | **39** | **126** | **120** | **49** | **169** |
| *% men/women* | *71.0* | *29.0* | | *69.0* | *31.0* | | *71.0* | *29.0* | |

(5) LA2.

### *1.9.2.1.3.3. Length of service distribution* [VIII]

| At December 31, 2012 | Men | Women | TOTAL |
|---|---|---|---|
| < 5 years | 338 | 106 | **444** |
| from 6 to 10 years | 284 | 88 | **372** |
| from 11 to 15 years | 268 | 83 | **351** |
| from 16 to 20 years | 148 | 44 | **192** |
| from 21 to 25 years | 111 | 34 | **145** |
| from 26 to 30 years | 67 | 8 | **75** |
| > 30 years | 45 | 9 | **53** |
| **AVERAGE LENGTH OF SERVICE** | **12.2** | **11.2** | **12.0** |

## 1.9.2.1.4. Remuneration (6)

### *1.9.2.1.4.1. Overall employment cost*

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| Gross wage bill [IX] | 51 215 | 56 384 | 60 133 |
| Employer SS contributions [X] | 24 616 | 27 612 | 29 633 |
| **OVERALL EMPLOYMENT COST** | **75 831** | **83 996** | **89 766** |

### *1.9.2.1.4.2. Profit-sharing schemes*

| in K€ or headcount units | 2010 | 2011 | 2012 |
|---|---|---|---|
| Total profit-sharing reserves [XI] | 1 663 | 2 564 | 2 168 |
| **NUMBER OF BENEFICIARIES** | **784** | **1 355** | **1 525** |
| Total amount distributed | 172 | 246 | 435 |
| **NUMBER OF BENEFICIARIES** | **569** | **594** | **905** |

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

(6) EC1 & EC5.

### 1.9.2.1.4.3. Remuneration of permanent staff (12 months), by gender [(7) XI]

| in K€ or headcount units | Men | | Women | | TOTAL | |
|---|---|---|---|---|---|---|
| 2010 | K€ | Units | K€ | Unit | K€ | Unit |
| ≤ 0.6 x SS ceiling (≤ 20 585 €) | 61 | 3 | 164 | 8 | **225** | **11** |
| > 0.6 x SS ceiling (> 20 585 €) | 5 288 | 211 | 1 622 | 66 | **6 910** | **277** |
| > 0.8 x SS ceiling (> 27 446 €) | 5 735 | 186 | 1 732 | 56 | **7 466** | **242** |
| > 1.0 x SS ceiling (> 34 308 €) | 5 367 | 142 | 1 168 | 31 | **6 535** | **173** |
| > 1.2 x SS ceiling (> 41 170 €) | 5 075 | 111 | 984 | 21 | **6 059** | **132** |
| > 1.5 x SS ceiling (> 51 462 €) | 1 954 | 34 | 346 | 6 | **2 300** | **40** |
| > 1.8 x SS ceiling (> 61 754 €) | 848 | 13 | 257 | 4 | **1 105** | **17** |
| > 2.0 x SS ceiling (> 68 616 €) | 2 110 | 28 | 306 | 4 | **2 415** | **32** |
| > 2.5 x SS ceiling (> 85 770 €) | 4 968 | 39 | 544 | 4 | **5 512** | **43** |
| **TOTAL** | **31 406** | **767** | **7 123** | **200** | **38 529** | **967** |

SS (Social Security) ceiling = 34 308 €.

| in K€ or headcount units | Men | | Women | | TOTAL | |
|---|---|---|---|---|---|---|
| 2011 | K€ | Unit | K€ | Unit | K€ | Unit |
| ≤ 0.6 x SS ceiling (≤ 21 211 €) | 62 | 3 | 80 | 4 | **143** | **7** |
| > 0.6 x SS ceiling (> 21 211 €) | 5 335 | 210 | 1 604 | 65 | **6 939** | **275** |
| > 0.8 x SS ceiling (> 28 281 €) | 8 827 | 284 | 2 281 | 77 | **11 108** | **361** |
| > 1.0 x SS ceiling (> 35 352 €) | 6 143 | 159 | 1 678 | 46 | **7 822** | **205** |
| > 1.2 x SS ceiling (> 42 422 €) | 6 636 | 142 | 1 090 | 23 | **7 727** | **165** |
| > 1.5 x SS ceiling (> 53 028 €) | 1 815 | 32 | 626 | 11 | **2 441** | **43** |
| > 1.8 x SS ceiling (> 63 634 €) | 1 385 | 21 | 330 | 5 | **1 716** | **26** |
| > 2.0 x SS ceiling (> 70 704 €) | 2 777 | 36 | 544 | 7 | **3 322** | **43** |
| > 2.5 x SS ceiling (> 88 380 €) | 5 667 | 42 | 557 | 4 | **6 224** | **46** |
| **TOTAL** | **38 651** | **929** | **8 795** | **242** | **47 447** | **1 171** |

SS (Social Security) ceiling = 35 352 €.

(7) LA14.


| in K€ or headcount units | Men | | Women | | TOTAL | |
|---|---|---|---|---|---|---|
| **2012** | **K€** | **Unit** | **K€** | **Unit** | **K€** | **Unit** |
| ≤ 0.6 x SS ceiling (≤ 21 823 €) | 85 | 3 | 43 | 8 | **127** | **11** |
| > 0.6 x SS ceiling (> 21 823 €) | 4 223 | 211 | 1 351 | 66 | **5 574** | **277** |
| > 0.8 x SS ceiling (> 29 098 €) | 4 380 | 186 | 878 | 56 | **5 257** | **242** |
| > 1.0 x SS ceiling (> 36 372 €) | 3 238 | 142 | 820 | 31 | **4 058** | **173** |
| > 1.2 x SS ceiling (> 43 646 €) | 3 727 | 111 | 812 | 21 | **4 540** | **132** |
| > 1.5 x SS ceiling (> 54 558 €) | 1 285 | 34 | 476 | 6 | **1 761** | **40** |
| > 1.8 x SS ceiling (> 65 470 €) | 1 222 | 13 | 269 | 4 | **1 491** | **17** |
| > 2.0 x SS ceiling (> 72 744 €) | 2 443 | 28 | 489 | 4 | **2 932** | **32** |
| > 2.5 x SS ceiling (> 90 930 €) | 4 881 | 39 | 477 | 4 | **5 358** | **43** |
| **TOTAL** | **25 484** | **767** | **5 614** | **200** | **31 098** | **967** |

SS (Social Security) ceiling= 36 372 €.

### *1.9.2.2. Organization of work*

#### 1.9.2.2.1. Organization of working time

The official working week is 35 hours.

##### *1.9.2.2.1.1. Part-time employment*

| at December 31 | 2010 | | | 2011 | | | 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| **Number of contracts** | **M** | **W** | **T** | **M** | **W** | **T** | **M** | **W** | **T** |
| At employees' request | 9 | 59 | **68** | 6 | 51 | **57** | 6 | 49 | **55** |
| Imposed by employer | 4 | 7 | **11** | 3 | 5 | **8** | 0 | 1 | **1** |

##### *1.9.2.2.1.1. Shift work*

| Employees at December 31 | 2010 | | | 2011 | | | 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| **working in shifts** | **F** | **A** | **T** | **F** | **A** | **T** | **F** | **A** | **T** |
| 2 shifts | 44 | 121 | **165** | 18 | 115 | **133** | 67 | 18 | **185** |
| 3 shifts | 0 | 105 | **105** | 0 | 68 | **68** | 5 | 122 | **127** |
| > 3 shifts | 83 | 112 | **195** | 0 | 287 | **287** | 0 | 212 | **212** |
| **TOTAL** | **127** | **338** | **465** | **18** | **470** | **488** | **72** | **452** | **524** |
| *% shift workers/total* | | | *31.5* | | | *31.3* | | | *32.1* |

F (fixed) - A (alternating) - T (total).

*1.9.2.2.1.3. Overtime*

| Number of overtime hours | 2010 | 2011 | 2012 |
|---|---|---|---|
| Worked and paid XIII | 31 903 | 39 580 | 36 438 |
| % OVERTIME/THEORETICAL TOTAL HOURS | 1.2 | 1.4 | 1.2 |

*1.9.2.2.1.4. Temporary employment, by reason*

| Average FTE XIV | 2010 | 2011 | 2012 |
|---|---|---|---|
| Replacement of absentee workers | 78 | 76 | 122 |
| Increased workload | 82 | 97 | 57 |
| TOTAL | 160 | 173 | 179 |

### 1.9.2.2.2. Absenteeism (8)

*1.9.2.2.2.1. Number of days of absence*

| Number of days | 2010 | 2011 | 2012 |
|---|---|---|---|
| Total for the whole of the Group XV | 22 398 | 24 445 | 25 227 |
| AVERAGE PER EMPLOYEE XVI | 15.4 | 16.0 | 16.0 |

*1.9.2.2.2.2. Absenteeism rate by reason XVII*

| % of theoretical number of days worked | 2010 | 2011 | 2012 |
|---|---|---|---|
| Sickness XVII | 4.39 | 4.78 | 4.91 |
| Maternity leave XVIII | 0.85 | 0.59 | 0.48 |
| Occupational and commuting accidents XIX | 0.54 | 0.43 | 0.34 |
| Family and other events XX XXI | 0.97 | 1.22 | 1.29 |
| TOTAL | 6.75 | 7.02 | 7.02 |

(8) LA7.


### *1.9.2.3. Industrial relations*

#### 1.9.2.3.1. Collective bargaining agreements [9]

| % of headcount | 2010 | 2011 | 2012 |
|---|---|---|---|
| Union des Industries Chimiques (UIC) | 48 | 46 | 41 |
| Waste activities | 42 | 43 | 44 |
| FG3E | 4 | 4 | 7 |
| Road transportation | 4 | 4 | 4 |
| Public works | 2 | 3 | 3 |
| **TOTAL HEADCOUNT FRANCE** | **100** | **100** | **100** |

#### 1.9.2.3.2. Organization of industrial dialog

| | 2010 | | | 2011 | | | 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| **Number of members** | **M** | **W** | **T** | **M** | **W** | **T** | **M** | **W** | **T** |
| Works councils | 26 | 22 | **48** | 16 | 5 | **21** | 17 | 4 | **21** |
| Central works councils | | | | 5 | 2 | **7** | 5 | 2 | **7** |
| Individual staff delegates | 32 | 13 | **45** | 18 | 10 | **28** | 24 | 3 | **27** |

| Number of meetings | 2010 | 2011 | 2012 |
|---|---|---|---|
| Works councils | 20 | 45 | 51 |
| Central works councils | | 16 | 7 |
| Individual staff delegates | 58 | 35 | 84 |

#### 1.9.2.3.3. Content of collective agreements

The subjects dealt with depend on regulatory changes, and the sectors concerned by official collective bargaining agreements.

Among recent subjects, the following may be cited:

- forward-looking management of jobs and skills;
- the arduous nature of certain jobs (and psycho-social risks);
- agreements on the work of older workers;
- training plans;
- management of handicapped workers;
- company and/or employee agreements, etc.

At the end of 2012, the situation in the Group was as follows:

- 100% of employees were covered by an agreement on the jobs of older workers;
- anticipation of professional career development;
- skills development;
- end-of-career planning;

(9) LA4.

• 100% of employees worked in an entity with an agreement on handicapped workers.

For this category of worker in particular, an agreement was signed in January 2012 with the French organization AGEFIPH (Fund Management Organization for the Professional Integration of People with Disabilities) under which Séché Environnement undertakes to implement certain actions. A specialist was tasked with visiting all Group sites in advance of a launch meeting in April 2012.

The purpose of this agreement was, over time, to recruit handicapped persons and to maintain in employment currently handicapped employees.

88% of employees are concerned by an agreement on equality in the workplace (the other 12% are not affected by this regulatory requirement, which concerns structures employing over 50 people).

Concerning jobs of an arduous nature, 47% of employees are not concerned by this, 40% are covered by agreements and action plans, and the situations of 13% are still being analyzed.

### *1.9.2.4. Health and safety*

#### 1.9.2.4.1 Health and safety conditions at work (10)

##### *1.9.2.4.1.1. Organization*

All sites have their own Health, Safety, Environment and Quality (HSEQ) manager responsible for execution of policy at elementary level. Sites also comply with the requirements of French legislation on health, safety and working conditions committees (CHSCT).

Under article L.4644-1 of the French Labor Code, which modifies the organization of supervisory and preventive health measures in the work-place, the Group appoints in each subsidiary concerned a worker representative for work-related risks. These representatives act in liaison with company medical staff to improve the effectiveness of medical supervision, and to foster further multidisciplinary interventions and skills.

##### *1.9.2.4.1.2. Safety training*

Specific training modules are provided in the area of the management and optimization of safety behaviors. This initiative, begun in 2010, aims to reduce the incidence of risky behavior likely to lead to industrial injuries. Management communicates regularly with workers on this subject in special on-the-ground sessions in which each worker apprehends, in real-life situations, the appropriateness or otherwise of the safety measures taken. The objective is to put in place any corrective measures needed and to ensure that experience is transferred.

Thus workers are encouraged to re-learn their daily behavior and to identify actions (or the absence of actions) likely to cause accidents.

(10) LA6.


### 1.9.2.5. 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 item of data, leads to the following coverage rates:

| Storage | Incineration | Physico-chemical | Regeneration | Other activities (11) |
|---|---|---|---|---|
| 100% | 48% | None | None | 100% |

| Health, safety and working conditions committees (CHSCT) | 2010 | 2011 | 2012 |
|---|---|---|---|
| Number of meetings | 37 | 46 | 41 |

#### *1.9.2.5.1.1. Expenditure on safety*

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| Expenses for the supply of workers' clothing and individual protection (12) | 803 | 1 046 | 1 500 |
| **INVESTMENTS TO IMPROVE WORKING CONDITIONS** | **1 007** | **1 058** | **611** |

### 1.9.2.5.2. Agreements concluded on health and safety at work (13)

Concerning jobs of an arduous nature, 47% of employees are not concerned by this by virtue of the posts they occupy, 40% are covered by agreements and action plans, and the situations of 13% are still being analyzed.

Among the different types of collective agreements mentioned, one particular one concluded in January 2012 and aimed at HW treatment and materials recovery activities falls into this category. It contains the following points:

- reduction of the frequency of exposure to the factors mentioned in article D.4121-5 of the French Labor Code;
- adaptation and equipment of the individual work station;
- development of skills and qualifications for, and access to, training;
- maintenance in employment and prevention of occupational de-integration of workers exposed to the factors mentioned in article D.4121-5 of the French Labor Code.

(11) Depollution, global offerings, logistics and platforms. (12) in French: EPI. (13) LA9.

### 1.9.2.5.3. Work-related accidents (14)

| Frequency rate with absence from work | 2010 | 2011 | 2012 |
|---|---|---|---|
| FR1 - Employees XXII | 21.2 | 17.6 | 18.5 |
| FR1 - EMPLOYEES + TEMPORARY PERSONNEL | 25.5 | 21.2 | 20.7 |

| Severity rate | 2010 | 2011 | 2012 |
|---|---|---|---|
| SR - Employees XXIII | 0.7 | 0.8 | 0.8 |
| SR - EMPLOYEES + TEMPORARY PERSONNEL | 0.7 | 0.8 | 0.8 |

## *1.9.2.6. Training*

### 1.9.2.6.1.Training policies (15)

#### *1.9.2.6.1.1. Budgets allocated* XXIV

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| Excluding value-added tax | 782 | 936 | 1 187 |
| AS A % OF TOTAL WAGE BILL | 1.5 | 1.7 | 2.0 |

Each Group company defines its training plans at the level of elementary structures, in conformity with the French law on consultation with works committees. To ensure full account is taken of job and activity specifics, there is no single Group policy document.

#### *1.9.2.6.1.2. Subjects of training*

| % of budgets spent | 2010 | 2011 | 2012 |
|---|---|---|---|
| Environment, quality, security | 62 | 54 | 56 |
| Job-specific | 15 | 36 | 26 |
| Management and communication | 11 | 2 | 9 |
| Management and administration, HR | 7 | 2 | 2 |
| Other | 5 | 6 | 7 |

(14) LA7. (15) LA11.


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 education provided. Compulsory regulatory training (for example, of heavy equipment drivers, or crane hands), because of its repetitive character, risks seeming "disconnected" from everyday realities, bringing about a general demotivation on the part of the employees concerned; these types of training are therefore, as far as possible, integrated 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 packing, storage and labeling.

A course of this kind would be supplemented by two transverse modules enabling each employee to identify with the life of the Group as a whole: knowledge of waste and social responsibility, or sensitization to emergency situations or elementary chemistry.

### 1.9.2.6.2 Training modules taught (16)

#### *1.9.2.6.2.1. Total number of modules and hours taught*

| Total number of employees or hours | 2010 | 2011 | 2012 |
|---|---|---|---|
| Number of modules taught XXVI | 1 721 | 2 606 | 2 579 |
| Number of hours of training | 15 122 | 19 429 | 24 328 |

#### *1.9.2.6.2.2. Breakdown of training modules taught, by category of trainees*

| | 2010 | | | 2011 | | | 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| **Number** | **M** | **W** | **T** | **M** | **W** | **T** | **M** | **W** | **T** |
| Executives | 144 | 65 | **209** | 269 | 112 | **381** | 267 | 123 | **390** |
| Supervisors | 507 | 138 | **645** | 872 | 204 | **1 076** | 910 | 179 | **1 089** |
| Clerical | 313 | 82 | **395** | 214 | 127 | **341** | 272 | 98 | **370** |
| Workers | 456 | 16 | **472** | 768 | 40 | **808** | 722 | 8 | **730** |
| **TOTAL** | **1 420** | **301** | **1 721** | **2 123** | **483** | **2 606** | **2 171** | **408** | **2 579** |
| *% men/women* | *82.5* | *17.5* | | *81.5* | *18.5* | | *84.2* | *15.8* | |

(16) LA10.

### 1.9.2.6.2.3. Breakdown of training hours taught by category of trainees

| | 2010 | | | 2011 | | | 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| **Hours** | **M** | **W** | **T** | **M** | **W** | **T** | **M** | **W** | **T** |
| Executives | 1 380 | 599 | **1 979** | 2 517 | 1 019 | **3 536** | 3 054 | 1 287 | **4 341** |
| Supervisors | 3 587 | 1 390 | **4 977** | 5 836 | 1 430 | **7 266** | 7 459 | 1 533 | **8 992** |
| Clerical | 1 803 | 966 | **2 769** | 2 047 | 764 | **2 811** | 2 492 | 605 | **3 097** |
| Workers | 5 207 | 190 | **5 397** | 5 575 | 241 | **5 816** | 7 792 | 106 | **7 898** |
| **TOTAL** | **11 977** | **3 145** | **15 122** | **15 975** | **3 454** | **19 429** | **20 797** | **3 531** | **24 328** |
| *% men/women* | *79.2* | *20.8* | | *82.2* | *17.8* | | *85.5* | *14.5* | |

### 1.9.2.6.3. Individual training rights (DIF)

**At Dec. 31 of previous year**

| In hours | 2010 | 2011 | 2012 |
|---|---|---|---|
| Cumulative training rights not used | 139 023 | 136 286 | 154 531 |
| **RIGHTS CONVERTED INTO COMMITMENTS TO FUTURE TRAINING** | **652** | **834** | **704** |

### 1.9.2.7. Equality of treatment

#### 1.9.2.7.1. Male/female equality (17)

Please refer to the chapter on promotion and respect of ILO conventions.

#### 1.9.2.7.2. Handicapped persons (18)

100% of employees work in a structure which has concluded an agreement on handicapped workers.

Following a diagnostic analysis, an agreement was signed in January 2012 with the French organization AGEFIPH (Fund Management Organization for the Professional Integration of People with Disabilities) under which Séché Environnement undertakes to implement certain actions on all Group sites.

A specialist was tasked with visiting all Group sites beginning in April 2012.

The purpose of this agreement was, over time, to recruit handicapped persons and to maintain in employment currently handicapped employees.

(17) LA14. (18) LA13.


| Number of beneficiaries | 2010 | 2011 | 2012 |
|---|---|---|---|
| Company | 42 | 38 | 44 |
| Sub-contractors in the protected sector | 2 | 6 | 6 |
| **TOTAL** | **44** | **44** | **50** |

#### 1.9.2.7.2. Policy on combating discrimination (19)

Please refer to the chapter on promotion and respect of ILO conventions.

### 1.9.2.8. Promotion and respect of ILO conventions

#### 1.9.2.8.1. Freedom of association and the right to collective bargaining (20)

##### *1.9.2.8.1.1. General policy*

The Group's position is expressed in point 4 of its Code of Behaviors and Actions:

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

##### *1.9.2.8.1.2. Participation in labor unions*

| Number of union delegates | 2010 | 2011 | 2012 |
|---|---|---|---|
| **TOTAL** | **23** | **21** | **22** |

##### *1.9.2.8.1.3. Employee representatives*

| Employee representatives | 2010 | 2011 | 2012 |
|---|---|---|---|
| Number | 28 | 22 | 27 |
| **NUMBER OF MEETINGS** | **41** | **50** | **51** |

(19) LA13. (20) HR5; LA4.

#### 1.9.2.8.2. Abolition of discrimination in employment and occupation [21]

The Group considers itself concerned by the respect of human rights in 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 itself to practice discrimination of any kind, whether based on race, color, creed, gender, sexuality or anything else, whether in the areas of recruitment or appointment, or during the execution or at the conclusion of the work contract.

The Group usually recruits locally, and is rarely faced with problems of this kind. It intends to continue striving 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% of executives are women, while 23% of employees in general are women);
- Generation: the age distribution is balanced, with an average employee age of 41 years and employees over the age of 45 representing 35% of all employees;
- Experience: the length of service distribution is balanced, at around an average of 10 years.

88% of all employees are covered by an agreement on professional equality. The other 12% are not covered by such an agreement because they work in structures of less than 50 employees, where such agreements are not compulsory.

Séche Environnement is committed to respect of employees' private lives, and has never been the subject of a complaint of any kind in this respect, whether brought by employees or third parties.

#### 1.9.2.8.3. Abolition of child labor [22] and elimination of forced or compulsory labor [23]

Séché Environnement refuses to countenance child labor and forced or compulsory labor, either directly or through the intermediary of sub-contractors working in 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 does not consider itself significantly exposed to this risk.

## 1.9.3. Environmental information

### *1.9.3. 1. General policy on environmental matters*

#### 1.9.3.1.1. Organization to take account of environmental aspects

##### *1.9.3.1.1.1. General policy*

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

All Séche Environnement sites are officially classified “IPCE” (for the protection of the environment), and respect the stipulations of the prefectoral 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 administration.



(21) HR4; LA13 & LA14. (22 ) HR6. (23) HR6 & HR7.


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 (DREAL) using a broad palette of measuring techniques for physico-chemical and biological measurements, such as biodiversity or measuring air quality using lichens.

Séche Environnement cannot however fix absolute environmental objectives for itself, since the Group's emissions and effluents 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.

The Group's objective is to treat the waste in a manner which benefits the planet, while respecting regulatory standards.

*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 would depend on the volume and sulfur content of the waste received from its customers for treatment. Another example illustrates the complete dependence of the Group on the nature of the waste received from its customers for treatment: its inability 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 treatment 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% of waste entering the process.*

#### *1.9.3.1.1.2. ISO 14001 and MASE certifications*

All the Group's industrial activities are certified ISO 14001. Only transportation is not so certified, since the ISO 14001 standard does not deal with this activity. However, it does adhere to other reference systems such as Charte $CO_2$ which aims to reduce greenhouse gas emissions.

### 1.9.3.1.2. Organization and information

#### *1.9.3.1.2.1. Internal organization*

This policy is managed by the Director of Industrial Operations who is a member of general management.

A specific post of Director, 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.

#### *1.9.3.1.2.2. Information policy*

**Regulatory level**

Local environmental policies are monitored and discussed in local information and monitoring committees (CLIS) [(24)] 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 (DREAL) [(25)].

**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 an act of giving information to and educating the public, in which Séché Environnement can proudly show off the pride of its employees and explain the future of waste management, the resources that waste may still contain provided

(24) CLIS : local information and supervision committees. (25) DREAL : regional environment, territorial planning and housing authorities.

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, in particular on storage sites. These are often located on rural sites, and best lend themselves to these demonstrations.

In 2012, more than 6 500 visitors were welcomed, in over 400 visits, to which should be added visitors arriving for specific open day events.

#### New communications technologies

Séche Environnement had already begun putting in place new communications tools in 2011 to broaden the means of communicating with its stakeholders (employees, associations, institutions, etc.) through the modern facilities offered by the internet: corporate website, blog and Facebook.

### 1.9.3.1.3. Resources devoted to preventing risks and pollution [26]

#### *1.9.3.1.3.1. Organization*

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

Safety audits are performed with insurance companies in particular, and verifications are carried out by the authorities (DREAL). Simulation exercises are held with outside emergency services such as firefighters [27] 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.

#### *1.9.3.1.3.2. Illustrations*

We give below a few examples of measures taken beyond technical requirements.

- Noise: management of truck and heavy equipment movements (itineraries and timings) and installation of sound-proofing hoods on certain types of technical installation such as motors;
- Dust: water sprinkling or the planting of shrubs to prevent dust fly-off from storage, incinerator emissions, gas washing;
- Odors: working in the windward direction on limited surfaces and 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 and air extractors.

### 1.9.3.1.4. Provisions and guarantees for environmental risks [28]

#### *1.9.3.1.4.1. Current 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.

#### *1.9.3.1.4.2. Supplemental expenses [29]*

Only identifiable expenses may be taken into account. For example, building a sewage processing plant constitutes an environmental expense. However, the maintenance costs incurred over the following years lose their "environmental" character, but supplemental expenses incurred to increase the sewage treatment capacity beyond their initial level are environmental expenses.

(26) EN 30. (27) SDIS : local fire and rescue service. (28) EC 2. (29) As defined in Recommendation n° 2003-r02 dated October 21, 2003 of the Conseil National de la Comptabilité (French national accounting standards council).

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).

## Environmental expediture table by area

| (Eurostat classification) in K€ | CHANGES IN RISK PROVISIONS Jan. 1, 2012 | Allocations | Write-backs used |
|---|---|---|---|
| Protection of ambient air and the climate | - | - | - |
| Waste water treatment | - | - | - |
| Waste management | - | - | - |
| Protection and cleansing of ground, underground water and surface water | 272 | - | - |
| Actions to combat noise and vibrations | - | - | - |
| Protection of biodiversity and the landscape | - | - | - |
| Protection against radiation | - | - | - |
| Research and development | - | - | - |
| Other activities for the protection of the environment | 11 252 | 898 | 139 |
| **TOTAL** | **11 525** | **898** | **139** |

## By type of action

| (Eurostat classification) in K€ | CHANGES IN RISK PROVISIONS Jan. 1, 2012 | Allocations | Write-backs used |
|---|---|---|---|
| Pre-treatment, treatment and elimination | - | - | - |
| Measurements and controls | - | - | - |
| Recycling, recovery | - | - | - |
| Prevention of pollution | 11 524 | 898 | 139 |
| **TOTAL** | **11 524** | **898** | **139** |

| | ENVIRONMENTAL EXPENSES | | | OPERATING EXPENSES | INVESTMENTS | TOTAL EXPENSES |
|---|---|---|---|---|---|---|
| | Write-backs not used | Other changes | Dec. 31, 2012 | Non-provisioned expenses | Capitalized expenses | Dec. 31, 2012 |
| | - | - | - | 42 | 2 481 | **2 523** |
| | - | - | - | 3 | 796 | **799** |
| | - | - | - | - | 45 | **45** |
| | - | - | **272** | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | - | - | - | - | - | - |
| | 35 | 1 304 | **13 281** | - | - | **863** |
| | **35** | **1 304** | **13 553** | **45** | **3 322** | **4 230** |

| | ENVIRONMENTAL EXPENSES | | | OPERATING EXPENSES | INVESTMENTS | TOTAL EXPENSES |
|---|---|---|---|---|---|---|
| | Write-backs not used | Other changes | Dec. 31, 2012 | Non-provisioned expenses | Capitalized expenses | Dec. 31, 2012 |
| | - | - | - | - | 2 990 | **2 990** |
| | - | - | - | 45 | 243 | **288** |
| | - | - | - | - | - | - |
| | 35 | 1 304 | **13 553** | - | 88 | **951** |
| | **35** | **1 304** | **13 553** | **45** | **3 322** | **4 229** |

### 1.9.3.2. Environmental impacts of waste management

#### 1.9.3.2.1. Water supply, consumption and discharge

##### 1.9.3.2. 1.1. Water policy

Concerning the management of water (rainwater and water from industrial 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 (stabilization), for washing trucks, for cleaning the site or for watering garden areas.

##### 1.9.3.2.1.2. Water consumption [30]

| Consumption in thousands of cubic meters | 2010 | 2011 | 2012 |
|---|---|---|---|
| Incineration | 3 291 | 4 151 | 4 057 |
| Other | 248 | 267 | 233 |
| **TOTAL IN THOUSANDS OF CUBIC METERS** | **3 539** | **4 418** | **4 290** |

##### 1.9.3.2.1.3. Origin of water consumed [31]

| Sources of supply | 2010 | 2011 | 2012 |
|---|---|---|---|
| **Total consumed, in thousands of cubic meters** | **3 539** | **4 418** | **4 290** |
| *Of which extracted from water table* | *3 054* | *3 883* | *3 785* |
| **PROPORTION EXTRACTED FROM WATER TABLE** | **86.3%** | **87.9%** | **88.2%** |

##### 1.9.3.2.1.4. Water returned to the natural environment [32]

| Water returned, in thousands of cubic meters | 2010 | 2011 | 2012 |
|---|---|---|---|
| **Total consumed, in thousands of cubic meters** | **2 293** | **2 686** | **2 542** |
| **RELATIVE TO CONSUMPTION** | **64.8%** | **60.8%** | **59.3%** |

(30) EN8. (31) EN9. (32) EN10.

### 1.9.3.2.1.5. Quality of water returned to the natural environment [33]

| Contaminants in tonnes per year | 2010 | 2011 | 2012 |
|---|---|---|---|
| Soluble salts | 4 837 | 5 114 | 5 132 |
| Chemical oxygen demand (COD) | 1 205 | 782 | 759 |
| Suspended solids | 21.0 | 43.3 | 50.3 |
| Total metals | 2.3 | 1.9 | 2.1 |
| METOX - index | 5.0 | 6.5 | 7.3 |
| Total nitrogen | 16.3 | 19.6 | 17.3 |
| AOX | 3.1 | 0.6 | 0.9 |

## 1.9.3.2.2. Raw materials: [XXVIII] : quantities and origins [34]

| Consumption in thousands of tonnes | 2010 | 2011 | 2012 |
|---|---|---|---|
| From internal materials recovery | nc | nc | 93 |
| External purchases | nc | nc | 45 |
| **TOTAL IN THOUSANDS OF TONNES** | **87** | **85** | **138** |
| *As a proportion of tonnes treated* | *3.8%* | *3.5%* | *6.3%* |
| *Proportion from waste* | | | *67.4%* |

*Earlier published data in respect of 2010 and 2011 contained a material reporting error in the conversion of volumes of nitrogen into tonnes, overstating the correct amounts by 250 and 263 Kt respectively.*

*The increase of consumption in 2012 was related to the use of building materials in the construction of storage cells and access areas at Changé.*

(33) EN21. (34) EN1 & EN2.

### 1.9.3.2.3. Impact of atmospheric emissions [35]

| Emissions in tonnes per year | 2010 | 2011 | 2012 |
|---|---|---|---|
| Nitrogen oxides in tonnes of $NO_2$ | 464 | 517 | 546 |
| Sulfur dioxide in tonnes of $SO_2$ | 263 | 418 | 339 |
| Hydrochloric acid in tonnes of HCl | 3.9 | 6.6 | 6.1 |
| Dust in tonnes | 8.2 | 9.9 | 13.9 |
| Dioxins and furans in grams | 0.093 | 0.082 | 0.092 |

| Emissions in tonnes per year | 2010 | 2011 | 2012 |
|---|---|---|---|
| Volatile organic compounds (VOCs) | | | |
| Incineration (channeled sources) | 3.7 | 5.5 | 11.4 |
| Chemical recovery | 33.9 | 35.4 | 39.0 |
| Storage | 2.4 | 1.5 | 33.9 |
| TOTAL | 40.0 | 42.4 | 84.3 |

### 1.9.3.2.4. Land use [36]

A team of ecologists has been active since 1994 ensuring integration of storage sites into the surrounding landscape. Overall plans are drawn up, preserving sensitive ecological areas such as wetlands in particular. 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 verifies 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, amphibians, 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.

| Areas by land use, in hectares at Dec. 31 | 2010 | 2011 | 2012 |
|---|---|---|---|
| Incineration | 27.6 | 33.1 | 33.1 |
| Physico-chemical | 12.0 | 12.0 | 12.0 |
| Stabilization and storage | 260.0 | 260.0 | 260.0 |
| Chemical recovery | 5.8 | 5.8 | 5.8 |
| Sorting, recovery, transportation | 22.3 | 22.3 | 22.3 |
| TOTAL IN HECTARES | 327.6 | 333.0 | 333.0 |

(35) EN19 & EN20. (36) EN11.

#### 1.9.3.2.5. Prevention, recycling and elimination of waste [37]

Since Séché Environnement's business is waste treatment, the Group produces final waste which merely constitutes the remainder of the 2.2 million tonnes of waste received from its customers for treatment. The Group's waste treatment activity reduces the tonnage of waste as defined in the regulatory sense by a factor of 91%.

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 final waste which is placed in secure storage, insulated from any possible contact with the biosphere.

| Production of final waste | 2010 | 2011 | 2012 |
|---|---|---|---|
| **HAZARDOUS WASTE - TOTAL IN THOUSANDS OF TONNES** | **140** | **140** | **151** |
| *As a proportion of tonnage treated* | *6.0%* | *5.8%* | *6.9%* |
| **NON-HAZARDOUS WASTE - TOTAL IN THOUSANDS OF TONNES** | **44** | **46** | **33** |
| *As a proportion of tonnage treated* | *1.9%* | *1.3%* | *1.5%* |

### *1.9.3.3. Sustainable use of resources*

#### 1.9.3.3.1. General policy

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).

#### 1.9.3.3.2. Materials recovery [38]

The results of this depend on the quality of the sorting carried out beforehand on the waste received from customers. 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 of used packaging, the Group modernized its non-hazardous waste sorting platforms in 2011-2012, introducing a high degree of automation and state-of-the-art technologies such as optical and ballistic sorting.

| Materials recovery in thousands of tonnes | 2010 | 2011 | 2012 |
|---|---|---|---|
| Internally in the Group | 111 | 90 | 93 |
| Externally | 96 | 170 | 199 |
| **TOTAL IN THOUSANDS OF TONNES** | **207** | **260** | **292** |
| *As a percentage of tonnage treated* | *8.9%* | *10.8%* | *13.3%* |
| *As a percentage of internal recovery* | *53.6%* | *34.6%* | *31.8%* |

(37) EN2. (38) EN2.

### 1.9.3.3.3. Energy

#### *1.9.3.3.3.1. Energy consumption [39]*

| Energy consumption in GWh/year | | 2010 | 2011 | 2012 |
|---|---|---|---|---|
| Published in previous years | | 212.7 | 307.7 | - |
| Methodology adopted in 2012 [40] | | 256.3 | 644.4 | 659.2 |
| *KWh per tonne of waste treated* | *110.6* | *267.0* | *284.5* | |

#### *1.9.3.3.3.2. Energy production from waste [41]*

| Energy consumption in GWh/year | | 2010 | 2011 | 2012 |
|---|---|---|---|---|
| Published in previous years | | 256.3 | 644.4 | - |
| Methodology adopted in 2012 [42] | | 256.3 | 644.4 | 659.2 |
| *KWh per tonne of waste treated* | *110.6* | *267.0* | *284.5* | |

#### *1.9.3.3.3.3. Energy self-sufficiency*

| Energy self-sufficiency rate | 2010 | 2011 | 2012 |
|---|---|---|---|
| **TOTAL** | **124%** | **214%** | **221%** |

Development prospects are related to the volumes and mix of waste received from customers.

(39) EN3, EN4 & EN5. (40) Correction of a material error concerning steam consumed in 2010 and 2011 for solvent regeneration (estimate, based on 2012 values, of + 20 GWh/year at Mourenx), and neutralization of biogas in non-hazardous waste storage facilities flared off (approximately 26 GWh/year in 2012). This energy is not consumed for operational purposes and is therefore to be considered as not recovered.
(41) EN6. (42) Correction of a material error concerning steam consumed in 2010 and 2011 for solvent regeneration (estimate, based on 2012 values, of + 20 GWh/year at Mourenx), and neutralization of biogas in non-hazardous waste storage facilities flared off (approximately 2 6 GWh/year in 2012). This energy is not consumed for operational purposes and is therefore to be considered as not recovered..


### *1.9.3.4. Climate change*

#### 1.9.3.4.1. Carbon accounting (article 75 of the "Grenelle" Law)

Article 75 of French Law no. 2010-788 dated July 12, 2010, requires companies to account for greenhouse gas (GHG) emissions. Séché Environnement has already been calculating its GHG emissions for several years. From 2011 onwards, it applies the BEGES regulatory carbon accounting methods based on Bilan Carbone®V7, initiated by ADEME, the French agency for energy use and the environment, and now run by the Association Bilan Carbone. The reference period for the first GHG report conducted under these arrangements is the fiscal year 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, controlled by a 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 photo-synthesis. Later, its natural degradation through putrefaction in the form of $CO_2$ and $CH_4$ naturally releases the carbon stored earlier: this is the short, or biogenic carbon cycle. In this natural, balanced cycle, the impact on the greenhouse effect of biogenic $CO_2$ is considered to be close to zero.

Consequently, it is generally admitted that carbon originating in biomass (biodegradable matter, cardboard, organic household waste, etc.) and re-emitted as $CO_2$ during waste treatment, has little or no impact on the greenhouse effect.
The global warming potential (GWP) of $CH_4$, however, is much greater, and often attributable to human activity, for example the partly anaerobic storage of waste, and must therefore also 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 $CO_2$ and $CH_4$ 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 $CO_2$ in the atmosphere and **has a decisive impact on climate change.**

**Biogenic carbon must be quantified separately,** since it is considered to have no impact on climate change. In the case of waste treatment, biogenic carbon comes from the fermentable component of waste.

### 1.9.3.4.2. GHG emissions [43]

| Emissions for scopes 1 + 2 in Kt eq$CO_2$ | 2010 | 2011 | 2012 |
|---|---|---|---|
| **Earlier calculation method** | **631.4** | **883.1** | |
| Bilan Carbone - fossil carbon | | 682.0 | 611.5 |
| Bilan Carbone - biogenic carbon | | 325.6 | 295.3 |
| **BILAN CARBONE - TOTAL CARBON** | | **1 007.6** | **906.8** |
| Uncertainty of the Bilan Carbone measurement | | 367.3 | |

*The two methods can be reconciled, given the uncertainty of measurement.*

### 1.9.3.4.2. GHG emissions avoided [44]

#### *1.9.3.4.2.1. Principle*

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

- Storage 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 25 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, 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 $CO_2$ present in smoke by means of membrane techniques which have recently been patented.
- Treatment of industrial gases: these techniques make it possible to reduce considerably GHG emissions, especially when applied to CFCs or sulfur hexa-fluoride (SF6) which have a global warming potential of 25 000 to 29 000 times that of $CO_2$.

#### *1.9.3.4.3.2. Emissions avoided by energy recovery*

| GHGs avoided for scopes 1 + 2 in Kt eq$CO_2$ | 2010 | 2011 | 2012 |
|---|---|---|---|
| **Earlier methods - published results** | **111.0** | **164.6** | |
| **BILAN CARBONE - EXCL. OWN ENERGY CONSUMPTION** | | **86.0** | **79.8** |

*The two methods can be reconciled, considering as emissions avoided only those emissions originating in facilities which emit fossil carbon.*

(43) EN16 & EN17. (44) EN18.

#### *1.9.3.4.3.3. Emissions reduced by the treatment of industrial gases with high global warming potential*

Emissions are reduced by the treatment of gases such as CHCs, halons, sulfur hexafluoride (SF6) with a very high global warming potential (25 000 to 29 000 times that of $CO_2$).

| GHGs reduced in Kt $eqCO_2$ | 2010 | 2011 | 2012 |
|---|---|---|---|
| GHGs REDUCED BY TREATMENT OF INDUSTRIAL GASES | 7 472 | 8 061 | 7 724 |

### 1.9.3.4.4. Adaptive measures

#### *1.9.3.4.4.1. Transportation of waste*

In December 2010, Séché Transports was awarded the “Target $CO_2$: Carriers Undertake” accreditation, in recognition of the efforts it deploys in the context of a voluntary approach to reducing $CO_2$ emissions. Based on this initial commitment on the part of the Group's logistics subsidiary, eco-friendly driver training courses have been made available to drivers at various Séché Environnement sites, in some cases in cooperation with an oil company in the context of energy economy certification. Aware of the impact of road transportation especially in highly populated areas, Séché Environnement has also initiated in recent months an alternative transportation solution based on the use of waterways for inert waste from the Paris region, destined to be recovered for use in a landscaping operation in the lower Seine valley. To this end, the Group has opened a 4 000-square-meter platform in the port of Gennevilliers as the center of this waterway traffic, with an objective when fully operational of 100 000 tonnes per year, the equivalent of avoiding 5 000 round trips using road transportation.

#### *1.9.3.4.4.2. Transportation of personnel*

Work-related journeys in metropolitan France are estimated to generate emissions of 2.0 Kt $eqCO_2$, of which 84% are related to the use of automobiles (corporate fleets and rented vehicles), 15% air travel and 1% train travel.

### *1.9.3.5. Protection of biodiversity*

By virtue of its activity, Séché Environnement is 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 the environment, as having a potential impact on it.

The link which unites Séché Environnement with the biodiversity surrounding its sites is all the stronger because, as a significant landowner, it 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 exist from one territory to another by means of so-called ecological corridors.

The biodiversity which the Group seeks to preserve is that which surrounds it on a daily basis, that which often goes unnoticed, and is often considered common or ordinary. But it is biodiversity that will bring about the territorial richness of tomorrow. This is the guiding philosophy behind Séché Environnement's environmental policy, respecting that which exists in order not to mortgage the future. In this spirit, Séché Environnement subscribes to France's national biodiversity strategy (SNB). Moreover, the Group integrates the idea of shared biodiversity into its global approach toward protecting natural milieus from the very beginning of every industrial project, aiming to preserve typical landscapes with well-defined characteristics and special interrelationships.

Based on the results of the studies it carries out, and resolute in its desire to preserve local natural heritage, Séché Environnement integrates its sites, from the design stage onwards, into a customized landscape plan, designating the natural areas to be protected, and the broad outlines of rehabilitation programs. It has not been necessary so far to have recourse to compensation.

These "ecologically sensitive" areas belong to geographical regions where the most vulnerable species and/or prominent features of the landscape such as rare trees have been identified. It has been purely a decision by the Group to list them, independently from and in addition to regulatory requirements to list protect spaces (such as Natura 2000, ZNIEFF or natural areas of ecological, flora and fauna interest, ZICO or bird protection area, etc.)

Beyond the particular protection status granted to such areas, the different species of flora and fauna present are systematically monitored, especially avifauna and amphibians, species which are bio-indicators of air and run-off water quality.

These monitoring campaigns are carried out by naturalists who belong to the operating teams set up for the purpose, especially for the monitoring of amphibians, urodeles or chiroptera. In the case of avifauna, the monitoring protocol is provided by the French National Natural History Museum, whose STOC bird monitoring over time program is based on observations by local naturalists' associations, or by members of the LPO (the League for the Protection ofBirds, a member of BirdLife International).

The process can be summarized in a few points:

- preservation of areas of heritage significance identified at the beginning of the design stage of the project;
- implementation of monitoring observations concerning the maintenance of biodiversity;
- non-dissociation of landscapes and biodiversity, i.e. integrating into landscape or renaturization 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 may be inaccessible to humans.

From the outset, the Group has been sensitive to this dimension and has worked on the ground with associations and individuals who share these values. Its historical site has been an LPO bird sanctuary since 1994, and the Group's ISO 14001 certification for protection of the environment was achieved as early as 1996, a worldwide first for any company in this business.

20 years ago the Group appointed a naturalist-ecologist to ensure that this dimension of respect for biodiversity is integrated into every decision and every action. This team has expanded over the years, during which time collaboration with the National Natural History Museum began. In recent years, all sites have integrated the STOC program for monitoring common bird populations over time. Other projects are in progress, studying amphibians, chiroptera and other species present on the Group's sites. These projects are open to the public in a spirit of sharing knowledge.

The Group's social responsibility report gives the details of these measures, and their results over the years.

## 1.9.4. Commitments to society (45)

### *1.9.4. 1. Territorial, economic and social impacts*

#### 1.9.4. 1.1. Employment and regional development (46)

##### *1.9.4.1.1.1. Redistribution of revenue*

| in M€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| Employees (wage bill and employer charges) | 84.4 | 80.6 | 98.8 |
| Suppliers | 190.7 | 210.9 | 245.5 |
| Shareholders (dividends) | 11.2 | 11.2 | 11.2 |
| Financial establishments | 9.0 | 7.4 | 10.7 |
| State and local authorities | 33.3 | 31.8 | 35.1 |
| Value retained by the enterprise | 84.7 | 80.6 | 51.9 |
| **TOTAL REVENUE** | **402.1** | **424.4** | **441.9** |

##### *1.9.4.1.1.1. Links to the local community*

**Employees' places of residence**

| % of employees | 2010 | 2011 | 2012 |
|---|---|---|---|
| **LIVING < 50 KM FROM THE WORKPLACE XXX** | **80** | **87** | **90** |

**Local taxation: economic contribution to the local economy (47)**

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| | 1 970 | 5 084 | 2 606 |
| **IN LOCAL JOBS EQUIVALENT XXXI** | **45** | **116** | **59** |

(45) The Group's commitments to society are detailed in the corporate social responsibility report. (46) EC8 & EC9.
(47) Previously, business tax.

#### 1.9.4.1.1.1. Cooperation with educational establishments

| Work placements (internships) for > 1 month | | | |
|---|---|---|---|
| **Number** | **2010** | **2011** | **2012** |
| Executives | 6 | 4 | 3 |
| Other employees | 11 | 37 | 24 |
| **TOTAL** | **17** | **41** | **27** |

| Apprenticeship tax paid XXXII | 2010 | | | 2011 | | | 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| **Payments** (in K€) | **E** | **Other** | **T** | **E** | **Other** | **T** | **E** | **Other** | **T** |
| Regional | 19 | 48 | **67** | 26 | 64 | **80** | 21 | 186 | **207** |
| National | 1 | 6 | **7** | 5 | 30 | **35** | 6 | 1 | **7** |
| **TOTAL** | **20** | **54** | **74** | **31** | **94** | **115** | **27** | **187** | **214** |

E (Executive) - T (Total).

### 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 bio-diversity, especially on storage sites which, being situated in rural areas, tend to be the most appropriate for this purpose.

Finally, the Group continues to develop privileged relation-ships with higher education establishments in a framework of exchanges between industry and universities.

### 1.9.4.1.2. Neighboring and local populations (48)

Séché Environnement, with its national footprint of waste treatment and storage facilities in various regions of France, contributes to the development of those regions both by the local recruitment of most of its employees (90% 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 sub-contracting 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, hotels 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 infra-structure, in the same way as the development of industrial land, the availability of utilities (energy, water and industrial gases) or connections to communication networks.

(48) EC1 & EC6.

### 1.9.4.2. Sub-contractors and suppliers [XXXIII]

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| **TOTAL SPENT ON SUB-CONTRACTING** | **47 651** | **65 441** | **80 972** |
| *% sub-contracting/revenue* | *11.9%* | *15.4%* | *18.4%* |

### 1.9.4.3. Relations with stakeholders

#### 1.9.4.3.1. Regulatory communication

As the main sites of the Group are designated for environmental protection, their prefectoral operating permits require them to convene local information and monitoring committees (CLIS) under the control of the authorities.

These committees are tripartite bodies for dialog, bringing together industry, citizens (local residents, associations, etc.) and the authorities. During the revision of some of these prefectoral operating permits, complete impact statements are made available to local residents, daily dialog is initiated and public meetings make it possible to answer questions from interested parties.

#### 1.9.4.3.2. Dialog with stakeholders

Séché Environnement develops its action 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 health. Apart from this permanent dialog with associations for the protection of the environment concerning the usefulness to society of the Group's activities and its manner of carrying them out, Séché Environnement also initiates targeted partnerships for operations to preserve biodiversity around its sites. In 2012, an agreement was signed with the French League for the Protection of Birds (LPO) on the occasion of the latter's centenary.

Séché Environnement is convinced that the protection of biodiversity will be a major issue over the coming decades, both as regards its own activities and on a broader scale.

The identification and value analysis of an environment, including appraisal of its biodiversity, must make it possible to reconcile as far as possible the management of so-called natural areas, on the one hand, with areas for industrial or domestic use, on the other, principally where activities needing large land areas are concerned. To this end, it is necessary to identify the different environmental pressures on these land areas, including sites other than those classified Natura 2000 or situated in regional natural parks or similar areas. Biodiversity is at the very heart of human activity, so its preservation must intrinsically be taken into account in all human activities, as is the case for water and air outputs from industrial processes.

The eco-compatibility of plants, the choice of seeds, differentiated land management and the restoration of wetlands are other 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, attest to the effectiveness of the measures adopted in past years. In line with our aim of continuous improvement, new ecosystem monitoring programs for other fauna groups are currently being implemented.

### 1.9.4.4. Fair practice

#### 1.9.4.4.1. Good business practice

The Code of Behaviors issued to all employees (point no. 3) contains the following instructions issued by the Group:

*"Clearly express to customers and suppliers the Company's corporate social responsibility, to promote 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 social 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.

#### 1.9.4.4.2. 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.

##### *1.9.4.4.2.1. 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 and the diversity of their areas of influence mean that a high degree of specialization is required.

The subjects treated are highly technical and necessitate the intervention of experts. The objective of this work is to decipher this 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.

##### *1.9.4.4.2.2. 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, and positioning themselves as a source of propositions in a spirit of transparency and dialog with all stakeholders as they strive toward sustainable development.

#### 1.9.4.4.2.3. Actions to prevent corruption in all its forms

The Code of Behaviors issued to all employees (point no. 7) contains the following instructions issued by the Group:

*"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 to 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."*

At the time of issuing these instructions, two meetings, run by Transparency International France were held to ensure management awareness of these issues.

No bad practice has been detected over the period.

### *1.9.4.5. Other actions in support of human rights*

#### 1.9.4.5.1. Ethics alert mechanism

The Group has put in place an ethics alert mechanism accessible by all employees (point no. 8 of the Code of Behaviors and Actions):

*"The ethics alert mechanism enables any employee, in case of difficulty in interpreting the rules given in the Code of Behaviors 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."*

## 1.9.5. The consolidated sub-group Tredi SA

This chapter concerns specific data on Tredi SA in the context of responding to the requirements of article 225 of the French "Grenelle" conference on the environment, according to the definitions of scope and data pertinence adopted for the entire Group. 2012 is the first fiscal year for which a sub-group consolidation is published.

### *1.9.5.1. Social data* [49]

#### 1.9.5.1.1. Employment

##### *1.9.5.1.1.1. Headcount in France*

**By category and gender**

| In headcount units | 2010 | | | 2011 | | | 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| **At December 31** | **M** | **W** | **T** | **M** | **W** | **T** | **M** | **W** | **T** |
| Executives | 69 | 29 | **98** | 64 | 30 | **94** | 66 | 30 | **96** |
| Supervisors | 166 | 70 | **236** | 170 | 71 | **241** | 156 | 62 | **218** |
| Employees | 8 | 37 | **45** | 6 | 36 | **42** | 6 | 34 | **40** |
| Workers | 176 | 1 | **177** | 173 | 2 | **175** | 166 | 2 | **168** |
| **TOTAL IN HEADCOUNT UNITS** | **419** | **137** | **556** | **413** | **139** | **552** | **394** | **128** | **522** |
| *% men/women* | *75* | *25* | | *75* | *25* | | *75* | *25* | |

**By type of contract and gender**

| At December 31 | 2010 | | | 2011 | | | 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| **In headcount units** | **H** | **F** | **T** | **H** | **F** | **T** | **H** | **F** | **T** |
| Permanent contracts | 388 | 130 | **518** | 388 | 135 | **523** | 373 | 126 | **499** |
| Fixed-term contracts | 31 | 7 | **38** | 25 | 4 | **29** | 21 | 2 | **23** |
| **TOTAL IN HEADCOUNT UNITS** | **419** | **137** | **556** | **413** | **139** | **552** | **394** | **128** | **522** |
| *% of fixed-term contracts to total headcount* | *7.4* | *5.1* | ***6.8*** | *6.1* | *2.9* | ***5.3*** | *5.6* | *1.5* | ***4.4*** |

(49) From Tredi SA social accounting statements.


### By nationality and gender

| In headcount units | 2010 | | | 2011 | | | 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| At December 31 | M | W | T | M | W | T | M | W | T |
| French | 390 | 130 | **520** | 395 | 137 | **532** | 378 | 126 | **504** |
| Other European | 8 | 4 | **12** | 5 | 2 | **75** | 5 | 5 | **7** |
| Non-European | 21 | 3 | **24** | 13 | | **13** | 11 | - | **11** |
| **TOTAL HEADCOUNT UNITS** | **419** | **137** | **556** | **413** | **139** | **552** | **394** | **128** | **522** |

### Age distribution

| At December 31 | Men | Women | TOTAL |
|---|---|---|---|
| < 25 years | 13 | 3 | **16** |
| from 25 to 30 years | 39 | 10 | **49** |
| from 31 to 35 years | 53 | 21 | **74** |
| from 36 to 40 years | 44 | 14 | **58** |
| from 41 to 45 years | 69 | 31 | **100** |
| from 46 to 50 years | 74 | 27 | **101** |
| from 51 to 55 years | 58 | 13 | **71** |
| from 56 to 60 years | 38 | 6 | **44** |
| > 60 years | 6 | 3 | **9** |
| **Proportion of seniors (> 45 years)** | **44.6%** | **38.3%** | **43.1%** |
| **AVERAGE AGE** | **43** | **42** | **42,7** |

### Average headcount in FTE

| | 2010 | | | 2011 | | | 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| In headcount units | M | W | T | M | W | T | M | W | T |
| Full-time equivalents | 406.2 | 129.8 | **536.0** | 418.5 | 134.3 | **552.8** | 393.5 | 121.8 | **515.3** |
| Averages | 407.5 | 136.2 | **543.7** | 419.9 | 141.8 | **561.7** | 401.7 | 133.4 | **535.1** |

### 1.9.5.1.1.2. Workforce changes over the year

**Recruitments by type of contract and gender**

| | 2010 | | | 2011 | | | 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| **In headcount units** | **M** | **W** | **T** | **M** | **W** | **T** | **M** | **W** | **T** |
| Permanent contracts | 22 | 4 | **26** | 21 | 12 | **33** | 11 | 3 | **14** |
| Fixed-term contracts | 18 | 2 | **20** | 28 | 3 | **31** | 20 | 2 | **22** |
| **TOTAL IN HEADCOUNT UNITS** | **40** | **6** | **46** | **49** | **15** | **64** | **31** | **5** | **36** |
| *% men/women* | *87* | *13* | | *77* | *23* | | *86* | *14* | |

**Departures by reason and gender**

| | 2010 | | | 2011 | | | 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| **In headcount units** | **M** | **W** | **T** | **M** | **W** | **T** | **M** | **W** | **T** |
| Resignations | 2 | | **2** | 5 | - | **5** | 2 | 2 | **4** |
| Individual dismissals | - | 1 | **1** | 2 | - | **2** | 14 | 4 | **18** |
| Departures during trial period | - | 1 | **1** | 1 | 1 | **2** | | 1 | **1** |
| Negotiated departures | 9 | 4 | **13** | 4 | 1 | **5** | 5 | 3 | **8** |
| Redundancies | - | - | **-** | 3 | 6 | **9** | 2 | 5 | **7** |
| Intra-Group transfers | 2 | - | **2** | 4 | - | **4** | 2 | - | **2** |
| Retirements and early retirements | 3 | - | **3** | 1 | - | **1** | 1 | - | **1** |
| Deaths | 3 | - | **3** | 1 | - | **1** | - | - | **-** |
| End of fixed-term contracts | 20 | 5 | **25** | 27 | 5 | **32** | 27 | 8 | **35** |
| Other | - | - | **-** | - | - | **-** | - | - | **-** |
| **TOTAL IN HEADCOUNT UNITS** | **39** | **11** | **50** | **48** | **13** | **61** | **53** | **23** | **76** |
| *% men/women* | *78* | *22* | | *79* | *21* | | *70* | *30* | |

**Length of service distribution**

| At December 31, 2012 | Men | Women | TOTAL |
|---|---|---|---|
| < 5 years | 97 | 24 | **121** |
| from 6 to 10 years | 75 | 29 | **104** |
| from 11 to 15 years | 55 | 19 | **74** |
| from 16 to 20 years | 36 | 20 | **56** |
| from 21 to 25 years | 64 | 25 | **89** |
| from 26 to 30 years | 40 | 7 | **47** |
| > 30 years | 27 | 4 | **31** |
| **AVERAGE LENGTH OF SERVICE** | **14,4** | **14,1** | **14,3** |



### *1.9.5.1.1.3. Remuneration*

**Overall employment cost**

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| Gross wage bill | 20 901 | 22 014 | 21 881 |
| Employer SS contributions | 10 367 | 11 140 | 11 043 |
| **OVERALL EMPLOYMENT COST** | **31 268** | **33 154** | **32 245** |

**Employee profit-sharing schemes**

| in K€ or headcount units | 2010 | 2011 | 2012 |
|---|---|---|---|
| Total profit-sharing reserves | 647 | 699 | 215 |
| **NUMBER OF BENEFICIARIES** | **574** | **574** | **595** |
| Total amount distributed | | | 167 |
| **NUMBER OF BENEFICIARIES** | | | **595** |

## 1.9.5.1.2. Organization of work

### *1.9.5.1.2.1. Organization of working time*

The official working week is 35 hours (33.6 hours for shift workers).

**Part-time employment**

| Number of contracts | 2010 | | | 2011 | | | 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| At December 31 | M | W | T | M | W | T | M | W | T |
| Number | 3 | 34 | **37** | 4 | 29 | **33** | 2 | 26 | **28** |

There was no recourse to short-time working during the period.

**Shift work**

| Employees at December 31 | 2010 | | | 2011 | | | 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| working in shifts | F | A | T | F | A | T | F | A | T |
| 2 shifts | 3 | 41 | **47** | 4 | 51 | **55** | - | 53 | **53** |
| 3 shifts | - | 28 | **28** | - | 29 | **29** | - | 8 | **8** |
| > 3 shifts | - | 131 | **131** | - | 151 | **151** | - | 144 | **144** |
| **TOTAL** | **3** | **203** | **206** | **4** | **231** | **235** | | **205** | **205** |
| *% shift workers/total* | | | *37* | | | *43* | | | *39* |

F (fixed) - A (alternating) - T (total) - No employees are engaged in repetitive activities according to the definition of assembly line workers[50]. (50) As defined by the Decree of May 10, 1976.

**External (temporary) workers**

| Number of hours worked | 2010 | 2011 | 2012 |
|---|---|---|---|
| TOTAL HOURS WORKED BY TEMPORARY STAFF | 137 778 | 99 060 | 71 440 |

*1.9.5.1.2.2. Absenteeism*

**Number of days of absence**

| Number of days | 2010 | 2011 | 2012 |
|---|---|---|---|
| Total | 12 283 | 12 241 | 13 707 |
| AVERAGE PER EMPLOYEE | 22.5 | 22.1 | 25.6 |

**Absenteeism rate by reason**

| Number of days | 2010 | 2011 | 2012 |
|---|---|---|---|
| Sickness/long-term sickness | 9 450 | 10 045 | 10 967 |
| Maternity/paternity | 1 173 | 670 | 481 |
| Occupational and commuting accidents | 844 | 604 | 257 |
| Family and other events | 125 | 180 | 236 |
| Other | 691 | 742 | 1 767 |
| TOTAL | 12 283 | 12 241 | 13 707 |

*1.9.5.1.2.3. Collective bargaining agreement*

Union des Industries Chimiques (UIC) for all employees.

*1.9.5.1.2.4. Organization of industrial dialog and collective agreements*

These subjects are dealt with at Group level.

*1.9.5.1.2.5. Diversity and equality of opportunity*

These subjects are dealt with at Group level.

*1.9.5.1.2.6. Worker activities: funds allocated to works councils*

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| TOTAL | 543 | 572 | 568 |

### 1.9.5.1.3. Health and safety

These subjects are dealt with at Group level.

#### *1.9.5.1.3.1. Work-related accidents*

| Frequency rate with absence from work | 2010 | 2011 | 2012 |
|---|---|---|---|
| FR1 - Employees | 29.7 | 26.7 | 16.1 |
| **Severity rate** | | | |
| SR - Employees | 1.03 | 1.25 | 0.45 |

#### *1.9.5.1.3.2. Expenditure to improve working conditions*

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| TOTAL | 854 | 482 | 1 216 |

### 1.9.5.1.4. Training

This is dealt with at Group level.

#### *1.9.5.1.4.1. Budgets allocated*

| | 2010 | 2011 | 2012 |
|---|---|---|---|
| As a % of total wage bill | 2.94 | 2.94 | 2.95 |

#### *1.9.5.1.4.2. Training modules taught*

| Total number of employees or hours | 2010 | 2011 | 2012 |
|---|---|---|---|
| Number of modules taught | 767 | 1 483 | 1 379 |
| Number of hours taught | 6 505 | 8 901 | 10 294 |

| | 2010 | | | 2011 | | | 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| Number of trainees | M | W | T | M | W | T | M | W | T |
| Executives | 33 | 15 | **48** | 139 | 69 | **208** | 116 | 54 | **170** |
| Supervisors | 314 | 76 | **390** | 608 | 154 | **762** | 601 | 133 | **734** |
| Clerical | 30 | 31 | **61** | 6 | 67 | **73** | 6 | 60 | **66** |
| Workers | 268 | - | **268** | 431 | 9 | **440** | 407 | 2 | **409** |
| TOTAL | 645 | 122 | 767 | 1 184 | 299 | 1 483 | 1 130 | 249 | 1 379 |
| *% men/women* | *84* | *16* | | *80* | *20* | | *82* | *18* | |

### 1.9.5.2. Environmental information

#### 1.9.5.2.1. Water supply, consumption and discharge

##### 1.9.5.2.1.1. Water consumption

Besides water consumed for human use and cleaning, the water treatment plants associated with wet treatment of flue gases from incinerators consume significant quantities of water.

The quantity of water drawn from the water table is not significant in relation to ground water reserves, 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 the reserves maintained in large quantities by Alpine run-off.

| Consumption in thousands of cubic meters | 2010 | 2011 | 2012 |
|---|---|---|---|
| **TOTAL CONSUMPTION IN THOUSANDS OF CUBIC METERS** | **3 028** | **3 016** | **3 052** |
| *Of which extracted from water table* | *2 786* | *2 782* | *2 824* |
| *Of which recycled from processes* | *100* | *85* | *64* |
| *Of which from drinking water networks* | *99* | *119* | *106* |
| **Proportion extracted from water table** | **92%** | **93%** | **93%** |

##### 1.9.5.2. 1.2. Water returned to the natural environment

Part of the water discharge occurs as water vapor from thermal processes, and this is not accounted for in the volumes reported as being returned to the natural environment (in liquid form). Liquid discharges are made either into special water treatment stations, or into fast-moving watercourses (e.g. the discharge from Salaise at 100 cubic meters per hour into the Rhône river, which at this point moves at an average rate of 3.7 million cubic meters per hour). No discharges are made into sensitive areas or milieus.

| Water returned, in thousands of cubic meters | 2010 | 2011 | 2012 |
|---|---|---|---|
| **TOTAL IN THOUSANDS OF CUBIC METERS** | **2 184** | **2 221** | **2 174** |
| *Relative to consumption* | *72%* | *74%* | *71%* |

##### 1.9.5.2.1.3. Quality of water returned to the natural environment

Discharges of water in liquid form are made after the water has been treated and its quality checked in terms of the different chemical substances it may contain. The parameters used are, for example, the METOX index for heavy metals, chemical oxygen demand (COD) and suspended solids.

| Contaminants in tonnes per year | 2010 | 2011 | 2012 |
|---|---|---|---|
| Soluble salts | 4 837 | 5 114 | 5 132 |
| Chemical oxygen demand (COD) | 49.6 | 62.7 | 130.7 |
| Suspended solids | 17.9 | 20.1 | 31.7 |
| Total metals | 2.3 | 1.6 | 2.0 |
| Total nitrogen | 13.2 | 12.6 | 11.1 |
| AOX | 3.1 | 0.5 | 0.8 |
| **INDEX IN TONNES PER YEAR** | **2010** | **2011** | **2012** |
| METOX index | 4.9 | 5.5 | 6.9 |

### 1.9.5.2.2. Impact of atmospheric emissions

The volume and nature of atmospheric emissions depend on the level of activity (tonnage treated), but also on the mix of waste received and its chemical composition, especially its content of sulfur, halogens and other molecules. The residual content of these substances remaining in chimneys after smoke treatment has taken place are strictly controlled by the prefectoral authorization to operate.

| Emissions in tonnes per year | 2010 | 2011 | 2012 |
|---|---|---|---|
| Nitrogen oxides in tonnes of $NO_2$ | 280.6 | 257.9 | 252.5 |
| Sulfur dioxide in tonnes of $SO_2$ | 38.0 | 31.2 | 35.7 |
| Hydrochloric acid in tonnes of HCl | 2.1 | 2.3 | 2.1 |
| Volatile organic compounds (VOCs) in tonnes | 3.5 | 3.1 | 2.9 |
| Dust in tonnes | 3.1 | 4.0 | 3.6 |
| Dioxins and furans in grams | 0.0897 | 0.0473 | 0.0674 |

### 1.9.5.2.3. Sustainable use of resources

#### *1.9.5.2.3.1. Raw materials consumed*

| Consumption in thousands of tonnes | 2010 | 2011 | 2012 |
|---|---|---|---|
| **TOTAL IN Kt** | **22 775** | **22 073** | **25 807** |

#### 1.9.5.2.3.2. Materials recovery

Tredi specializes in the treatment of hazardous waste. Its priority objective being to ensure the health and safety of property and people, Tredi employs detoxification processes.

This sector of activity provides few possibilities for recycling, in general only possible following a decontamination process or chemical treatment.

Materials recovery principally yields metallic masses (from the decontamination of transformers), scrap iron (including that derived from clinker) and hydroxide sludge, which can be used in pyro-metallurgy.

| Materials recovery in thousands of tonnes | 2010 | 2011 | 2012 |
|---|---|---|---|
| Internally in the Group | 443 | 190 | 139 |
| Externally | 15 337 | 24 949 | 24 764 |
| **TOTAL IN Kt** | **15 780** | **25 139** | **24 903** |

#### 1.9.5.2.3.3. Production of final waste

The main technology used by Tredi is incineration (approximately 95% of the tonnage of waste received). This inevitably leads to production of clinker of about 20% of the tonnage incinerated. Under current regulations, the origin of this clinker (from incineration of waste) means that it must be stored as hazardous final waste. Any attempted material recovery is prohibited, and it cannot even be used in substrates in road construction. Other final waste includes residues from smoke treatment and sludge from gas neutralization and cleaning (about 6% of tonnages incinerated).

| Production of final waste in Kt | 2010 | 2011 | 2012 |
|---|---|---|---|
| Hazardous waste | 94 363 | 93 765 | 100 774 |
| Non-hazardous waste | 500 | 2 064 | 411 |

### 1.9.5.2.4. Energy

| In GWh per year | 2010 | 2011 | 2012 |
|---|---|---|---|
| Total energy consumption | 94.84 | 97.60 | 130.40 |
| Energy recovery from waste | 104.15 | 93.81 | 164.70 |
| **ENERGY SELF-SUFFICIENCY RATE** | **110%** | **96%** | **126%** |

### 1.9.5.2.5. Climate change

#### 1.9.5.2.5.1. Greenhouse gases (GHGs) and carbon accounting

Since Tredi has more than 500 employees, it is affected by article 75 of French Law no. 2010-788 dated July 12, 2010, which requires companies to account for greenhouse gas (GHG) emissions. The reference period for the first GHG report conducted under these arrangements is the fiscal year 2011.

In compliance with these regulations, the operating scope includes all sites emitting GHGs directly or indirectly in connection with energy use, i.e. categories or scopes 1

(51) Production totale in the form of electricity and heat (steam).

(GHG emissions from either fixed or moveable sources, controlled by a 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).

| Emissions for scopes 1 + 2 in Kt eq$CO_2$ | 2010 | 2011 | 2012 |
|---|---|---|---|
| Earlier calculation method | 326.5 | 322.6 | |
| **BILAN CARBONE** | | **355.6** | **334.1** |
| *Uncertainty of the Bilan Carbone measurement* | | *151.2* | |

*1.9.5.2.5.2. Greenhouse gases avoided*

In incineration, when the ovens have reached their operating temperature, waste burns by itself without using external fossil fuel sources (such as gas or petrol derivatives). The heat produced by this combustion is recuperated in a boiler in the form of water vapor which, in its turn, activates a turbine-alternator group to produce electricity. Energy recovery thus functions at these two levels (steam and electricity).

By convention, emissions avoided are considered equivalent to the emissions which would have been caused by producing the same quantities of energy or raw materials by classical production methods (average local energy system/production from raw materials).

| In Kt eq$CO_2$ under French system | 2010 | 2011 | 2012 |
|---|---|---|---|
| Earlier calculation method | 13.5 | 13.0 | |
| **BILAN CARBONE - EXCL. OWN ENERGY CONSUMPTION** | | **11.0** | **12.5** |

*1.9.5.3. GHG emissions reduced industrially*

Emissions are reduced by the treatment of gases such as CHCs, halons, sulfur hexafluoride (SF6) with a very high global warming potential (25 000 to 29 000 times that of $CO_2$).

| GHGs reduced in Kt eq$CO_2$ | 2010 | 2011 | 2012 |
|---|---|---|---|
| GHGs reduced by treatment of industrial gases | 7 472 | 8 061 | 7 724 |

Joël Séché, chairman of the Board of Directors of Séché Environnement.

## 1.10. Documents annexed to the Annual Report

The following are annexed to this Report:

- Table of results of the last 5 fiscal years;
- Report by the President of the Board of Directors on the conditions in which the work of the Board was prepared and organized, and on the internal control procedures put in place by the Company.

## Table of results of the last five fiscal years

| in € | 2008 | 2009 | 2010 | 2011 | 2012 |
|---|---|---|---|---|---|
| **FINANCIAL POSITION AT YEAR-END** | | | | | |
| Share capital | 1 726 974 | 1 726 974 | 1 726 974 | 1 726 974 | 1 726 974 |
| Number of outstanding ordinary shares | 8 634 870 | 8 634 870 | 8 634 870 | 8 634 870 | 8 634 870-z |
| Total earnings from actual operations | - | - | - | - | - |
| Revenue excluding taxes | 14 723 434 | 13 156 722 | 14 683 448 | 12 989 543 | 12 689 963 |
| Income before taxes, profit-sharing, amortization and provisions | 35 918 789 | 39 431 380 | 41 316 461 | 44 145 678 | 22 206 481 |
| Corporation tax | (1 100 429) | 748 062 | 2 583 433 | 1 718 231 | (10 807 179) |
| Employee profit-sharing due for the year | - | - | - | - | - |
| Income after taxes, profit-sharing, amortization and provisions | 32 953 609 | 39 959 705 | 42 900 877 | 41 638 368 | (318 543 509) |
| Amount of income distributed [(1)] | 11 225 331 | 11 225 331 | 11 225 331 | 11 225 331 | 8 203 126 |
| **INCOME FROM OPERATIONS, PER SHARE** | | | | | |
| Income from operations after taxes, profit-sharing, but before amortization and provisions | 4.29 | 4.48 | 4.49 | 4.91 | 3.82 |
| Income after taxes, profit-sharing, amortization and provisions | 3.82 | 4.63 | 4.97 | 4.82 | (36.89) |
| Dividends paid [(1)] | 1.30 | 1.30 | 1.30 | 1.30 | 0.95 |
| Tax credit/reduction on dividends | 0.52 | 0.52 | 0.52 | 0.52 | 0.38 |
| **HEADCOUNT AND PAYROLL** | | | | | |
| Number of employees | 42 | 25 | 25 | 29 | 27 |
| Amount of total payroll | 4 038 791 | 2 768 212 | 2 592 260 | 2 884 815 | 2 852 951 |
| Amount of benefits paid | 1 581 229 | 1 101 746 | 1 054 263 | 1 191 603 | 1 171 758 |

(1) Subject to approval by the Annual General Meeting.

## 1.11. References and definitions

### Social data

I Employees on the books as at December 31 of the year under consideration and bound by employment contracts currently in force or suspended for reasons of paid vacation or sickness, whatever the nature of the contract: fixed-term, qualification contracts, etc.

II Employees included in total headcount and bound by fixed-term employment contracts currently in force at December 31 of the year under consideration, including employees under contracts specifying a term date, for example work-study contracts.

III Full-time employees each count for: 1
Employees employed for half of the time each count for: 0.5;
Employees employed for 3/5 of the time each count for: 0.6;
Employees employed 4/5 of the time each count for: 0.8.

IV Sum of total monthly headcounts (permanent and fixed-term contracts) divided by 12.

V With the exception of external, temporary personnel, or persons placed at the disposal of the Company, all employee recruitments on permanent contracts are concerned by this indicator, including those transferred from one Group company to another, and conversions from fixed-term contracts into permanent contracts.

VI With the exception of external, temporary personnel, or persons placed at the disposal of the Company, all employee recruitments on permanent contracts are concerned by this indicator, including those transferred from one Group company to another, and conversions from fixed-term contracts into permanent contracts.

VII This indicator gives the sum of definitive departures from the enterprise, classified by reason for terminating the work contract.

VIII Length of service is calculated from the date of entering the Group scope.

IX As declared on the DADS official salaries declaration to the French authorities (gross taxable amount).

X Includes all social and fiscal contributions: (social security, pension, unemployment insurance, health and other insurance, training, apprenticeship tax, construction, transportation) borne by the enterprise.

XI Amount of profit-sharing reserves before payment of CSG/CRDS taxes.

XII The breakdown of salaries is given for full-time employees under permanent contracts, present without interruption throughout the year.

XIII Not including hours spent on stand-by.

XIV Number of hours worked during the year divided by 1 820 hours, to calculate the average number of full-time equivalent employees.

XV Total number of days' absence, whether paid or not.

XVI Total absences divided by average monthly headcount.

XVII Ratio of the number of days' absence to the theoretical number of working days (= average monthly headcount x 228, the theoretical number of working days in the year).

XVIII Absences for sickness, occupational afflictions or part-time working on health grounds.

XIX Not including full-time parental child-care leave.

XX Including paternity leave, whether paid or not.

XXI Leave for home relocation, sabbatical periods without pay, or to create a business.

XXII Frequency rate for accidents with absence from work (FR1) = number of work-related accidents multiplied by 1 000 000, divided by the total number of hours worked.

XXIII Severity rate (SR) = number of days lost for work-related accidents multiplied by 1 000 divided by the total number of hours worked.

XXIV Actual expenditure, not including fiscal contributions for professional development training (0.50%), individual training leave (0.20%) or eventual payments to the tax authorities to regularize legal obligations (0.90% of wage bill). Account is taken of sums committed in the context of training budgets, internal or external.

XXV Job-specific training means training related to the Group's waste treatment activities.

XXVI An employee who has followed several training courses during the year is recorded for each training course.

## Environmental commitments

XXVII Change of calculation method in 2011 for incineration.

XXVII Global biological normalized index.

XXVII Raw materials: materials used in reactive processes for the treatment of smoke, hydraulic binders for stabilization, quarry materials for infrastructures, etc.) excluding laboratory and maintenance products and fossil fuels.

## Commitments to society

XXVIII Raw materials: materials used in reactive processes for the treatment of smoke, hydraulic binders for stabilization, quarry materials for infrastructures, etc.) excluding laboratory and maintenance products and fossil fuels.

XXX Home-workplace commute of less than 50 km.

XXXI Amount of local business tax divided by EUR 44 000 (estimated average annual salary including employer charges).

XXXII Payments made as part of apprenticeship tax quotas, or for other reasons.

XXXIII All sub-contracted activities excluding activities within the Group.


# chapter 2

## Financial data

## 2.1. Consolidated financial statements at December 31, 2012

### 2.1.1. Consolidated balance sheet

| in K€ | Dec. 31, 2010 | Dec. 31, 2011 | Dec. 31, 2012 | Note |
|---|---|---|---|---|
| Goodwill | 212 875 | 212 875 | 228 150 | 1.1 |
| Intangible fixed assets included in concessions | 370 | 2 055 | 19 212 | |
| Other intangible fixed assets | 6 863 | 6 914 | 6 492 | 1.2 |
| Property, plant and equipment | 155 014 | 170 385 | 171 747 | 2.1 |
| Investments in affiliates | 33 926 | 552 | 434 | 3 |
| Non-current financial assets | 147 350 | 161 061 | 4 786 | 4 |
| Hedging instruments - non-current assets | - | - | - | 4.3 |
| Other non-current assets | 1 759 | 1 291 | 2 105 | 4 |
| Deferred non-current corporation tax assets | - | - | 677 | |
| Deferred tax assets | 17 110 | 14 995 | 55 965 | 6 |
| **Non-current assets** | **575 268** | **570 128** | **489 570** | |
| Inventories | 8 018 | 9 737 | 10 507 | |
| Trade and other receivables | 112 665 | 116 288 | 127 204 | |
| Corporation tax receivables | - | 2 572 | 12 593 | |
| Current financial assets | 88 | 76 | 131 | |
| Hedging instruments - current assets | - | - | - | 4.3 |
| Other current assets | 12 372 | 17 738 | 21 997 | 4 |
| Cash and cash equivalents | 43 431 | 24 686 | 23 050 | 4.1.3 |
| **Current assets** | **176 574** | **171 097** | **195 482** | |
| **TOTAL ASSETS** | **751 842** | **741 225** | **685 051** | |
| Share capital | 1 727 | 1 727 | 1 727 | 8 |
| Additional paid-in capital | 299 079 | 299 079 | 299 079 | 9 |
| Reserves | 40 600 | 38 651 | 37 726 | 10 |
| Net income (Group share) | 27 366 | 15 856 | (82 377) | |
| Shareholders' equity (Group share) | 368 772 | 355 312 | 256 155 | |
| Minority interests | 955 | 781 | 378 | |
| **Total shareholders' equity** | **369 727** | **356 093** | **256 532** | |
| Other equity | - | - | 31 | |
| Non-current financial debt | 193 716 | 43 740 | 218 154 | 4.2.1 |
| Hedging instruments - non-current liabilities | 1 984 | 3 491 | 3 307 | 4.3 |
| Employee benefits | 169 | 192 | 809 | 5.3 |
| Deferred tax liabilities | 32 | 14 | 11 | 6 |
| Other non-current provisions | 2 653 | 3 270 | 3 988 | 5 |
| Other non-current liabilities | 1 350 | 251 | 189 | 4.2.2 |
| **Non-current liabilities** | **199 904** | **50 958** | **226 458** | |
| Current financial debt | 44 648 | 172 899 | 28 000 | 4.2.1 |
| Hedging instruments – current liabilities | 609 | 304 | 744 | 4.3 |
| Current provisions | 17 081 | 24 917 | 20 416 | 5 |
| Taxes payable | 4 610 | 218 | 904 | |
| Other current liabilities | 115 263 | 135 835 | 151 967 | 4.2.2 |
| **Current liabilities** | **182 211** | **334 174** | **202 031** | |
| **TOTAL LIABILITIES** | **751 842** | **741 225** | **685 051** | |

## 2.1.2. Consolidated income statement

in K€

| | Note | 2010 | 2011 | 2012 |
|---|---|---|---|---|
| **Revenue** | **12** | **402 122** | **424 158** | **441 881** |
| Other business income | | 4 239 | 6 090 | 5 247 |
| Transfers of expenses | | 3 443 | 3 373 | 2 164 |
| Purchases used for operational purposes | | (55 415) | (63 622) | (64 957) |
| Other purchases and outside expenses | | (131 778) | (147 252) | (170 919) |
| Taxes other than on income | | (33 312) | (31 803) | (35 019) |
| Employee benefits expenses | | (85 594) | (93 507) | (98 804) |
| **EBITDA** | **13** | **103 704** | **97 438** | **79 592** |
| Expenses for rehabilitation and/or maintenance of sites included in concessions | | (3 086) | (7 525) | (8 594) |
| Other net operating expenses | | (1 024) | (535) | (995) |
| Net allocations to provisions | 14.2 | (1 293) | 22 | 196 |
| Net allocations to amortization | 14.3 | (31 414) | (32 038) | (32 944) |
| **Current operating income** | **14.1** | **66 887** | **57 362** | **37 255** |
| Income on sales of fixed assets | | 467 | (609) | 325 |
| Impairment of assets | | (2 083) | - | (395) |
| Consolidation scope variation effects | | (4 854) | (891) | (1 025) |
| Other operating income and expenditure | | 14 | (682) | (7 282) |
| **OPERATING INCOME** | **15** | **60 431** | **55 180** | **28 878** |
| Income from cash and cash equivalents | | 14 697 | 14 705 | 438 |
| Gross financial borrowing costs | | (8 972) | (7 371) | (10 739) |
| **Cost of net financial debt** | | **5 725** | **7 334** | **(10 301)** |
| Other financial income | 16.2 | 2 832 | 8 765 | 639 |
| Other financial expenses | | (1 665) | (7 781) | (146 390) |
| **FINANCIAL INCOME** | **16.1** | **6 892** | **8 318** | **(156 052)** |
| Corporation tax | 17 | (21 226) | (19 489) | 54 007 |
| **INCOME OF CONSOLIDATED COMPANIES** | | **46 097** | **44 010** | **(73 167)** |
| Share of income of affiliates | | (19 201) | (28 326) | (9 606) |
| **NET INCOME BEFORE INCOME FROM DISCONTINUED OPERATIONS** | | **26 896** | **15 684** | **(82 773)** |
| Discontinued operations | | | | |
| **NET INCOME OF CONSOLIDATED COMPANIES** | | **26 896** | **15 684** | **(82 773)** |
| *Of which minority interests* | *(470)* | *(172)* | *(396)* | |
| *Of which attributable to equity holders of the parent* | | 27 366 | 15 856 | (82 377) |
| Net earnings per share | | 3.19 € | 1.85 € | (9.61€) |
| Diluted earnings per share | | 3.19 € | 1.85 € | (9.61€) |

## 2.1.3. Statement of net income and profits and losses directly recognized in equity

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| Foreign currency differences | (28) | (909) | (130) |
| Change in fair value of financial hedging instruments | 2 432 | (1 279) | (459) |
| Change in fair value of available-for-sale financial assets | (141) | (221) | (179) |
| Actuarial differences | - | - | (1 173) |
| Share of profits and losses of affiliates booked directly under shareholders’ equity and accounted for by the equity method | (7 822) | (15 989) | (4 115) |
| Tax effects | (837) | 440 | 553 |
| **Sub-total of gains and losses booked directly under shareholders' equity** | **(6 396)** | **(17 958)** | **(5 503)** |
| **Net income for the period** | **26 896** | **15 684** | **(82 773)** |
| **NET INCOME AND PROFITS AND LOSSES BOOKED DIRECTLY UNDER SHAREHOLDERS' EQUITY** | **20 500** | **(2 274)** | **(88 276)** |
| *Of which attributable to equity holders of the parent company* | *20 970* | *(2 102)* | *(87 881)* |
| *Of which attributable to minority interests* | *(470)* | *(172)* | *(395)* |

## 2.1.4. Statement of changes in consolidated shareholders' equity

| in K€ | Share capital<br>Note 8 | Premiums<br>Note 9 | Number of shares held as treasury stock |
|---|---|---|---|
| **SHAREHOLDERS' EQUITY AT DEC. 31, 2009** | **1 727** | **299 078** | **(3 407)** |
| Profits and losses booked directly in equity | | | |
| Net income at Dec. 31, 2010 | | | |
| Net income and profit and losses booked directly in equity | | | |
| Dividends paid | | | |
| Treasury stock | | | 237 |
| Other changes | | | |
| **SHAREHOLDERS' EQUITY AT DEC. 31, 2010** | **1 727** | **299 078** | **(3 170)** |
| Profits and losses booked directly in equity | | | |
| Net income at Dec. 31, 2011 | | | |
| Net income and profits and losses booked directly in equity | | | |
| Dividends paid | | | |
| Treasury stock | | | (178) |
| Other changes | | | |
| **SHAREHOLDERS' EQUITY AT DEC. 31, 2011** | **1 727** | **299 078** | **(3 348)** |
| Profits and losses booked directly in equity | | | |
| Net income at Dec. 31, 2012 | | | |
| Net income and profit and losses booked directly in equity | | | |
| Dividends paid | | | |
| Treasury stock | | | 19 |
| Other changes | | | |
| **SHAREHOLDERS' EQUITY AT DEC. 31, 2012** | **1 727** | **299 078** | **(3 329)** |

| 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 | | | | |
| 98 163 | (36 836) | 358 725 | 960 | 359 685 |
| | (6 396) | (6 396) | | (6 396) |
| 27 366 | | 27 366 | (470) | 26 896 |
| 27 366 | (6 396) | 20 970 | (470) | 20 500 |
| (11 151) | | (11 151) | (1) | (11 152) |
| | | 237 | | 237 |
| (9) | | (9) | 466 | 457 |
| 114 369 | (43 232) | 368 772 | 955 | 369 727 |
| | (17 958) | (17 958) | | (17 958) |
| 15 856 | | 15 856 | (172) | 15 684 |
| 15 856 | (17 958) | (2 102) | (172) | (2 274) |
| (11 145) | | (11 145) | (1) | (11 146) |
| | | (178) | | (178) |
| (36) | | (36) | (1) | (37) |
| 119 045 | (61 190) | 355 313 | 781 | 356 093 |
| 1 234 | (6 738) | (5 504) | 1 | (5 503) |
| (82 377) | | (82 377) | (396) | (82 773) |
| (81 143) | (6 738) | (87 881) | (395) | (88 276) |
| (11 140) | | (11 140) | (10) | (11 150) |
| | | 19 | | 19 |
| (156) | | (156) | 3 | (153) |
| 26 606 | (67 928) | 255 154 | 378 | 256 532 |

## 2.1.5. Consolidated statement of cash flows

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| **INCOME OF CONSOLIDATED COMPANIES** | **46 097** | **44 010** | **(73 167)** |
| Elimination of income and expenses with no cash impact or not related to operating activities: | | | |
| • Amortization and provisions | 35 272 | 22 726 | 200 992 |
| • Net capital gains on disposals | 572 | 7 404 | (313) |
| • Deferred taxes | 1 938 | 2 692 | (54 522) |
| • Other income and expenses | 3 470 | 434 | (113) |
| **Cash flow from operating activities** | **87 349** | **77 267** | **72 878** |
| Corporation tax | 19 288 | 16 796 | 514 |
| Cost of gross financial debt before long-term investments | (5 880) | (7 289) | (5 345) |
| **Cash flow from operating activities before taxes and financing costs** | **100 757** | **86 774** | **68 048** |
| Change in working capital requirement | 3 981 | 11 338 | (4 878) |
| Tax paid | (11 731) | (23 584) | (10 579) |
| **NET CASH FLOW FROM OPERATING ACTIVITIES** | **93 007** | **74 529** | **52 590** |
| Cost of acquisition of fixed assets | (29 215) | (51 754) | (43 934) |
| Proceeds from disposals of fixed assets | 2 239 | 1 607 | 2 648 |
| Outflows for acquisitions of financial investments | (1 084) | (427) | (784) |
| Inflows from disposals of financial investments | 5 545 | 336 | 101 |
| Net cash outflows for acquisitions of subsidiaries | - | (224) | (16 319) |
| Net cash inflows from disposals of subsidiaries | (56) | - | - |
| **NET CASH FLOW FROM INVESTMENT ACTIVITIES** | **(22 571)** | **(50 462)** | **(58 289)** |
| Dividends paid to equity holders of the parent | (11 151) | (11 145) | (11 140) |
| Dividends paid to minority shareholders of consolidated companies | (1) | (1) | (10) |
| Capital increase in cash | - | - | - |
| Treasury stock movements | 237 | (333) | 6 |
| Changes in other shareholders' equity | (6) | 2 | 31 |
| Borrowings | 5 498 | 21 643 | 206 563 |
| Repayment of borrowings | (32 309) | (46 066) | (176 141) |
| Interest paid | (8 544) | (6 891) | (15 042) |
| **NET CASH FLOW FROM FINANCING ACTIVITIES** | **(46 276)** | **(42 793)** | **4 265** |
| **TOTAL CASH FLOW FOR THE PERIOD** | **24 160** | **(18 725)** | **(1 433)** |
| Cash and cash equivalents at beginning of year | 18 622 | 42 849 | 24 005 |
| Cash and cash equivalents at end of year (1) | 42 849 | 24 005 | 22 516 |
| Effect of changes in foreign exchange rates | 67 | (118) | (57) |
| (1) *Of which:* | | | |
| *Cash and cash equivalents* | *43 431* | *24 686* | *23 050* |
| *Short-term bank borrowings (current financial liabilities)* | *(582)* | *(681)* | *(534)* |

## 2.1.6. Notes to the 2012 consolidated financial statements

### *2.1.6.1. 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 endorsed 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, 2012, the Group applied:

- the new standards and interpretations which had already come into compulsory effect on January 1, 2012, without affecting the Group's financial statements.
  These are:
- IFRS 7 “disclosure of information relating to transfers of financial assets without effect on financial statements”;
- IAS 12 "recovery of underlying assets";.
- on January 1, 2012, in anticipation of its becoming mandatory, amended standard IAS 19 "employee benefits". The impact of applying amended IAS 19 is presented in Point 7.2 below.

Except for amended IAS 19, the Group has not elected to anticipate any standards or interpretations applicable on or after January 1, 2012 where anticipated application was permissible. These are:

- amendments to IAS 1 concerning the presentation of other elements of financial statements;
- IFRIC 20 on stripping costs in the production phase of surface mines.

The anticipated application of these standards would have had no material impact on the financial statements of the Group.

Concerning standards which will become effective on or after January 1, 2012:

- the Group has considered the impacts of application of the IFRS 10-IFRS 12 package, and amended IAS 27 and IAS 28. Adoption of these standards will lead to Sogad and Gerep being consolidated under the equity method, and will have no significant impact on the Group's operating ratios;
- the Group has not yet considered application of IAS 32 "offsetting financial assets" and IFRS 7 "disclosure of information about the significance of financial instruments to an entity". However, the Group does not anticipate that this will have any impact on its financial statements.

The financial statements were approved by the Board of Directors of Séché Environnement on April 16, 2013 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 10.4 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 16.4 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, 2012.

### 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. The 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: after the elimination of inter-company transactions and the Group's internal profits or losses, all assets, liabilities and profit and loss account items of the companies concerned are booked. Control exists where the Group is entitled to direct the financial and operational policies of the entity in question in order to benefit from its business activities.

Companies jointly owned by the Group and other shareholders or partners are consolidated using the proportionate method: the company's results are booked in the consolidated accounts in proportion to the Group's holding in the company, after any restatements that may be necessary. No minority interests are booked. Joint control is defined as the shared control of a company that is jointly run by a limited number of partners or shareholders, with all financial and operational policies determined by unanimous mutual agreement. This equitable sharing of control is the subject of a formal, contractual agreement.

Companies over which the Group exercises significant influence, either directly or indirectly, are consolidated using the equity method: the book value of the shares held is replaced by the portion they represent in the company's restated shareholders' equity, including the net income or loss for the year. Significant influence is defined as the authority to contribute to a company's financial and operational policies, but not to control those policies. The Group is deemed to exercise significant influence when it holds more than 20% of the voting rights in the company in question.

### Point 3 - Shareholding in HIME

Since 2007, Séché Environnement's commitments to HIME have taken the following forms:

- a 33% holding in HIME (in 2007);
- subscription of 33% of the issue, in 2007, of HIME convertible bonds: these bonds, subscribed to on April 26, 2007 are redeemable on April 30, 2027. The conversion option may be exercised at any time, without condition, up to their maturity date. They bear an interest rate of 8% (before detachment of the derivative portion), over an interest period running from May 1 to April 30 of every year. Any interest unpaid at the end of every interest period is capitalized on the same date. These instruments grant to Séché Environnement the

option to convert them into a specific number of HIME shares, at a ratio of 1 HIME share (of EUR 1 nominal) to 8 convertible bonds (of EUR 10 nominal). If Séché Environnement were to exercise its conversion rights in their entirety, its holding in HIME would rise to 36.9% of HIME's equity. Conversely, if all other HIME shareholders except Séché Environnement were to exercise their conversion options, its holding in HIME would fall to 29.3% of HIME's equity. At their maturity, the unexercised convertible bonds would be reimbursed in cash at full value, including interest accrued;

- obtaining from Caisse des Dépôts et Consignations (CDC) of a call option of 18% of the equity of HIME, exercisable from May 27, 2008 to May 26, 2012.

In the Séché Environnement Group's financial statements:

- the call option was recorded at fair value, i.e. its purchase cost, as it was a transaction between independent and informed parties for which the underlying element (shares of an unlisted company) had been the subject of a recent transaction about which the parties were fully informed. During the fiscal year 2012 the call option which would, if exercised, have caused Séché Environnement's holding in HIME to rise from 33% to 51%, expired without having been exercised. This had no impact on the Group's financial statements;
- the Group's HIME stock is accounted for by the equity method and includes goodwill of EUR 12 million, corresponding to the cost of acquisition, net of tax. Given that Séché Environnement is not legally or implicitly obliged to make payments in the name of the of HIME sub-group, the Group has ceased to record its share in the negative shareholders' equity of the said sub-group beyond its initial investment (including the convertible bonds);
- the convertible bonds were originally split into a bond portion and a derivative portion. This split was determined symmetrically to that effected by HIME as issuer (split into a debt component and an equity component):
  - the bond portion of the instrument was booked according to the nature of the underlying simple financial instrument as an available-for-sale financial asset, in the amount of EUR 106 million;
  - the derivative portion of these financial instruments was booked under investments in affiliates, in accordance with the underlying nature of the instrument, for a initial amount of EUR 41 million gross of tax.

After detachment of the derivative portion, the bond portion bears interest at 9.89%. Interest payments are recorded:

- in income under revenue from cash and cash equivalents;
- in the balance sheet as non-current financial assets.

At December 31, 2012, HIME was confronted with failure to respect its banking covenants, which brought about a debt restructuring process. The state reached by HIME in restructuring its debt does not provide sufficient visibility at this stage as to the recoverability of the Séché Group's investment in the HIME sub-group.

Given this situation, Séché Environnement has decided to provision the entire residual value of its investment in HIME. The residual provision amounts to EUR 161.0 million, reflecting the residual value of the group's investment in HIME which takes account of the negative shareholders' equity of that company (EUR - 51.9 million at June 30, 2012), reclassified as a reduction in value of the convertible bonds.

Allocations to the provision of EUR 161 million were made in the form of cash and cash equivalents for the portion corresponding to interest due for the year (EUR 15.5 million), and in the form of other financial income and expenditure for the portion corresponding to the principal and interest accrued to December 31, 2011 (EUR 145.5 million).

The tax effect of provisioning the investment in convertible bonds (EUR 63.2 million) was recognized as a deferred tax asset, and as a reduction in the Group's corporation tax charge of EUR 4.4 million.

After taking account of this provision, the asset value of the Group's investment in HIME is equal to zero.

in K€

| Value of investment in HIME | Dec. 31, 2012 (before provisions) | Reclassification derivative portion | Reclassification bond portion | Provisions | Net value at Dec. 31, 2012 |
|---|---|---|---|---|---|
| Bonds (excl. derivative portion) | (26 930) | - | 26 930 | - | - |
| Derivative portion | 26 930 | (26 930) | - | - | - |
| **Shareholdings in affiliates** | **-** | **(26 930)** | **26 930** | **-** | **-** |
| Bond portion | 171 881 | 41 070 | (51 917) | (161 034) | - |
| Deferred tax asset on derivative portion | 14 140 | (14 140) | - | - | - |
| **ASSETS** | **186 021** | **-** | **(24 987)** | **(161 034)** | **-** |
| Income | - | - | | (161 034) | - |
| Provision | 24 988 | - | (24 987) | - | - |
| **LIABILITIES** | **24 988** | **-** | **(24 987)** | | **-** |

## Point 4 - Conversion method

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

## 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 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 outside France. 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 - Major transactions and comparability

#### *Point 7.1 - Major transactions*

The year 2012 was not marked by any significant change in scope, since Tree (acquired in 2012) does not represent more than 5% of the balance sheet total or more than 5% of operating income on a full-year basis. Therefore, the financial statements for the years 2010 and 2011 have not been restated.

#### *Point 7.2 - Early application of standards - comparability*

The Group applied amended standard IAS 19 "employee benefits" on January 1, 2012. The impact on the Group's financial statements is as follows:

- actuarial variances which were hitherto booked under income are henceforth recorded directly in shareholders' equity under other comprehensive income;
- the costs of past services of employees taken over by the group under public service delegation contracts, previously recorded as assets and amortized over the residual life of the delegation contract, are henceforth booked under income.

To have applied this standard retrospectively would have required restatement of operating income for 2011 as EUR 719 million and for 2010 as EUR 342 million. However, since the impact on the financial information presented is insignificant, restated income statements for 2010 and 2011 are not presented.

### Point 8 - 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 and non-hazardous waste, 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 9 - Changes in accounting and accounting valuation methods

### *Point 9.1 - Changes in accounting methods*

The Group did not implement any changes in the accounting principles and methods applied, except for early application of amended IAS 19 (the impact of which on the Group's financial statements is presented under Point 7.2 above).

### *Point 9.2 - Changes in accounting valuation methods*

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

## Point 10 - Tangible and intangible fixed assets

### *Point 10.1 - 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 booked 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 asset depreciation, and is irreversible.

### *Point 10.2 - 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 sites in view of their intrinsic properties which them particularly suitable for landfill operations;
- the intangible right recognized in application of IFRIC 12 relative to service concession arrangements. 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, improvement in the efficiency of facilities, safety and environmental protection. They are booked as assets when they meet the recognition criteria prescribed by IAS 38;
- patents and software.

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

Intangible assets with indefinite useful lives are reassessed for impairment following the procedure described in point 10.4 of the present note on the accounting principles applied.

### *Point 10.3 - 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 separately.

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 item 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 | 10 to 25 years |
| Plant | 5 to 10 years |
| Other equipment | 3 to 10 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. However, where lease contracts do not provide for the certain, or highly probable, transfer of ownership at the end of the lease term, assets are amortized over the shorter of the lease term or the useful life of the asset;
- 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 18 of the present note on the accounting principles applied.

### *Point 10.4 - 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. Due to the 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 divide its scope of activity into two CGUs: France and International.

Impairment is recognized when the recoverable value of a CGU is lower than its book value. Recoverable value corresponds to the higher of useful value and fair value less cost of sale.

Useful value is determined on the basis of estimated discounted cash flows. It should be noted that:

- estimated cash flows are calculated based on the consolidated business plans of each CGU, covering a period of 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 growth rate to perpetuity of 1.60%. In 2011, the annual growth rate to perpetuity used was 2.06%;
- the discount rate used for 2012 is 6.62%. In 2011, the discount rate used was 7.06%. 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 asset depreciation. Impairment of property, plant and equipment is reversible, and is also recorded as an operating loss under asset depreciation.

**Point 11 - Public service concession contracts**

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 by the operator;
- the assets conceded must be employed in priority to the benefit of the activities of the grantor authority (without guarantee of tonnages or minimum remuneration). These contracts generally provide also for an interest or indemnity to the benefit of the authority, based on the results derived from the activities of 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;
- contracts generally also 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 in the balance sheet as assets;
- 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 as-sets 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 income, according to IAS 11, and revenue from operating the services are booked according to IAS 18 as stated in Point 18 "Accounting treatment of revenue" of this note;
- the costs of maintenance and repair are booked under expenses. A provision may be booked 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:

| Contract | Type of service | Duration | Price revision clause | Contractual revision of contract | Renewal option | Cancellation option |
|---|---|---|---|---|---|---|
| **BÉARN** | construction<br>operation | until 2024<br>until 2024 | annual according to index | no | no | yes |
| **SÉNERVAL** | construction<br>operation | until 2030 | monthly according to index | five-yearly | no | yes in case of serious failure, or in public interest |
| **OLÉRON** | operation | until 2013 | annual according to index | no | no | yes |
| **ALCÉA** | construction<br>operation | until 2024 | annual according to index | no | no | yes |
| **VALAUDIA** | construction<br>operation | 20 years | monthly according to index | no | no | yes in case of serious failure, or in public interest |

### Point 12 - 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 prepaid 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 13 - Financial instruments

Financial instruments used by the Group include:

- non-derivative financial assets: assets available for sale, debt and loans, cash and cash equivalents;
- non-derivative financial liabilities: borrowings or 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, augmented by directly attributable transaction costs in the case of those instruments not booked at fair value through the income statement.

#### *Point 13.1 - Non-derivative financial assets*

**Available-for-sale financial assets**

Available-for-sale financial assets include 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 bonds, 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 13.2 - 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 based on the effective interest rate method.


### *Point 13.3 - 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. Profits or losses from these interest rate swaps used to hedge financial liabilities are booked symmetrically to any profits or losses from the liabilities hedged. The differential between interest payable and the interest receivable is booked as interest income, or as an interest 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. Profits or losses from these instruments are booked symmetrically to any profits 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.

#### Hybrid financial instruments

The Group's assets include hybrid financial assets in the form of 14 743 080 HIME convertible bonds, considered as hybrid financial instruments, representing 33% of all bonds issued by HIME.

The accounting treatment of these convertible bonds is presented in Point 3 of the principles and methods section of this report.

#### Other derivative instruments

The Group held, until May 26, 2012, a call option granted by Fonds Stratégique d'Investissement SA (FSI, a subsidiary of Caisse des Dépôts) to Séché Environnement for 18% of HIME's share capital. This call option was not exercised by Séché Environnement.

The accounting treatment of this call option is presented in Point 3 of the principles and methods section of this report.

### Point 14 - 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 15 - 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 16 - 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 chapter on disputes and exceptional events in the present notes to the consolidated financial statements.

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

*Point 16.1 - Provisions for site rehabilitation and 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, and site rehabilitation 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 as follows for the thirty-year monitoring and rehabilitation of its final waste storage sites:

- provisions for site rehabilitation: these are determined as and when authorizations are granted, based on the estimated cost of cleaning up the site and the surface area remaining to be covered. Estimated costs may be determined using the calculation method prescribed in the Memorandum of April 23, 1999, issued by the French Ministry of Land Development and the Environment, on the methods for constituting financial guarantees. Also taken into account are actual operating methods and any specific requirements stipulated by prefectoral authorizations;
- provisions for thirty-year monitoring: these are also calculated as and when authorizations are granted, and are constituted over the duration of their use, pro rata to the site's estimated life expectancy. The estimated cost of cleaning up the site is also determined as and when authorizations are granted, including, in accordance with the Ministry of the Environment's Memorandum of April 23, 1999, operating methods and any specific requirements stipulated by the Prefect. Estimated costs are subject to a detailed review every three years, upon renewal of financial guarantees. Thirty-year monitoring provisions covering more than 12 months are recalculated using an appropriate financial discount rate.

*Point 16.2 - Provisions for site decontamination*

Séché Environnement's activities can generate two different types of pollution: "accidental" or "chronic". In both cases, 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 prepared an impact reduction plan to respond to any accidental incidents.

Provisions for site decontamination are booked once the Group is aware of a case of contamination and has been required to decontaminate the site by the relevant authorities (e.g. DREAL -

the regional government department for the environment, land use and housing). Based on all available sources of information to date, Séché Environnement has no knowledge of any pollution resulting from the Group's activities.

### *Point 16.3 - 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 their position is reasonably likely to prevail in the course of the dispute with the authorities.

### *Point 16.4 - Employee benefits*

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

Medals for long service, an official French institution, are financed by means of non-current provisions.

The Group's end-of-career commitments to employees of its French companies are accounted for either through provisions (in the case of its subsidiaries Gerep and Sogad) or in the form of contributions to independent organizations which manage these assets on behalf of Group companies. If the accumulated total of end-of-career payments made exceeds the amount of the commitment at the balance sheet date, a prepaid expense for the difference is recorded in the financial statements.

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

- statistical data drawn from the TPF 2005 generational mortality table;
- a turnover rate for each activity and socio-professional 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, sustained purchasing power and collective bargaining agreements [(1)].

| (1) | 2010 | 2011 | 2012 |
|---|---|---|---|
| Turnover | between 3.0% and 8.0% | between 3.5% and 7.5% | between 3.0% and 7.0% |
| Reassessment of salaries | between 3.5% and 5.0% | between 3.5% and 5.0% | between 3.5% and 5.0% |

- a discount rate of 4.11% (versus 4.71 % in 2011);
- an inflation rate of 2%;
- a retirement age for executives of 67 years at the initiative of the company, and for non-executives of 65 years at their own initiative. The amount of the commitment is determined inclusive of social security contributions.

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

### Point 17 - Borrowing costs

Interest on loans is booked in 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 18 - Income tax**

***Point 18.1 - 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 Séché Environnement owns at least a 95% interest come under the scope of this regime, except for Alcéa and Tree, which will enter the consolidation scope only on January 1, 2013.

***Point 18.2 - 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 19 - 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 notes.

**Point 20 - Financial items on the income statement**

***Point 20.1 - 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 20.2 - Financial borrowing costs*

Gross financial borrowing costs include interest accrued on loans, calculated at the effective interest rate, and the cost of hedging against interest rates on these same loans.

Net financial borrowing costs correspond to gross financial borrowing costs, minus income from cash and cash equivalents.

*Point 20.3 - 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.

### *2.1.6.2. Consolidation scope*

#### 2.1.6.2.1. Parent company

Séché Environnement

A French limited company (Société Anonyme) with share capital of EUR 1 726 974

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53811 Changé

### 2.1.6.2.2. Consolidated subsidiaries

| Company name | | Siren registration number | % interest | Consolidation method |
|---|---|---|---|---|
| Alcéa | Nantes (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 |
| Gerep | Paris (France) | 320 179 559 | 50.00 | Full |
| Hungaropec | Budapest (Hungary) | | 99.57 | Full |
| IberTredi Medioambiental | Barcelona (Spain) | | 100.00 | Full |
| Opale Environnement | Calais (France) | 332 359 637 | 100.00 | Full |
| Séche Alliance | Changé (France) | 556 850 279 | 99.94 | Full |
| Séché Éco-Services | Changé (France) | 393 307 053 | 99.98 | Full |
| Séché Éco-Industries | Changé (France) | 334 055 183 | 99.99 | 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 Le Honry | Changé (France) | 322 118 910 | 100.00 | Full |
| SCI Les Chênes Secs | Changé (France) | 397 475 138 | 99.80 | Full |
| SCI Mézerolles | Changé (France) | 340 493 840 | 99.99 | Full |
| Sem Tredi | (Mexico) | | 100.00 | Full |
| Sotrefi | Étupes (France) | 315 669 218 | 100.00 | Full |
| Sénerval | Strasbourg (France) | 519 253 355 | 99.90 | Full |
| Speichim Processing | Saint Vulbas (France) | 389 218 850 | 100.00 | Full |
| SVO Éco-Industries | Le Vigeant (France) | 317 538 767 | 100.00 | Full |
| Tredi Argentina | Buenos Aires (Argentina) | | 100.00 | Full |
| Tredi SA | Saint Vulbas (France) | 338 185 762 | 100.00 | Full |
| Tree SAS | La Dominelais (France) | 410 550 438 | 100.00 | Full |
| Triadis Services | Etampes (France) | 384 545 281 | 100.00 | Full |
| UTM | Lübeck (Germany) | | 100.00 | Full |
| Valls Quimica | Valls (Spain) | | 100.00 | Full |
| Valaudia | Changé (France) | 514 944 867 | 100.00 | Full |
| Sogad | Le Passage (France) | 322 323 783 | 50.00 | Proportionate |
| HIME | Paris (France) | 495 137 077 | 33.00 | Equity |
| SCI Noiseraie | La Pommeraye (France) | 509 208 682 | 20.00 | Equity |
| Altergies | Paris (France) | 510 346 133 | 12.11 | Equity |
| SAEM Transval | Saint Georges les Baillargeaux (France) | 539 131 698 | 35.00 | Equity |
| La Barre Thomas | Rennes (France) | 392 583 563 | 40.00 | Equity |

### 2.1.6.2.3. Non-consolidated subsidiaries

Certain equity investments were excluded from the consolidation scope. At December 31, these concerned only companies undergoing liquidation.

| in K€ | % held by Group | Share capital | Latest profit or loss | Fair value of shareholding |
|---|---|---|---|---|
| **Trading companies** | | | | |
| Tredi New Zealand [1] | 100.00% | Nc | Nc | - |

(1) Company for which the decision to liquidate has been taken.

## *2.1.6.3. Explanatory notes to the financial statements*

### 2.1.6.3.1. Notes to the balance sheet

**Note 1 - Intangible fixed assets**

***Note 1.1 - Goodwill***

Goodwill breaks down as follows:

| in K€ | France | International | TOTAL |
|---|---|---|---|
| **GROSS VALUE** | | | |
| **Dec. 31, 2010** | **228 396** | **10 373** | **238 769** |
| Changes in consolidation scope | - | - | - |
| Increases | - | - | - |
| Decreases | - | - | - |
| **Dec. 31, 2011** | **228 396** | **10 373** | **238 769** |
| Changes in consolidation scope | - | - | - |
| Increases | 15 275 | - | 15 275 |
| Decreases | - | - | - |
| **Dec. 31, 2012** | **243 671** | **10 373** | **254 044** |
| **IMPAIRMENTS** | | | |
| **Dec. 31, 2010** | **(20 220)** | **(5 674)** | **(25 894)** |
| Changes in consolidation scope | - | - | - |
| Increases | - | - | - |
| Decreases | - | - | - |
| **Dec. 31, 2011** | **(20 220)** | **(5 674)** | **(25 894)** |
| Changes in consolidation scope | - | - | - |
| Increases | - | - | - |
| Decreases | - | - | - |
| **Dec. 31, 2012** | **(20 220)** | **(5 674)** | **(25 894)** |
| **NET VALUE** | | | |
| **Dec. 31, 2010** | **208 176** | **4 699** | **212 875** |
| Changes in consolidation scope | - | - | - |
| Increases | - | - | - |
| Decreases | - | - | - |
| **Dec. 31, 2011** | **208 176** | **4 699** | **212 875** |
| Changes in consolidation scope | - | - | - |
| Increases | 15 275 | - | 15 275 |
| Decreases | - | - | - |
| **Dec. 31, 2012** | **223 451** | **4 699** | **228 150** |

In the absence of indications of impairment losses, impairment tests are performed annually, on December 31. As a result of the impairment test carried out in 2012 (using the methods described in these notes to the consolidated financial statements, under accounting principles and valuation methods - recoverable value of tangible and intangible assets), it was not necessary to book any impairment for 2012.

The most sensitive assumption made in the evaluation of impairment tests is the discount rate:

- a 0.5 basis point increase in the discount rate would have the effect of decreasing the fair value of all of the Group's goodwill by EUR 17 million. Such a decrease would not lead the Group to recognize an impairment;
- a 0.5% decrease in the growth rate to infinity would have the effect of decreasing the fair value of all of the Group's goodwill by EUR 64 million, without leading the Group to recognize an impairment;
- a 1% annual decrease in the revenue growth rate in the first three years of the business plan would have the effect of decreasing the fair value of all of the Group's goodwill by EUR 13 million, but would not lead the Group to recognize an impairment.

Furthermore, the discount rate sensitivity analysis did not reveal any probable scenario under which the recoverable value of any CGU would fall below its net book value.

### Note 1.2 - Table of changes in other intangible fixed assets

| in K€ | Software, patents | Intangible fixed assets included in concessions | Other intangible fixed assets | TOTAL |
|---|---|---|---|---|
| **GROSS VALUE** | | | | |
| **At Dec. 31, 2010** | **7 308** | **370** | **8 900** | **16 578** |
| Increases (investments) | 269 | 1 343 | 862 | **2 474** |
| Disposals | (235) | - | (251) | **(486)** |
| Other changes | 88 | 342 | (93) | **337** |
| **At Dec. 31, 2011** | **7 430** | **2 055** | **9 418** | **18 904** |
| Increases (investments) | 398 | 17 158 | 709 | **18 265** |
| Disposals | (224) | - | (3 752) | **(3 976)** |
| Other changes | 153 | - | (121) | **32** |
| At Dec. 31, 2012 | 7 757 | 19 213 | 6 254 | 33 224 |
| **AMORTIZATION** | | | | |
| **At Dec. 31, 2010** | **(6 794)** | **-** | **(2 546)** | **(9 340)** |
| Allocations | (510) | - | (316) | **(826)** |
| Write-backs | 235 | - | - | **235** |
| Other changes | - | - | - | **-** |
| **At Dec. 31, 2011** | **(7 070)** | **-** | **(2 862)** | **(9 931)** |
| Allocations | (425) | - | (18) | **(443)** |
| Write-backs | 224 | - | 2 635 | **2 859** |
| Other changes | (31) | - | 31 | **-** |
| At Dec. 31, 2012 | (7 301) | - | (214) | (7 516) |
| **IMPAIRMENTS** | | | | |
| **At Dec. 31, 2010** | **(4)** | **-** | **-** | **(4)** |
| Allocations | - | - | - | **-** |
| Write-backs | - | - | - | **-** |
| Other changes | - | - | - | **-** |
| **At Dec. 31, 2011** | **(4)** | **-** | **-** | **(4)** |
| Allocations | - | - | - | **-** |
| Write-backs | - | - | - | **-** |
| Other changes | - | - | - | **-** |
| At Dec. 31, 2012 | (4) | - | - | (4) |
| **NET VALUE** | | | | |
| **At Dec. 31, 2010** | **510** | **370** | **6 355** | **7 234** |
| Increases (investments) | (241) | 1 343 | 546 | **1 649** |
| Disposals | - | - | (251) | **(251)** |
| Other changes | 88 | 342 | (93) | **337** |
| **At Dec. 31, 2011** | **356** | **2 055** | **6 558** | **8 969** |
| Increases (investments) | (27) | 17 158 | 690 | **17 821** |
| Disposals | - | - | (1 118) | **(1 118)** |
| Other changes | 122 | - | (90) | **32** |
| At Dec. 31, 2012 | 451 | 19 212 | 6 042 | 25 705 |

No intangible fixed assets were generated internally.

### *Note 1.3 - Breakdown of other changes in other intangible fixed assets*

| in K€ Net value | Software, patents | Intangible fixed assets included in concessions | Other intangible fixed assets | TOTAL |
|---|---|---|---|---|
| Business combinations | - | - | - | **-** |
| Translation differences | - | - | (1) | **(1)** |
| Other changes | 1 | - | 3 751 | **3 752** |
| **TOTAL AT DEC. 31, 2010** | **1** | **-** | **3 750** | **3 751** |
| Business combinations | - | - | - | **-** |
| Translation differences | - | - | - | **-** |
| Other changes | 88 | 342 | (93) | **337** |
| **TOTAL AT DEC. 31, 2011** | **88** | **342** | **(93)** | **337** |
| Business combinations | - | - | - | **-** |
| Translation differences | - | - | - | **-** |
| Other changes | 122 | - | (90) | **32** |
| **TOTAL AT DEC. 31, 2012** | **122** | **-** | **(90)** | **32** |

Other changes consist principally of items reclassified as tangible fixed assets.

# 2. Financial data

## Note 2 - Property, plant and equipment

### *Note 2.1 - Table of changes in property, plant and equipment*

| in K€ | Land | Buildings | Technical facilities | Transportation equipment |
|---|---|---|---|---|
| **GROSS VALUE** | | | | |
| **At Dec. 31, 2010** | **23 453** | **161 038** | **283 604** | **15 997** |
| Increases (investments) | 1 408 | 5 256 | 17 219 | 2 092 |
| Disposals (sale or scrap) | (45) | (35) | (1 680) | (1 015) |
| Other changes | (33) | 4 933 | 9 792 | (115) |
| **At Dec. 31, 2011** | **24 782** | **171 192** | **308 935** | **16 959** |
| Increases (investments) | 2 520 | 6 758 | 9 611 | 2 354 |
| Disposals (sale or scrap) | (8) | (96) | (3 048) | (2 402) |
| Other changes | 703 | 9 434 | (396) | 10 |
| **At Dec. 31, 2012** | **27 999** | **187 288** | **315 103** | **16 921** |
| **AMORTIZATION** | | | | |
| **At Dec. 31, 2010** | **(3 381)** | **(125 969)** | **(229 198)** | **(12 266)** |
| Allocations | (189) | (9 970) | (13 111) | (2 006) |
| Write-backs | - | 33 | 1 701 | 1 021 |
| Other changes | - | (675) | 198 | 5 |
| **At Dec. 31, 2011** | **(3 570)** | **(136 582)** | **(240 410)** | **(13 246)** |
| Allocations | (256) | (11 144) | (13 920) | (2 017) |
| Write-backs | - | 69 | 3 172 | 2 365 |
| Other changes | (103) | (1 212) | (228) | (12) |
| **At Dec. 31, 2012** | **(3 930)** | **(148 869)** | **(251 386)** | **(12 910)** |
| **IMPAIRMENT** | | | | |
| **At Dec. 31, 2010** | **(299)** | **-** | **(174)** | **-** |
| Allocations | - | - | - | - |
| Write-backs | - | - | - | - |
| Other changes | - | - | - | - |
| **At Dec. 31, 2011** | **(299)** | **-** | **(174)** | **-** |
| Allocations | - | - | (395) | - |
| Write-backs | - | - | - | - |
| Other changes | - | - | - | - |
| **At Dec. 31, 2012** | **(299)** | **-** | **(569)** | **-** |
| **NET VALUE** | | | | |
| **At Dec. 31, 2010** | **19 773** | **35 069** | **54 232** | **3 731** |
| Increases (investments) | 1 218 | (4 714) | 4 107 | 87 |
| Disposals (sale or scrap) | (45) | (3) | 21 | 5 |
| Other changes | (33) | 4 258 | 9 990 | (110) |
| **At Dec. 31, 2011** | **20 913** | **34 610** | **68 351** | **3 713** |
| Increases (investments) | 2 264 | (4 386) | (4 705) | 337 |
| Disposals (sale or scrap) | (8) | (27) | 124 | (37) |
| Other changes | 601 | 8 222 | (623) | (2) |
| **At Dec. 31, 2012** | **23 770** | **38 419** | **63 147** | **4 011** |

| Fixtures and fittings | Office equipment and furniture | Fixed assets in progress | Fixed assets under financial leases | TOTAL |
|---|---|---|---|---|
| | | | | |
| **42 280** | **6 984** | **11 871** | **46 659** | **591 886** |
| 2 537 | 746 | 17 980 | 451 | **47 689** |
| (181) | (61) | (405) | (1 201) | **(4 624)** |
| 837 | 41 | (16 543) | 121 | **(966)** |
| **45 473** | **7 709** | **12 904** | **46 030** | **633 985** |
| 2 423 | 399 | 7 106 | 516 | **31 688** |
| (290) | (452) | (147) | - | **(6 443)** |
| (60) | 22 | (7 848) | 2 241 | **4 108** |
| **47 546** | **7 678** | **12 016** | **48 788** | **663 339** |
| | | | | |
| **(26 143)** | **(5 710)** | **-** | **(33 387)** | **(436 054)** |
| (2 789) | (626) | - | (2 520) | **(31 212)** |
| 166 | 54 | - | 978 | **3 951** |
| 12 | 8 | - | 984 | **532** |
| **(28 754)** | **(6 274)** | **-** | **(33 946)** | **(462 783)** |
| (2 643) | (683) | - | (1 836) | **(32 500)** |
| 242 | 443 | - | - | **6 291** |
| (133) | (14) | - | 314 | **(1 386)** |
| **(31 288)** | **(6 528)** | **-** | **(35 468)** | **(490 378)** |
| | | | | |
| **-** | **-** | **(345)** | **-** | **(818)** |
| - | - | - | - | - |
| - | - | - | - | - |
| - | - | - | - | - |
| **-** | **-** | **(344)** | **-** | **(818)** |
| - | - | - | - | **(395)** |
| - | - | - | - | - |
| - | - | - | - | - |
| **-** | **-** | **(344)** | **-** | **(1 213)** |
| | | | | |
| **16 137** | **1 274** | **11 526** | **13 272** | **155 014** |
| (252) | 120 | 17 980 | (2 069) | **16 477** |
| (15) | (7) | (405) | (223) | **(672)** |
| 849 | 49 | (16 543) | 1 105 | **(434)** |
| **16 718** | **1 435** | **12 560** | **12 085** | **170 385** |
| (220) | (284) | 7 106 | (1 320) | **(1 207)** |
| (48) | (9) | (147) | - | **(152)** |
| (193) | 8 | (7 848) | 2 555 | **2 721** |
| **16 258** | **1 150** | **11 672** | **13 320** | **171 747** |

*Note 2.2 - Breakdown of other changes*

| in K€ Net value | Land | Buildings | Technical facilities | Transportation equipment |
|---|---|---|---|---|
| **2010** | | | | |
| Business combinations | - | - | - | - |
| Translation differences | 32 | (12) | - | 6 |
| Other changes | (578) | 18 409 | 5 585 | 114 |
| **TOTAL** | **(546)** | **18 397** | **5 585** | **120** |
| **2011** | | | | |
| Business combinations | - | - | - | - |
| Translation differences | (36) | (276) | (31) | (3) |
| Other changes | 3 | 4 535 | 10 021 | (107) |
| **TOTAL** | **(33)** | **4 258** | **9 990** | **(110)** |
| **2012** | | | | |
| Business combinations | 616 | 1 062 | 67 | - |
| Translation differences | 21 | 156 | 13 | (2) |
| Other changes | (36) | 7 004 | (703) | - |
| **TOTAL** | **601** | **8 222** | **(623)** | **(2)** |

Most of the other changes corresponded to Tree entering the consolidation scope, and the remainder to fixed assets in progress entering service, and reclassifications from one account to another.

| Fixtures and fittings | Office equipment and furniture | Fixed assets in progress | Fixed assets under financial leases | TOTAL |
|---|---|---|---|---|
| - | - | - | - | **-** |
| - | 32 | (46) | - | **12** |
| (8 943) | (3) | (14 476) | (201) | **(93)** |
| **(8 943)** | **29** | **(14 522)** | **(201)** | **(81)** |
| | | | | |
| - | - | - | - | **-** |
| - | (1) | (91) | - | **(438)** |
| 849 | 50 | (16 452) | 1 105 | **4** |
| **849** | **49** | **(16 543)** | **1 105** | **(434)** |
| | | | | |
| 16 | 1 | 430 | 314 | **2 506** |
| - | 1 | 58 | - | **247** |
| (209) | 6 | (8 336) | 2 241 | **(32)** |
| **(193)** | **8** | **(7 848)** | **2 555** | **2 721** |

## Note 3 - Investments in affiliates

### *Note 3.1 - Summary of investments in affiliates*

The investments in affiliates held by the Group are as follows:

| in K€ | % held by Group | Shareholders' equity | Latest profit or loss | Net book value of investments |
|---|---|---|---|---|
| HIME | 33% | (110 003) | (29 065) | **-** |
| La Barre Thomas | 40% | 469 | (23) | **188** |
| Altergies | 12,11% | 387 | (30) | **158** |
| Transval | 35% | 151 | 1 | **53** |
| SCI Noiseraie | 20% | 176 | (13) | **35** |
| **TOTAL** | | | | **434** |

Financial statements for HIME at December 31, 2012, are not available.

### *Note 3.2 - Changes to investments in affiliates*

Changes in investments in affiliates held by the Group break down as follows:

| in K€ | Value at Dec. 31, 2010 | Value at Dec. 31, 2011 | Income | Change in fair value through equity | Transl. diff. | Change in consolidation scope | Other changes | Value at Dec. 31, 2012 |
|---|---|---|---|---|---|---|---|---|
| HIME | **33 650** | - | (9 591) | (4 115) | (210) | - | 13 917 | - |
| La Barre Thomas | - | **197** | (9) | - | - | - | - | **188** |
| Altergies | **257** | **265** | (3) | - | - | (104) | - | **158** |
| Transval | - | **53** | 0 | - | - | - | - | **53** |
| SCI Noiseraie | **19** | **38** | (3) | - | - | - | - | **35** |
| **TOTAL** | **33 926** | **552** | **(9 606)** | **(4 115)** | **(210)** | **(104)** | **13 917** | **434** |

The change in the Group's investment in HIME corresponds to the change in the Group's share of that company's equity until June 30, 2012. It takes account in particular of the losses made by HIME at that date, and the change in fair value of cash flow hedging instruments. The equity stake value of HIME shares at June 30, 2012 amounted to EUR –51.9 million, and was reclassified as a provision on convertible bonds.

### *Note 3.3 - Financial information on affiliates*

A summary of financial information on affiliates is provided below:

| | HIME | La Barre Thomas | Altergies | Transval | SCI Noiseraie |
|---|---|---|---|---|---|
| **Date of most recent financial information known** | June 30, 2012 | Dec. 31, 2012 | Dec. 31, 2012 | Dec. 31, 2012 | Dec. 31, 2012 |
| *% held* | *33%* | *40%* | *12.11%* | *35%* | *20%* |
| Non-current assets | 3 141 069 | 27 | 104 | - | 1 322 |
| Current assets | 1 206 435 | 1 028 | 960 | 183 | 91 |
| Shareholders' equity | (110 003) | 469 | 387 | 151 | 176 |
| Non-current liabilities | 3 054 004 | - | - | - | 1 014 |
| Current liabilities | 1 403 503 | 585 | 676 | 33 | 222 |
| Revenue | 850 467 | 3 308 | 40 | 174 | 255 |
| EBITDA | 81 299 | 19 | (271) | - | 188 |
| Current operating income | 20 261 | (26) | (271) | - | 43 |
| Operating income | 33 384 | (26) | (271) | - | 43 |
| Net income | (29 065) | (23) | (30) | 1 | (13) |

Financial statements for HIME at December 31, 2012, are not available.

### *Note 3.4 - Transactions with affiliates*

The Group did not carry out any significant transactions with La Barre Thomas, SCI Noiseraie, Altergies or Transval.

Significant transactions between Séché Group and HIME were as follows:

**HIME convertible bonds**

The Group earlier subscribed to 33% of the issue by HIME of bonds convertible into shares, representing an initial investment of EUR 147.4 million.
The characteristics of these bonds are detailed in Point 3 of the accounting principles and methods section of the present notes.

As of December 31, 2012, no conversion rights have been exercised. Interest accrued at April 30, 2012 was capitalized. Interest payments booked by the Group for the fiscal year 2012 amounted to EUR 15.5 million.

Moreover:

- the gross derivative portion was reclassified as a bond portion;
- the tax effect of the derivative portion was canceled, without effect on income;
- the Group's entire investment in HIME convertible bonds was provisioned.

| in K€ | 2010 NC | 2010 C | 2010 T | 2011 NC | 2011 C | 2011 T | 2012 NC | 2012 C | 2012 T |
|---|---|---|---|---|---|---|---|---|---|
| Bond portion (principal) | 106 298 | - | **106 298** | 106 298 | - | **106 298** | 147 368 | - | **147 368** |
| Bond portion (capitalized interest) | 25 520 | - | **25 520** | 40 344 | - | **40 344** | 54 885 | - | **54 885** |
| Bond portion (interest) | 10 361 | - | **10 361** | 9 734 | - | **9 734** | 10 698 | - | **10 698** |
| **TOTAL BOND PORTION (AFS)** | **142 179** | **-** | **142 179** | **156 376** | **-** | **156 376** | **212 951** | **-** | **212 951** |
| Pure derivative portion | 41 070 | - | **41 070** | 41 070 | - | **41 070** | - | - | - |
| Tax effect | (14 140) | - | **(14 140)** | (14 140) | - | **(14 140)** | - | - | - |
| **TOTAL DERIVATIVE PORTION [1]** | **26 930** | **-** | **26 930** | **26 930** | **-** | **26 930** | **-** | **-** | **-** |
| **TOTAL GROSS VALUE** | **169 109** | **-** | **169 109** | **183 305** | **-** | **183 305** | **212 951** | **-** | **212 951** |
| Provision | - | - | **-** | - | - | **-** | (212 951) | - | **(212 951)** |
| **TOTAL NET VALUE** | **169 109** | **-** | **169 109** | **183 305** | **-** | **183 305** | **-** | **-** | **-** |

(1) Holdings in affiliates.

## Note 4 - Financial instruments

| in K€ | 2010 NC | 2010 C | 2010 T | 2011 NC | 2011 C | 2011 T | 2012 NC | 2012 C | 2012 T |
|---|---|---|---|---|---|---|---|---|---|
| Available-for-sale financial instruments | 144 613 | - | **144 613** | 158 595 | - | **158 595** | 1 978 | - | **1 978** |
| Financial loans and receivables at amortized cost | 2 737 | 88 | **2 825** | 2 466 | 76 | **2 542** | 2 808 | 131 | **2 939** |
| **Financial assets** | **147 350** | **88** | **147 438** | **161 061** | **76** | **161 137** | **4 786** | **131** | **4 917** |
| Trade and other receivables | 1 759 | 112 665 | **114 424** | 1 291 | 116 288 | **117 579** | 2 105 | 127 204 | **129 309** |
| Other current assets (incl. corporation tax receivables) | - | 12 372 | **12 372** | - | 20 310 | **20 310** | 677 | 34 590 | **35 267** |
| **Loans and receivables at amortized cost** | **1 759** | **125 037** | **126 796** | **1 291** | **136 598** | **137 889** | **2 782** | **161 794** | **164 576** |
| Hedging instruments - assets | - | - | **-** | - | - | **-** | - | - | **-** |
| Other instruments at fair value by the income statement | - | - | **-** | - | - | **-** | - | - | **-** |
| **Financial assets at fair value by the income statement** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| **Cash and cash equivalents** | **-** | **43 431** | **43 431** | **-** | **24 686** | **24 686** | **-** | **23 050** | **23 050** |
| **TOTAL FINANCIAL ASSETS** | **149 109** | **168 556** | **317 665** | **162 352** | **161 360** | **323 712** | **7 569** | **184 975** | **192 544** |
| Financial debts | 193 716 | 44 648 | **238 364** | 43 740 | 172 899 | **216 639** | 218 154 | 28 000 | **246 154** |
| Hedging instruments - liabilities | 1 984 | 609 | **2 593** | 3 491 | 304 | **3 795** | 3 307 | 744 | **4 051** |
| Other liabilities | 1 350 | 119 874 | **121 224** | 251 | 136 054 | **136 305** | 189 | 152 871 | **153 060** |
| **TOTAL FINANCIAL LIABILITIES** | **197 050** | **165 131** | **362 181** | **47 482** | **309 257** | **356 739** | **221 650** | **181 615** | **403 265** |


### *Note 4.1 - Financial assets*

#### *Note 4.1.1 - Available-for-sale financial assets*

Available-for-sale financial assets consist of:

- the bond component of the HIME convertible bonds;
- equity investments in non-consolidated companies, taking account of an ongoing liquidation process;
- securities treated as financial assets (mainly the Group's investment in the Emertec funds).

Their net value breaks down as follows:

| in K€ Net value | Dec. 31, 2010 | Dec. 31, 2010 | Change in fair value through equity | Acquisitions | Other changes | Disposals/ repayments | Dec. 31, 2012 |
|---|---|---|---|---|---|---|---|
| Bonds (principal + capitalized interest) | **131 818** | **146 642** | - | - | 55 611 | - | **202 253** |
| Bonds (non-capitalized interest) | **10 361** | **9 734** | - | 15 505 | (14 542) | - | **10 698** |
| **TOTAL bond portion, gross** | **142 179** | **156 376** | **-** | **15 505** | **41 069** | **-** | **212 951** |
| Provision on bond portion | - | - | - | (161 034) | (51 917) | - | **(212 951)** |
| **TOTAL bond portion, net** | **142 179** | **156 376** | **-** | **(145 528)** | **(10 848)** | **-** | **-** |
| Tredi New Zealand | - | - | - | - | - | - | - |
| **Total non-consolidated investments** | **-** | **-** | **-** | **-** | **-** | **-** | **-** |
| Emertec | **2 308** | **2 086** | (179) | - | - | - | **1 907** |
| Autres titres | **126** | **134** | - | 1 | (3) | (60) | **71** |
| **Other investments** | **2 434** | **2 220** | **(179)** | **1** | **(3)** | **(60)** | **1 978** |
| **TOTAL AVAILABLE-FOR-SALE FINANCIAL ASSETS** | **144 613** | **158 596** | **(179)** | **(145 527)** | **(10 851)** | **(60)** | **1 978** |

*Note 4.1.2 - Loans and receivables at amortized cost*

Loans and receivables consist of:

- financial loans, deposits and bonds of indemnity of a financial nature received, booked under financial assets (current and non-current);
- trade receivables and other debtors;
- other current and non-current assets.

| in K€ | 2010 NC | 2010 C | 2010 T | 2011 NC | 2011 C | 2011 T | 2012 NC | 2012 C | 2012 T |
|---|---|---|---|---|---|---|---|---|---|
| Deposits and bonds of indemnity | 1 505 | - | **1 505** | 1 258 | 2 | **1 259** | 1 646 | 20 | **1 666** |
| Loans | 1 232 | 88 | **1 320** | 1 208 | 74 | **1 282** | 1 161 | 111 | **1 273** |
| **Financial loans and receivables** | 2 737 | 88 | 2 825 | 2 465 | 76 | 2 541 | 2 808 | 131 | 2 939 |
| Trade receivables and other debtors | 1 759 | 112 665 | **114 424** | 1 291 | 116 288 | **117 579** | 2 105 | 127 204 | **129 309** |
| State | - | 9 511 | **9 511** | - | 13 429 | **13 429** | - | 16 802 | **16 802** |
| Tax receivables | - | - | **-** | - | 2 572 | **2 572** | 677 | 12 593 | **13 270** |
| Prepaid accounts | - | 728 | **728** | - | 815 | **815** | - | 496 | **496** |
| Social security receivables | - | 158 | **158** | - | 160 | **160** | - | 93 | **93** |
| Receivables from disposal of fixed assets | - | 967 | **967** | - | 1 948 | **1 948** | - | 2 828 | **2 828** |
| Other receivables | - | 882 | **882** | - | 671 | **671** | - | 1 008 | **1 008** |
| Current accounts receivable | - | 126 | **126** | - | 715 | **715** | - | 769 | **769** |
| Other current assets | - | 12 372 | **12 372** | - | 20 310 | **20 310** | 677 | 34 590 | **35 266** |
| **Operational loans and receivables** | 1 759 | 125 037 | 126 796 | 1 291 | 136 598 | 137 889 | 2 782 | 161 794 | 164 576 |
| **LOANS AND RECEIVABLES AT AMORTIZED COST** | 4 496 | 125 125 | 129 621 | 3 756 | 136 674 | 140 430 | 5 590 | 161 925 | 167 515 |

Depreciation and impairment on loans and receivables at amortized cost break down as follows:

| in K€ | 2010 Gross | 2010 Deprec/impairment | 2010 Net | 2011 Gross | 2011 Deprec/impairment | 2011 Net | 2012 Gross | 2012 Deprec/impairment | 2012 Net |
|---|---|---|---|---|---|---|---|---|---|
| Loans and financial receivables | 2 825 | - | **2 825** | 2 541 | - | **2 541** | 2 939 | - | **2 939** |
| Trade receivables and other debtors | 117 881 | (3 457) | **114 424** | 121 270 | (3 691) | **117 579** | 132 841 | (3 532) | **129 309** |
| Other assets | 13 174 | (802) | **12 372** | 21 097 | (787) | **20 310** | 35 889 | (621) | **35 266** |
| **LOANS AND RECEIVABLES AT AMORTIZED COST** | 133 880 | (4 259) | 129 621 | 144 908 | (4 478) | 140 430 | 171 668 | (4 153) | 167 515 |

### *Note 4.1.3 - Financial assets at fair value by the income statement*

| in K€ | 2010 | | | 2011 | | | 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| | NC | C | T | NC | C | T | NC | C | T |
| Hedging instruments - assets | - | - | - | - | - | - | - | - | - |
| Call options for 18% | - | - | - | - | - | - | - | - | - |
| **FINANCIAL ASSETS AT FAIR VALUE BY THE INCOME STATEMENT** | - | - | - | - | - | - | - | - | - |

**Hedging instruments - assets**

Hedging instruments have been put in place by the Group as part of its policy for managing the interest rate risk, and are analyzed in note 4.3.

**Call option for 18%**

The Group held, until May 26, 2012, a call option granted by Fonds Stratégique d'Investissement (a subsidiary of the Caisse des Dépôts) to Séché Environnement for 18% of HIME's share capital. This call option was not exercised by Séché Environnement.

It was recorded at the time in the financial statements at its fair value, i.e. purchase cost, as it was a transaction between independent and informed parties for which the underlying element (shares of an unlisted company) had been the subject of a recent transaction about which the parties were fully informed. As the purchase cost was zero, the removal of this option from the balance sheet has no effect on the Group's income or financial situation.

### *Note 4.1.4 - Cash and cash equivalents*

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| Cash equivalents | 36 771 | 15 953 | 9 182 |
| Cash | 6 660 | 8 733 | 13 868 |
| **TOTAL** | **43 431** | **24 686** | **23 050** |

Cash equivalents correspond to SICAVs (open-ended mutual funds).

Income from the sale of mutual funds came out at EUR 0.4 million and was booked in the income statement under income from cash and cash equivalents.

## *Note 4.2 - Financial liabilities*

### *Note 4.2.1 - Financial debts*

### Changes in debt

| in K€ | Dec. 31, 2010 | | | Dec. 31, 2011 | | | Dec. 31, 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| | NC | C | T | NC | C | T | NC | C | T |
| Financial debt liabilities | 176 794 | 40 232 | **217 026** | 30 116 | 167 696 | **197 812** | 185 472 | 22 431 | **207 903** |
| Effective interest rate impact | (168) | (524) | **(692)** | (13) | (163) | **(176)** | (1 797) | (693) | **(2 490)** |
| **Borrowings/bank loans** | **176 626** | **39 708** | **216 334** | **30 103** | **167 533** | **197 636** | **183 675** | **21 739** | **205 413** |
| Bonds outstanding | - | - | - | - | - | - | 25 000 | - | 25 000 |
| Effective interest rate impact | - | - | - | - | - | - | (2 069) | (279) | (2 348) |
| **Bond issues** | - | - | - | - | - | - | **22 931** | **(279)** | **22 653** |
| Financial leases | 16 033 | 4 339 | **20 372** | 12 629 | 4 637 | **17 265** | 10 705 | 5 191 | **15 896** |
| Other financial debt | 1 057 | 19 | **1 076** | 1 008 | 49 | **1 057** | 843 | 815 | **1 658** |
| Short-term bank borrowings | - | 582 | **582** | - | 681 | **681** | - | 534 | **534** |
| **TOTAL** | **193 716** | **44 648** | **238 364** | **43 740** | **172 899** | **216 640** | **218 154** | **28 000** | **246 154** |

Changes in debt over the year can be analyzed as follows:

| in K€ | Dec. 31, 2010 | Dec. 31, 2011 | Increases | Repayments | Changes in scope | Amortized cost | Transl. diff. | Other changes | Dec. 31, 2012 |
|---|---|---|---|---|---|---|---|---|---|
| Bank loans | **216 334** | **197 636** | 181 238 | (171 321) | - | (2 313) | - | 174 | **205 413** |
| Bonds | - | - | 25 000 | - | - | (2 348) | - | - | **22 653** |
| Financial leases | **20 372** | **17 265** | 516 | (4 522) | 395 | - | - | 2 241 | **15 896** |
| Other financial debt | **1 076** | **1 057** | 899 | (298) | - | - | - | - | **1 658** |
| Short-term bank borrowings | **582** | **681** | - | (1 629) | 1 483 | - | - | - | **534** |
| **TOTAL** | **238 364** | **216 640** | **207 653** | **(177 771)** | **1 878** | **(4 661)** | **-** | **2 415** | **246 154** |

## Debt table

At December 31, 2012, Group debt broke down as follows:

| in K€ | Type of rate (before hedging) | | Amount | Maturity | Hedging |
|---|---|---|---|---|---|
| Other bank loans | Variable | | 17 591 | less than one year | Debt contracted at a variable interest rate |
| | | | 151 674 | from 1 to 5 years | Interest rate hedge of EUR 150 M |
| | | | 309 | more than 5 years | |
| | Fixed | between 0% and 4% | 4 148 | less than one year | |
| | | | 16 103 | from 1 to 5 years | |
| | | | 15 589 | more than 5 years | |
| | **Total** | | **205 413** | | |
| Bonds | Variable | | - | less than one year | |
| | | | - | from 1 to 5 years | |
| | | | - | more than 5 years | |
| | Fixed | 11.1% | (279) | less than one year | |
| | | | (1 459) | from 1 to 5 years | |
| | | | 24 390 | more than 5 years | |
| | **Total** | | **22 653** | | |
| Financial leases | Variable | | 3 823 | less than one year | Interest rate hedge of EUR 6.8 M |
| | | | 5 384 | from 1 to 5 years | |
| | | | 1 114 | more than 5 years | |
| | Fixed | between 4% and 13% | 1 368 | less than one year | |
| | | | 3 806 | from 1 to 5 years | |
| | | | 401 | more than 5 years | |
| | **Total** | | **15 896** | | |
| Other miscellaneous financial debt | Variable | | - | less than one year | |
| | | | 767 | from 1 to 5 years | |
| | | | - | more than 5 years | |
| | Fixed | between 4% and 13% | 815 | less than one year | |
| | | | 76 | from 1 to 5 years | |
| | | | - | more than 5 years | |
| | **Total** | | **1 658** | | |
| Short-term bank borrowings | Variable | | 534 | less than one year | |
| | **TOTAL** | | **246 154** | | |
| *Of which current* | | | *28 000* | *less than one year* | |
| *Of which non-current* | | | *218 154* | *more than 1 year* | |

## Financial lease agreements

| in K€ Dec. 31, 2012 | Net book value | TOTAL minimum future payments: TOTAL | < 1 year | 1 - 5 yrs | > 5 yrs | TOTAL sub-lease payments, discounted |
|---|---|---|---|---|---|---|
| Land | - | - | - | - | - | - |
| Buildings | 8 502 | 6 019 | 1 787 | 3 109 | 1 123 | - |
| Technical facilities, equipment and industrial plant | 3 756 | 6 947 | 2 201 | 4 329 | 417 | - |
| Transportation equipment, vehicles | 1 062 | 1 252 | 281 | 966 | 4 | - |
| Fixtures and fittings | - | 2 350 | 1 103 | 1 248 | - | - |
| Office equipment and furniture | - | - | - | - | - | - |

| in K€ Dec. 31, 2012 | Net book value | TOTAL minimum future payments, discounted: TOTAL | < 1 year | 1 - 5 yrs | > 5 yrs | TOTAL sub-lease payments, discounted |
|---|---|---|---|---|---|---|
| Land | - | - | - | - | - | - |
| Buildings | 8 502 | 5 457 | 1 729 | 2 836 | 892 | - |
| Technical facilities, equipment and industrial plant | 3 756 | 6 400 | 2 129 | 3 929 | 341 | - |
| Transportation equipment, vehicles | 1 062 | 1 138 | 272 | 862 | 4 | - |
| Fixtures and fittings | - | 2 231 | 1 066 | 1 164 | - | - |
| Office equipment and furniture | - | - | - | - | - | - |

Most of the Group's financial lease agreements are lease financing agreements with option to purchase. 65% 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*

| in K€ | 2010 | | | 2011 | | | 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| | NC | C | T | NC | C | T | NC | C | T |
| Trade payables | - | 47 716 | **47 716** | 2 | 68 526 | **68 529** | 3 | 73 397 | **73 400** |
| Debts on acquisition of fixed assets | 1 350 | 13 583 | **14 933** | 248 | 13 358 | **13 606** | 186 | 18 332 | **18 517** |
| Advance payments received | - | 2 448 | **2 448** | - | 2 837 | **2 837** | - | 4 670 | **4 670** |
| Social security and related payments | - | 20 123 | **20 123** | - | 21 471 | **21 471** | - | 22 562 | **22 562** |
| State (excluding corporation tax) | - | 24 536 | **24 536** | - | 22 279 | **22 279** | - | 21 861 | **21 861** |
| Corporation tax | - | 4 610 | **4 610** | - | 218 | **218** | - | 904 | **904** |
| Current account credit balances | - | 167 | **167** | - | 218 | **218** | - | 141 | **141** |
| Other debts | - | 892 | **892** | - | 633 | **633** | - | 1 160 | **1 160** |
| Liabilities for replacing assets in concessions | - | 903 | **903** | - | 170 | **170** | - | 236 | **236** |
| Prepayments | - | 4 896 | **4 896** | - | 6 343 | **6 343** | - | 9 609 | **9 609** |
| **OTHER LIABILITIES** | **1 350** | **119 874** | **121 225** | **251** | **136 054** | **136 304** | **189** | **152 871** | **153 060** |

## *Note 4.3 - Financial hedging instruments*

| in K€ | 2010 | | | 2011 | | | 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| | NC | C | T | NC | C | T | NC | C | T |
| Hedging instruments - assets | - | - | **-** | - | - | **-** | - | - | **-** |
| Hedging instruments - liabilities | 1 984 | 609 | **2 593** | 3 491 | 304 | **3 795** | 3 307 | 744 | **4 051** |

The financial instruments used by the Group are for hedging cash flows related to its financing. These instruments, which are traded on organized markets, are managed by the Group's Finance Department.

| in K€ | 2010 Nominal transaction | 2010 Fair value | 2011 Nominal transaction | 2011 Fair value | 2012 Nominal transaction | 2012 Fair value |
|---|---|---|---|---|---|---|
| Swaps | 121 609 | (1 271) | 128 014 | (3 119) | 114 382 | (3 724) |
| Collars | 67 109 | (794) | 61 014 | (542) | 34 882 | (221) |
| Hybrid instruments | 25 000 | (528) | 15 000 | (134) | 7 500 | (107) |
| **TOTAL** | **213 717** | **(2 593)** | **204 028** | **(3 795)** | **156 764** | **(4 051)** |

At December 31, 2012, the maturity of the cash flow hedging instruments was as follows:

| | < 1 year | 1 – 5 yrs | > 5 yrs | TOTAL |
|---|---|---|---|---|
| Swaps | 40 711 | 73 671 | - | **114 382** |
| Collars | 18 711 | 16 171 | - | **34 882** |
| Hybrid instruments | 7 500 | - | - | **7 500** |
| **TOTAL** | **66 922** | **89 842** | **-** | **156 764** |

The gains and losses booked in equity over the period amounted to EUR – 0.5 million, and the cumulative total at December 31, 2012 of gains and losses booked in equity amounted to EUR –3.7 million. The ineffective portion of this hedging booked as income in 2011 was not significant.

No part of the shareholders' equity was recycled and booked in income for the period.

## Note 5 - Current and non-current provisions

### *Note 5.1 - Changes in current and non-current provisions*

| in K€ | Dec. 31, 2010 | Dec. 31, 2011 | Other changes | Allocations | Write-backs used | Write-backs unused | Dec. 31, 2012 |
|---|---|---|---|---|---|---|---|
| Employee benefits [1] | **169** | **192** | 507 | 113 | (4) | - | **809** |
| Other non-current provisions [2] | **2 652** | **3 270** | 560 | 230 | (72) | - | **3 987** |
| **Non-current provisions** | **2 821** | **3 462** | **1 067** | **343** | **(75)** | **-** | **4 797** |
| Provisions for litigation | **1 037** | **1 384** | - | 496 | (548) | (474) | **858** |
| Provisions for BEFS (sub-contractor) | **662** | **663** | - | - | - | (4) | **659** |
| Provisions for other risks | **2 028** | **11 621** | (11 070) | 13 | (10) | (181) | **373** |
| Provisions for tax risks | **-** | **-** | - | 6 780 | - | - | **6 780** |
| Provisions for waste to be treated | **152** | **147** | - | 135 | (128) | - | **154** |
| Provisions for site rehabilitation | **9 915** | **9 034** | 753 | 1 539 | (783) | - | **10 543** |
| Provisions for other costs | **3 287** | **2 069** | (538) | 652 | (768) | (367) | **1 048** |
| **Current provisions** | **17 081** | **24 917** | **(10 855)** | **9 616** | **(2 237)** | **(1 026)** | **20 416** |
| **TOTAL** | **19 902** | **28 379** | **(9 788)** | **9 959** | **(2 313)** | **(1 026)** | **25 213** |

(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) Provision for 30-year monitoring period.

### *Note 5.2 - Breakdown of other changes*

| in K€ | Business combinations | Translation differences | Other changes | TOTAL |
|---|---|---|---|---|
| Employee benefits | - | 1 | 506 | **507** |
| Other non-current provisions | 559 | 1 | - | **560** |
| **Non-current provisions** | **559** | **2** | **506** | **1 067** |
| Provisions for litigation | - | - | - | **-** |
| Provisions for BEFS (sub-contractor) | - | - | - | **-** |
| Provisions for other risks | - | - | (11 070) | **(11 070)** |
| Provisions for waste to be treated | - | - | - | **-** |
| Provisions for site rehabilitation | 746 | 7 | - | **753** |
| Provisions for tax risks | - | - | - | **-** |
| Provisions for other costs | - | - | (538) | **(538)** |
| **Current provisions** | **746** | **7** | **(11 607)** | **(10 854)** |
| **TOTAL** | **1 305** | **9** | **(11 101)** | **(9 788)** |

### *Note 5.3 - Post-employment benefits - end-of-career payments and long-service medals*

The only benefits offered to Group employees consists of long-service medals and post-employment benefits in the form of end-of-career payments to retiring employees.

**Post-employment benefits - end-of-career payments**

The Group's end-of-career commitments to employees of those of its French subsidiaries which do not cover these through an insurance contract, are accounted for as provisions. Only Gerep, Sogad and Sem Tredi were concerned by this as at December 31, 2012.

The following should be noted:

- when Séneval 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 EUR 450 000. The Group recorded an asset of EUR 450 000 in respect of the commitments taken over, which was booked in prepaid deferred 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 at Lescar (near Pau) and its workforce, 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.

The Group's total commitment (however managed) changed as follows:

| in K€ | Dec. 31, 2010 | Dec. 31, 2011 | Dec. 31, 2012 |
|---|---|---|---|
| **Amount of commitment at beginning of year** | **3 273** | **4 838** | **6 057** |
| Cost of services rendered during the year | 232 | 352 | 406 |
| Interest credited over the year | 161 | 226 | 278 |
| Payments made over the year | (51) | (61) | (125) |
| Acquisition/sale of subsidiaries | 458 | 194 | 99 |
| Actuarial gains (losses) | 772 | 508 | 854 |
| Other (translation differences) | (7) | - | - |
| **Amount of commitment at end of year** | **4 838** | **6 057** | **7 569** |
| *Of which outsourced* | *4 669* | *5 865* | *7 316* |
| *Of which provisioned* | *169* | *192* | *253* |

Changes in the fair value of funds invested to hedge the commitment are as follows:

| in K€ | Dec. 31, 2010 | Dec. 31, 2011 | Dec. 31, 2012 |
|---|---|---|---|
| **Fair value of assets hedged at beginning of year** | **3 143** | **4 707** | **5 864** |
| Contributions paid in | 1 650 | 1 430 | 1 344 |
| Amounts paid out | (12) | (61) | (125) |
| Expected return on investments | 126 | 160 | 241 |
| Management costs | (14) | (21) | (26) |
| Acquisition/sale of subsidiaries | - | - | 99 |
| Actuarial gains (losses) | (186) | (351) | 68 |
| **Fair value of assets hedged at end of year** | **4 707** | **5 864** | **7 465** |

As the value of the funds invested exceeds the amount of the commitment, a prepaid expense was recorded in the amount of EUR 149 000.

Hedging assets break down as follows:

| | Dec. 31, 2010 | Dec. 31, 2011 | Dec. 31, 2012 |
|---|---|---|---|
| Diversified investments | 50% | 73% | 74% |
| Monetary investments | 50% | 27% | 26% |

**Long-service medal commitments**

The Group's commitments in respect of long-service medals were as follows:

| in K€ | Dec. 31, 2012 |
|---|---|
| **Amount of commitment at beginning of year** | **493** |
| Cost of services rendered during the year | 25 |
| Interest credited over the year | 23 |
| Payments made over the year | (8) |
| Acquisition/sale of subsidiaries | - |
| Actuarial gains (losses) | 19 |
| Other (translation differences) | - |
| **Amount of commitment at end of year** | **552** |

*Note 5.4 - Disputes and exceptional events*

**BEFS-PEC**

Following the completion of the Salaise 3 site, a project undertaken by BEFS-PEC for Tredi in 1999, Tredi SA received various payment requests from subcontractors who had not been paid by BEFS-PEC, in accordance with article 12 of the Law of December 31, 1975 on subcontracting. Tredi SA booked a provision in its financial statements for the entire sum claimed in connection with this dispute. As of December 31, 2012, the residual provision concerning this affair amounted to EUR 0.6 million.

**VALLS QUIMICA**

Valls Quimica, a Spanish subsidiary of the Group, was audited in 2003 by the tax authorities, who then claimed a principal amount of EUR 3.8 million (for the period 1999 to 2001) and EUR 1.8 million (for the period from 2002 to 2003) in respect of back VAT payments and indirect duties alleged to be due concerning the production of certain petroleum products.

- concerning the period 2002-2003, a ruling was obtained on December 22, 2007 to the effect that no payments were due;
- Valls Quimica contested the claim pertaining to 1999-2001 before the Spanish administrative court, the national administrative court in Madrid (in 2008), and the Supreme Court in Madrid (in 2010). During the procedure Valls Quimica was asked to provide guarantees covering 100% of the amount claimed, in exchange for suspension of the demand for payment. The Supreme Court rejected the appeal in October 2011, without considering the substance of the case, on the grounds that the prejudice for Valls Quimica, calculated on a per month basis, did not exceed the minimum of EUR 150 million which the court set itself as a condition for considering cases submitted to it. Valls Quimica obtained suspension of the demand for payment from the tax authorities and lodged an appeal in the Constitutional Court. Moreover, the process was begun of lodging a petition of nullity against the national administrative court judgment, on the basis of the decision of the Supreme Court. Valls Quimica, although justified in its claim, nevertheless provisioned the entire amount claimed by the administration in its accounts, including interest, for EUR 6.8 million.

There are no other 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, have had significant impacts on the financial situation or the profitability of the Company and/or the Group.

## Note 6 - Deferred taxes

The analysis of deferred taxes by type is as follows:

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| Employee profit-sharing | 902 | 739 | 537 |
| Social solidarity contribution | 250 | 261 | 244 |
| Paid leave | 609 | 639 | 638 |
| Tax loss carry-forwards | 1 575 | 1 158 | 11 233 |
| Deferred amortization and regulatory provisions | (7 293) | (7 815) | (7 731) |
| Financial leases | 2 119 | 1 643 | 781 |
| Internal income | 284 | 220 | 231 |
| Deferred charges | (51) | (7) | (7) |
| Intra-Group provisions | - | - | - |
| Provisions for deferred tax | 36 | 48 | 90 |
| Restated provision for thirty-year monitoring | (1 193) | (1 165) | (1 175) |
| Harmonization of amortization | 613 | 597 | 529 |
| Securities acquisition costs | 1 653 | 402 | - |
| Restatement of convertible bonds | 14 944 | 15 125 | - |
| Fair value of hedging instruments | 893 | 1 307 | 1 395 |
| Provision on convertible bonds | | | 50 760 |
| Other temporary differences | 1 737 | 1 830 | (1 572) |
| **TOTAL** | **17 078** | **14 981** | **55 954** |
| *Of which deferred tax assets* | *17 110* | *14 995* | *55 965* |
| *Of which deferred tax liabilities* | *32* | *14* | *11* |

Tax loss carry-forwards correspond to:

- deficits which arose before fiscal consolidation.
  Their activation is decided on a subsidiary-by-subsidiary basis according to the business plan of each subsidiary;
- the deficit recognized in the tax consolidation group for 2012, related to the deductibility of the provision for part of the interest on convertible bonds. Recognizing this tax credit as an asset was made possible by the ability of the tax consolidation group to recover this credit within a reasonable period of time;
- the deficit recorded for Valls Quimica as a result of the provision for its tax dispute, given that the sum involved is deemed recoverable in its business plan. Apart from this exception, the other tax losses incurred by certain foreign subsidiaries are not carried forward.

At December 31, 2012, the amount of deferred tax assets not carried forward relative to qualifying deficits was EUR 1.0 million.

Changes in deferred tax assets over the fiscal year can be analyzed as follows:

| in K€ | Deferred tax assets | Deferred tax liabilities | NET |
|---|---|---|---|
| **Balance at December 31, 2010** | **17 110** | **32** | **17 078** |
| Income | - | 2 693 | (2 693) |
| Changes in fair value by shareholders' equity | 156 | (440) | 596 |
| Changes in consolidation scope and other changes | - | - | - |
| Foreign currency differences | - | - | - |
| Compensation of deferred taxes among subsidiaries in the fiscal consolidation scope | (3 070) | (3 070) | - |
| Compensation of deferred tax assets/deferred tax liabilities | 799 | 799 | - |
| **Balance at December 31, 2011** | **14 995** | **14** | **14 981** |
| Income | 54 522 | - | 54 522 |
| Changes in fair value by shareholders' equity | 408 | (158) | 566 |
| Changes in consolidation scope and other changes | 25 | - | 25 |
| Foreign currency differences | - | - | - |
| Cancellation of deferred tax assets on derivative portion | (14 140) | - | (14 140) |
| Compensation of deferred taxes among subsidiaries in the fiscal consolidation scope | (1 032) | (1 032) | - |
| Compensation of deferred tax assets/deferred tax liabilities | 1 187 | 1 187 | - |
| **Balance at December 31, 2012** | **55 965** | **11** | **55 954** |

## Note 7 - Off-balance sheet commitments

### *Note 7.1 Off-balance sheet commitments arising from current operations*

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| **Loans ceded before maturity (bills, Dailly Act)** | **-** | **-** | **-** |
| **Sureties** | **37 055** | **38 848** | **42 234** |
| • Financial guarantees [(1)] | 21 601 | 22 551 | 23 594 |
| • Other guarantees | 15 454 | 16 297 | 18 640 |
| **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** | **37 055** | **38 848** | **42 234** |

(1) This concerns a EUR 23.6 million surety granted to a financial institution during the setting up of financial guarantees extended by it under the Ministerial Order of February 1, 1996.


### *Note 7.2 - Off-balance sheet commitments given or received in connection with Group debt*

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| **Business loans ceded** | **953** | **895** | **418** |
| **Sureties and letters of intent** | **4 380** | **10 972** | **15 349** |
| **Secured guarantees** | **9 436** | **9 828** | **9 828** |
| • Tangible and intangible assets pledged as guarantees and collateral | 9 436 | 9 828 | 9 828 |
| • Securities pledged as guarantees and collateral | - | - | - |
| • Mortgages | - | - | - |
| **Borrowing commitments received** | **5 000** | **34 262** | **34 132** |
| **TOTAL OFF-BALANCE SHEET COMMITMENTS RELATED TO DEBT** | **19 769** | **55 957** | **59 727** |

As part of its asset financing, the company signed commitments not to sell its shareholdings in Sénergies, Séché Eco-Industries and Mézerolles.

Borrowing commitments at December 31, 2012 principally concern the financing of assets conceded in the framework of the Strasbourg public service delegation contract by a loan of EUR 27.4 million, released in tranches and amortizable over the residual duration of the contract, at a rate which has still to be set.

All the above-mentioned off-balance sheet commitments cover balance sheet debt, with the exception of a EUR 0.8 million guarantee.

### *Note 7-3 - Other off-balance sheet commitments*

A shareholders' agreement was signed on October 16, 2006 (bearing the AMF registration number 206C1928) containing the following main provisions:

- representation of FSI (Fonds Stratégique d'Investissement, replacing Caisse des Dépôts et Consignations) on the Board of Directors of Séché Environnement: FSI is entitled to appoint several members to the Board of Directors of Séché Environnement, commensurate with its equity stake in the Group;
- management of the stakes of members of the shareholder agreement:
  - shareholder agreement members agree not to acquire, directly or indirectly, any securities issued by Séché Environnement if such acquisition would lead to one of them making a public offer for Séché Environnement shares;
  - in the event of any transfer of Séché Environnement shares by Joël Séché, Amarosa and/or their free transferees to a third party, as long as they together hold less than 50.1% of the Company voting rights, FSI shall have the option of selling its own shares to this third party at the same price and in the same proportions;
  - FSI has the option of subscribing to any issue of Séché Environnement securities, commensurate with its share of the equity, with the exception of securities issued to pay a third party for

an external acquisition, and which would have the effect of diluting all shareholders' holdings in the same proportions;

- co-investment rules: as long as FSI holds at least 15% of the equity of Séché Environnement, it is entitled to take part as a co-investor in any expansion project above a certain threshold amount.

The shareholders' agreement further states that it will be canceled automatically without penalty if at any time:

- FSI holds less than 10% of the capital of the company;
- the balance of the respective stakes of FSI, on the one hand, and Joël Séché and Amarosa on the other hand, are modified in such a way as to oblige either of the parties to make a public offer for all the shares.

A codicil to the shareholders' agreement dated April 25, 2007 stipulates that the agreement will be valid for 10 years, beginning on April 26, 2007.

The current breakdown of the Group's off-balance sheet commitments includes all significant commitments as defined by current accounting standards.

### 2.1.6.3.2. 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** | **8 634 870** | **0.20 €** |
| Capital increase | | |
| **2- Shares comprising the share capital at the end of the year** | **8 634 870** | **0.20 €** |
| *Of which shares with single voting rights* | *4 972 572* | |
| *Of which shares with double voting rights* | *3 662 298* | |

#### Note 9 - Premiums

Premiums are made up exclusively of additional paid-in capital from the different capital increases, net of charges:

| | in K€ |
|---|---|
| Capital increase of November 27, 1997 | 11 220 |
| Capital increase of December 19, 1997 | 112 |
| Capital increase of October 1, 2001 (to pay for Alcor shares) | 10 795 |
| Capital increase of July 5, 2002 (to pay for Tredi shares) | 192 903 |
| Charges on additional paid-in capital | (1 578) |
| Issuance of 596 408 share subscription warrants in favor of Caisse des Dépôts on December 12, 2006 | 10 908 |
| Exercise of share subscription warrants by Caisse des Dépôts on April 24, 2007 | 74 718 |
| **TOTAL** | **299 079** |



## Note 10 - Breakdown of consolidated reserves

| in K€ | Dec. 31, 2010 | Dec. 31, 2011 | Increase | Decrease | Dec. 31, 2012 |
|---|---|---|---|---|---|
| Legal reserve | 173 | 173 | - | - | 173 |
| Regulatory reserves | - | - | - | - | - |
| Retained earnings | 119 190 | 150 947 | 30 499 | - | 181 445 |
| Other reserves | 6 037 | 6 037 | - | - | 6 037 |
| **Sub-total – legal and regulatory reserves** | **125 400** | **157 156** | **30 499** | **-** | **187 655** |
| Consolidated reserves (excluding foreign currency translation differences) | (83 596) | (116 393) | - | (31 292) | (147 685) |
| **TOTAL RESERVES (excluding foreign currency translation differences)** | **41 804** | **40 763** | **30 499** | **(31 292)** | **39 970** |
| Foreign currency translation differences | (1 204) | (2 113) | (131) | - | (2 243) |
| **TOTAL RESERVES (including foreign currency translation differences)** | **40 600** | **38 651** | **30 368** | **(31 292)** | **37 726** |

## Note 11 - Information on treasury stock

By virtue of the authorizations granted by the Annual General Meetings of June 8, 2012 and May 12, 2011, the Board of Directors ordered in 2012 the repurchase of a certain number of its own shares under a liquidity contract concluded with an independent organization. Funds totalling EUR 1.4 million were made available to that organization for the repurchase of 4 862 shares. At December 31, 2012, these share buybacks broke down as follows:

| | |
|---|---|
| Number of shares held as treasury stock (1) | 59 241 |
| Percentage of shares held as treasury stock | 0.69% |
| Net book value of shares held as treasury stock (EUR) | 2 741 957 |
| Market value of shares held as treasury stock at December 31, 2012 (EUR) (2) | 1 630 905 |

(1) Including shares acquired under previous share buyback programs.

(2) On the basis of the average closing price of the Séché Environnement share in December 2012, i.e. EUR 27.53.

### 2.1.6.3.3. Notes to the income statement

#### Note 12 - Income from ordinary activities

##### *Note 12.1 - Breakdown by nature*

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| **Revenue** | **402 122** | **424 158** | **441 881** |
| *Of which sales of goods* | *44 404* | *51 592* | *62 667* |
| *Of which sales of services* | *357 718* | *372 566* | *379 214* |
| **Other business income** | **4 239** | **6 090** | **5 247** |
| **Transfers of expenses** | **3 443** | **3 373** | **2 164** |
| **INCOME FROM ORDINARY ACTIVITIES** | **409 803** | **433 622** | **449 291** |

##### *Note 12.2 - Breakdown of revenue by type of waste*

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| HW treatment | 267 341 | 270 102 | 269 754 |
| NHW treatment | 134 781 | 154 056 | 172 127 |
| *Of which revenue under IFRIC 12* | *-* | *1 343* | *16 906* |
| **TOTAL** | **402 122** | **424 158** | **441 881** |

## Note 13 - Earnings before interest, taxes, depreciation and amortization

### *Note 13.1 - Breakdown of EBITDA*

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| **INCOME FROM ORDINARY ACTIVITIES** | **409 803** | **433 622** | **449 291** |
| **Purchases used for operational purposes** | **(55 415)** | **(63 622)** | **(64 957)** |
| • Stored purchases | (36 798) | (38 987) | (39 836) |
| • Non-stored purchases | (18 617) | (24 635) | (25 121) |
| **External expenses** | **(131 778)** | **(147 252)** | **(170 919)** |
| • Subcontracting | (74 744) | (86 213) | (106 876) |
| • Leasing expenses | (8 981) | (10 172) | (11 335) |
| • Maintenance and repairs | (15 712) | (19 125) | (20 000) |
| • Insurance | (3 935) | (4 633) | (4 972) |
| • Other external expenses | (28 405) | (27 109) | (27 736) |
| **Taxes other than on income** | **(33 312)** | **(31 803)** | **(35 019)** |
| **Employee benefit expenses** | **(85 594)** | **(93 507)** | **(98 804)** |
| • Staff costs | (81 422) | (89 754) | (96 708) |
| • Profit-sharing and incentive plan | (3 013) | (2 502) | (1 588) |
| • Contributions towards end-of-career payments | (1 159) | (1 251) | (508) |
| • Remuneration in shares | - | - | - |
| **EBITDA** | **103 704** | **97 438** | **79 592** |

External services purchased mainly concern sub-contracting (transportation, upstream activities and landfill).

### *Note 13.2 - Simple leasing agreements*

| in K€ | TOTAL minimum future payments (non-cancelable contracts) | | | | Expenses for the year (non-cancelable contracts) | TOTAL sub-lease payments |
|---|---|---|---|---|---|---|
| | TOTAL | < 1 year | 1 – 5 yrs | > 5 yrs | | |
| Intangible fixed assets | 145 | 29 | 86 | 29 | 30 | - |
| Land | 2 931 | 271 | 941 | 1 720 | 251 | - |
| Buildings | 4 391 | 792 | 2 696 | 902 | 1 354 | - |
| Technical facilities, equipment and industrial plant | 20 504 | 2 231 | 6 633 | 11 640 | 3 321 | - |
| Transportation equipment, vehicles | 162 | 77 | 84 | - | 188 | - |
| Fixtures and fittings | - | - | - | - | - | - |
| Office equipment and furniture | 49 | 34 | 16 | - | 89 | - |

## Note 14 - Current operating income

### *Note 14.1 - Breakdown of current operating income*

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| **EBITDA** | **103 704** | **97 438** | **79 592** |
| **Cost of renewal of assets included in concessions and site rehabilitation** | **(3 086)** | **(7 525)** | **(8 594)** |
| **Other operating income and expenses** | **(1 024)** | **(535)** | **(995)** |
| • Other operating expenses | (1 076) | (664) | (1 135) |
| • Other operating income | 52 | 129 | 140 |
| **Net allocations to provisions** | **(1 293)** | **22** | **196** |
| • Allocations to provisions | (4 548) | (4 013) | (3 679) |
| • Write-backs of provisions | 3 255 | 4 035 | 3 875 |
| **Net allocations to amortization** | **(31 414)** | **(32 038)** | **(32 944)** |
| • Allocations to amortization | (31 414) | (32 038) | (32 944) |
| • Write-backs of amortization | - | - | - |
| **CURRENT OPERATING INCOME** | **66 887** | **57 362** | **37 255** |

### Note 14.2 - Net allocations to provisions

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| Net allocations to provisions on site | 404 | 352 | (442) |
| Net allocations to current assets | 94 | (252) | 2 |
| Net allocations to other operating provisions | (1 791) | (78) | 636 |
| **TOTAL** | **(1 293)** | **22** | **196** |

Provisions on site correspond to provisions for site rehabilitation and for thirty-year monitoring (for the portion excluding accretion).

### Note 14.3 - Net allocations to amortization

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| Net allocations to intangible fixed assets | (703) | (826) | (443) |
| Net allocations to property, plant and equipment | (30 711) | (31 212) | (32 500) |
| **TOTAL** | **(31 414)** | **(32 038)** | **(32 944)** |

## Note 15 - Operating income

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| **Current operating income** | **66 887** | **57 362** | **37 255** |
| **Reassessment of fixed assets** | **-** | **-** | **-** |
| **Income on disposal of fixed assets** | **467** | **(609)** | **325** |
| • Disposals of intangible fixed assets | (4) | (251) | 72 |
| • Disposals of property, plant and equipment | 472 | (359) | 253 |
| • Disposals of consolidated shares | - | - | - |
| **Impairment of assets** | **(2 083)** | **-** | **(395)** |
| • Goodwill | - | - | - |
| • Other intangible fixed assets | (2 083) | - | - |
| • Property, plant and equipment | - | - | (395) |
| **Business combination effects** | **(4 854)** | **(890)** | **(1 025)** |
| **Other** | **14** | **(682)** | **(7 282)** |
| **OPERATING INCOME** | **60 431** | **55 180** | **28 878** |

The amounts recorded on the "business combinations effects" line refer to the funds committed to create the Séché-HIME business combination.

The amounts recorded on the "other" line concern principally:

- the cost of moving the Paris premises of Tredi (EUR 0.2 million in 2012, EUR 0.7 million in 2011 and EUR 2.4 million in 2010);
- the cost of closing down the Izeaux site (EUR 0.7 million)
- the provision created in respect of the fiscal risk concerning Valls Quimica.

## Note 16 - Net financial income

### *Note 16.1 - Breakdown of net financial income*

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| Income from cash and cash equivalents | 14 697 | 14 705 | 438 |
| Gross financial borrowing costs | (8 972) | (7 371) | (10 739) |
| Other financial income and expenses | 1 167 | 984 | (145 751) |
| **TOTAL** | **6 892** | **8 318** | **(156 052)** |

Income from cash and cash equivalents was affected in 2012 by the provisioning of the entire amount of interest for the period on convertible bonds.

The cost of gross financial debt evolved under the influence of the increased cost of debt, net of hedging effects, as a result of new interest rate terms put in place under the refinancing operation undertaken in April 2012:

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| Financial liabilities at amortized cost | (4 453) | (5 304) | (8 451) |
| Gain (loss) on hedging instruments | (4 518) | (2 067) | (2 288) |
| **COST OF GROSS FINANCIAL DEBT** | **(8 972)** | **(7 371)** | **(10 739)** |

### *Note 16.2 - Breakdown of other financial income and expenses*

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| Foreign exchange gain (loss) | 61 | 78 | (84) |
| Net gain (loss) on the sale of financial fixed assets | - | 1 198 | (13) |
| Net impairment on financial assets | 1 948 | (92) | (145 510) |
| Other financial income and expenses | (842) | (200) | (145) |
| **TOTAL** | **1 167** | **984** | **(145 751)** |

Other financial income and expenses were principally impacted in 2012 by the provisioning of HIME convertible bonds, both principal and interest accrued to December 31, 2011 (EUR 145.5 million).

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.

The net gain on the sale of financial fixed assets corresponded in 2012 to the effects of de-consolidation or company liquidation.

## Note 17 - Taxes

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| Corporation tax payable | 19 288 | 16 796 | 514 |
| Deferred tax | 1 938 | 2 693 | (54 522) |
| **TOTAL TAX EXPENSE** | **21 226** | **19 489** | **(54 007)** |

The statutory tax rate as compared with the actual rate of tax paid can be analyzed as follows:

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| **Theoretical tax at current statutory tax rate** | **(23 179)** | **(21 863)** | **45 694** |
| Changes in tax rate applicable to parent company (1) | (6) | (2) | 12 |
| Differences in tax rates applicable to subsidiaries | 439 | 353 | (2 370) |
| Unrecognized tax assets | (326) | (224) | (405) |
| Use of previous losses not previously carried forward | - | 160 | 385 |
| Permanently non-taxable income and expenses | 1 847 | 2 086 | 10 691 |
| **Total tax expense** | **(21 226)** | **(19 489)** | **54 007** |

(1) The tax rate (excluding social security contributions) on profits is 33.33%. Including social security contributions on profits, the tax rate is 34.26%. Taking account of the exceptional additional tax of 5% on tax consolidation groups, the Group's global tax rate amounts to 35.93%.

Within the tax consolidation group headed by Séché Environnement, which includes all French companies more than 95%-held directly or indirectly by Séché Environnement (except for Tree, acquired on October 1, 2012, and Alcéa, set up on April 1, 2012 and scheduled to enter the tax consolidation scope on January 1, 2013), tax savings of EUR 10.5 million were achieved.

### 2.1.6.3.4. Financial risk management

#### Note 18 - Financial instruments at fair value

Financial instruments break down as follows in terms of their different levels of fair value assessment:

| in K€ | 2012 Level 1 | Level 2 | Level 3 | TOTAL |
|---|---|---|---|---|
| Available-for-sale securities | - | 1 907 | 18 | **1 925** |
| Bond portion | - | - | - | **-** |
| Hedging instruments | - | - | - | **-** |
| Other financial assets at fair value by the income statement | - | - | - | **-** |
| **FINANCIAL ASSETS** | **-** | **1 907** | **18** | **1 925** |
| Financial debts | - | 246 154 | - | **246 154** |
| Hedging instruments | - | 4 051 | - | **4 051** |
| Other financial liabilities at fair value by the income statement | - | - | - | **-** |
| **FINANCIAL LIABILITIES** | **-** | **250 205** | **-** | **250 205** |

For comparison purposes, the breakdown in terms of fair value of the Group's financial instruments for the last two fiscal years was as follows:

| in K€ | 2010 L1 | 2010 L2 | 2010 L3 | 2010 T | 2011 L1 | 2011 L2 | 2011 L3 | 2011 T |
|---|---|---|---|---|---|---|---|---|
| Available-for-sale securities | - | 2 417 | 17 | **2 434** | - | 2 149 | 17 | **2 166** |
| Bond portion | - | - | 142 179 | **142 179** | - | - | 156 376 | **156 376** |
| Hedging instruments | - | - | - | **-** | - | - | - | **-** |
| Other financial assets at fair value by the income statement | - | - | - | **-** | - | - | - | **-** |
| **FINANCIAL ASSETS** | **-** | **2 417** | **142 196** | **144 613** | **-** | **2 149** | **156 393** | **158 542** |
| Financial debts | - | 238 363 | - | **238 363** | - | 216 640 | - | **216 640** |
| Hedging instruments | - | 2 593 | - | **2 593** | - | 3 795 | - | **3 795** |
| Other financial liabilities at fair value by the income statement | - | - | - | **-** | - | - | - | **-** |
| **FINANCIAL LIABILITIES** | **-** | **240 956** | **-** | **240 956** | **-** | **220 435** | **-** | **220 435** |

##### 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.

##### Bond portion

The bond portion of the HIME convertible bonds was entirely provisioned at December 31, 2012.

##### 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 (notably, interest rates) 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.

This risk arises mainly from trade receivables, the Group having provisioned in 2012 all its hybrid financial instruments (HIME convertible bonds).

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 book value of the Group's financial assets represents its maximum exposure to credit risk. At the close of the year, maximum credit risk exposure broke down as follows:

| In K€ | Dec. 31, 2010 | | | Dec. 31, 2011 | | | Dec. 31, 2012 | | |
|---|---|---|---|---|---|---|---|---|---|
| | NC | C | T | NC | C | T | NC | C | T |
| Available-for-sale financial assets | 144 613 | - | **144 613** | 158 595 | - | **158 595** | 1 978 | - | **1 978** |
| Financial loans and receivables at amortized cost | 2 737 | 88 | **2 825** | 2 466 | 76 | **2 542** | 2 808 | 131 | **2 939** |
| **Non-current financial assets** | **147 350** | **88** | **147 438** | **161 061** | **76** | **161 137** | **4 786** | **131** | **4 917** |
| Trade and other receivables | 1 759 | 112 665 | **114 424** | 1 291 | 116 288 | **117 579** | 2 105 | 127 204 | **129 309** |
| Other current assets (incl. corporation tax credits) | - | 12 372 | **12 372** | - | 20 310 | **20 310** | 677 | 34 590 | **35 267** |
| **Loans and receivables at amortized cost** | **1 759** | **125 037** | **126 796** | **1 291** | **136 598** | **137 889** | **2 782** | **161 794** | **164 576** |
| Hedging instruments - assets | - | - | - | - | - | - | - | - | - |
| Other instruments at fair value by the income statement | - | - | - | - | - | - | - | - | - |
| **Financial assets at fair value by the income statement** | - | - | - | - | - | - | - | - | - |
| **Cash and cash equivalents** | - | **43 431** | **43 431** | - | **24 686** | **24 686** | - | **23 050** | **23 050** |
| **Total financial assets** | **149 109** | **168 556** | **317 665** | **162 352** | **161 360** | **323 712** | **7 569** | **184 975** | **192 544** |
| Derivative portion of convertible bonds | 26 929 | - | **26 929** | 26 929 | - | **26 929** | - | - | - |
| **TOTAL** | **176 039** | **168 556** | **344 595** | **189 281** | **161 360** | **350 641** | **7 569** | **184 975** | **192 544** |

Revenue, expenses, income and impairments recognized in the financial statements for 2012 as financial assets were almost exclusively related to marketable securities, since interest on convertible bonds had been provisioned in its entirety.

### 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 fulfil their 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:

**2012**

| In K€ | Net value (C et NC) | Of which not due | Of which due 0-6 months | 6 months - 1 year | > 1 year |
|---|---|---|---|---|---|
| Financial loans and receivables at amortized cost | 2 939 | 2 939 | - | - | - |
| Trade and other receivables | 129 309 | 104 549 | 23 498 | 676 | 586 |
| Other assets | 35 266 | 34 646 | 4 | 24 | 592 |
| **TOTAL** | **167 515** | **142 134** | **23 502** | **700** | **1 178** |

The aged balance of loans and receivables at amortized cost at the end of the preceding two fiscal years was as follows:

**2011**

| In K€ | Net value (C et NC) | Of which not due | Of which due 0-6 months | 6 months - 1 year | > 1 year |
|---|---|---|---|---|---|
| Financial loans and receivables at amortized cost | 2 542 | 2 542 | - | - | - |
| Trade and other receivables | 117 579 | 96 253 | 20 423 | 492 | 411 |
| Other assets | 20 310 | 18 965 | 391 | 10 | 944 |
| **TOTAL** | **140 430** | **117 760** | **20 813** | **502** | **1 355** |

**2010**

| in K€ | Net value (C et NC) | Of which not due | Of which due 0-6 months | 6 months - 1 year | > 1 year |
|---|---|---|---|---|---|
| Financial loans and receivables at amortized cost | 2 825 | 2 825 | - | - | - |
| Trade and other receivables | 114 424 | 87 584 | 25 805 | 684 | 351 |
| Other assets | 12 372 | 11 491 | 478 | 399 | 4 |
| **TOTAL** | **129 629** | **101 900** | **26 283** | **1 083** | **355** |

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, 2012, the residual contractual maturities of the Group's financial liabilities broke down as follows:

| in K€ Dec. 31, 2012 | Book value | Contractual cash flows | < 1 yr | From 1 to 5 yrs | > 5 yrs |
|---|---|---|---|---|---|
| Bank loans | 228 066 | 296 369 | 29 562 | 190 877 | 75 930 |
| Lease finance debt | 15 896 | 16 568 | 5 373 | 9 652 | 1 544 |
| Other financial debt | 1 658 | 1 658 | 640 | 251 | 767 |
| Short-term bank borrowings | 534 | 534 | 534 | - | - |
| Trade and other payables (incl. corporation tax debts) | 152 824 | 152 824 | 152 635 | 189 | - |
| Liabilities for renewal of assets included in concessions | 236 | 236 | 236 | - | - |
| **TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES** | **399 214** | **468 189** | **188 980** | **200 969** | **78 241** |
| Hedging instruments | 4 051 | 4 051 | 744 | 3 307 | - |
| **TOTAL DERIVATIVE FINANCIAL LIABILITIES** | **4 051** | **4 051** | **744** | **3 307** | **-** |

For comparison purposes, the residual contractual maturities of the Group's financial liabilities in 2011 and 2011 were as follows:

| in K€ Dec. 31, 2011 | Book value | Contractual cash flows | < 1 yr | From 1 to 5 yrs | > 5 yrs |
|---|---|---|---|---|---|
| Bank loans | 197 636 | 203 099 | 169 308 | 25 160 | 8 631 |
| Lease finance debt | 17 265 | 18 520 | 5 167 | 11 524 | 1 829 |
| Other financial debt | 1 057 | 1 057 | 49 | 250 | 758 |
| Short-term bank borrowings | 681 | 681 | 681 | - | - |
| Trade and other payables (incl. corporation tax debts) | 136 134 | 136 134 | 135 883 | 251 | - |
| Liabilities for renewal of assets included in concessions | 170 | 170 | 170 | - | - |
| **TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES** | **352 943** | **359 661** | **311 258** | **37 185** | **11 218** |
| Hedging instruments | 3 795 | 3 795 | 304 | 3 491 | - |
| **TOTAL DERIVATIVE FINANCIAL LIABILITIES** | **3 795** | **3 795** | **304** | **3 491** | **-** |

# 2. Financial data

| in K€ Dec. 31, 2010 | Book value | Contractual cash flows | < 1 yr | From 1 to 5 yrs | > 5 yrs |
|---|---|---|---|---|---|
| Bank loans | 216 333 | 221 624 | 42 873 | 175 969 | 2 783 |
| Lease finance debt | 20 373 | 22 220 | 4 834 | 15 453 | 1 933 |
| Other financial debt | 1 076 | 1 076 | 19 | 1 032 | 25 |
| Short-term bank borrowings | 582 | 582 | 582 | - | - |
| Trade and other payables (incl. corporation tax debts) | 120 321 | 120 321 | 118 971 | 1 350 | - |
| Liabilities for renewal of assets included in concessions | 903 | 903 | 903 | - | - |
| **TOTAL NON-DERIVATIVE FINANCIAL LIABILITIES** | **359 588** | **366 726** | **168 182** | **193 804** | **4 741** |
| Hedging instruments | 2 593 | 2 593 | 609 | 1 984 | - |
| **TOTAL DERIVATIVE FINANCIAL LIABILITIES** | **2 593** | **2 593** | **609** | **1 984** | **-** |

On April 12, 2012, Séché Environnement refinanced all its debt. This refinancing operation concerns EUR 188.3 million of debt and breaks down as follows:

- EUR 163.3 million by means of a bank loan maturing in 2017, amortized in tranches of 5% per semester beginning in 2013;
- EUR 25.0 million by the issuance of a bullet bond at 96% of its nominal value, with a maturity date in 2019.

The Group's new credit line includes 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 | < 1.1 |
| Net financial debt/EBITDA | > 3 |

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, 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, excepting, where applicable, the EBITDA of the HIME-Saur group.

At December 31, 2012, the Group's bank gearing stood at 0.70 and bank-debt-to-earnings at 2.74, both ratios lying within the required range.

### 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 new credit line requires a minimum of 50% hedging over a three-year period. 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 positive impact on Group shareholders' equity of EUR 5.05 million;
- a 1% instantaneous upward change in interest rates would have a negative impact of EUR 5.4 million on the Group's financial costs in 2013, based on its indebtedness at December 31 and its reimbursement profile to 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 carried out in local currencies (for those subsidiaries not considered as long-term foreign investments).

Changes in foreign exchange income break down as follows:

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| Foreign exchange income, Europe | 109 | 32 | 86 |
| Foreign exchange income, Americas | (49) | 46 | (169) |
| **TOTAL** | **61** | **78** | **(84)** |

To date, this risk is not the subject of specific hedging at the Group level.

### 2.1.6.3.5. Joint ventures - proportional consolidation

The Group's only joint venture is Sogad.

| in K€ | Dec. 31, 2010 | Dec. 31, 2011 | Dec. 31, 2012 |
|---|---|---|---|
| *% held* | *50%* | *50%* | *50%* |
| Group share of current assets | 557 | 769 | 673 |
| Group share of non-current assets | 947 | 772 | 702 |
| Group share of current liabilities | 2 265 | 2 321 | 2 144 |
| Group share of non-current liabilities | 413 | 354 | 268 |
| Group share of revenue | 2 109 | 2 160 | 2 178 |
| Group share of EBITDA | 496 | 469 | 532 |
| Group share of current operating income | 281 | 226 | 294 |
| Group share of operating income | 281 | 226 | 294 |

The Group had no significant transactions with Sogad.

### 2.1.6.3.6. Breakdown by geographical area

**Note 24 - Breakdown of ordinary activities by geographical area**

| in K€ | 2010 | 2011 | 2012 |
|---|---|---|---|
| France | 388 291 | 408 721 | 422 815 |
| Europe (outside France) | 19 484 | 23 381 | 21 478 |
| Outside Europe | 2 028 | 1 520 | 4 999 |
| **TOTAL REVENUE FROM ORDINARY ACTIVITIES** | **409 803** | **433 622** | **449 292** |

## Note 25 - Non-current assets by geographical area

| in K€ Dec. 31, 2012 | France | Europe (outside France) | Outside Europe | TOTAL |
|---|---|---|---|---|
| Goodwill | 223 451 | 4 699 | - | **228 150** |
| Other intangible fixed assets | 25 674 | 31 | - | **25 704** |
| Property, plant and equipment | 165 317 | 5 804 | 626 | **171 747** |
| Non-current financial assets | 4 462 | 324 | - | **4 786** |
| Shareholdings in affiliates | 434 | - | - | **434** |
| Other operating non-current assets | 2 105 | - | - | **2 105** |
| Non-current corporation tax assets | 677 | - | - | **677** |
| Deferred tax assets | 53 586 | 2 379 | - | **55 965** |
| **TOTAL NON-CURRENT ASSETS** | **475 707** | **13 237** | **626** | **489 570** |

| in K€ Dec. 31, 2011 | France | Europe (outside France) | Outside Europe | TOTAL |
|---|---|---|---|---|
| Goodwill | 208 176 | 4 699 | - | **212 875** |
| Other intangible fixed assets | 8 933 | 36 | - | **8 969** |
| Property, plant and equipment | 163 960 | 5 783 | 642 | **170 385** |
| Non-current financial assets | 160 683 | 316 | 63 | **161 061** |
| Shareholdings in affiliates | 552 | - | - | **552** |
| Other operating non-current assets | 1 291 | - | - | **1 291** |
| Deferred tax assets | 14 396 | 599 | - | **14 995** |
| **TOTAL NON-CURRENT ASSETS** | **557 991** | **11 432** | **705** | **570 128** |

| in K€ Dec. 31, 2010 | France | Europe (outside France) | Outside Europe | TOTAL |
|---|---|---|---|---|
| Goodwill | 208 176 | 4 699 | - | **212 875** |
| Other intangible fixed assets | 7 181 | 53 | - | **7 234** |
| Property, plant and equipment | 148 298 | 5 948 | 769 | **155 014** |
| Non-current financial assets | 146 925 | 316 | 109 | **147 350** |
| Shareholdings in affiliates | 33 926 | - | - | **33 926** |
| Other operating non-current assets | 1 759 | - | - | **1 759** |
| Deferred tax assets | 16 482 | 628 | - | **17 110** |
| **TOTAL NON-CURRENT ASSETS** | **562 747** | **11 643** | **878** | **575 268** |

### 2.1.6.3.7. 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. 8 574 828.

The Group has no dilutive instruments, therefore diluted EPS is equal to net EPS.

### 2.1.6.3.8. Dividends

In 2012, Séché Environnement paid out EUR 11 225 331 in dividends, or EUR 1.30 per share, regardless of the type of share. Dividends concerning treasury stock were booked in retained earnings in the amount of EUR 85 658.30.

The Board of Directors resolved on April 16, 2013 to propose to the Annual General Meeting a dividend payout of EUR 8 203 126.50 (or EUR 0.95 per share).

### 2.1.6.3.9. Transactions with related parties

The Group maintains relations with the following related parties:

- non-consolidated Group subsidiaries, joint ventures and affiliates: the Group maintains no significant relations with these related parties, with the exception of HIME. The Group's transactions with HIME are presented in Note 3;
- the members of the Board of Directors and the Executive Committee: their remuneration and benefits of all kinds are presented in the section below.

### 2.1.6.3.10. Remuneration of senior management

Remuneration of the senior officers and directors breaks down as follows:

| in € | 2010 | 2011 | 2012 |
|---|---|---|---|
| Short-term benefits | 1 850 508 | 1 904 684 | 1 918 381 |
| Post-employment benefits | - | - | - |
| Share-based payments | - | - | - |
| **TOTAL** | **1 850 508** | **1 904 684** | **1 918 381** |

### 2.1.6.3.11. 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 is 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.

### 2.1.6.3.12. Fees of the statutory auditors

Fees paid by the Group to its statutory auditors and members of their networks were as follows:

| in K€ | KPMG | | ACOREX | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| **Auditing assignments** | | | | |
| **Statutory audit, examination of individual and consolidated accounts, certification of accounts** | | | | |
| • Séché Environnement | 101 | 96 | 98 | 96 |
| • Consolidated subsidiaries | 250 | 230 | 170 | 167 |
| **Additional assignments directly related to the auditors' mission** | - | - | - | - |
| • Séché Environnement | - | - | - | - |
| • Consolidated subsidiaries | 2 | - | - | - |
| **Sub-total 1** | **352** | **326** | **268** | **263** |
| **Other services rendered by the auditors' networks to consolidated subsidiaries** | | | | |
| • Legal, tax and corporate | - | - | - | - |
| • Other | - | - | - | - |
| **Sub-total 2** | **-** | **-** | **-** | **-** |
| **TOTAL** | **352** | **326** | **268** | **263** |

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**Cover illustration: Studio Version2.com**
**Document creation : *NOT@MIDNIGHT* - Caroline Férec © 2013**