CONSTRUCTIONS INDUSTRIELLES DE LA MÉDITERRANÉE (CNIM)

Société anonyme having a Management Board and a Supervisory Board with share capital of €6,056,220

Registered office: 35, Rue de Bassano, 75008 Paris

Paris Trade and Companies Register Number 662 043 595

Registration Document

including the Annual Financial Report
and the Declaration of Non-Financial Performance

2018

This Registration Document was filed with the Autorité des marchés financiers (French Financial Markets Regulator - AMF) on March 28, 2019, pursuant to Article 212-13 of its General Regulation. It may be used in support of a financial operation in the presence of an operating circular approved by the AMF. This document has been drawn up by the issuer and is binding upon its signatories.

This free translation of the registration document published in the French language is provided solely for the convenience of English-speaking readers.

SUMMARY

Information from the Annual Financial Report is indicated by [(AFR)]

1 ABOUT US

1.1 Profile

This part of the registration document consists in a general overview of the Group and describes its activities by Sector by introducing the various product ranges and services, the markets in which the Sectors are developing, the R&D programmes and the industrial and commercial strategies implemented, as well as their competitive positions.

1.1.1 General overview of the Group

Founded in 1856, CNIM is a French global industrial equipment manufacturer and supplier. The CNIM Group develops, designs and manufactures turnkey industrial solutions with high technological content for large private and public enterprises and for States, and offers expertise, services and operating capability in the areas of the environment, energy, defence and industry. Technological innovation is at the heart of the equipment and services designed and produced by the Group. They contribute to producing cleaner and more competitive energy, reducing the environmental impact of industrial activities, to securing sensitive facilities and infrastructure and to protecting people and States. Listed on Euronext Paris, the Group has a stable, majority family-shareholder base, committed to its development. At 31 December, 2018, CNIM has 2,613 employees generating revenue of €689.8 million, 62.1 % of which was realised abroad.

CNIM is classed as an "Intermediate-sized enterprise", a category of companies characterized by their performance in the international arena, their entrepreneurial capacity and their commercial prowess which make a notable contribution to the growth and competitiveness of the French economy.

The Group is divided into two Sectors, and a brief overview of each one is provided in table form below.

The Group has first-rate industrial facilities, with a main site located in La Seyne-sur-Mer in the Var (France) and seven other specialized sites elsewhere in the world; see paragraph 1.1.1.3.

Environment & Energy	Innovation & Systems
ORGANISATION, PRODUITS ET SERVICES	
- Construction of waste-to-energy and biomass-to-energy centres - Operation and maintenance of waste-to-energy and biomass-to-energy centres - Services (optimization, rehabilitation, revamping and maintenance) for waste-to-energy and biomass-to-energy centres and large combustion plants. - Flue gas and bottom ash treatment systems and incineration residue recovery systems - Construction of solar power plants	The Innovation & Systems Sector comprises: - The Industrial Systems Division, which is made up of CNIM Industrial Systems, a unit of CNIM SA based in La Seyne-sur-Mer, and the operating subsidiaries CTE (China) and CNIM Singapore; - Bertin Technologies and its subsidiaries. The Industrial Systems Division provides a unique range of services offering the development, production, installation and maintenance of innovative equipment and systems. It also performs manufacturing subcontracting contracts for various high-tech industrial sectors. Bertin Technologies and its subsidiaries operate in three major fields of activity: - Systems and instrumentation - Information technology - Consulting, engineering and innovative solutions for energy and the environment, industry and communities.
MARKETS	
Clients: local authorities, plant operators, public service contractors, private investors, energy producers and public or private service companies (especially chemicals, petrochemicals, agri-food, paper, pharmaceuticals, plant operators and major service providers). Markets: Business development in countries which are actively pursuing policies: - to build up their waste-to-energy strategies; - to refurbish and upgrade existing plants and services: thermal power equipment running on all types of fuel, waste recovery plants; - to reduce atmospheric emissions and recover incineration residues; - to develop solar energy.	Clients: large customers in France and internationally Markets: Systems and instrumentation: Equipment, systems and services for critical applications: - Defence & security - Nuclear power & radiation protection - Space & large scientific instruments - Life sciences - Hospital waste management Information technology: Advanced software solution publishing: - Cybersecurity - Cyber intelligence - Speech intelligence Energy & environment: Innovative solutions for energy, the environment, industry and communities: - Engineering, consulting & innovation - Industrial risk management & operating safety - Positive energy/zero-carbon solutions

OUTLOOK	
- Ongoing strategy of commercial development in countries which are actively pursuing policies to build up their waste-to-energy strategies, in which field CNIM can supply design, construction and operating expertise: mainly in the UK; in the Gulf countries and Asia. - Services: CNIM is positioning itself as a major player in the French plant modernization market. As the largest French thermal power plant refurbishment and upgrade contractor, CNIM Babcock Services' strategy is to assist industrial firms in their energy transition and efficiency approach. - LAB intends to enhance its position in the international markets for waste-to-energy, biomass-to-energy and thermal power plants, with an ongoing focus on its traditional markets. Development prospects in offshore applications. - Solar energy: this is an export market, due to the need for strong direct sunshine. Business opportunities are mainly concentrated in the Middle East, South America and China.	Defence: CNIM is adapting its defence portfolio to match the Armed Forces' new requirements, with investments in cybersecurity in France (via the Bertin IT subsidiary) and strong international growth in systems for the land-based and maritime projection of military force. Large Scientific Instruments: CNIM's development activities are centred on projects to develop or modernize large scientific facilities in the areas of astronomy, matter physics and energy. Other cutting-edge industries and diversification activities: CNIM continued manufacturing bespoke equipment for various SMEs, mid-cap companies and large customers, including complex fabricated assemblies and components requiring large-scale and high-precision machining, and has continued diversifying into composites. Systems and instrumentation: The Bertin Technologies subsidiary continued to develop its Systems & Instrumentation range, both in France and internationally via a network of partners. Innovative solutions for energy, the environment, industry and communities. Bertin Énergie Environnement aims to become the European leader in energy performance, off-grid and Smart Energy solutions.

1.1.1.1 Strategy and outlook

As an independent intermediate-sized enterprise, CNIM operates across the whole life cycle of high-added-value technical and industrial equipment.

Its strategy is based on:

- a diverse range of specialisms and a presence in the fields of the environment, energy, defence and security, making it relatively independent of economic cycles;
- the quality of its engineering and design department and industrial resources;
- innovation – the engine of the Group's growth – maintained by high levels of expertise and leading to selectivity in capital spending;
- growth of recurring business over the long term;
- improving competitiveness and profitability to ensure financing needs are met.

The strategies adopted for each Sector in accordance with the Group's general policies are described in the sectoral overviews.

1.1.1.2 Research and Development

Innovation at the heart of its projects

For CNIM, innovation is a response to the technological challenges presented by its customers in the private and public sectors. It is the keystone of its technological leadership, its competitiveness and its development. The Group's achievements are often world firsts.

In the CNIM Group, there are two types of R&D activity:

- research carried out on behalf of customers (this forms a significant part of Bertin Technologies' activities in particular);
- self-financed R&D programmes, which are described by Sector.

For CNIM Group, innovation involves:

- a continuous improvement programme aimed at optimizing existing equipment;
- the development of uniquely designed and constructed new products;
- a dynamic intellectual property policy with a portfolio of 126 groups of patents and 105 trademarks;
- the development of civil applications from defence projects;
- partnerships with research organizations in France and internationally;
- full participation in the development of major competitiveness clusters in France;
- the development of services aimed at optimizing customers' facilities, enabling them to improve equipment uptime and control their operating costs and environmental impact.

R&D programmes are carried out at the level of each Sector which determine what action needs to be taken for their own technological areas within the framework of the Group's innovation strategy. These actions are described in the sectoral overviews.

1.1.1.3 First-rate industrial facilities

CNIM has made the strategic choice to concentrate on the design, manufacturing and operational maintenance of large-scale, high-precision mechanical and thermal equipment.

These technical items are manufactured in small or medium quantities for the defence, nuclear and energy industries in factories equipped with state-of-the-art machinery.

Engineers work closely with production in integrated project teams. Such close collaboration explains the strength of the value chain provided to our clients, as well as the continuous improvement in the execution of our projects.

On CNIM's main industrial site at La Seyne-sur-Mer in the Var (France), you can find all the professions from the Environment & Energy and Innovation & Systems Sectors:

- stages of development: R&D, engineering and design, systems and process engineering, dimensioning, calculations, automated systems, instrumentation and control systems;
- production: clean room activities, machining, welding, boiler-making, set-up/assembly, quality control;
- services: work site coordination and monitoring, commissioning and operational maintenance, client training.

The Group also operates industrial facilities in France, in Thiron Gardais (Bertin Technologies), Montigny-le-Bretonneux (Bertin Technologies) and Pertuis (Winlight), and in Casablanca, Morocco (CNIM Babcock Maroc), Gaoming, China (CTE), Frankfurt, Germany (Bertin GmbH) and Basingstoke, UK (Exensor).

The La Seyne-sur-Mer, Gaoming and Casablanca sites jointly carried out several contract manufacturing agreements for industrial customers. Such services are important to ensure that facilities and personnel remain competitive and able to develop into new industries.

Bertin Technologies' research laboratories and multi-disciplinary capabilities complete this package aimed at industrial innovation.

1.1.1.4 Key success factors

The different Sectors presented all share:

- mechanical and heating engineering capabilities, which form the historical basis of our activities and are combined with first-rate industrial facilities;
- the experience and capacity to lead complex projects;
- opportunities in high-technology industries (with an important design component, quantitatively and qualitatively).

Moreover, the Group has favoured a mix of businesses that makes it possible:

- to cover the whole value chain (R&D, design, equipment manufacturing, installation of the finished product, maintenance and services);
- to weather the effects of cyclical variations in each Sector.

1.1.1.5 Segment information

This information can be found in Section 2.8 "Group results".

Information required under IFRS is presented in the notes to the 2018 consolidated accounts (Note 5, Section 6.1 ''Consolidated financial statements at 31 December, 2018").

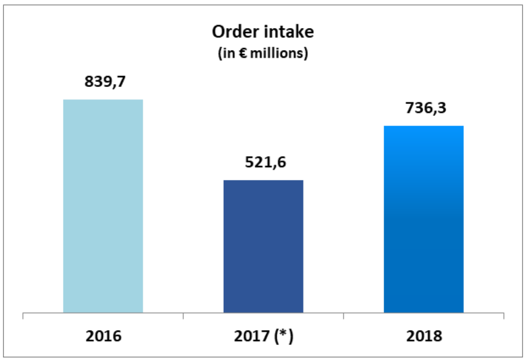
Comprehensive information on subsidiaries and other holdings is provided in this document in:

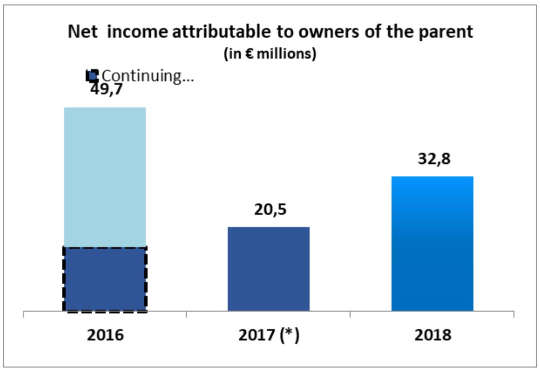
- Section 6.2 of the financial statements (Note 25 to the 2018 CNIM SA Financial Statements);
- – Note 3 "Scope of consolidation" to the 2018 consolidated financial statements;
- Structure of the main Group companies, Section 2.6.

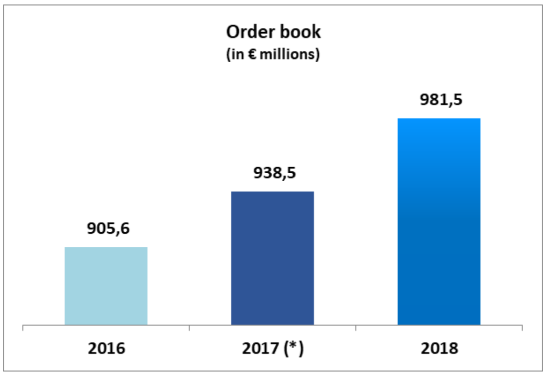
1.2 Key figures

Stated figures are in € millions.

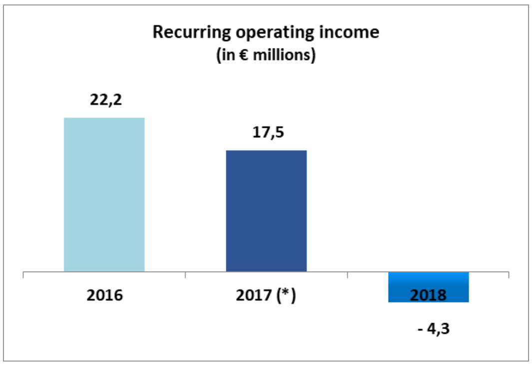
The alternative performance measures (APMs) are defined in paragraph 2.8.4.

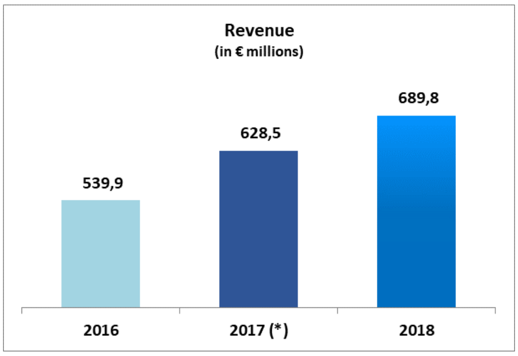


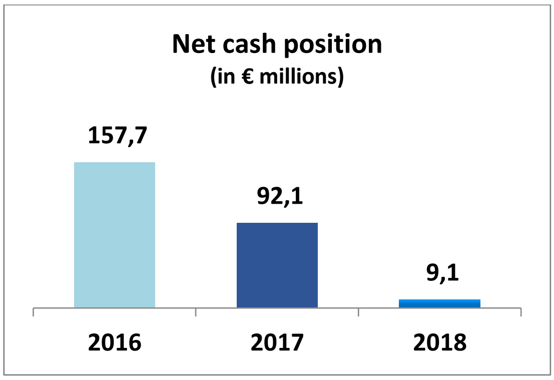


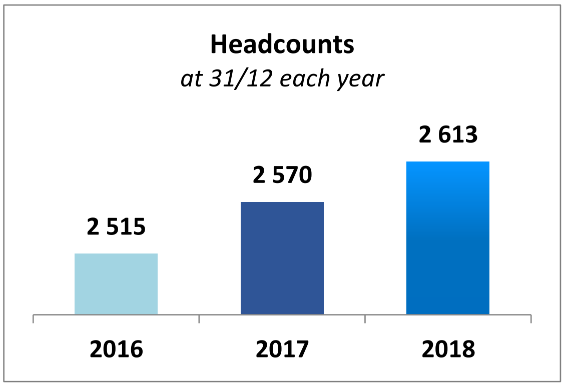


In 2018, 62.1 % of Group revenues were achieved by exports.
A breakdown of revenues by industry and by region is provided in paragraph 2.8.3.1.









(*) adjusted for the impact of the IFRS15 standard

Detailed information for all key figures is presented and discussed in Sections 2.8 to 2.10.

1.3 Our values

CNIM's core values are excellence, creativity, commitment and trust. They are based on respect for individuals, the law and the internal rules in force within the Company.

Excellence:	- of our professional skills and expertise; - of our industrial tools; - of our collective achievements and services.
Creativity:	- of our solutions to anticipate and meet the expectations of our customers; - of our teams to put forward powerful and competitive solutions.
Commitment:	- to Group shareholders over the long term; - to our customers, by offering them quality, flexibility and performance; - to our partners, by developing balanced and lasting relationships; - to our employees, by helping them to achieve their ambitions.
Confidence:	- to consolidate our relationships with our employees; - to underpin our customer relations; - at the heart of our activities to achieve greater success with responsibility and enthusiasm.

1.4 Our business model

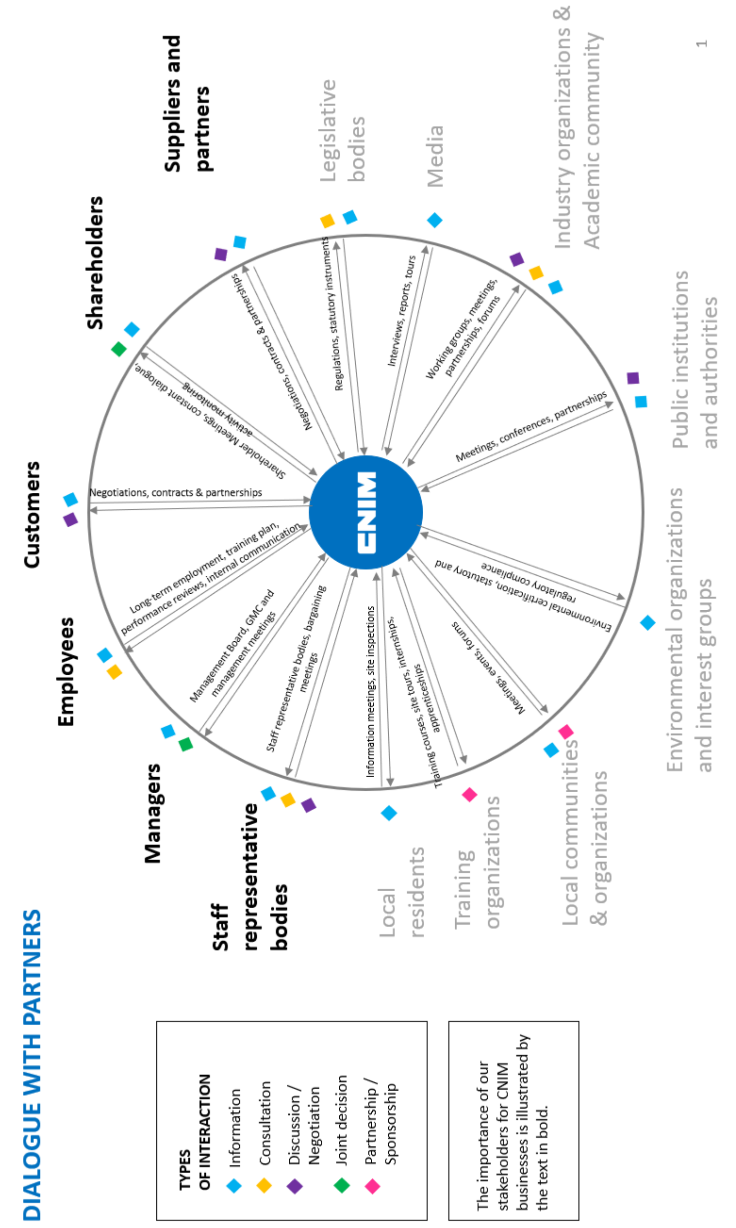
1.4.1 Partners

The CNIM Group first produced a map of its partners in 2013.

This map:

- shows all stakeholders with which CNIM interacts in the course of its activities,
- identifies the extent and forms of dialogue with each partner, as well as the related mutual expectations.

The CSR Manager is responsible for producing this map, which is then subject to internal approval via the CSR reporting framework.



1.4.2 Our business model

OUR BUSINESS MODEL

RESOURCES

Financial
. Stable family share ownership since 1966
. Financial partners

Industrial
. Cutting-edge technological expertise
. State-of-the-art industrial facilities

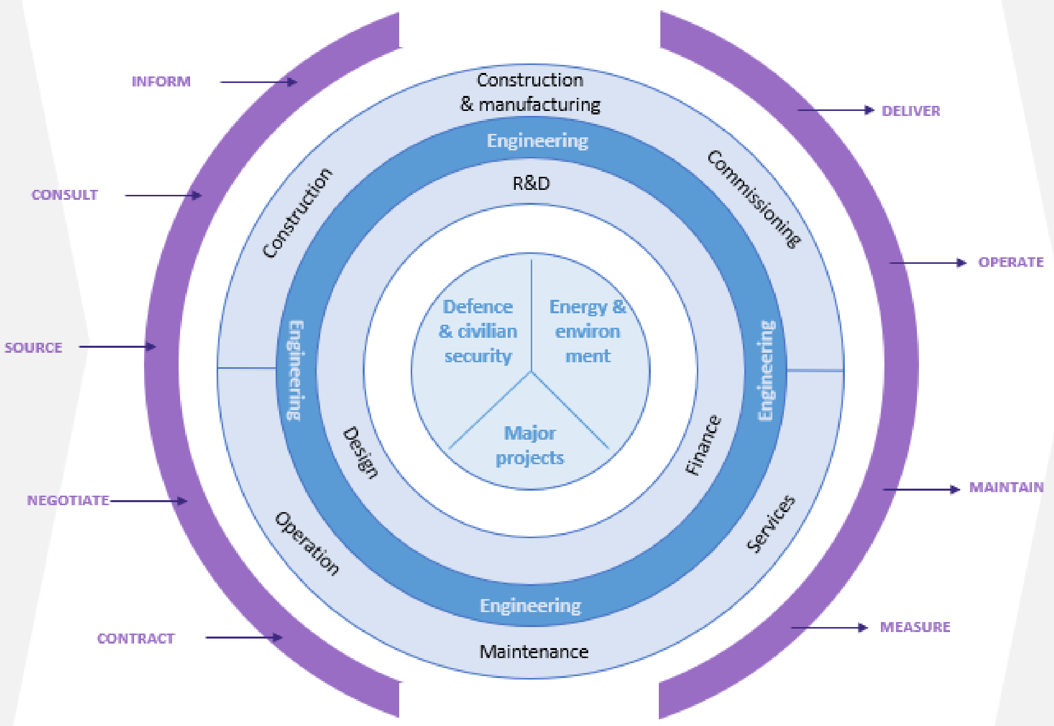
Technological
. R&D
. Patent portfolio
. Proprietary technologies

Human
. 2,800 employees carrying out projects in around 100 countries worldwide
. Corporate human capital development programme
. Certifications (OHSAS 18001, MASE, ISO 45001)

Relational
. Long-term relationships with our subcontractors, suppliers, partners and customers
. Corporate-level ethical and corruption risk management system
. Active participation in competitiveness clusters
. Engagement with the academic community & industry associations

Environmental
. Diverse raw materials (energy sources: domestic waste, biomass, organic waste, solar, etc.)
. Energy certification (ISO 50001)

Solutions for a safer, better protected and more energy-efficient and environmentally sound world



IMPACTS

Financial
. Sustainability and stability
. Growth
. More than half of revenues from export markets

Industrial
. Sought-after employer
. New facilities (for energy production, energy efficiency, environmental impact reduction, data security, security for sensitive facilities, technological support for armed forces)

Technological
. New patents
. Academic partnerships: participation in PhD projects, etc.

Human
. Hiring
. Employee training
. Shared business culture
. Internationalization: development of an appropriate cultural approach to customers and business partners, including suppliers.

Relational
. Joint commitment with suppliers to identify and improve employment and environmental performance, in particular
. Technological and industrial partnerships and sales contracts reaching back decades in some cases
. Joint ventures

Environmental
. Energy efficiency (renewable power generation, energy recovery, etc.)
. Reduced environmental footprint of industrial activities of CNIM and customers.

The solutions devised and implemented by CNIM are paving the way towards a safer, better protected and more energy-efficient and environmentally sound world.
In awarding the Group contracts to design, build and operate their energy transition, defence and security infrastructures, CNIM's customers - which include major public and private-sector contracting authorities in France and all over the world - can feel safe in the knowledge that the Group's 2,800 employees are deeply committed to pushing back technological boundaries and harnessing their creative flair to provide reliable, durable solutions.
The impressive diversity of the Group's capabilities and expertise is reflected in CNIM's activities addressing the long-term challenges facing the world today. Diversity is also the hallmark of this mid-cap enterprise, which - with the backing of family shareholders committed to its development - has harnessed its constantly-renewed capacity for innovation to drive growth and create jobs.

1.5 Governance

Cf 5.1.1 Corporate governance

2 ACTIVITIES, MARKETS, RESULTS, STRATEGY, OUTLOOK, KEY EVENTS AND HIGHLIGHTS(AFR)

2.1 Key events and hightlights of 2018

A. CNIM Group

In 2018, Bertin Technologies, a CNIM subsidiary, disposed of

- Bertin Ergonomie Facteur Humain (digital transformation of businesses and organisations, ergonomics for complex systems involving management of human factors-related risks).
- Bertin Modélisation et Informatique Scientifique (modelling and simulation for the nuclear industry; development and maintenance of scientific software for the aerospace sector);

CNIM also disposed of its indirect interest in SELCHP. SELCHP owns a domestic waste-to-energy facility in London, UK. The company operates a domestic waste-to-energy plant built by CNIM in 1994.

B. CNIM Environment & Energy

- **New orders for turnkey waste-to-energy plants**

Sharjah, United Arab Emirates

- Client: Joint-venture between two local stakeholders, Masdar and Bee'ah.
- Features: The plant will have a single 41 t/h processing line with an annual capacity of 320,000 tonnes of waste. It will generate 37.6 MW of electricity. VapoLAB™ flue gas treatment will be provided by LAB (a CNIM subsidiary). The contract also covers the operation of the plant for a 25-year period.
- Delivery is scheduled for late 2021.

Earls Gate, United Kingdom

- Client: Joint-venture between Brockwell Energy Ltd, Green Investment Group and Covanta
- Features: This contract covers the plant's construction and subsequent operation for a 20-year period. The facility, which will be built in partnership with the civil engineering firm Clugston, has one unit 33.75 t/h line with an annual waste processing capacity of 270,000 tonnes. In addition to distributing 22 MWe to the network, the plant will export thermal energy, in the form of steam, to the nearby Calachem plant. VapoLAB™ flue gas treatment will be provided by LAB (a CNIM subsidiary).
- Delivery is scheduled for late 2021.

Pierrefonds, Reunion Island

- Client: ILEVA (consortium comprising the authorities CASUD, CIVIS and TCO).
- Features: In late 2018, CNIM was notified of the contract to build a waste processing complex featuring a sorting centre (with a capacity of 32,000 t/yr of solid recovered fuel, 145,000 t/yr of residual domestic waste and 11,000 t/yr of green waste) and a waste-to-energy plant (with a capacity of 13 t/h of waste, part of which to be supplied by the sorting centre), which will generate 13.5 MW of electricity. The contract also covers the centre's operation for a 10-year period. This contract included an initial phase covering studies relating to the planning application. The second phase, effective when planning permission is granted, is expected to be confirmed in Q4 2019.
- Handover is scheduled for 2022.

C. Innovation & Systems Sector

CNIM is to supply 14 new Standard Amphibious Landing Craft (EDA-S) for the French navy.

In late 2018, CNIM and the Group's partners SOCARENAM, MAURIC and CNN MCO, won the contract to replace the French navy's landing barges. A total of 14 new Standard Amphibious Landing Craft (EDA-S) are to be built over a 10-year period. This contract reasserts CNIM's status as a key partner to the French Navy and the European leader in amphibious solutions, with two interlocking ranges of innovative vessels: the EDA-S and the EDA-R (Rapid Amphibious Landing Craft).

CNIM and the French naval architects VPLP Design co-develop the Oceanwings hybrid ship propulsion system

Oceanwings is a fully-automated, high-performance, furlable and reefable wingsail that can be used to create a hybrid ship propulsion system harnessing a combination of wind power and conventional propulsion. Based on a wind propulsion concept designed by VPLP Design, in November 2018 CNIM and VPLP Design jointly developed the design for a product suitable for industrial production. CNIM supplied its expertise to ensure that the Oceanwings design satisfied the technical and industrial requirements for mass production. The first two units produced at CNIM's plant in La Seyne-sur-Mer will be mounted aboard Energy Observer, which is the world's first hydrogen-powered vessel designed to operate autonomously.

CNIM diversifies into mechanical components for semi-conductors

CNIM won a contract to fabricate large, precision-manufactured frames for the semiconductor industry using an electron-beam welding process.

Bertin IT joins the academic chair in Industrial Data Analytics & Machine Learning

Created by Atos, the CEA and Ecole Normale Supérieure Paris-Saclay, the academic chair in Industrial Data Analytics & Machine Learning aims to develop industrial data analytics-related disciplines and technologies via a best-in-class training cycle as well as research and development initiatives in partnership with specialist SMEs and startups. Through its commitment alongside this project's principal stakeholders, Bertin IT will help to develop self-learning models with inputs from its database of real-life data extracted from its software platforms, thereby directly leveraging research in the field of artificial intelligence.

2.2 Environment & Energy Sector

2.2.1 Profile

CNIM is one of the leading European specialists in the waste-to-energy and biomass-to-energy fields. Recovery means:

- transforming waste into electric energy and heat (urban district heating, industrial processes);
- extracting materials from waste that can be reused in production cycles.

CNIM has developed a specific range dedicated to the fields of:

- household, industrial and biomass waste-to-energy recovery;
- flue-gas and ash treatment;
- conventional energy production by combustion plants;
- concentrated solar power generation.

The Group provides its public and private-sector customers with a turnkey offer of design, construction and operation in strict compliance with regulatory and environmental impact management standards.

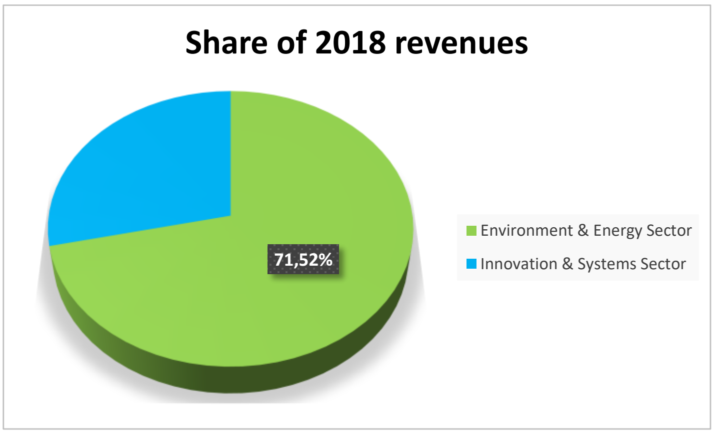
CNIM also offers an extensive range of equipment, systems, expertise and services for rational energy management. CNIM applies an overall approach encompassing energy efficiency and reducing the environmental impact of its clients. The Group's teams have expertise with all types of fuel, including fossil fuels, waste, biomass and solar energy.

Its customers are energy producers, local authorities and industries of all kinds, especially chemicals, petrochemicals, agri-food, paper, pharmaceuticals, plant operators and major service providers.

CNIM has designed and built 170 turnkey waste-to-energy plants (with a total of 288 lines), processing the waste produced by more than 100 million people worldwide.

Since 1953, LAB has completed over 450 contracts in more than 20 countries.

CNIM Environment & Energy revenues (in € millions)		
2016	2017	2018
331.6	**416.7**	**493.3**



2.2.2 Products and services

A. Construction of waste-to-energy and biomass-to-energy centres

CNIM designs, builds and commissions turnkey waste-to-energy and biomass-to-energy plants, using proprietary technologies that comply with the strictest performance and environmental impact management standards and are integrated within a multi-channel approach.

CNIM has developed an offer, spearheaded by SUNCNIM, in the construction of turnkey concentrating solar power plants for the global export market. The CNIM subsidiary SUNCNIM is the first jointly-owned company established by the SPV investment fund SPI (Société de Projets Industriels), which is financed by the French Future Investments Programme and managed by the funding and development bank Bpifrance.

B. Operation and maintenance of waste-to-energy and biomass-to-energy centres

CNIM operates and maintains energy and organic waste and biomass recovery centres.

CNIM currently operates:

- nine waste-to-energy centres (including one multi-process centre comprising an organic waste-to-energy centre equipped with a sorting line, algal processing facilities and a landfill centre);
- a sorting centre;
- a waste disposal centre;
- a plant that recovers metals from clinker;
- two biomass-fuelled power plants.

In concentrating solar power, the Llo CSP plant will be operated by SUNCNIM.

C. (optimization, rehabilitation, revamping and maintenance) for waste-to-energy and biomass-to-energy centres and combustion plants

CNIM Environment & Energy Services coordinates the Environment and Energy Sector's expertise in the market for heat engineering services for combustion facilities in operation. It aims to become a key player in the energy transition and energy efficiency market in regions served by CNIM by leveraging its strengths:

- process expertise and a solution-focussed approach;
- proven experience in construction, operation and renovation projects;
- proprietary products and technologies, backed by a portfolio of patents;
- a solid installed base and strong brands (CNIM, LAB and Babcock).

This unit coordinates the CNIM Group's services, products, solutions and offers relating to its area of expertise:

- preventive and corrective maintenance and replacement parts;
- audits, investigations, support services, troubleshooting and performance enhancement solutions;
- retrofitting;
- performance agreements (with performance guarantees).

The addressed market and customer segments correspond to the technologies and heat cycle (from fuel to flue gas treatment) in which CNIM has expertise:

- waste-to-energy;
- biomass;
- industries (including utilities, district heating, chemicals, petrochemicals, etc.).

The target geographic coverage is as for the Environment & Energy Sector, with activity concentrated in Europe and Africa. In Europe, priority is given to France, the United Kingdom, German-speaking countries and Scandinavia. Further afield, CNIM E&E Services markets its services in North and Central Africa, and indeed worldwide (mainly in the Middle East, Russia and Latin America).

D. Flue gas bottom ash treatment systems and incineration residue recovery systems

CNIM's LAB subsidiaries design, build, install and commission condensing flue gas treatment and heat recovery systems for waste-to-energy and biomass-to-energy plants, power plants and industrial boiler houses. LAB also provides:

- flue gas treatment systems and solutions for offshore industry, including a comprehensive range of flue gas desulphurization solutions for cruise liners, ferries, cargo vessels and container ships;
- treatment systems for ash and clinker produced by waste incineration, enabling ferrous and non-ferrous metals, non-magnetic light metals (e.g. aluminium and copper) and precious metals to be extracted and facilitating disposal.

All processes used comply with European “Best Available Techniques ”.

2.2.3 Contracts in 2018

A. Waste-to-Energy and Biomass-to-Energy centres

In 2018, CNIM consolidated its position as the market leader in the United Kingdom with the award of a contract to build waste-to-energy centres, raising the number of plants built by CNIM in the UK over the past 10 years to 15.

In France, CNIM also received the green light to break ground on a new plant in metropolitan France, in the town of Troyes, as well as a contract to design and build an integrated organic waste-to-energy plant on Reunion Island.

CNIM is positioning itself in major export markets and working on streamlining the waste-to-energy process, taking geographical characteristics and locally forged industrial partnerships into account.

Outside Europe, CNIM is rolling out its business activity on the Middle Eastern markets, and in 2018 the service order was issued for the construction of a waste-to-energy for the Emirate of Sharjah. CNIM also operates in Asia, and has set up a joint Indian subsidiary with its longstanding partner Martin GMBH. CNIM Martin Pvt. Ltd. - the new entity based in Chennai in the Indian state of Tamil Nadu - harnesses the skills and expertise of the two partners to provide turnkey solutions for local authorities and industrial customers.

Furthermore, in regions with mature waste management sectors (primarily Northern and Western Europe), numerous operating and concession agreements are soon to expire. The renewal of such agreements is typically accompanied by a works contract. Working closely with the major operators and concession holders in these regions, CNIM naturally positions itself as a partner able to carry out works at existing facilities, via CNIM E&E Services.

Consistent with this approach, CNIM E&E Services is also pursuing its efforts in mature markets to provide technological solutions to the problems encountered by waste-to-energy and biomass-to-energy plant operators, as well as more conventional utility operators.

Lastly, in regions that have emerging waste-to-energy industries (such as the Middle East) and well-established local waste management operators, a CNIM E&E integrated offer covering the construction and operation of a waste-to-energy centre is generating strong interest among these local stakeholders. In these specific cases, CNIM E&E is able to act as both construction contractor and operator, thereby minimizing the cost of construction and operation of the W2E facility while leaving overall waste management in the hands of a local partner.

B. Reducing polluting emissions

In 2018, LAB reasserted its status as a major provider of flue gas treatment solutions for waste-to-energy facilities, winning an order for a new plant in Sweden and targeting high-performance biomass-fuelled heating plants in Northern Europe.

Additionally, LAB booked an order for the Chinese market, concerning the design and basic engineering for a "zero-emission" plant. This contract is a promising sign for the coming years in China.

LAB's offshore business also had a busy year, with new orders for DeSOx scrubbers for two major German shipping companies.

Lastly, LAB continued its development work centred on processing incinerator ash using the company's Geodur technology, in order to recover ferrous and non-ferrous metals. There are significant opportunities in this market, particularly in the United States. In 2018, three plants built in the United States were commissioned and are now operational. We will optimize these facilities in 2019, before resuming our development efforts.

C. Other markets

The market for utilities (i.e. electricity and process steam) produced by concentrating solar power boilers has been sluggish for the past three years.

The solution developed by CNIM is particularly well-suited to steam production in harsh conditions and CNIM has high hopes for two markets offering long-term growth potential: steam production for process industries and steam production for enhanced oil recovery processes used in the upstream oil & gas industry.

As these markets are emerging only slowly, SUNCNIM has decided to focus its human resources on completing the eLlo project and adjust its business development efforts to match the maturity of these markets. CNIM Environment & Energy will help SUNCNIM to detect and monitor potential opportunities.

2.2.4 Market position (internal sources)

A. Construction of waste-to-energy and biomass-to-energy centres

The Group's main competitors in the market for waste-to-energy plants are Hitachi Zosen Inova, Steinmüller Babcock Environment, Babcock & Wilcox Volund.

Other players include Doosan Lentjes GmbH, Keppel-Seghers Technology, Baumgarte Boiler Systems, Termomeccanica Ecologia and Vinci Environnement. A few local competitors also operate in this market.

In the market for biomass-to-energy plants, Valmet, AET, Baumgarte, Babcock Wilcox Volund, Andritz and BWSC are the principal competitors.

B. Operation and maintenance of waste-to-energy and biomass-to-energy centres

For reference, the main players in France are Suez Environnement, Veolia Environnement, Dalkia Wastenergy, Urbaser and IDEX. Note: CNIM has no plans to develop a plant operation business in France. The Group is focussing primarily on export markets with a less dense competitive landscape.

C. Services (optimization, rehabilitation, revamping and maintenance) for waste-to-energy and biomass-to-energy centres and combustion plants.

The competitors of CNIM Babcock Services include manufacturers (CMI, Ansaldo, Babcock Borsig) large general-purpose maintenance contractors (Endel, Camom etc.) and manufacturers' subcontractors.

D. Construction of flue gas treatment systems

Competitors of various types exist:

- Firms specializing in flue gas treatment solutions for waste-to-energy and biomass-to-energy plants: Hitachi Zosen Inova, Valmet, General Electric, Lühr, Area Impianti, ATS and Vinci Environnement;
- Firms specializing in flue gas treatment systems for marine applications: Ecospray, Wartsilla, Alfa Laval and Yara.

2.2.5 R&D and new products

A. Waste-to-energy and biomass-to-energy projects

The Environment & Energy Sector's R&D programme is supported by three pillars:

- the particularly abundant feedback in the UK, where the Group has completed numerous plants in recent years and where constructions are currently under way, with a high standard of quality and performance. This feedback allows it to streamline all of the processes implemented, including the yield obtained from the waste-to-energy process (simplification of the boiler, improvement in energy and steam production performance) and efficiency of flue gas and nitrogen oxide treatments;
- its presence on the ground, in close contact with the customers it serves, via its facility operation and services entities and through its local sales representations, enables it to anticipate their process, product and service needs aimed at maximizing plants' economic and environmental performance.
- This role as a waste-to-energy plant operator is invaluable in validating and enhancing the reliability of the processes and technologies implemented.

CNIM Environment & Energy's innovation and development activities are part of a broader effort that differentiates CNIM from its competitors. They aim to:

- maximize energy efficiency;
- minimize the environmental footprint of plants;
- create added value.

In 2018, work continued on two major waste-to-energy and biomass-to-energy developments: CNIMCLEAN and TERMINOx HIGH DUST:

- CNIMCLEAN: Trial on line 1 at the Bruxelles Énergie plant in Brussels, and on line 2 at the Veolia facility in Antibes Supplementing the existing cleaning solutions, this patented physicochemical boiler cleaning process increases the availability and processing capacity of waste incinerators;
- TERMINOx High Dust: Feedback from the first year in operation at the Colmar plant. This patented nitrous oxide and dioxin treatment process, integrated into the stack, enables the low thresholds specified in the BREFS to be achieved at very low CAPEX and OPEX and with a reduced environmental footprint;
- CBMS (CNIM Boiler Monitoring System): This new boiler supervision system for waste-fuelled (first installed in Monaco) and biomass-fuelled plants (first installed at Le Moule 3 in Guadeloupe) optimizes a plant's operating strategy (in terms of loading and cleaning) in order to maximize availability and energy production;
- CGCC (CNIM Global Cleaning Concept): This new approach to boiler cleaning enhances energy production and availability through a combination of the CNIM Boiler Monitoring System, CNIMCLEAN, existing cleaning systems, preventive and corrective micro-explosions as well as ash deposit characterization and targeting.

Coal-to-biomass transitional solutions were also developed in 2018, for use at plants that currently burn coal but must be modified to consume only biomass within five years. This transition poses a number of challenges relating to fuel transportation and injection, combustion, boiler compatibility (in terms of thermal performance, fouling, etc.), ash, dust removal and flue gas and process water treatment.

As each plant has its own specificities, CNIM has developed an analytical approach based on the Group's experience (including at the biomass-to-energy plants in Kogeban and Estrées Mons), the transposition of its waste-to-energy process expertise and the use of new technologies, solutions and services. This development positions CNIM not only as an industry leader in coal plant retrofitting but also as an expert in new installations. Expanding this dynamic, the Group has patented a process to combine solid recovered fuel (SRF) or concentrating solar power (CSP) plants with biomass-fired plants.

Regarding markets in which the overall performance requirements are more modest, the development focus is more on process simplification and better matching supply and demand;

Note that a number of R&D projects are either being conducted jointly with European universities or benefit from cooperation with other CNIM Group companies; Lastly, since 2016, R&D projects are coordinated and monitored by a Technical and Scientific Committee, on which a professor at Vienna University of Technology is a standing member.

B. Flue gas and bottom ash treatment and incineration residue recovery systems

The Environment & Energy sector has developed its own catalogue of processes. LAB holds 41 groups of active patents, 34 of which are extended to abroad, mainly in Europe, and 30 trademarks, 28 of which are extended to abroad. LAB files on average 6-7 patents per year, more than two thirds of which are immediately put to use in its products and construction projects. These enable it to avoid dependency on third-party technologies and offer a range of processes that can be implemented in standard or customized configurations.

LAB has developed a wet scrubbing technology, marketed under the DeepBlueLAB™ brand, that responds to the needs of the shipping industry for flue gas de-pollution systems. Perfecting this new product required LAB to comply with existing environmental directives and also to take account of specific restrictions concerning installation on vessels, such as the space available, the weight of the equipment and the necessary reduction of power consumption. Following the development of plastic scrubbing systems (offline), LAB has supplemented its range of shipping processes with metal alloy scrubbing systems (inline) that are resistant to both corrosion and temperature and are installed in place of mufflers. To do this, LAB has had to design scrubbers that deliver the same noise reduction performance as mufflers. LAB has also developed an innovative new scrubber solution featuring a rectangular profile to address space restrictions on board container ships.

LAB's GEODUR subsidiary has developed and patented an original system for treating residues from flue gas cleaning that is perfectly suited to the Middle Eastern market, which uses waste water and fine fraction of bottom ash, polluting effluents, as a reagent to ensure stabilization.

Synergy of CNIM and LAB R&D resources

The expert staff of CNIM and LAB analyze and coordinate different markets' needs in order to develop the right products to meet them. They have significant material resources at their disposal in the form of the CNIM & LAB Test Center and its mobile on-site analysis and investigation units, of which DemoLAB® is the best example.

2.2.6 Strengths

A. Waste-to-energy and biomass-to-energy projects

CNIM's strengths reside in:

- a particularly agile, responsive commercial strategy that enables the Group to adapt to its diverse markets, giving appropriate consideration to local specificities and forging partnerships with local stakeholders, including industrial and civil engineering partnerships as well as business partnerships with developers and operators;
- universally-acknowledged expertise as an all-round contractor.

These two major strengths are also backed by a well-developed ability to capitalize on feedback and by ambitious technological innovation programmes that yield a steady stream of reliable, competitive and highly effective technologies.

In a highly competitive environment, CNIM's ability to establish SPV companies and offer financing solutions for certain projects that combine construction with a plant operation contract is an indispensable asset.

This possibility of participating in project financing is entirely dependent on the specific nature of the local market and operators present.

Regarding plant operation, CNIM continued its sales and marketing efforts relating to waste-to-energy plants built by CNIM or by other manufacturers. This positioning is justified by CNIM’s plant operation experience and technical expertise as a manufacturer.

B. Services (optimization, rehabilitation, revamping and maintenance) for waste-to-energy and biomass-to-energy centres and combustion plants

CNIM’s strengths include:

- the ability to tackle the full spectrum of issues: routine and preventive maintenance, expert investigations, audits, trouble-shooting, unit management and continuous improvement, compliance and optimization works, training and replacement parts;
- expertise in environmental standards compliance and modernization projects involving combustion plants;
- unmatched process expertise covering the full heating cycle of waste-to-energy/biomass-to-energy plants and facilities that must manage an energy transition;
- partnerships that supplement the Group's fields of expertise and extend its international reach;
- differentiating technologies, patents and proprietary know-how;
- expertise in build-operate-maintain projects.

C. Flue gas and bottom ash treatment and incineration residue recovery

LAB’s strengths include:

- lengthy experience in many different countries;
- a comprehensive technology portfolio;
- proven ability to quickly and effectively adapt to new markets, such as offshore applications.

2.2.7 Strategy and outlook

A. Construction of waste-to-energy and biomass-to-energy centres

In the French market, CNIM is continuing to generate business from the refurbishment of waste recovery centres which need to be updated or in some cases rebuilt to improve their energy efficiency and environmental performance. The customers are local authorities keen to keep older facilities running over the long term.

CNIM has continued its strategy of commercial development in countries that are actively pursuing policies to build up their waste-to-energy strategies, in which field CNIM can supply design, construction and operating expertise:

- in Europe, primarily in the UK;
- in the Gulf countries and Southeast Asia.

CNIM selects projects and markets with extreme care in order to avoid any exposure to unmanageable risks.

B. Operation and maintenance of waste and biomass processing centres

Plant operation is a strategic development focus for CNIM.

CNIM Environment & Energy Operations & Maintenance is developing its activity exclusively by extending the Group's waste-to-energy plant construction offer. In general, CNIM Environment & Energy Operations & Maintenance does not aim to take over from existing operating contracts, preferring to partner with existing operators to carry out works arising out of requests for proposals for concession or operating agreement renewals.

This combined construction and operation offer is attractive due to its ability to:

- decrease the cost of the interface between the manufacturer and operator (for example, joint commissioning teams may be established, and minor defects corrected during the operational startup phase, accelerating overall plant commissioning);
- optimize management of the facility's maintenance budget by drawing on CNIM's unmatched expertise as a manufacturer, operator and service provider;
- reduce plant supervision costs by drawing on CNIM's centralized expertise while monitoring plants in operation. When the plant operation business was launched (more than 40 years ago), CNIM opted for a very centralized approach to supervising waste-to-energy plants, wherever they may be located, to give all plants access to our precious specialist expertise.

This offer has been particularly welcomed by:

- local waste management operators, unfamiliar with waste-to-energy processes. Such operators partner with CNIM, which may be able to share plant operation activities with them. This enables the local partner to defend their market share against other waste management operators by teaming up with a waste-to-energy specialist that has no intention of competing with them for the rest of their waste management business (including collection and other types of processing);
- conventional developers specializing in utilities (e.g. investment funds), which have secured their waste procurement flows;
- local authorities, which are able to arrange financing for the plant and supply it with waste.

Responding to calls for tender was therefore stepped up and opportunities started to materialize.

CNIM is continuing its development in countries that are initiating waste-to-energy policies.

C. Services (optimization, rehabilitation, revamping and maintenance) for waste-to-energy and biomass-to-energy centres and combustion plants

CNIM is positioning itself as a major player in the French plant modernization market.

The principal growth vectors for this business include:

- carrying out compliance works to bring plants into line with new regulations;
- improving energy efficiency at plants;
- decreasing their operating expenses;
- increasing their processing capacity;
- extending their service lives.

This positioning is justified by CNIM's expertise as a constructor, repairer and operator in waste-to-energy, flue gas treatment and instrumentation and control systems.

CNIM Babcock Services:

- provides expertise and local services, ensuring maximum availability of customer facilities;
- assists customers in their energy transition approach by providing environmental compliance services.

D. Flue gas and bottom ash treatment and incineration residue recovery systems

LAB's strategy is to continue to defend and enhance its position in the international markets for waste-to-energy, biomass-to-energy and thermal plants, with an ongoing focus on its traditional markets in Scandinavia and western and central Europe.

LAB is studying growth opportunities in markets further afield - particularly in China, following an initial order based on a "zero-emissions" concept, and in countries in which CNIM is developing its activities.

The development outlook for offshore applications is bright; growth drivers include the incoming Marpol regulations and the need for compatibility with other technologies (including DeNOx, in particular).

Lastly, LAB intends to continue developing its activities - particularly in the United States - relating to the recovery of ferrous and non-ferrous metals from bottom ash produced by waste-to-energy processes, after finalizing the optimization of the three operational plants, which is scheduled to continue throughout 2019.

E. Construction of solar power plants

Various successful contracts in France notwithstanding, the concentrated solar power (CSP) market will essentially be an export market, owing to the requirement for intense direct sunshine. The key areas for business opportunities concern mainly the Middle East, South America and China.

2.2.8 Activity in 2018

A. Construction of waste-to-energy and biomass-to-energy centres

- **Ongoing design and production contracts for turnkey waste-to-energy plants**

South London, Beddington, UK

- Client: Viridor (Pennon Group).
- Features: The plant has two 17.6 t/h processing lines with an annual capacity of 275,000 tonnes of waste. It generates 24 MWe. VapoLAB™ flue gas treatment is provided by LAB (a CNIM subsidiary).
- The plant has been in full operation since mid-2018. Final handover has been postponed until the first quarter of 2019, in order to complete certain additional works required since the original civil engineering contractor ceased trading.

Kemsley, UK

- Client: Wheelabrator.
- Features: The facility is being built in partnership with the civil engineering firm Clugston, and is equipped with two 35 t/h lines, giving it an annual processing capacity of 275,000 tonnes of waste. It will generate 60 MWe. VapoLAB™ flue gas treatment will be provided by LAB (a CNIM subsidiary). Delivery is scheduled for mid-2019.

Parc Adfer, UK

- Client: Wheelabrator.
- Features: the facility is being built in partnership with the civil engineering firm Clugston, and is equipped with one 26.3 t/h line with an annual processing capacity of 200,000 tonnes of waste. It generates 17 MWe. VapoLAB™ flue gas treatment is provided by LAB (a CNIM subsidiary). The plant will supply 30,000 households or industries with electricity.
- Delivery is scheduled for late 2019.

Thiverval, France

- Client: SIDOMPE.
- Features: In late 2016, CNIM won the call for tender on the "design, production, operation, maintenance and energy optimization of the waste-to-energy plant". The work aims at improving energy efficiency and flue gas treatment, and operating the plant for a period of ten years. Activities include replacing the first two units with a new unit, modernizing Line 3, replacing the turbo generator and modernizing the existing flue gas treatment facilities with VapoLAB™, using quicklime and SNCR/TermiNOxLABTM. When completed, the plant will have a total electrical power output of 17 MWe. It will supply electricity to 15,000 homes (as opposed to 6,000 before the work).
- The plant was handed over on schedule, in late 2018.
- Compliance works on the final flue gas treatment line began in late 2018 and are scheduled for completion in late 2019.

Avonmouth, UK

- Client: Viridor (Pennon Group)
- Features: This waste-to-energy plant is being built in partnership with Clugston, a British civil engineering contractor. This facility, featuring two 20.6 t/h lines, will export up to 34 MWe to the grid and will be equipped with a SecoLAB™ flue gas treatment system supplied by the LAB subsidiary.
- Delivery scheduled for February 2020.

Belgrade, Serbia

- Client: Beo Čista Energija (BCE), an SPV set up by a consortium between Suez, Itochu and Marguerite.
- Features: The SPV awarded CNIM a turnkey contract for a waste-to-energy plant featuring a production line designed to operate at 43.5 t/h (max. capacity: 49t/h) with an annual processing capacity of 340,000 t/yr. The new plant will generate 33 MWe of electric power and supply an urban heating network. The LAB subsidiary will supply a SecoLAB™ flue gas treatment installation and maturation silo.

- Handover is slated for 2022, following a delay issuing the works service order resulting from a longer-than-expected planning application process.

Troyes, France

- Client: Veolia
- Features: In May 2017, Veolia and CNIM entered into a contract concerning the supply, installation and commissioning of the Process work package for the waste-to-energy plant in Troyes. An initial service order was issued under this contract in 2017, covering studies relating to the planning application and design studies for the planned plant's principal equipment systems. The plant will process half of the household waste produced by the Aube department, i.e. 60,000 tonnes, as well as 5,000 tonnes of non-hazardous industrial waste and 10,000 tonnes of wood. The waste-to-energy plant will supply energy to local industries, heat homes and generate electricity. It will generate 41 GWh of electricity, equivalent to the power consumption of nearly 50,000 people, as well as 60 GWh of thermal energy, covering the consumption of nearly 8,900 people.
- The second works service order was confirmed in September 2018, upon obtaining planning consent, and handover is scheduled for 2021.

• New orders for turnkey waste-to-energy plants

Sharjah, United Arab Emirates

- Client: Joint-venture between two local stakeholders, Masdar and Bee'ah.
- Features: The plant will have a single 41 t/h processing line with an annual capacity of 320,000 tonnes of waste. It will generate 37.6 MW of electricity. VapoLAB™ flue gas treatment will be provided by LAB (a CNIM subsidiary). The contract also covers the operation of the plant for a 25-year period.
- Delivery is scheduled for late 2021.

Earls Gate, United Kingdom

- Client: Joint-venture between Brockwell Energy Ltd, Green Investment Group and Covanta
- Features: This contract covers the plant's construction and subsequent operation for a 20-year period. The facility, which will be built in partnership with the civil engineering firm Clugston, has one unit 33.75 t/h line with an annual waste processing capacity of 270,000 tonnes. In addition to distributing 22 MWe to the network, the plant will export thermal energy, in the form of steam, to the nearby Calachem plant. VapoLAB™ flue gas treatment will be provided by LAB (a CNIM subsidiary).
- Delivery is scheduled for late 2021.

Pierrefonds, Reunion Island

- Client: ILEVA (consortium comprising the authorities CASUD, CIVIS and TCO).
- Features: In late 2018, CNIM was notified of the contract to build a waste processing complex featuring a sorting centre (with a capacity of 32,000 t/yr of solid recovered fuel, 145,000 t/yr of residual domestic waste and 11,000 t/yr of green waste) and a waste-to-energy plant (with a capacity of 13 t/h of waste, part of which to be supplied by the sorting centre), which will generate 13.5 MW of electricity. The contract also covers the centre's operation for a 10-year period. This contract included an initial phase covering studies relating to the planning application. The second phase, effective when planning permission is granted, is expected to be confirmed in Q4 2019.
- Handover is scheduled for 2022.

• Construction of solar power plants

In 2016, SUNCNIM finalized the financing of the joint venture company, eLlo, set up for the construction and operation of the concentrated solar power plant at Llo in the Pyrénées-Orientales (France). This will be the first Fresnel concentrated solar power plant in the world with the ability to store several hours' worth of power.

The plant will have a thermal energy storage unit and will produce 9 MW of renewable electricity for export to the EDF grid – enough to supply power to over 6,000 households.

In 2018, SUNCNIM completed construction of this power plant, which will be operated by SUNCNIM for a 20-year period.

B. Operation and maintenance of waste-to-energy and biomass-to-energy centres

Baku, Azerbaijan

- Client: Azeri economy ministry / Tamiz Shahar.
- The 20-year operational phase of the contract, which began in 2015, continued in 2018 with a significant increase in the tonnage processed.
- Features: Two 33 t/h units with a total annual capacity of 500,000 tonnes of municipal waste and 10,000 tonnes of hospital waste. The plant is designed to export 231,500 MWh of electricity per annum to the grid (with a waste calorific value of 8,500 MJ/t), which corresponds to the electricity consumed by 50,000 homes. With the plant replacing the use of landfill, over one tonne of carbon dioxide is saved per tonne of waste incinerated, resulting in a total reduction of at least 500,000 tonnes of carbon dioxide per annum.

Estrées-Mons, Somme, France

- Client: CBEM (SPV).
- The plant, handed over in February 2016, is operated by Picardie Biomasse Énergie (PBE). PBE was set up in 2018 following the alliance between SABEHF (Société d'Approvisionnement en Biomasse Énergie), a subsidiary of Akuo Energy, and CEB (CNIM Énergie Biomasse), a CNIM subsidiary.
- Features: This power plant is fuelled by clean biomass (wood from forest exploitation, sawmill by-products, wood from energy crops, shredded wood used in packaging and wood from the maintenance of green areas). It generates 13 MWe, and supplies energy in the form of steam to a nearby industrial company for use in its production process. SecoLAB™ flue gas treatment.

Nesle, Somme, France

- Client: Kogeban (SPV).
- Delivered in 2014. Operated by PBE.
- Features: The unit fuelled by clean biomass (wood from forest exploitation, sawmill by-products, wood from energy crops, shredded wood used in packaging and wood from the maintenance of green areas) is now in operation. The power it generates is enough to meet the needs of a town of 5,000 households; three million tonnes of CO_2 will be saved over twenty years. Each year, 130 GWh of electricity and 300 GWh of heat energy will be able to be generated from 250,000 tonnes of biomass, and used by an industrial company.

Plouharnel, Morbihan, France

- Client: AQTA (Auray Quiberon Terre Atlantique).
- CNIM has operated the plant since December 2014. A feasibility study (firm tranche) for the installation of an energy recovery facility and an electricity generation facility was commissioned in 2014 and 2015. However, the client chose not to proceed with the optional tranche of works, with the plant continuing to operate unmodified in 2018 as a result.
- Features: The incinerator, which treats 31,500 tonnes of waste per annum, was built in the early 1970s and does not have a waste-to-energy facility. CNIM continues to operate the plant; plans to modernize the plant and carry out waste-to-energy works have been abandoned.

Saint-Pantaléon de Larche, Corrèze, France

- Client: SYTTOM 19.
- CNIM has been running the plant since 2013, and has replaced the previous flue-gas treatment process with a modern, patented treatment process that is capable of improving environmental performance while reducing the amount of resources consumed (75,000 m^3 of water saved per annum).
- Features: The facility, which is able to treat up to 70,000 tonnes of waste per annum, was built in the early 1970s. It features three lines with energy recovery systems, which supply energy to an industrial company and heat to municipal greenhouses. A new dry flue-gas treatment system has recently come into service (work carried out in late 2013), which has seen Nox emissions drop from 200 mg/Nm3 to 80 mg/Nm3 and resulted in the 'R1' energy efficiency rating being obtained. In 2014, CNIM was awarded the contract to build and operate an electricity generation unit to add to the WEP's existing facility for energy recovery in the form of heat (work carried out in 2014). This facility has been in production since early 2015.
- In late 2017, the client and a consortium consisting of CNIM Centre France and CNIM (heat-pump supplied by CNIM Industrial Systems) agreed a contract to build a facility to recover trapped energy. Engineering and construction began in 2018, with handover scheduled for the summer of 2019.

Thiverval, Yvelines, France

- Client: SIDOMPE.
- Features: In late 2016, CNIM won the call for tender on the “design, production, operation, maintenance and energy optimization of the waste-to-energy plant”. The work aims at improving energy efficiency and flue gas treatment, and operating the plant for a period of ten years. Activities include replacing the first two units with a new unit, modernizing Line 3, replacing the turbo generator and modernizing the existing flue gas treatment facilities with VapoLAB™, using quicklime and SNCR/TermiNOxLABTM. When completed, the plant will have a total electrical power output of 17 MWe. It will supply electricity to 15,000 homes (as opposed to 6,000 before the work).
- Delivery is scheduled for the autumn of 2019, to be followed by a 10-year operating phase. The work carried out in 2018 consisted in dismantling one of the two hot water supply lines, and installing and commissioning the new waste-to-energy line, related flue gas treatment system and turbine generator. The second hot water supply line and the existing turbine generator were permanently shut down at the end of the year in preparation for decommissioning.

Thiverval, Yvelines, France – Waste sorting centre

- Client: SIDOMPE.
- CNIM has been operating the waste sorting plant since July 1, 2008.
- Features: The treatment plant's annual processing capacity is now 30,000 tonnes.

Pluzunet, Côtes d’Armor, France

- Client: SMITRED.
- CNIM has been operating the waste-to-energy plant since 2007. In 2016, CNIM won the call for tender for renewal of the operating contract.
- Features: the waste-to-energy plant, which treats 57,000 tonnes of waste per annum, was commissioned in 1997. This facility is fitted with a boiler and a turbo-alternator, capable of generating around 17 GWh of electricity per annum and also heat energy which is used for heating horticultural and vegetable greenhouses. In 2017, the operating contract was renewed for a 12-year period, with CNIM submitting the winning bid.

Lantic, Côtes d’Armor, France

- Client: KERVAL.
- CNIM has been operating the waste-to-energy plant since 2009. CNIM modernized the site in 2009, and a year later built a green algae treatment unit with an annual capacity of 20,000 tonnes. The facility also generates electricity from photovoltaic panels.
- Features: the waste-to-energy plant, which takes in around 35,000 tonnes of waste per annum, was commissioned in 1999. This facility is equipped with two microbiological treatment units and a non-hazardous waste storage facility. The compost produced (around 10,000 tonnes per annum) is approved for use in organic agriculture.

Stoke-on-Trent, Midlands, UK

- Client: Hanford Waste Services.
- CNIM built the waste-to-energy plant and has been operating it since 1999 through its subsidiary MES Environmental Ltd.
- Features: 210,000 tonnes of household waste are treated per annum via two units having a capacity of 12 t/h, generating 98,000 MWh of electricity per annum.

Stoke-on-Trent, Midlands, UK

- Client: Stoke City.
- CNIM has been operating the waste disposal centre since 1999, through its subsidiary MES Environmental Ltd.
- Features: Waste disposal centre for residents of Stoke-on-Trent, processing 8,000 tonnes of waste annually.

Wolverhampton, Midlands, UK

- Client: Wolverhampton Waste Services.
- CNIM built the waste-to-energy plant and has been operating it since 1999 through its subsidiary MES Environmental Ltd.

- Features: 120,000 tonnes of household waste are treated per annum via two units having a capacity of 7 t/h, generating 45,000 MWh of electricity per annum.

Dudley, Midlands, UK

- Client: Dudley Waste Services.
- CNIM built the waste-to-energy plant and has been operating it since 1999 through its subsidiary MES Environmental Ltd.
- Features: 100,000 tonnes of household waste are treated per annum via two units having a capacity of 6 t/h, generating 37,000 MWh of electricity per annum.

Paris 17th arrondissement, France – Waste sorting centre

- Client: Syctom.
- Operating in a consortium, CNIM is responsible for the design, construction and operation (for a period of two years from completion of construction, scheduled for May 2019) of this waste sorting centre in central Paris. The fully automated facility will recover waste from more than one million residents. With its 13 optical sorting machines, this cutting-edge, high-performance plant will be able to process up to 15 tonnes per hour. Well-suited to sorting new plastics as part of the extended sorting instructions, it will enable us to go a step further in the recycling of household packaging.

C. Services (optimization, rehabilitation, revamping and maintenance) for waste-to-energy and biomass-to-energy centres and combustion plants.

- **Major orders and completed projects in 2018**

Waste-to-energy (W2E) plants

- Colmar, France (SITDCE): End of the warranty period for the plant renovation project, and more specifically the first industrial application of TERMINOx High Dust.
- Monaco (Société Monégasque d'Assainissement): The plant audit and failure modes, effects and criticality analysis (FMECA) were finalized with the aim of enabling the existing plant to continue operating until 2025, when a new waste processing facility is due to come onstream. This study was followed by an order for recommended improvement works and in particular, the installation of a TERMINOx High Dust system and the first CNIM Boiler Monitoring System (CBMS). Work began in 2018 and will be completed in 2019.
- Schweighouse, France (Suez): Flue treatment upgrade and waste-to-energy process optimization works. Work began in 2018 and will be completed in 2019.
- Vaux-le-Penil, France (SMITOM): Flue treatment upgrade and waste-to-energy process optimization works, and installation of a TERMINOx High Dust system. Work began in 2018 and will be completed in 2019.
- Brussels, Belgium (Bruxelles Énergie): Installation of a radiating heater for the second run in boiler 2, to heat steam using energy recovered from flue gases, replacing the current gas-fired heating system.
- Strasbourg, France (Séché): Revamping work on the scrubbers in line 1. Renovation of the scrubbers' internal coating, using a new resin/silicon carbide composite.
- France: Audit, repair and maintenance services for operators of waste-to-energy and biomass plants.
- France: Ongoing performance of the framework agreement with Suez, covering preventive and corrective maintenance at its fleet of waste-to-energy plants.

Biomass: coal-to-biomass transition

- Le Moule 1&2, Guadeloupe (Albioma): Works to make the plant compliant with the new EU Industrial Emissions Directive (IED) in the context of the coal-to-biomass transition. Part of the work was done in 2018 (at Le Moule 1) and the remainder will be completed in 2019.
- Le Moule 3, Guadeloupe – Caraïbes Énergie (Albioma): Order to conduct studies concerning the conversion of the first plant from coal to biomass, plus a letter of intent to order the related works. Said works consist in adapting the plant, which currently burns coal, to operate using biomass. The work relates to fuel transportation and combustion, the boiler unit, dust abatement and the treatment of releases into the atmosphere and water. The CNIM Boiler Monitoring System (CBMS, cf § 2.2.5.A) is to be installed for the first time at a biomass-to-energy plant.

- Saint-Ouen, France (CPCU): In 2018, CNIM Babcock Services conducted an in-depth technical analysis with a view to converting two coal-fired urban heating boilers (operated by CPCU Saint Ouen) to use biomass exclusively. In addition to this assessment, the company performed production tests and provided operational support. The conversion to wood fuel yielded significant reductions in NOx, sulphur and particulate emissions. These two boilers are covered by an ongoing multi-year maintenance agreement, with work carried out each summer. As the site is located in a residential area, CNIM Babcock Services also carried out a joint study with Bertin Technologies, with the aim of abating noise and visual nuisances (including eliminating the plume) at the facility.

Steelmaking

Fos-sur-Mer, France: CNIM Babcock Services successfully completed the renovation of a boiler plant at a steelworks.

Agri-food/Sugar refining

Oise department, France: CNIM Babcock Services carried out major works at sugar refinery boiler plants.

Africa:

- Cosumar group (Morocco): Recurrent maintenance operations at bagasse- and coal-fired boiler plants.
- Somdiaa group (sub-Saharan Africa):
    - technical audits of boiler plants at four sites in Africa (in Congo, Cameroon, Chad and the Central African Republic);
    - supply of pressure components for sugar refineries operated by Saris and Sosucam.

Thermal power plants

- Morocco: For the third consecutive year, Taqa Morocco awarded CNIM Babcock Maroc the maintenance contract for the boiler plants at Units 2 and 4, for the major shutdown (40 days) at Unit 2 and for the minor shutdown (25 days) at Unit 4. In the course of these activities, numerous pressure components were replaced with parts manufactured by CNIM Babcock Maroc.
- CNIM Babcock Services won an export order relating to a thermal power plant.

Chemicals

- **Mardyck, France**: CNIM Babcock Services began performance of a contract from Versalis France in 2018. This specialist in organic base chemicals chose CNIM to perform the design studies and modification works to convert the two boilers at its plant in Mardyck (France) to operate using gas exclusively. This contract is staggered over a two-year period.
- **Jorf Lasfar, Morocco**: Delattre Levivier Maroc awarded CNIM Babcock Maroc the contract to manufacture 64 sulphur melting heat exchangers and heating coils for the sulphur melters at a new molten sulphur unit in partnership with Office Chérifien des Phosphates (OCP) in Jorf Lasfar.
- **Gabès, Tunisia**: CNIM Babcock Maroc won a contract with Groupe Chimique Tunisien to refurbish two tunnel boilers at the Gabès plant. The work included measuring dimensions, producing drawings, and supplying and fitting pressure components. All equipment for these boilers was delivered during the third quarter of 2018. Assembly is planned for 2019.

Concentrated Solar Power

Ouarzazate, Morocco: ACWA Power, an international leader in solar power plant construction, maintenance and operation, has awarded CNIM Babcock Maroc the contract for repair works on four of the six (HTF/molten salt) heat exchangers at the Noor 1 site, which store energy during the day and release it at night. This was a high-stakes project for the customer, and hence CNIM Babcock Maroc, due to severe technical constraints. The work was completed and accepted in 2018, a month ahead of schedule.

Metalworking

France: CNIM Babcock Services carried out a major contract from a French mining and metalworking company, covering scheduled maintenance of two boilers.

Papermaking

Caribbean & South America:

- CNIM Babcock Services performed extensive maintenance on a paper mill boiler in Columbia, with potential for repeat business.
- CNIM Babcock Services performed technical audits on steam generator systems in the papermaking industry.

Petrochemicals

France:

- CNIM Babcock Services refurbished a process boiler plant at a French petrochemicals facility.
- CNIM Babcock Services replaced a heater on a boiler at a French petrochemical facility.

Russia: CNIM Babcock Services was selected to supply equipment for potentially recurrent major maintenance on power boilers at petrochemical plants.

Utilities / Power generation / District heating

France:

- **Gardanne / Saint Ouen**: CNIM Babcock Services provides preventive maintenance services at France's most powerful biomass-to-energy plants (Uniper Gardanne and CPCU Saint Ouen).
- **Gardanne**: CNIM Babcock Services conducted recurrent preventive and corrective maintenance on the 600 MWe coal-fired and 150 MWe biomass-fired boilers at the Centrale de Provence plant (Uniper Gardanne).
- The company also managed the ten-year requalification procedure at a 490 MW gas-fired combined-cycle power plant.

Caribbean & South America:

- CNIM Babcock Services is providing ongoing support to a national power generator in the Caribbean, providing services and strategic components required for a refurbishment programme at its largest thermal power plant.
- CNIM Babcock Services is rolling out its business to South America, performing technical audits of steam generators in the power generation sector.

D. Réalisation de systèmes de traitement des fumées

Major orders and ongoing contracts in 2018 with the parent company CNIM, relating to turnkey design and production of waste-to-energy and biomass recycling plants

Waste treatment

- **Beddington, South London, United Kingdom**: VapoLAB™ flue gas treatment with injection of slaked lime and activated carbon. Commissioning.
- **Kemsley, United Kingdom**: VapoLAB™ flue gas treatment with injection of slaked lime and activated carbon. Currently under construction.

- **Parc Adfer, United Kingdom**: VapoLAB™ flue gas treatment with injection of slaked lime and activated carbon. Assembly in progress.
- **Avonmouth, United Kingdom**: SecoLAB™ flue gas treatment with injection of slaked lime and maturation. Construction and initial phase of commissioning.
- **Troyes, France**: TERMINOx + VapoLAB™ flue gas treatment with slaked lime injection. Design phase.
- **Thiverval, France**: Replacement of wet flue gas treatment by VapoLAB™ using quicklime + SNCR/TermiNOxLAB™. Commissioning.
- **Belgrade, Serbia**: SecoLAB™ with a maturation silo. Design phase.
- **Haguenau, France**: Supply of two bag filters. Design and manufacture.
- **Le Moule, Guadeloupe, France**: Supply of two bag filters. Design and manufacture.

- **Major orders and ongoing "non-Group" projects contracted by LAB in 2018**

Waste treatment

- **Nordforbraending - Hoersholm, Denmark**: SecoLAB™ flue gas treatment with condenser, water treatment and heat pumps. Acceptance.
- **ARC - Amagerforbraending, Denmark**: GraniLAB™ flue gas treatment with condenser, water treatment and heat pumps. Final phase of commissioning.
- **Gloucester EfW – UBB Gloucestershire Construction JV, UK**: SecoLAB™ flue gas treatment. Under construction.
- **Kaunas, Lithuania**: Fortum – Turnkey flue gas treatment solution based on the SecoLAB™ process with a flue gas condensing installation. Design phase.
- **Högdalen Stockholm, Sweden**: VapoLAB™ flue gas treatment system for a new line, acting as a subcontractor of Martin GmbH. Design phase.
- **Yulin Chongqing Luoqi, China**: Engineering contract for four "zero-emission" flue gas treatment lines and supply of key process equipment. DeNOx SCR and SecoLAB™ processes with maturation and finishing scrubber. Design studies.

Conventional power generation

- **CEH - Paroseni, Romania**: Flue-gas desulphurization process by means of a wet scrubber using milk of lime (Limestone FGD). Commissioning.
- **Solvay - Tavaux, France**: SecoLAB™ flue gas desulphurization system. Acceptance.

Biomass energy generation

- **Denmark**:
  - Helsingor: SecoLAB™, condensation and condensate treatment system. Commissioning.
  - Hofor: SecoLAB™, condensation and condensate treatment system. Completion of construction and commissioning.
  - Ørsted: Flue gas condensation system for a biomass plant in Herning. Design and construction.

Marine scrubbers

- STX France: Wet flue gas treatment systems for three ships. First two systems handed over. Third system in production.
- MSC: 1 system in service (Orchestra), 1 nearing end of installation (Poesia) and 1 system at the design/procurement stage (Musica) - cruise liners
- Two German shipping lines:
  - Order and design studies for 10 systems for container ships; 4 scheduled for handover in 2019 and 6 in 2020;
  - Order for 4 systems for container ships, scheduled for handover in 2019.
- Hammonia: Order for two systems for container ships, scheduled for handover in 2019.

Incinerator ash processing to extract metals

- **Roosevelt, USA**: ash treatment (180,000 tonnes/year).
- **Red Wing, USA**: ash treatment (120,000 tonnes/year).
- **Hoffman, USA**: ash treatment (60,000 tonnes/year).

2.3 Innovation & Systems Sector

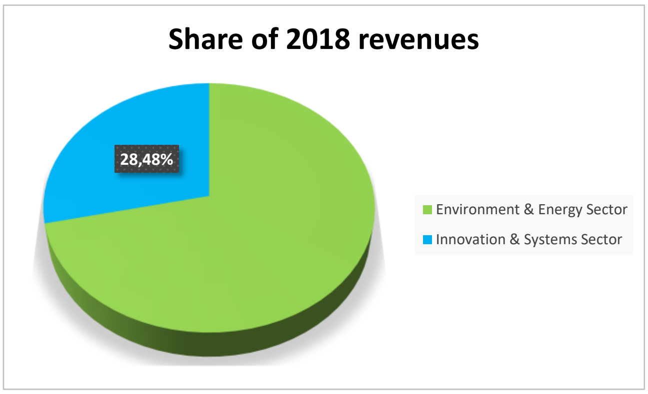
2.3.1 Profile

The Innovation & Systems Sector comprises:

- The CNIM Industrial Systems Division, which includes the CNIM Industrial Systems business unit of CNIM SA, based in La Seyne-sur-Mer, and the operating subsidiaries CTE (China) and CNIM Singapore;
- Bertin Technologies and its subsidiaries.

Its customers are mainly large French and international contractors in the defense and security, maritime, space, nuclear, environmental and life sciences industries.

Revenues Innovation & Systems Sector (in € millions)		
2016	2017	2018
208.3	**218.3**	**196.5**



2.3.2 Products and services

A. CNIM Industrial Systems Division

The Industrial Systems Division provides a unique range of services offering the development, production, installation and maintenance of innovative equipment and systems. It is the industrial partner of key clients and entities in manufacturing high added-value components for various cutting-edge industrial sectors.

These products and services are based on multidisciplinary technical competencies and first-rate manufacturing and integration resources.

The Division's main client sectors are:

a. Defense

- **Deterrence**

CNIM has been particularly active in the field of strategic missile launch systems for ballistic nuclear submarines for more than 50 years. CNIM has therefore equipped the four generations of ballistic nuclear submarines of the Strategic Oceanic Force, which represents more than 250 missile-launch systems produced, tested and installed by CNIM on board submarines.

- **Bridging systems**

CNIM has been developing systems for bridging ravines and waterways for armies worldwide for many years and offers two product lines:

- the motorized floating bridge (PFM) which enables armoured vehicles and combat tanks to cross waterways; used by a number of armed forces, including the French army;
- the modular assault bridge (PTA) which performs exceptionally well in terms of crossing gaps using armoured vehicles and combat tanks; used by the French army.

CNIM provides all services relating to technical support, maintenance, training and modernization of this equipment in the armed forces concerned.

- **Maritime projection of force**

CNIM has developed L-CAT®, a highly innovative amphibious landing vessel that delivers unparalleled performance in terms of payload, operating and beaching speed in ship-to-shore missions. CNIM supplied four L-CAT landing barges to the French navy in 2011-2012, under the designation EDA-R (rapid amphibious landing craft). In 2016, CNIM delivered two L-CAT® amphibious landing vessels to the Egyptian navy.

In 2018, CNIM expanded its range of amphibious force projection vessels for the French navy and export markets:

- Landing Craft Assault (LCA), designed for land forces projection and slated to replace the existing fleet of landing barges;
- Landing Craft Multi-mission (LCX), which are very fast and versatile craft for sea operations by naval forces.

b. Nuclear Power and Large Scientific Instruments

CNIM offers the following services for the nuclear power and large scientific instruments markets:

- turnkey design, construction and commissioning of systems and equipment;
- test facility and tool production;
- production according to plan;
- integration of complex solutions in "demanding” environments, including on-site assembly;
- on-site installation and maintenance.

The Group has recognized expertise in:

- secure and high-precision handling, moving and positioning systems (solutions for unloading spent fuel, systems for handling spend fuel at disposal centres, precision positioning tools, in particular for equipment used during on-site assembly of components for the ITER project, etc.).
- production of equipment suitable for challenging environments and subject to demanding standards (classified pressure equipment - nuclear energy, manufacture of the reactor block for the Jules Horowitz reactor (JHR);
- production of large and high-precision components using innovative materials and manufacturing processes.

- **Nuclear power**

CNIM's offering covers the entire nuclear cycle, from upstream facilities such as uranium conversion and enrichment plants, to power and experimental nuclear reactors, right through to waste and spent fuel processing, storage and disposal facilities.

- **Large scientific instruments**

For more than 15 years, CNIM has been designing, producing and integrating complex systems and equipment for large scientific instruments (ITER, Megajoule Laser) based on the previously mentioned priorities.

c. Other cutting-edge industries and diversification activities

The industrial site at La Seyne-sur-Mer (Var, France) operates in the energy, space and semiconductors industries, notably through contracts for the manufacture of high added value parts.

The Chinese subsidiary CTE provides high-quality, competitive production services to the Chinese and international markets and to the site at La Seyne-sur-Mer.

B. Bertin Technologies and its subsidiaries

Bertin Technologies has 650 employees, two-thirds of whom are engineers or accomplished managers. Its operations focus on three business lines:

- Systems and instrumentation:
  - Instrumentation equipment
  - Specific systems
- Information technology:
  - Cybersecurity
  - Cyber intelligence
  - Speech processing
- Consulting, engineering and innovative solutions relating to energy and the environment.

2.3.3 The market in 2018

A. CNIM Industrial Systems Division

a. Defense

- **Deterrence**

Today, CNIM provides very high added value services and equipment for ballistic nuclear submarines in service and for the SNLE3G nuclear deterrent programme. CNIM has good long-term visibility regarding this subject, whether in, design, manufacturing or R&D.

- **Bridging systems (systems for crossing wet or dry gaps)**

The main characteristics of this market are:

- in France, an ongoing modernization programme for crossing systems;
- a revival in the European market for gap crossing solutions, under the impetus of recent geopolitical developments (involving NATO, Russia, etc.);
- new gap crossing systems designed to cope with the increased weight of next-generation combat tanks.

- **Maritime force projection**

Dans le domaine des activités navales, le marché visé des engins de débarquement et des patrouilleurs côtiers (applications principales : défense et sécurité civile) présente des opportunités de ventes dans différents pays à travers le monde. L'élargissement de la gamme de navires de CNIM permet d'envisager l'accès à un marché plus conséquent.

- **Naval equipment**

CNIM supplies a range of ship-mounted weapon system handling and packaging equipment, special-purpose doors and electromagnetic shielding solutions for submarines and surface ships.

b. Nuclear Power and Large Scientific Instruments

- **Nuclear energy**

In nuclear energy, the target market comprises all the following:

- nuclear power plants, either being constructed or operational, principally in Europe, for the supply of fuel handling solutions and the manufacture of classified nuclear equipment;
- facilities for the upstream/downstream processing of fuel including storage facilities;
- support to the CEA on large civilian nuclear projects (ASTRID and the Jules Horowitz Reactor (JHR).

- **Large scientific instruments**

  - Megajoule Laser (LMJ): this CEA (French Atomic Energy and Alternative Energies Commission) programme, with a strong technology focus, is for the long term (2000-2025). CNIM and its subsidiary Bertin Technologies have been involved in the LMJ in a design, manufacturing and maintenance capacity since the start and operate at the LMJ site near Bordeaux;
  - Nuclear Fusion Reactor ITER: CNIM is currently a strategic partner of the ITER project. Its contribution is a long-term commitment (2025 and beyond) to three types of service: manufacture of large-scale equipment, design and production of complex systems, and on-site assembly at the Cadarache plant.

c. Other cutting-edge industries and diversification activities

- **Space flight**

CNIM is industrializing housings for the Ariane 6 programme, based on an innovative industrial process inspired by the approach adopted for the Ariane 5 housings, which have been in production since 2004.

- **Semiconductors**

CNIM plays a role in the industrialization and fabrication of large structural frames subject to severe dimensional constraints, for semiconductor lithography machines.

- **Diversification**

The French naval architects VPLP Design chose CNIM as their industrial partner for the project to supply Oceanwings® automated wingsails for the shipping and luxury boating markets.

B. Bertin Technologies and its subsidiaries

Bertin Technologies operates in sectors in which the technological issues are highly complex – defense and security, nuclear energy and radiation protection, aviation and space, energy and the environment and life sciences – with the aim of achieving growth both in France and further afield.

a. Systems & Instrumentation

The Systems & Instrumentation business unit marshals its unmatched expertise to develop, produce and market advanced instruments and systems worldwide.

It is structured around five large business lines:

- defense and security (including nuclear, radiological, bacteriological and chemical (NRBC) threat detection, optronics and monitoring sensor networks) ;
- nuclear energy and radiation protection (products, systems and services relating to the detection, measurement and identification of ionizing radiation);
- life sciences (laboratory equipment, kits and reagents);
- space and large scientific instruments (high-performance optical and optomechanical systems);
- use of proprietary Sterilwave technology to convert potentially infectious medical waste.

b. Information technology

Bertin IT publishes cybersecurity, cyber intelligence, strategic monitoring and automated speech processing software solutions. The company's product range addresses the complex requirements of public and private-sector stakeholders operating in areas such as defense & security, banking, transportation, energy, telecommunications, manufacturing and services.

Bertin IT's offer covers:

- security solutions for networks and sensitive data of strategic operators and essential service providers;
- clear, deep and dark web surveillance and investigation activities, for the purpose of anticipating major risks and threats;
- watch solutions for businesses and institutions seeking actionable information about their economic, technological, scientific or regulatory environments;

- processing of multilingual audio and video sources (using automatic speech processing) for multiple applications, including media monitoring and banking compliance.

c. Consultancy & Engineering

Following the disposal of Bertin Ergonomie Facteur Humain in June 2018 and Bertin Modélisation et Informatique Scientifique in late 2018, the Consultancy & Engineering business unit now focuses on auditing services and the development of innovative energy and environmental technologies, in keeping with CNIM Group strategy.

Bertin Énergie Environnement covers the full spectrum of businesses' energy needs - from design studies and technology development to turnkey implementation of innovative solutions relating to energy, the environment, industry and communities - with particular focus in three areas:

- engineering, consulting & innovation;
- industrial risk management & operating safety;
- positive-energy and zero-carbon solutions for industrial energy performance, positive-energy city blocks and communities, and advanced energy production management (based on Enerbird® proprietary technology).

2.3.4 Market position (internal sources)

Generally, in the defense and nuclear power sectors, CNIM's industrial competitors may be direct competitors, partners, customers or even suppliers themselves, depending on the business context.

- **Systems for the land-based projection of force**

Present in this field are the main systems manufacturers of land armaments (General Dynamics, KMW) and SMEs/mid-cap companies specializing in mechanical engineering.

- **Maritime projection of force**

Present in this field are the main defense systems manufacturers (Navantia, Textron, Damen, BMT etc.), as well as local shipbuilders.

- **Nuclear Power and Large Scientific Instruments**

Main competitors and partners:

- in nuclear energy: large customers and large industrial prime contractors in the field, systems integrators and SMEs and mid-cap companies that specialize in similar fields;
- in Large Scientific Instruments: international competitors, in particular large industrial firms and recognized integrators in field and also specialist mid-cap companies.

- **Other cutting-edge industries and diversification activities**

European industrial SMEs and mid-cap companies manufacturing high added value mechanical parts.

- **Bertin Technologies and its subsidiaries**

The operators vary significantly between sectors:

- in defense and security: the large industrial prime contractors and international equipment manufacturers such as Brücker, Smith Engineering;
- in equipment for life sciences: in this field (large industrial firms and distributors);
- in radiation protection equipment and radioactivity detection gates: international competitors such as Mirion and Berthold, and for environmental radiological monitoring networks: Envinet, in particular ;
- in multi-sensor surveillance networks (Exensor): international competitors such as Digital Barriers, ELBIT, ARA and MCQ Inc.

2.3.5 R&D and new products

A. CNIM Industrial Systems Division

Research work performed in the Industrial Systems Division is aimed at maintaining state-of-the-art capabilities and developing proprietary technologies and products for the Division's target markets. This includes inter alia research in the following areas:

- Systems for the maritime projection of force: naval architecture and designs derived from the L-CAT®;
- offshore wind farm support boats; WindKeeper®;
- bridging systems: innovative systems for bridging ravines and waterways and improvements to the motorized floating bridge (PFM) and modular assault bridge (PTA) products;
- nuclear energy: development of the design of systems for the handling of fuel, transportation and storage of spent fuel, special exchangers and anti-seismic composite blocks;
- aerospace systems: development, in association with Thales Alenia Space, of the design of mechanical systems for a stratospheric surveillance balloon, Stratobus™, that may be extended to the launch of captive balloons.

CNIM is also continuing its research into metallic and composite materials and industrial processes, including developing innovative manufacturing processes (including flow-forming and friction stir welding (FSW)).

B. Bertin Technologies and its subsidiaries

Research, development and innovation (RDI) is second nature for Bertin Technologies and its subsidiaries, whether developing technologies for third parties or developing their own innovative technological products.

This preparation for the future is supported by the full array of RDI contributors, including:

- subcontracting to research organizations and collaborative projects to discover and validate the potential of maturing technologies;
- internal technical, scientific and project management expertise, applied to technology validation and prototype development;
- the distributor network that provides access to markets.

Bertin Technologies is structuring the development of its expertise, and has organized its community of experts to:

- promote technical excellence across its core skillset;
- develop and promote employees' scientific and technical talent;
- promote Bertin Technologies and the CNIM Group in the technological and industrial communities and raise awareness of technological and market challenges in order to enhance the impact of the Group's expertise on development strategies for technological product ranges.

In terms of contracts with leading academic institutes, Bertin Systèmes and Instrumentation has entered into collaboration agreements with CEA-LETI in the area of bio-collectors, with CEA-LIST in the area of nuclear and radiological radiation sensors and with ONERA in the area of infra-red remote gas detector cameras.

In a similar vein, Bertin IT is supporting the academic chair in Industrial Data Analytics and Machine Learning (IdAML) alongside Atos, the CEA, SNCF and Michelin (industrial partners) and ENS Paris Saclay and ENSIIE (academic partners), and continues to cooperate on cybersecurity research with the System'X technology research institute. Lastly, Bertin Énergie Environnement supports a jointly-operated artificial intelligence laboratory with the University of Pau and Pays de l'Adour. Our Winlight subsidiary maintains its constant, pro-active cooperation with Marseille Astrophysics Laboratory (LAM), a global leader in optical instrumentation for earth observation.

In terms of multi-partner projects, Bertin Technologies and its subsidiaries participate in national collaborative projects as part of competitiveness or future investment clusters or European Union projects under the Horizon 2020 programme where they are aligned with the Group's technological strategy. Bertin Technologies and its subsidiaries participate in a number of competitiveness clusters such as System@tic (Bertin IT information technologies in systems design, in a trusting partnership), Capenergies (carbon-free and decentralized energies), the Mer Bretagne Atlantique, PACA and SafeCluster clusters (aeronautics, space, technological, industrial and environmental risks).

Bertin Technologies is a member of the ASRC (association of contract research organizations) and is designated as a "contractual research structure" by Bpifrance.

Many employees of Bertin Technologies and its subsidiaries are members of the selection and assessment committees for R&D projects, whether in France or in Europe (H2020 assessors and experts), or teach courses at engineering academies.

2.3.6 Strengths

- International growth drawing on all the CNIM Group's core skills;
- expanding the portfolio of proprietary technologies;
- developing or supporting original designs such as:
  - L-CAT® which is already used by the French Navy and for export;
  - the WindKeeper® project for a specially designed maintenance and safety vessel for offshore wind farms;
  - the Oceanwings® wingsail, in an innovative partnership with the French naval architecture firm VPLP Design;
- a perfect command of leading-edge technology and large-scale project management together with an ability to adapt to the varying needs of our customers;
- knowledge transfer between the different businesses.

2.3.7 Strategy and outlook

A. Disposals in 2018

Bertin Technologies disposed of two entities in 2018:

- Bertin Ergonomie Facteur Humain (digital transformation of businesses and organisations, ergonomics for complex systems involving management of human factors-related risks);
- Bertin Modélisation et Informatique Scientifique (modelling and simulation for the nuclear industry; development and maintenance of scientific software for the aerospace sector).

B. Defense

In response to the strategic orientations defined in France's Military Planning Act, the CNIM Group is adapting its defense portfolio to match the Armed Forces' new requirements, with investments in cybersecurity in France and strong international growth in systems for the land-based and maritime projection of military force.

Bertin Technologies is positioned as a preferred partner for the French forces in the area of nuclear, radiological, biological and chemical (NRBC) threat detection, but also as a supplier of innovative and effective optronics solutions.

Bertin Technologies maintained its strong international growth, driven by its unique offer in the area of NRBC threat detection equipment and systems, an expanded range of optronics-based surveillance solutions and remotely deployed sensor networks designed for force protection and critical infrastructure security.

En réponse aux orientations stratégiques telles qu'exprimées dans la loi de programmation militaire, le Groupe CNIM adapte son offre de défense aux nouveaux besoins des Forces, avec des investissements en France dans la cyber sécurité et un fort développement à l'international pour les systèmes de projection terrestre et maritime.

Bertin Technologies s'affirme comme un partenaire privilégié des forces françaises en matière de détection des menaces NRBC (Nucléaires, Radiologiques, Biologiques et Chimiques), mais aussi avec ses solutions optroniques efficaces et innovantes.

Il continue par ailleurs à croître fortement à l'international, grâce à son offre unique d'équipements et systèmes de détection des menaces NRBC, à ses solutions de surveillance optronique élargies et aux réseaux de capteurs déposés, dédiées à la protection des forces armées et des infrastructures critiques.

C. Nuclear Power and Large Scientific Instruments

In the field of Large Scientific Instruments, alongside the continuing work on large-scale programmes such as ITER and the Megajoule Laser (LMJ), CNIM's developments are centred on projects to develop or modernize large scientific facilities in the areas of astronomy, matter physics and energy.

CNIM works with its subsidiary Bertin Technologies to develop and sell products, services and solutions for the detection, measurement and identification of ionizing radiation. The target markets are environmental monitoring and worker protection.

D. Other cutting-edge industries and diversification activities

CNIM continued manufacturing bespoke equipment for various SMEs, mid-cap companies and large customers, including complex fabricated assemblies and components requiring large-scale and high-precision machining (e.g. the Ariane 6 housings and Oceanwings® wingsails), and has continued diversifying into composites (e.g. Stratobus™).

E. Developing synergies

Pooling CNIM's and Bertin Technologies' sales, marketing and technical teams and the multidisciplinary capabilities of their staff enables the Group to offer differentiating design services for Nuclear systems, Large Scientific Instruments and Defense, as illustrated by the ITER and the Megajoule Laser projects, the refurbishment of the motorized floating bridge (PFM) and the SPRAT assault bridge.

2.3.8 Activity in 2018

A. CNIM Industrial Systems Division

a. Defense and maritime

- **Deterrence**

In 2018, CNIM continued work designing, manufacturing and integrating missile launcher systems for current and next-generation ballistic nuclear submarines.

- **Maritime projection of force and naval equipment**

Refurbished motorized floating bridge (PFM)

Pre-production units for the French army's motorized floating bridge modernization programme underwent military qualification in 2018. CNIM received notification of additional tranches of the contract to build 200 metres of modernized bridges.

14 new Standard Amphibious Landing Craft (EDA-S) for the French navy

CNIM - in partnership with Socarenam, Mauric and CNN MCO - won the contract to replace the French Navy's landing barges. A total of 14 new Standard Amphibious Landing Craft (EDA-S) are to be built over a 10-year period.

This contract reasserts CNIM's status as a key partner to the French Navy and the European leader in amphibious solutions, with two interlocking ranges of innovative vessels: the EDA-S and the EDA-R (Rapid Amphibious Landing Craft).

b. Nuclear power and Large Scientific Instruments

- **Nuclear energy**

In the area of fuel handling systems and secure and precision handling solutions, the Group's activities primarily concerned:

- spent fuel unloading trucks for EPR projects (commissioning for the Taishan project in China and Olkiluoto 3 in Finland, and design studies for Hinkley Point C);
- resource development for three fuel handling and transfer machines for the Onkalo geological repository in Finland, under contract from Posiva Oy.

- **Manufacturing activities for the nuclear sector**

The JHR project – Jules Horowitz Reactor

In 2018, CNIM completed production of the large reactor block components for the contract awarded by AREVA TA (TechnicAtome) in 2014. However, CNIM remains deeply involved in the RJH project, as TechnicAtome awarded the group contracts to design and manufacture a variety of structures. Furthermore, CNIM is responsible - operating as the manufacturer, within the meaning of the applicable standard - for the design, regulatory filing and manufacture of nuclear pressure equipment.

- **Grands Instruments Scientifiques**

In the field of large scientific instruments, CNIM's activities in 2018 centred primarily on the production of secure and precision handling equipment and the manufacture of high value-added components. Although CNIM worked on a variety of scientific programmes in 2018, activity was concentrated on the ITER and Megajoule Laser projects.

ITER experimental reactor (Nuclear fusion)

ITER is an international scientific experiment aimed at demonstrating the technological feasibility of fusion energy, with a view to its industrial and commercial exploitation. The contracts awarded to CNIM since 2009 are a reflection of the Group's strategic decision to position itself as a long-term partner under this programme. The collaborative effort focussed in three main areas in 2018:

- design and production of special-purpose and high-precision handling equipment required for assembling key components of the "Tokamak", and production of critical component qualification systems;
- manufacture of large components requiring the development of dedicated manufacturing techniques (e.g. production of divertor cassette bodies or vacuum vessel components) or CNIM's expertise in composite materials (e.g. pre-compression rings);
- on-site operations to assemble and commission handling equipment (e.g. equipment used to prepare and install the vacuum vessel sectors) and preparations for Tokamak assembly operations.

Megajoule Laser (LMJ) Programme

The LMJ is a major installation of the CEA Simulation programme. It is used to study the behaviour of materials in extreme conditions and, thanks to the addition of the PETAL Laser, it is the most powerful industrial laser known.

Under the terms of a multi-year contract agreed in 1999, CNIM manufactures major components such as laser beam focussing and frequency conversion systems, as well as robotized systems for setting up such components in the facility.

c. Other cutting-edge industries and diversification activities

France: In 2018, CNIM invested in new industrial equipment (including large-capacity machine-tools) and obtained new orders for the space and semiconductor industries.

Space industry: Housings for Ariane launchers

In parallel with the manufacturing work on the Ariane 5 launcher, CNIM produced and delivered the first nozzles for the new P120c engine, which will be used on the new European Ariane 6 and Vega C launchers.

CNIM also won the contract to produce the Ariane 6 housings, using flow-forming technology to comply with the constraints of the launcher market.

CNIM diversifies into mechanical components for semi-conductors

CNIM won a contract to fabricate large precision-manufactured frames for the semiconductor industry using an electron-beam welding process.

CNIM and the French naval architects VPLP Design co-develop the Oceanwings® hybrid ship propulsion system

Oceanwings® is a fully-automated, high-performance, furlable and reefable wingsail that can be used to create a hybrid ship propulsion system harnessing a combination of wind power and conventional propulsion.

Based on a wind propulsion concept designed by VPLP Design, in November 2018 CNIM and VPLP Design jointly developed the design for a product suitable for industrial production.

CNIM supplied its expertise to ensure that the Oceanwings® design satisfied the technical and industrial requirements for mass production.

The first two units produced at CNIM's plant in La Seyne-sur-Mer will be mounted aboard Energy Observer, which is the world's first hydrogen-powered vessel designed to operate autonomously.

China: CTE, CNIM's Chinese subsidiary, is continuing to expand and diversify via industrial equipment contracts (nuclear energy, medical, infrastructure, etc.).

In 2018, with support from CNIM Industrial Systems, CTE insourced the heat pump manufacturing technology designed and developed by CNIM Industrial Systems. CTE produced its first two units in 2018.

CNIM continued to supply escalators for the Budapest metro via CTE.

B. Bertin Technologies and its subsidiaries

a. Systems and instrumentation

- **Defense equipment / NRBC**

Bertin Technologies extends its leadership in the biological and chemical threat detection market

- Due to its unique skills in the detection of nuclear, radiological, biological and chemical (NRBC) threats, Bertin Technologies, in partnership with Thales, continued work on the "platform for the integration of innovative technologies in the field of biological and chemical analysis" (PI ABC) upstream scoping contract for the French Ministry of the Armed Forces, with a view to structuring, for future years, the development of new equipment for detecting and identifying chemical and biological threats. The progress achieved is promising in terms of potential follow-up projects and developments; in particular, a major breakthrough was made for a one-of-a-kind operational field biological analysis system.
- Bertin Technologies also completed development of the DOM 420, an effective, versatile radiometry kit, paving the way for standard issue to French armed forces.

Commercial development and new contracts for the Bertin Technologies optronics range

- Bertin Technologies has partnered with Nexter, supplying the FOR long-range observation subsystem, a mission-critical intelligence payload that will equip a new vehicle for the French army.
- Bertin Technologies pursued its international development, building on its strong portfolio of French Defense reference projects, resulting in a string of successes in the field of chemical detection in Asia.

- **Nuclear / environment equipment**

National environmental monitoring networks: Contracts for Bertin Technologies in Switzerland and Armenia

This wide range of standalone probes and turnkey integrated solutions is intended for environmental radioactivity monitoring applications.

Bertin Technologies is developing civilian and military versions of the Saphyrad range of multi-probe contamination meters for the French and export markets

The innovative nature of these worksite contamination meters resides partly in their use of a proximity sensor to ensure correct monitoring by the operator.

- **Laboratory / Life Sciences equipment**

Laboratory equipment

The Precellys range of biological sample grinders reported growth in excess of 20%, confirming the success of the recently introduced Cryolys® Évolution cooling module (which enables the temperature of biological samples to be maintained in a range between 0°C and 10°C while they are homogenized in the Precellys® Évolution grinder).

During 2018, the first products arising out of the merger between the biological assay kit business (ex-Bertin Pharma) and the traditional laboratory equipment businesses of Bertin Technologies. Bertin Technologies now supplies integrated solutions that include equipment, consumables and reagents, such as the new Protein Safe kit (which adds a cocktail of suspended proteins in Precellys lysis kits, to protect the samples throughout the preparation protocol).

Hospital waste conversion equipment

The Group supplies a comprehensive range of hospital waste conversion systems that now addresses the requirements of all types of hospitals (from local clinics to university hospitals): first-year sales of the new Sterilwave 100 system - and a sizeable order book - point to a bright future.

Bertin Technologies has positioned Sterilwave as the leading solution for converting potentially infectious medical waste in the United Kingdom, and several projects are currently in progress, including the country's largest in situ hospital waste treatment facility, scheduled to begin operating in March 2019 at the West Middlesex hospital in west London. Sterilwave addresses the requirements of the National Health Service (NHS) and the UK Environmental Agency (EA): optimized traceability of the waste management process; compact, efficient in situ processing; and a decrease in the hospital's carbon footprint and diesel-related pollution achieved by dividing the number of waste collection and transport operations by a factor of 10.

- **Systems for the Space industry/Large Scientific Instruments**

A new strategic contract relating to the design, construction and installation of the density interferometer polarimeter (DIP) for ITER

ITER Org awarded Bertin Technologies a strategic contract relating to the First Plasma (i.e. ITER's first plasma reaction) scheduled for 2025. The project focusses initially on designing the density interferometer polarimeter (DIP), an optical instrument that will measure the density of the plasma during the reaction), with the aim of subsequently building and installing the DIP in the Tokamak. This instrument will be used for plasma density monitoring, to verify the plasma stability and gain, two fundamental parameters for ITER. The challenge for ITER is to be able to sustain plasma for an extended period with a positive yield (Q=10), in order to ultimately be able to produce energy.

b. Information technology

- **Cybersecurity**

Bertin IT and Wallix combine their expertise to secure sensitive communications

Bertin IT has entered into a technology partnership with Wallix, a major player in French cyber tech. This alliance aims to develop Crypto CrossinG®, a system that enhances the very high security CrossinG® trusted gateway system developed by Bertin IT by integrating Wallix end-to-end encryption technology, to guarantee the integrity and confidentiality of sensitive data sent by email between a secure network (such as an enterprise network) and an uncontrolled third-party infrastructure (e.g. a public WiFi network, a domestic network or a supplier's network). This initiative is consistent with Bertin's desire to provide strategic operators and essential service providers with French solutions for ensuring compliance with the LPM military planning Act and the NIS directive.

Bertin IT receives the ANSSI Security seal of approval

The French national information system security agency, ANSSI, issued its Seal of Approval to Bertin IT as a provider of certified security products. Following on from the France Cybersecurity 2015 label, this award acknowledges Bertin IT's unique expertise in the field of classified information partitioning issues and the secure exchange of sensitive data. Bertin IT designed the first and only French security hypervisor to have received EAL5+ certification.

- **Cyber Intelligence**

Bertin IT joins the academic chair in Industrial Data Analytics & Machine Learning

Created by Atos, the CEA and Ecole Normale Supérieure Paris-Saclay, the academic chair in Industrial Data Analytics & Machine Learning aims to develop industrial data analytics-related disciplines and technologies, via an advanced training cycle as well as research and development initiatives in partnership with specialist SMEs and startups. Through its commitment alongside this project's principal stakeholders, Bertin IT will help to develop self-learning models with inputs from its database of real-life data extracted from its software platforms, thereby directly leveraging research in the field of artificial intelligence.

c. Consultancy & innovative engineering

- **Consultancy and engineering for energy and the environment**

Installation studies relating to sewage drainage systems and treatment plants

French authorities are subject to special regulations concerning sewage drainage systems and treatment plants. In particular, they are required to conduct a failure risk analysis, assess failure effects and produce a list of remedial measures. Bertin Énergie Environnement won a contract from Veolia to carry out these studies at its facilities, including an on-site audit, a study and a report for supervisory authorities. In all, more than 200 installation studies were conducted.

An in-depth risk assessment process for sludge drying shops operated by Suez Eau France

Bertin Énergie Environnement's Industrial Risk Management department developed an in-depth risk assessment process for sludge drying shops operated by Suez Eau France. The service included an overall diagnostic survey of the facility, yielding recommendations and suggested modifications. Bertin Technologies provided this service at seven Suez Eau France facilities.

Bertin Énergie Environnement deploys Enerbird EMS at Quadran power plants

Quadran awarded Bertin Énergie Environnement a contract to supply its Enerbird EMS energy management system for photovoltaic power plants and wind farms with integrated storage. Using an optimization engine, Enerbird EMS generates the following day's production schedule and then controls the facility in real time. The EMS systems were delivered in 2018.

Bertin Énergie Environnement assists a Vietnamese investor with a photovoltaic power plant construction project

Bertin Énergie Environnement served as the owner's engineer for a solar power plant project in the Vietnamese province of Ninh Thuan. To comply with local and economic restrictions (in terms of environmental impact, network availability, etc.), Bertin Énergie Environnement defined the plant's technical design basis and conducted an economic and financial analysis.

2.4 Principal changes since year end

On 22 March 2019, CNIM announced the acquisition of an 85% equity interest in Airstar Aerospace previously held by the Airstar group. Thales Alenia Space remains a minority shareholder, alongside CNIM, and a key industrial partner, in particular for the Stratobus™ stratospheric airship programme.

2.5 Patents, licenses and trademarks

The CNIM Group holds a portfolio of 126 groups of patents, 92 of which are extended to abroad, and 105 trademarks.

These patents cover the Company's two Sectors and in particular flue gas treatments, residue treatments, solar energy and activities performed by the Industrial Systems Division.

The CNIM Group's portfolio is divided between the parent company and the various Group subsidiaries, as specified below:

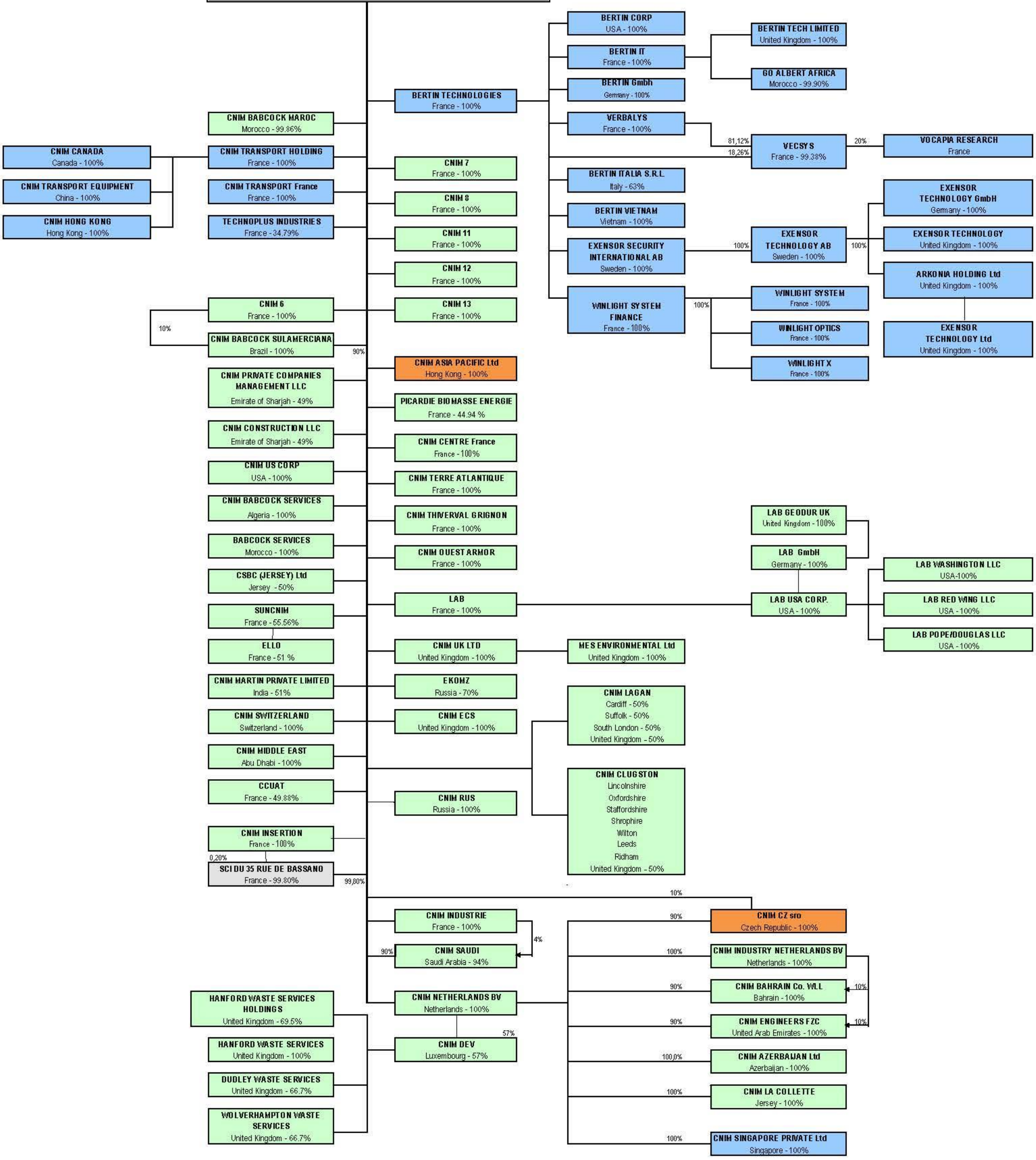
- CNIM holds 30 groups of patents and 27 trademarks (22 of which are proprietary and 5 are managed on behalf of wholly owned subsidiaries);
- majority-owned by CNIM, SUNCNIM owns eight groups of patents and three trademarks;
- wholly owned by CNIM, LAB owns 41 groups of patents and 30 trademarks;
- Bertin and its subsidiaries own 47 groups of patents and 45 trademarks.

The Group does not earn any revenues of consequence using patents owned by third parties.

2.6 Principal companies in the CNIM Group at 31 December, 2018

The Group's subsidiaries are listed by Sector in Note 3 to the 2018 Consolidated Financial Statements.

CNIM GROUP ORGANIZATION AT 31 DECEMBER 2018



: Environment & Energy Sector
: Innovation & Systems Sector
: Real estate companies
: Liquidation pending

Financial information on the Group's main companies is provided mainly in:

- Note 15 to the 2018 Consolidated Financial Statements (equity affiliates);
- Note 25 to the 2018 CNIM SA Financial Statements (parent company's subsidiaries and other holdings).

Jointly owned companies mainly comprise:

Environment & Energy Sector:

- joint ventures established to perform waste recovery plant contracts in partnership with a civil engineering firm, which cede the relevant shares of the contract back to each partner[1];
- company under joint control with the investment firm ICON Infrastructure: CNIM Development, which holds investments in project companies in the UK;
- company under joint control with Novergie: CCUAT (operation of waste recovery plant in France), dormant company;
- undertaking controlled by the Company, formed with the fund Sociétés de Projets Industriels (SPI): SUNCNIM S.A.S. (turnkey construction of concentrated solar power plants);
- undertaking jointly controlled with the Caisse des Dépôts et Consignations (Deposits and Consignments Fund): ELlo S.A.S. (construction and operation of a power plant generating electricity from concentrated solar power energy);
- company under joint control with Néréa: Picardie Biomasse Énergie SAS (operation of a biomass-to-energy plant in France).

Innovation & Systems Sector:

- company majority-owned by AVA Conseil: Technoplus Industries.

Details of land and buildings held by the Group's main subsidiaries are provided in Section 2.9.1 of the registration document.

The bulk of the assets, especially real estate, are owned by the parent company of the Group.

[1] Under these joint ventures, which exclusively concern projects in the United Kingdom, the company is responsible for issuing performance bonds on the contract to the end customer. In consideration, the company receives matching counter-guarantees from its partners based on their respective scope of duties.

2.7 Principal risks and opportunities

The CNIM Group introduced an overall risk management process in 2016.

Until 2018, this process was managed on two levels:

- A strategic approach, coordinated by the Group's Risk and Insurance manager, reporting to the Group Managers' Committee
- An operational approach coordinated by the Quality, Health, Safety and Environment managers across the various Group entities, via ISO 9001, ISO 14001, OHSAS 18001 and ISO 50 001 certification.

To reflect French regulatory changes relating to mandatory CSR performance declarations, the CNIM Group decided to consolidate and harmonize these procedures with the target risk management process, as described in section 2.7.2.

The target process has already been implemented in the following entities:

- CNIM Group Managers' Committee
- Support functions: Information Systems and Compliance department;
- CNIM E&E Services (Babcock Services business);
- MES Environmental Ltd.

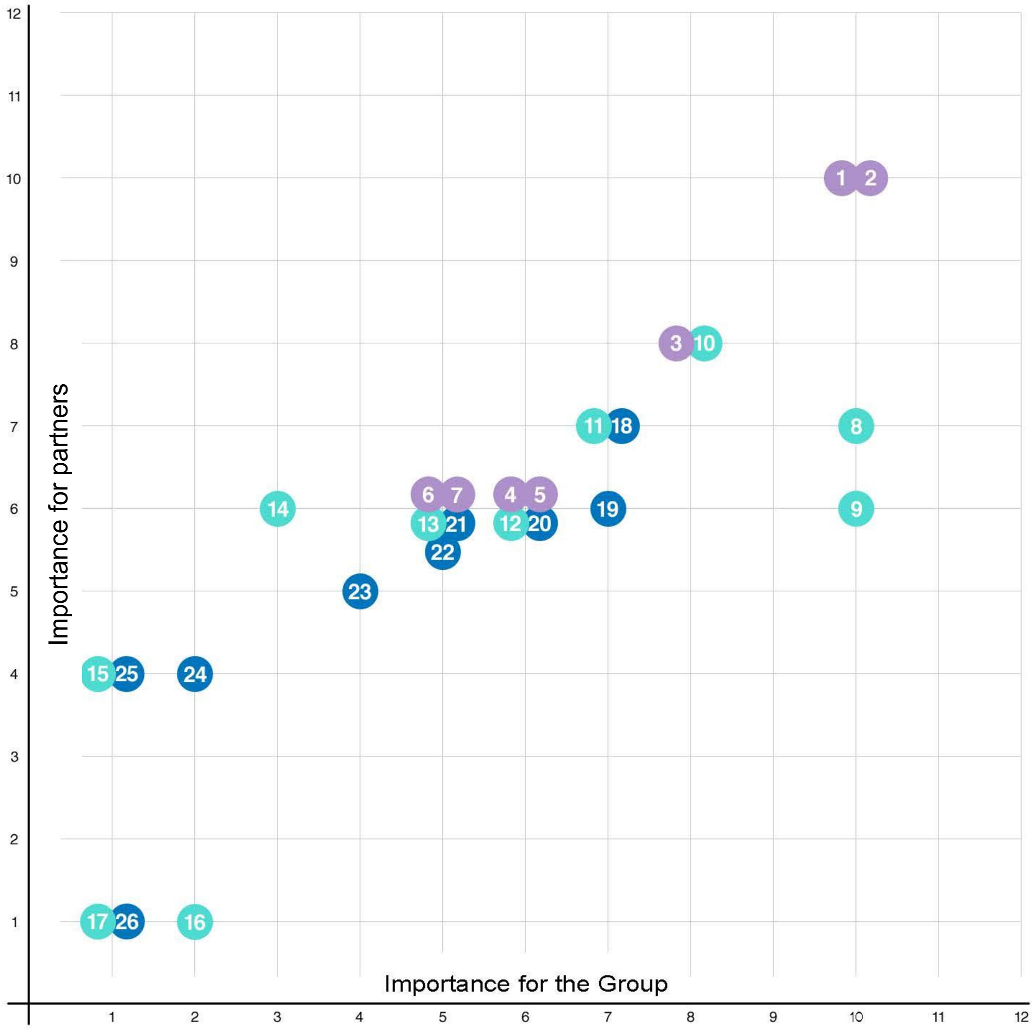
The target process will be gradually rolled out across all entities, beginning in 2019.

2.7.1 Materiality of non-financial considerations

Before identifying the main risks to which the Group is exposed, CNIM chose to assess the materiality of its non-financial considerations. The purpose of this step was to:

1. ensure that all statutory non-financial information was analyzed;
2. Prioritize this information, taking into consideration the Group's activities, economic and non-financial environment and partners.

The initiative was coordinated by the CSR manager and was subject to internal approval procedures. It was based on an in-depth understanding of the Group and its multiple interactions with partners, and did not include consultations with partners.



Labour-related

1. Recruitment and remuneration
2. Occupational health & safety
3. Training policies
4. Labour relations: organisation and collective bargaining agreements
5. Health & safety - Certification processes
6. Working time organisation
7. Equal treatment - anti-discrimination policy

Environmental

8. Energy consumption and energy efficiency
9. Waste recycling, reuse and recovery
10. Greenhouse gas emissions and emission reductions
11. Pollution - Prevention and reduction of releases into the atmosphere, water and ground
12. Environmental risk prevention - Certification processes
13. Water consumption
14. Adaptation to the consequences of climate change
15. Biodiversity protection
16. Raw material consumption
17. Land use

Social

18. Action taken to prevent corruption
19. Inclusion of social and environmental issues in purchasing policy
20. Impact on local populations
21. Contribution to civil society and local development
22. Consumer health & safety
23. Human rights
24. Respect for human rights in the supply chain
25. Partnerships and corporate philanthropy
26. Measures to reduce food waste

Following this analysis, the CNIM Group's major non-financial considerations, which will be monitored in accordance with French legislation (Article L.225-102-1), were identified as follows (in order of importance):

1. Human Resources: attracting and retaining talent (1);
2. Health and Safety (2);
3. Energy consumption and energy efficiency (8);
4. Waste recovery (9);
5. Human Resources: Training and skills (3);
6. Pollution: prevention and reduction of atmospheric emissions (10 and 11);
7. Ethics and anti-corruption measures (18);
8. Subcontracting and suppliers (19).

These major non-financial considerations have been factored into the overall risk management strategy, as described in the next section.

The effects on climate change of the company's activities and the use of the goods and services that it produces are discussed in sections 4.3.3, 4.3.4 and 4.3.6.

Note that certain issues that are very important for the Group are not included among the principal risks as they are well controlled. Examples include labour relations, environmental, energy-related and health & safety certification, as well as compliance with the General Data Protection Regulation (GDPR).

2.7.2 Overall risk management strategy

The overall risk management strategy is based on a risk identification, assessment and ranking process.

- Risks were identified on the basis of the results of surveys and individual interviews with members of the Management Board and Managers' Committee of the Group and its principal subsidiaries. A risk sheet has been produced for each major risk thus identified, describing:

- the risk;
- the root cause(s);
- the existing risk management provisions;
- the identity of the principal vulnerabilities/improvement areas;
- feedback;
- a risk materialization scenario.

- Risks were assessed and ranked based on three cumulative criteria:

- financial or human impacts;
- probability of occurrence within 5 years;
- margin for improving control of the risk.

For each criterion, a risk scale appropriate to the Group was defined by Management in order to identify which risks are liable to have a significant financial or human impact.

Using this methodology, the Group determined the principal risk factors to which it was exposed, and implemented a dedicated action plan for each major risk.

For each major risk, a member of the Group Managers' Committee is assigned to:

- define and supervise the action plan;
- define related risk and performance indicators;
- appoint a dedicated coordinator.

These action plans aim to keep risks within acceptable limits by eliminating, mitigating, transferring or accepting them.

By the end of the criticality assessment process (based on severity and recurrence), the principal risks alone are addressed by an action plan monitored by the Group Managers' Committee.

External risks	External opportunities
• Country risks • Technological disruption • Regulations and certification	• Regulations and certification • Partners • Technological innovations

<table>
<tr><th colspan="3">Internal risks</th><th colspan="2">Internal opportunities</th></tr>
<tr><td colspan="3">Strategic</td><td colspan="2">Strategic</td></tr>
<tr><td colspan="3">• Importance of certain markets in the business portfolio
• Critical size in certain markets</td><td colspan="2">• High-technology markets
• Business diversification
• International development
• R&D strategy</td></tr>
<tr><td>Operational</td><td>Human capital</td><td>Compliance</td><td>Operational</td><td>Human capital</td></tr>
<tr><td rowspan="5">• Project drift
• Defective products or services
• Environmental harm
• Industrial accidents</td><td>• Health & safety
• Recruitment and skills</td><td>• Compromise</td><td rowspan="5">• Performance of products and services
• Energy efficiency market
• Waste recovery market</td><td>• Training
Boost talents and people development</td></tr>
<tr><td>Information systems</td><td>Governance and integrity</td><td>Finance</td></tr>
<tr><td>• Intrusion and malicious activity
• Critical failure of information systems</td><td>• Fraud and corruption
• Supply chain dependability</td><td rowspan="3">• Partnerships and jointly-owned companies</td></tr>
<tr><td colspan="2">Finance</td></tr>
<tr><td colspan="2">• Failure of partners, suppliers or subcontractors</td></tr>
</table>

Furthermore, CNIM Group companies have implemented quality, health & safety, environmental and energy management systems, which play a valuable role in controlling financial and non-financial risks. The table below lists the Group's certifications relating to these areas.

	SOCIETE	SITES / ACTIVITES	CERTIFICAT				CERTIFICAT		
			QUALITE	SANTE & SECURITE			ENVIRONNEMENT		
			ISO 9001	OHSAS 18001	MASE	Autres	ISO 14001	ISO 50001	Autres
SECTEUR ENVIRONNEMENT ET ENERGIE	CNIM SA division EPC	Paris, La Seyne sur mer, Saint Aubin	o	o			o		
	CNIM SA E&E Services	Paris, La Seyne sur mer	o	o			o		
	CNIM SA E&E Services CNIM Babcock Services	La Plaine Saint Denis	o		o	CEFRI			
		Gardanne, Villepinte	o		o				
		La Plaine Saint Denis, Gardanne, Villepinte, Saint Herblain, Saint Avold, Le Barp, Illzach, Maromme, Chassieu, Wattrelos	o						
	LAB SA	Lyon, La Seyne sur mer	o	o	o		o		
	CNIM THIVERVAL GRIGNON	Centre de valorisation des déchets		o			o	o	
		Centre de tri de Thiverval Grignon		o			o		
	CNIM OUEST ARMOR	Centre de valorisation des déchets de Pluzunet		o			o	o	
		Centre de compostage des déchets et de traitement des algues vertes de Lantic		o			o		
	CNIM CENTRE France	Centre de valorisation des déchets de Saint Pantaléon de Larche		o			o	o	
	CNIM TERRE ATLANTIQUE	Centre de valorisation des déchets de Plouharnel		o			o	o	
	MES ENVIRONMENTAL LTD	Centre de valorisation des déchets de Dudley	o	o			o		
		Centre de valorisation des déchets de Stoke on Trent	o	o			o		
		Centre de valorisation des déchets de Wolverhampton	o	o			o		
	CNIM AZ	Centre de valorisation des déchets de Baku		o			o		
	SUNCNIM	La Seyne sur mer	o						
SECTEUR INNOVATION ET SYSTEMES	CNIM SA	La Seyne sur mer	o	o		CEFRI			
		Paris							
	CNIM Transport Equipment	Foshan (Chine)	o	o			o		
	CNIM Singapour	Singapour	o	o			o		
	BERTIN TECHNOLOGIES	Montigny le Bretonneux, Aix en Provence, Tarnos, Thiron Gardais, Saint Aubin	o	o			o		
		Montigny le Bretonneux, Aix en Provence, Thiron Gardais, Montbonnot				CEFRI			
		Energie Process Environnement - Tarnos	o	o	o		o		OPQIBI

**Note:* the new certifications achieved in 2018 are highlighted in yellow*

2.8 Group results

2.8.1 Highlights of the period under review

The main press releases issued by the CNIM Group during 2018 were as follows:

Concerning the Bertin companies:

- 29 June 2018: finalization of the sale, by Bertin Technologies, of the “Bertin Ergonomie” business to Human Design Group, which is under the majority control of Ciclad and supported by the Bertin Ergonomie management team.

  Bertin Ergonomie, which has an excellent reputation with key industrial companies and service providers, provides consultancy services and expertise in ergonomics, user experience (UX) and human factors. In 2017, it generated revenue of €8 million.

- 20 December 2018: finalization of the sale, by Bertin Technologies, of its Multi-physics Modelling and Scientific Computing business line to CT.

  The business line, offering engineering and consulting services, enjoys a solid customer base with recurring and long-standing business relationship in the aeronautics, space and nuclear sectors. In 2017, it generated revenue of €2.5 million.

The CNIM Group sold these service businesses targeting wide-ranging markets in order to refocus on its strategic lines of business in the Environment and Energy, Defense and Security sectors.

Concerning the Environment & Energy sector:

- 17 August 2018: the CNIM Group entered into an agreement relating to the sale of its indirect stake in SELCHP, together with the investment fund Cube Infrastructure Fund, to the investment fund iCON Infrastructure. SELCHP owns a household waste-to-energy plant located in London (United Kingdom). SELCHP generated revenue of GBP 39 million in 2017. The plant has a capacity of 2 x 29 tonnes per hour and was constructed by CNIM in 1994.

  This disposal reflects the CNIM Group’s aim to reallocate its investment capacity to developing its industrial business activities.

These transactions, which were initiated in 2017, were carried out in line with the Group’s strategic refocusing, with notably in 2017 the acquisition of Exensor and Winlight and the disposal of the Bertin Pharma business.

Note:
. the 2018 and 2017 financial statements (restated) as presented reflect the application of IFRS 15 and IFRS 9, the main impacts of which are described in Note 2 to the 2018 consolidated financial statements
. Notes 8 and 15 to the consolidated financial statements provide an explanation of the financial impacts of the aforementioned sales
. CNIM Babcock Maroc (optimization, maintenance and refurbishment of combustion plants) has been included in the Environment & Energy sector in the segment information in the 2018 financial statements. Comparative figures have been restated to reflect this reclassification.
Throughout this document, the 2017 (*) financial statements are the restated 2017 financial statements

2.8.2 Business in 2018

2.8.2.1 Order intake

The following table provides a breakdown of order intake by sector for the 2016, 2017 and 2018 financial years:

(in € millions)

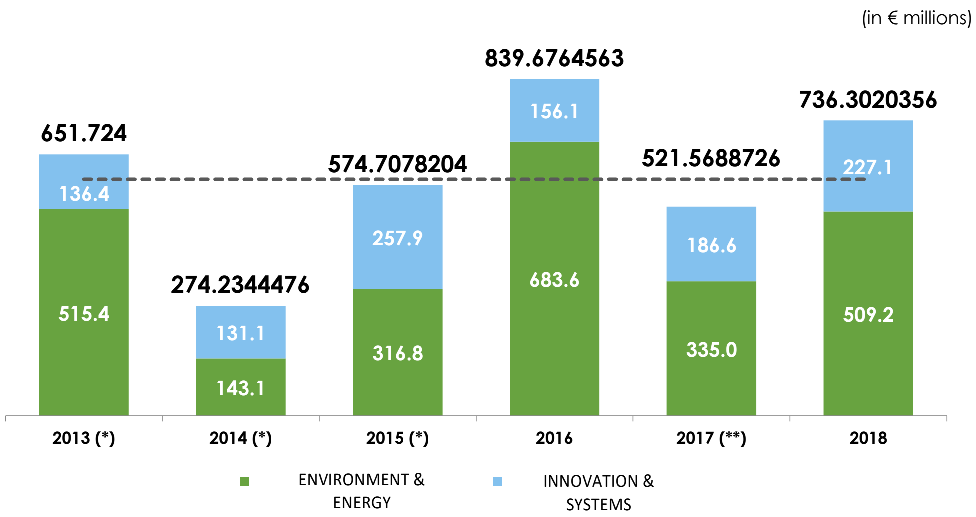
	2018	2017*	2017	2016
Environment & Energy	509.2	335.0	351.9	683.6
Innovation & Systems	227.1	186.6	191.5	156.1
Group total	**736.3**	**521.6**	**543.4**	**839.7**

*The IFRS 15 restatement is related to the amount of orders in respect of operating contracts for waste-to-energy processing plants included in the 2017 opening order book (€21.8 million). In addition, CNIM Babcock Maroc was reclassified from the I&S sector to the E&E sector (€4.9 million of orders).

Order intake in 2018 was higher than in 2017. The increase breaks down as follows:

- Group: + 40.7%
- Environment & Energy sector: +51.4%
- Innovation & Systems sector: +21.7%

The level of orders in 2018 was 125% of the annual average for the last five years:



a. Environment & Energy

(in € millions)

	2018	2017 (*)	2017	2016
E&E-Turnkey Waste-to-Energy Processing Plants (EPC)	325.0	145.5	145.5	469.0
E&E-LAB & GEODUR	55.6	41.2	41.2	88.9
E&E- Operation	45.3	54.1	136.5	79.0
E&E- Services	83.3	94.2	28.7	46.7
Environment Total	**509.2**	**335.0**	**352.0**	**683.6**

(*) In addition to the IFRS 15 restatements and the reclassification of CNIM Babcock Maroc, an amount of €60.6 million in respect of the service activities of the "Operation" Business Division has been transferred to the "Energy (CBS)" Business Division, which has been renamed "Services"

Four Business Divisions have been defined in the Environment & Energy (E&E) sector:

- *EPC: construction of turnkey waste-to-energy and biomass-to-energy centers;*
- *LAB: flue gas treatment solutions for household waste-to-energy processing plants, flue-gas scrubbing systems for merchant ship engines, systems for the removal and recovery of heavy metals from incinerator ash residues, and related services;*

- *Services: optimization, rehabilitation, revamping and maintenance for waste-to-energy and biomass-to-energy centers and large combustion plants.*
- *Operation: operation and maintenance of waste-to-energy and biomass-to-energy centers*

E&E turnkey plants (EPC): €325 million

In 2018, the Group recorded orders for the construction of waste-to-energy plants in Sharjah (United Arab Emirates), Earls Gate (UK) and Réunion Island – Study phase (France), as well as for the implementation phase of the Troyes plant (France).

Orders for turnkey contracts are recorded on receipt of the instruction to commence work and not on signing; by nature they do not present a linear trend.

Contracts awarded to CNIM but not entered into the backlog (as they are awaiting the instruction to commence work, the final decision to begin work on the project or the permit) were as follows: Belgrade (construction phase), Kuwait and Réunion Island (construction phase).

E&E flue gas treatment systems (LAB): €55.6 million

The increase in LAB orders in 2018 (+35%) was due to the recently-developed marine scrubbers activity, which accounted for 78% of the year's orders.

The Company recorded €78.8 million of orders, including intra-Group orders.

E&E Services: €83.3 million

The "Services" division of the Environment & Energy sector received orders to replace, optimize and modify flue gas treatment systems for the Thierval, Albioma Le Moule and Vaux-le-Pénil plants.

E&E Operation €45.3 million

The Operating Division operated the same number of sites in 2018 as in 2017. The orders for the financial year correspond mainly to the variable remuneration (deemed to be unearned under IFRS 15) to be recognized as revenue in the 2018 financial year in respect of operating contracts in progress. As of 31 December 2018, the Group operated the following household waste-to-energy and biomass-to-energy plants:

- France: Thiverval (78), Pluzunet and Lantic (22), Saint Pantaléon-de-Larche (19), Plouharnel (56), Nesle and Estrées-Mons (80);
- UK: Stoke-on-Trent, Wolverhampton and Dudley;
- Azerbaijan: Baku.

b. Innovation & Systems

(in € millions)

	2018	2017*	2017	2016
Industrial Systems Division	125.2	92.0	96.9	67.8
Bertin subsidiaries	102.0	94.6	94.6	88.3
Innovation & Systems total	**227.1**	**186.6**	**191.5**	**156.1**

*Reclassification of the CNIM Babcock Maroc activity.

Two Business Divisions have been defined in the Innovation & Systems (I&S) sector:

- *The Industrial Systems Division, which provides a unique range of services for the development, production, installation and maintenance of innovative equipment and systems. It also performs manufacturing subcontracting contracts for various cutting-edge industrial sectors.*
- *Bertin Technologies and its subsidiaries, which operate in three major fields of activity:*
  - *Systems and instrumentation*
  - *Information technology*
  - *Consulting, engineering and innovative solutions for the energy and environment sectors, industry and local areas*

Industrial Systems Division: €125.2 million

The Industrial Systems Division generated orders of €125.2 million in 2018, representing a 36% increase over 2017. These orders break down as follows:

- Defense and maritime: €69.8 million, in the Deterrence and Systems for the projection of force business, including the supply of Standard Amphibious Landing Craft (*Engins de débarquement Amphibie Standard* - EDA-S)
- Electronuclear and Large Scientific Instruments: €33.7 million, with supplementary orders under the ITER programme
- Other industries: €21.7 million (additional orders for escalators, industrial sub-contracting (in particular the supply of housing nozzles in connection with the various Ariane Group programs), and the supply of fabricated frames for the engraving machine market).

Bertin: €102.0 million

2018 orders were 7.8% higher than in 2017. They break down by activity as follows:

- Systems and Instrumentation: 75%
- Information technology: 12%
- Consultancy: 13%

The changes between 2017 and 2018 break down by activity as follows:

- Systems and Instrumentation: +34.5%
- Information technology: +33.3%
- Consultancy: -11.2% (impact of the sale of the Ergonomics business)

2.8.2.2 Order backlog

Movement in the backlog of each of the Group's sectors was as follows:

(in € millions)

	Backlog at 01-01-2018	IFRS 15 and reclassification of CNIM Babcock Maroc	Backlog at 01-01-2018 restated	2018			Backlog at 12-31-2018
				Change in scope	Orders	Revenues	
Environment & Energy	587.4	109.5	696.9		509.2	493.3	712.8
Innovation & Systems	242.9	(1.3)	241.6	(3.5)	227.1	196.5	268.8
Group total	**830.3**	**108.2**	**938.5**	**(3.5)**	**736.3**	**689.8**	**981.5**

The impact of the restatement of the backlog at the beginning of the year pursuant to IFRS 15 was €108.2 million and that of the reclassification of CNIM Babcock Maroc's opening backlog from the I&S sector to the E&E sector was €1.3 million.
The amount of the changes in scope correspond to the backlog for the "Bertin Ergonomie" and the "Multi-physics Modelling and Scientific Computing" activities sold by Bertin Technologies.

The order backlog increased by 4.6% during the financial year: +2.3% for the Environment & Energy sector and +10.7% for the Innovation & Systems sector.

2.8.3 Consolidated results

The consolidated income statement for the Group for 2017 and 2018 is set out below:

(in € millions)

	2018	2017*	2017
Revenues	**689.8**	**628.5**	**634.9**
EBITDA	**14.5**	**36.1**	**38.4**
Recurring operating income/(loss)	(4.3)	17.5	19.7
Non-recurring operating income/(loss)	6.8	2.4	2.4
Operating income	**2.6**	**19.8**	**22.1**
Share in net income from associates	25.4	3.6	3.6
Operating income after share in net income from associates	27.9	23.4	25.7
Total financial income/(expense)	**0.8**	**(1.5)**	**(1.5)**
Pre-tax income	**28.7**	**21.9**	**24.2**
Income tax expense	(0.9)	(3.7)	(4.5)
Net income/(loss) for the year	**27.9**	**18.2**	**19.7**
Income/(loss) attributable to non-controlling interests	(5.0)	(2.3)	(2.3)
Net income attributable to owners of the parent	**32.8**	**20.5**	**22.0**

*Restatement due to the application of IFRS 15

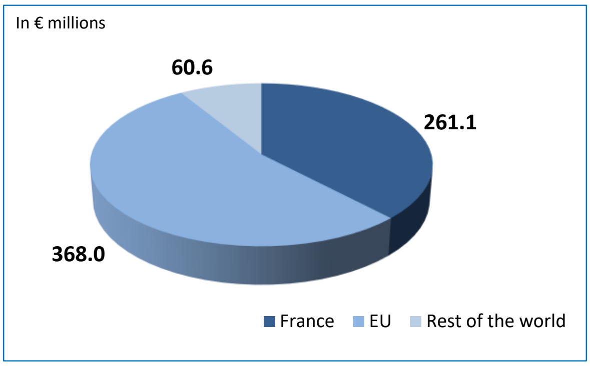
The 2018 financial year was characterized by:

- A significant increase in order intake for both sectors
- A 9.8% increase in revenue
- A recurring operating loss, due mainly to a civil engineering co-contractor failing to meet its obligations in respect of a major UK contract in the Environment and Energy sector
- A significant increase in net income, reflecting the sales described in section 2.8.1

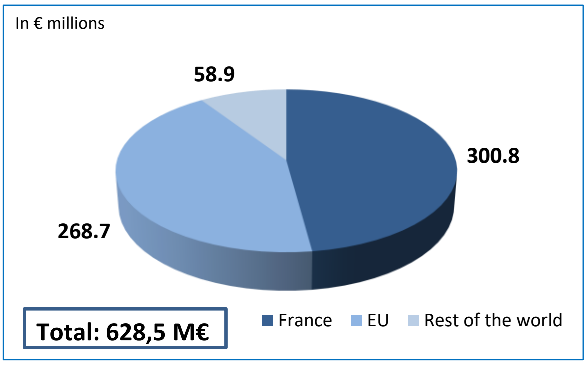
2.8.3.1 Revenues and recurring operating income

A. Revenues by geographical region

2018 - France: 37.9% Export: 62.1%



2017* - France : 47.9% Export: 52.1%



**Restated*

Exports continue to remain important to the Group, with revenues from outside France, principally in Europe, representing 62.1% of the total.

B. Revenue, recurring operating income and EBITDA

(in € millions)

	2018					2017*				
	Revenues	EBITDA	*EBITDA /Revenues*	Recurring operating income/(loss)	*Operating margin*	Revenues	EBITDA	*EBITDA /Revenues*	Recurring operating income/(loss)	*Operating margin*
Environment & Energy	493.3	(8.4)	*-1.7%*	(14.9)	*-3.0%*	421.6	14.4	*3.4%*	9.3	*2.2%*
Innovation & Systems	196.5	22.9	*11.7%*	10.7	*5.4%*	206.9	21.7	*10.5%*	8.2	*4.0%*
Total	**689.8**	**14.5**	***2.1%***	**(4.3)**	***-0.6%***	**628.5**	**36.1**	***5.7%***	**17.5**	***2.8%***

* Reclassification of CNIM Babcock Maroc from the Innovation & Systems sector to the Environment & Energy sector (Revenue €4.9 million and EBITDA €0.2 million) and after the impact of IFRS 15 (Revenue -€6.5 million, Operating income/(loss) and EBITDA -€2.3 million).

The Group's total revenues were up 9.8% relative to 2017:

- Environment & Energy sector: +14.5%
- Innovation & Systems sector: -7.8%

Recurring operating income represented -0.6% of revenues in 2018, as opposed to 2.8% in 2017.

At €14.5 million, EBITDA represented 2.1% of revenues in 2018.

a. Environment & Energy Sector (E&E)

The revenues of the Environment & Energy sector were 17% higher in 2018 than in 2017.

E&E turnkey plants (EPC):

The recurring operating income/(loss) of the Environment & Energy sector - and of the Group - was significantly adversely affected by a civil engineering co-contractor failing to meet its obligations in connection with a specific project in England.

There were two aspects to this significant negative impact:

- Penalties for delay applied to the full-plant acceptance milestone, even though the plant had been in operation since October, since the administrative building had not been accepted;
- Actions taken to remedy bad workmanship, discovered late.

Without the failure of the civil engineer involved in this contract, the Environment & Energy sector would have generated recurring operating income instead of a recurring operating loss.

The increase in the Group's order intake in 2018 was due to the signing of major contracts within this Division (see section 2.8.2.1 (a)).

E&E flue gas treatment systems (LAB):

The 2018 financial year was characterized by work beginning on the marine scrubbers contracts, most of which will be carried out in 2019.

E&E Services:

The Group has increased and pooled the resources dedicated to this activity, to increase its range of services, notably in connection with the refurbishment market which is expanding in France and Northern Europe; refurbishment orders represented a significant portion of the Services Division's activity in 2018.

This Division's order intake represents a significant amount for the Group (see section 2.8.2.1 (a)), which sees it as an ideal opportunity to develop the recurring portion of its activities.

E&E Operation:

The Operation Division operated the same number of sites in 2018 as in 2017. The Division is closely associated with the "New plant construction" activity: several EPC contracts, recognized either as backlog (Earls Gate and Sharjah), or as earned revenue (Réunion Island), relate to the construction and operation of plants.

This enables the Group to anticipate an increase in the "Operation" revenue at the end of these plants' construction period.

As the sector requires little investment in property, plant and equipment, EBITDA is close to operating income.

b. Innovation & Systems sector

The revenues of the Innovation & Systems (I&S) sector came to €196.5 million in 2018. The changes between 2017 and 2018 for each Division were as follows:

- Industrial Systems Division: -12.2%
- Bertin: +3.3%.

The Innovation & Systems sector posted recurring operating income of +€10.7 million in 2018, as compared to +€8.2 million in 2017, giving an operating margin of 5.4% in 2018 compared with 4% in 2017.

Both Divisions (Industrial Systems Division and Bertin) generated good levels of new orders in 2018 (see section 2.8.2.1.b), which were higher than in the previous year.

Industrial Systems Division:

The change in the Division's revenues (-12.2% compared to 2017) was due to the finalization of the contract for the supply of escalators in Singapore and the Division increasing its activities outside Asia.

The level of 2018 orders provides good visibility of 2019 activity, which is fairly evenly split between the Division's three Business Lines:

- Defense and Maritime, which has a key order in its "Maritime projection of force" activity, as mentioned in paragraph 2.8.2.1 b
- Nuclear Power and Large Scientific Instruments, which maintains a constant level of activity due to the ITER program
- Other industries, which have long-term strategic partnerships for the supply of complex mechanical equipment

Bertin Division:

- Bertin Systems and Instrumentation:
    - Exensor (acquired in July 2017) and Winlight (acquired in December 2017) were consolidated during the 2018 financial year
    - In 2018, of Bertin Systems and Instrumentation's sales, 56% were in the "products and services" category and 44% were in the "development" category. 40% of these sales were export sales.
- Bertin IT:
    - Bertin IT's revenues were 24% higher in 2018 than in 2017 but its contribution to recurring operating income/(loss) remained negative.

The Innovation & Systems sector is characterized by a marked capacity for innovation, with a track record of major development programmes, and a strong industrial base, which provide the means to associate design potential with capacity to deliver industrial implementation.

It therefore requires more capital expenditure, and depreciation thus plays a significant part in the income statement.

At €22.9 million, the sector's 2018 EBITDA represented 11.7 % of revenues.

c. Recurring portion of the Group's activity

The Group's aim is to increase the recurring portion of its activity. It is implementing a variety of initiatives to increase its recurring sources of revenue:

E&E LAB: development of a range of flue gas treatment systems

E&E Services: a diffuse business, with the value of individual contracts being lower

E&E Operation: plant operating contracts, with a duration of several years, that change little from one year to the next

I&S Industrial Systems: development of partnerships for the series production of high value-added mechanical equipment

I&S Bertin: range of products in the areas of defense, security and radiation protection

Revenues generated by this recurring portion of the Group's activities, i.e. activities other than the construction of new turnkey household waste-to-energy plants, accounted for approximately half of consolidated revenues in 2018.

The activities of the Group's six Divisions are very diverse:

- Environment & Energy sector: offer in the field of thermal energy covering all businesses: turnkey installations, operation of waste-to-energy plants and service contracts;
- Innovation & Systems sector: offer in the fields of mechanical, optical and electro-mechanical engineering , involving studies and the development and production of software and small and mid-range products;

These differences in the nature of the activities carried out within each of the sectors make it impossible to undertake a meaningful comparative analysis of the differences between their results.

2.8.3.2 Non-recurring income (loss)

The transactions described in section 2.8.1 (sale of the minority stake in SELCHP and sale of the Bertin business) had a significant (€18.8 million) positive impact on the non-recurring income (loss) for the year (see note 8 to the consolidated financial statements).

In addition, a €7.8 million provision for impairment was recognized in respect of the assets developed by SUNCNIM (concentrated solar technology) to reflect the lack of orders other than the construction of the Llo solar power plant (Pyrénées Orientales). Impairment provisions totalling €3.5 million were also recognized in respect of two Geodur assets (a demonstration facility and one of the three plants in operation).

2.8.3.3 Share in net income from associates

(in € millions)

	2018	2017
Share of net income of equity-accounted associates	25.4	3.6

Income from associates in 2018 breaks down as follows:

- Recurring income from companies operating mainly in the Environment & Energy sector: €3.4 million
- Sale, by CNIM Development, a company jointly owned by CNIM Group and an investment fund (Cube before the sale, Icon after the sale), of the stake in SELCHP: €22 million

Operating profit, after taking into account the share of net income of equity-accounted associated, was consequently €4.5 million higher than in 2017.

2.8.3.4 Financial income

(in € millions)

	2018	2017
Net financial income/(loss)	(0.7)	0.9
Foreign exchange gains/(losses)	0.3	(2.2)
Other	1.2	(0.2)
Financial income/(expense)	**0.8**	**(1.5)**

Net financial income for 2018 comprised:

- net financial expense: €(0.7) million. In 2017, the main component of the net financial income was the interest owed by the State on the 3% dividend contribution;
- net foreign exchange gain: €0.3 million;
- other: €1.2 million, including the reversal of the provision relating to the project companies Kogeban and CBEM, which owned biomass incineration plants

2.8.3.5 Income tax

(in € millions)

	2018	2017*
Income tax expense	(0.9)	(3.7)

*Restatement due to the application of IFRS 15

Tax, including the enterprise added value contribution (*cotisation sur la valeur ajoutée des entreprises*) represented 25.71% of pre-tax income, excluding income from associates (20.35% in 2017).

The two main reasons for these tax rates were:

- 2017: The Group had filed claims in respect of the contributions for 2013 to 2017 for a total of €4.9 million (excluding default interest, recognized in financial income)
- 2018: The disposal by Bertin Technologies of its ergonomics consultancy business enabled the Group to use part of prior-period tax losses (dating from before the consolidation of Bertin Technologies), which the Group had not recognized in the financial statements.

2.8.3.6 Net income / (loss)

Changes in the consolidated net income attributable to owners of the parent, excluding minority interests (which primarily concern SUNCNIM), were as follows:

(in € millions)

	2018	2017*
Net income attributable to owners of the parent	32.8	20.5

*Restatement due to the application of IFRS 15

At 4.8% of revenue, the Group's net income was significantly higher than in 2017.

2.8.4 Definitions

"Order intake":

- Contracts for the supply of turnkey plants are recorded as orders at the start of operations;
- Contracts for recurring services, such as the operation of waste recovery plants, are recorded as backlog, for the amount due over the full contractual period, either at the start of the year or on the date of signing.

  In connection with the application of IFRS 15, for the waste-to-energy plant operating business, and as from January 1, 2018: on the date on which the operating agreement is signed, the revenue earned over the remaining contractual period is recognized in orders for the period (see Note 1 to the consolidated financial statements).

"Backlog":

- The backlog at a given date corresponds to revenues not yet entered into the accounts in relation to recorded orders, i.e. total contract revenue less revenue recognized in the income statement.

"EBITDA": EBITDA is defined as:

- Operating income;
- excluding depreciation;
- excluding impairments of non-current assets;
- excluding gains and losses of disposals of non-current assets.

"Free Cash Flow": Free Cash Flow is defined as:

- EBITDA;
- plus change in working capital;
- plus changes in provisions;
- less capital expenditure (net of disposals);
- plus dividends received;

- less income taxes.

"Gross Cash": is equal to cash as shown on the asset side of the balance sheet, i.e. the sum of:

- cash equivalents;
- cash.

"Net Cash Position": The calculation of the net cash position is stated in section 2.10.5. It corresponds to the net total of the following items:

- Gross cash
- Current and non-current financial liabilities (see Note 22 to the consolidated financial statements).

2.9 Investments and significant property, plant and equipment

2.9.1 The Group's principal fixed assets

Movements in fixed assets by sector were as follows:
(in € millions)

	Environment & Energy		Innovation & Systems		Group total	
	31.12.2018	31.12.2017*	31.12.2018	31.12.2017*	31.12.2018	31.12.2017*
Intangible assets	2.7	9.1	20.2	20.7	**22.9**	**29.8**
Goodwill	31.2	31.2	39.6	42.7	**70.8**	**73.8**
Property, plant and equipment	35.9	36.2	33.7	29.7	**69.6**	**65.8**
Other non-current financial assets	14.3	11.6	1.6	1.4	**15.9**	**13.1**

*Amounts restated to reflect the reclassification of CNIM Babcock Maroc from the Innovation & Systems sector to the Environment & Energy sector.

Note: Non-current financial assets as stated above do not include shares in the net assets of associates. Holdings in associates relate principally to the Environment & Energy sector and are set out in detail in Note 15 to the consolidated financial statements.

The changes in items compared with 2017 are commented on in paragraph 2.9.2.

2.9.1.1 Environment & Energy sector

The net change in intangible assets during the year consisted of:

- a €8.2 million increase in intangible assets
- amortization and impairment charges totalling €14.9 million, including the impairment provision in respect of the intangible assets developed by SUNCNIM, which relate to the lack of orders other than the eLlo plant, and to certain Geodur assets

Property, plant and equipment in this sector principally constitute non-ferrous metal extraction units in the Unites States.

The major part of the Group's financial investments take the form of equity holdings and subordinated loans in joint-venture plant operating companies. Such companies purchase waste-to-energy and biomass-to-energy plants from CNIM and then subcontract operation of the plants back to the Group.

The Group's holdings in these companies have been consolidated using the equity method (see section 6. "Financial statements", Note 15 to the consolidated financial statements).

2.9.1.2 Innovation & Systems sector

This sector is characterized by:

- a strong capacity for innovation, with a track record in major development programmes;
- a strong industrial base, including the site at La Seyne-sur-Mer and the plants in China and Morocco, enabling this capacity for innovation to be coupled with the resources for industrial production. Innovation & Systems

thus accounts for the largest share of the Group's property, plant and equipment (held chiefly by CNIM SA, CNIM Transport Equipment and CNIM Babcock Morocco).

The change in Goodwill was due mainly to the adjustment of the allocation of the acquisition price of Winlight and Exensor.

The production staff and equipment at the Group's site at La Seyne-sur-Mer are capable of large-scale precision manufacturing, high speed machining, conventional and specialist welding (particularly electron beam welding), boilermaking and working with synthetic materials such as composites and polyurethane.

- Details of goodwill are set out in Note 13 to the 2018 consolidated financial statements.
- Property, plant and equipment includes the following land and buildings:

	LAND			BUILDINGS	
	Location		Area	Industrial buildings	Offices
	Country	City	(m²)	(m²)	(m²)
Babcock Services	Morocco	Casablanca	132,248		
Bertin Technologies	France	Tarnos (40)	9,362		956
	France	Aix (13)	4,693		3,086
	France	Thiron-Gardais (28)	8,826	757	
CNIM Transport Equipment	China	Gaoming		19,515	
Winlight	France	Perthuis (84)	3,465	2,100	
SCI Bassano du 35 rue de Bassano	France	Paris 8°			1,395
CNIM	France	Brégaillon	81,000	16,950	11,895
		Lagoubran	192,012	28,400	770
		Mouissèques	40,458	17,095	1,000
		La Seyne-sur-Mer (83)	313,470	62,445	13,665

CNIM Transport Equipment – CTE (Gaoming, China) has a fifty-year lease on a site of 39,315 m^2. The rights under the lease are recorded as an intangible asset with a net book value of CNY 7,167,941 / €910,329 at 31 December 2018.

The fixed assets of Bertin Technologies in Aix-en-Provence are subject to lease financing, expiring in 2020.

Details of the classification of companies by sector are set out in Note 3 to the consolidated financial statements.

2.9.2 Group capital expenditure

(in € millions)

	Environment & Energy		Innovation & Systems		Total	
	2018	2017	2018	2017	2018	2017
Intangible assets	1.0	1.7	7.1	5.2	8.2	6.9
Property, plant and equipment	6.5	12.0	7.7	5.2	14.3	17.2
Financial assets	0.7	0.1	0.0	0.0	0.7	0.1
Total	**8.2**	**13.7**	**14.9**	**10.4**	**23.1**	**24.1**

The principal items of capital expenditure in 2018 were on facilities for the extraction of metals (mainly non-ferrous metals) from ash following household waste incineration and maintenance or specific investments at the Group's industrial sites, particularly at La Seyne-sur-Mer (Var) (see below).

2.9.3 Capital expenditure programme

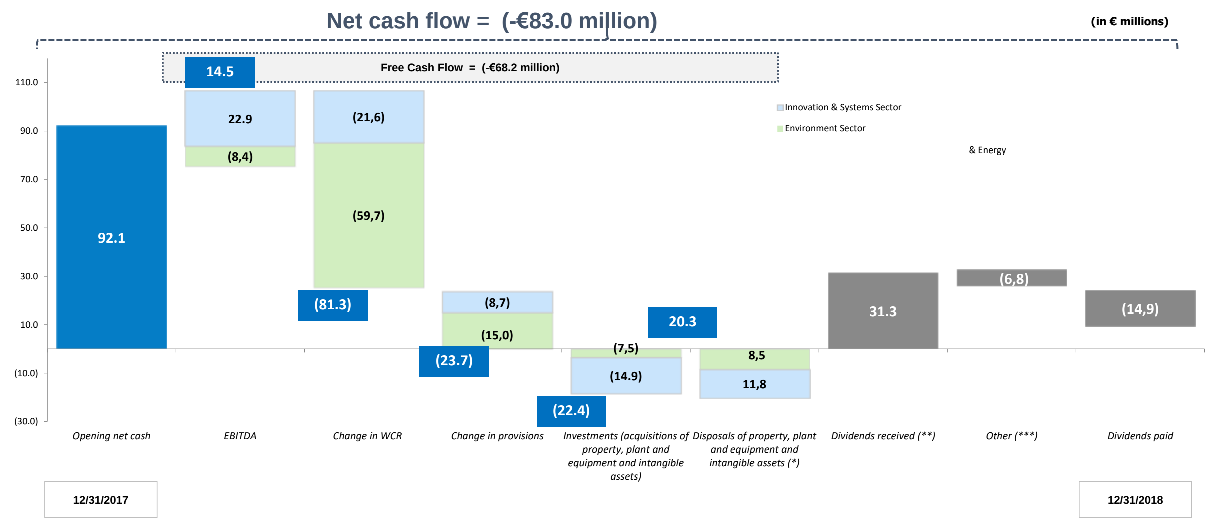
At 31 December 2018, the Group was engaged in the following capital expenditure programmes:

- expenditure required year by year in connection with the maintenance of its various manufacturing facilities;
- specific investments made by the Industrial Systems Division, in the order of €10 million over two years, i.e.:
  - the purchase of two new very high-performance machining plants and a new three-dimensional measuring machine (the largest in Europe) to increase the Group's capacity and capability as regards large dimension machining and high-precision control;
  - a flow-forming machine, which provides a new technological module for forming large-scale parts;
  - the construction of a "clean room" building.
- equity investment in a project company for the household waste-to-energy plant in Kuwait (project financing) of approximately €25 million, subject to the finalization of the construction contract.

2.10 Group financing - Cash

The Group's cash flows in 2018 are summarized as follows:

(in € millions)



*Sale of the Ergonomics business and partial repayment of CNIM Netherland's PPL following the sale of MES SELCHP
** Dividends received, mainly from CNIM Development following the sale of MES SELCHP
*** Mainly corporate income tax paid (-€7.0 million), the purchase of treasury shares (-€3.3 million) and changes in consolidation scope (€6.7 million) and currency fluctuations
(-€2.3 million)

2.10.1 Ebitda

The Group's EBITDA was €14.5 million. EBITDA is broken down by sector in paragraph 2.8.3.1.

2.10.2 Changes in working capital

Working capital requirements are detailed below for 31 December 2017 and 2018.

(in € millions)

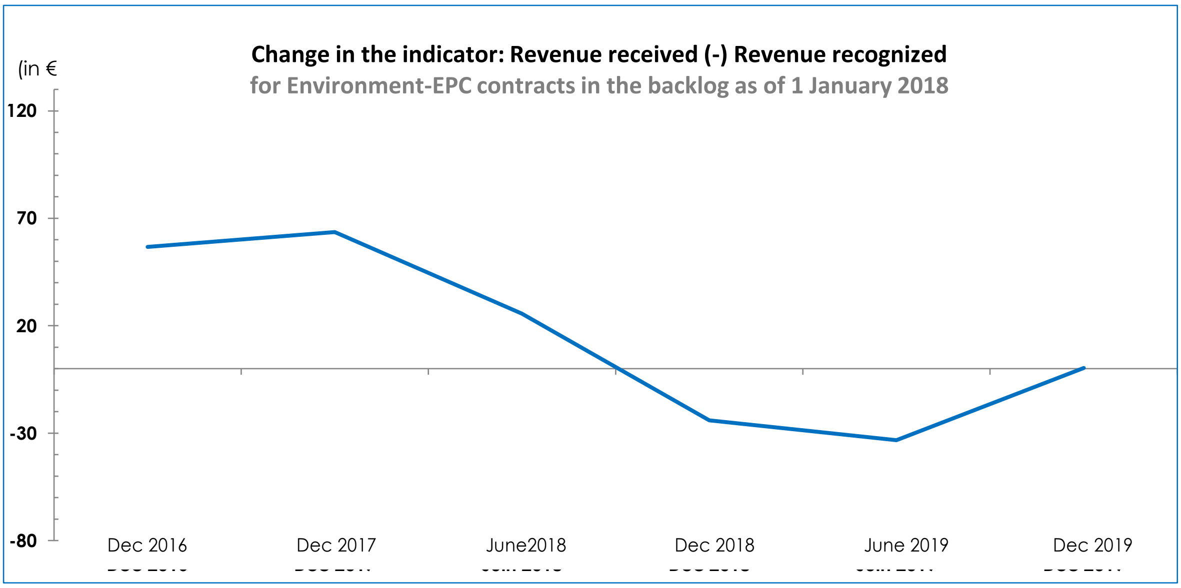
	2018	2017	Change in working capital (balance sheet items)*	Change in working capital (cash flow)
Assets				
Inventories and work-in-progress	21.9	28.9	(7.0)	(7.1)
Advances and down payments on orders to suppliers	8.0	8.3	(0.3)	(0.3)
Trade and other receivables	101.2	109.3	(8.0)	(4.6)
Accrued income from contracts in progress	137.0	92.4	44.6	44.5
Tax and social security receivables	74.9	71.1	3.9	4.3
Other current operating assets	12.7	9.1	3.5	6.2
Sub-total	**355.7**	**319.1**	**36.6**	**43.1**
Liabilities				
Advances and down payments received from customers	(2.2)	(11.6)	9.4	9.4
Trade payables	(186.1)	(137.3)	(48.9)	(48.5)
Deferred income	(57.2)	(138.2)	81.0	81.1
Social security and tax payables	(70.4)	(67.3)	(3.1)	(3.9)
Other current operating liabilities	(11.3)	(8.9)	(2.4)	0.1
Sub-total	**(327.3)**	**(363.3)**	**36.0**	**38.2**
Working capital	**28.4**	**(44.2)**	**72.6**	**81.3**

*Changes in working capital as per the balance sheet include exchange rate differences and changes in the scope of consolidation.

The Group's working capital requirement (WCR) changed significantly in 2018, for three main reasons concerning the Environment and Energy sector:

a. The three most important contracts in progress (in England: Kemsley, Parc Adfer, Avonmouth) were, given their percentage of completion, at a financing "low point" at 31 December 2018.

The following graph illustrates the change in the amount of the "Cumulative revenue received less cumulative percentage-of-completion revenue", for those contracts in progress in early 2018. This is key to understanding the change in the Working Capital Requirement of the E&E EPC Division and of the Group:



The revenue received has to equal the percentage-of-completion revenue, as at the end of the contract. The respective changes in these two amounts over time explain the main changes in the working capital.

b. The civil engineering issue encountered in respect of the South London contract, described in section 2.8.3.1 B (a), delayed in 2019 the final acceptance of the plant and therefore the payment of the milestone, which was significant, related to said acceptance.

c. The new contracts were awarded in late 2018 and did not therefore result in a significant cash contribution during the year.

Due to the nature of its business, in which long term contracts play a significant role, the Group may experience significant fluctuations in its working capital on account of the timings of customers' payments and the schedule of contracted work.

2.10.3 Investments

The Group's investments are set out in section 2.9.2.

Net cash flows from investing activities include the sale of the Bertin Group's Ergonomics activity.

2.10.4 Dividends

During 2018, the Group paid a dividend of €5.25 per share in accordance with the resolution passed at the Ordinary and Extraordinary General Meeting of 24 May 2018. This dividend was paid on 4 July 2018, resulting in a payment, net of the effects of treasury shares, of €14.8 million.

2.10.5 Group cash position

Changes in the Group's net cash position were as follows:

(in € millions)

	2018	2017
Cash equivalents	17.0	39.8
Cash position	68.9	106.8
Gross cash	**86.0**	**146.6**
Non-current financial liabilities	(63.1)	(42.6)
Current financial liabilities	(13.8)	(11.9)
Net cash position	**9.1**	**92.1**

2.10.6 Debt

(in € millions)

	12.31.2018			12.31.2017		
	Non-current financial liabilities	Current financial liabilities	Total	Non-current financial liabilities	Current financial liabilities	Total
Loan facility for the investment in the Exensor group	24.0	6.0	**30.0**	30.0	-	**30.0**
Loan to finance work at SCI Bassano	1.1	1.1	**2.3**	2.3	1.1	**3.4**
Amount drawn down of revolving credit facility	30.0		**30.0**	-	-	**0.0**
Loans to finance R&D projects	2.0	0.5	**2.5**	2.5	0.7	**3.1**
Other loans and borrowings	0.1	0.1	**0.2**	0.4	0.6	**1.0**
Total loans and borrowings	**57.2**	**7.8**	**65.0**	**35.1**	**2.4**	**37.5**
Repayable advances	5.7	0.3	**6.0**	5.0	0.9	**5.8**
Assignments of receivables	0.0	3.4	**3.4**	1.9	6.7	**8.6**
Finance leases, others	0.2	0.7	**0.9**	0.6	0.1	**0.7**
GROSS FINANCIAL LIABILITIES	**63.1**	**12.2**	**75.3**	**42.6**	**10.0**	**52.6**
Bank overdrafts, current accounts	0.0	1.5	**1.5**		1.9	**1.9**
NET FINANCIAL LIABILITIES	**63.1**	**13.8**	**76.8**	**42.6**	**11.9**	**54.5**

The Group had debt of €76.8 million at 31 December 2018, up by €22.5 million from 31 December 2017, mainly as a result of the €30 million draw down in respect of the syndicated (multi-currency) loan of €120 million, renewed in December 2017 for a term of five years. On 27 March 2019, after the Management Board had approved the financial statements and management report, the term of this loan was extended by one year, i.e. until December 2023.

The maturity dates of non-current financial liabilities and a detailed breakdown of the annual repayments on medium-terms loans are provided in Note 22 to the consolidated financial statements.

Covenants:

a. The loan facility financing CNIM's investments in Estrées-Mons is subject to two six-month covenants linked to the consolidated financial statements. Both covenants were fulfilled at the end of the financial year: the ratio of net debt to equity was less than 0.8 and net debt/EBITDA was less than two;

b. The 2017 syndicated loan, the loan taken out to finance the investment in the Exensor group and the loan taken out to finance the works at the Group's head office (SCI Bassano) are subject to half-yearly covenants linked to the consolidated financial statements, and which were met at the end of the financial year: net debt to EBITDA ratio of less than or equal to 2.5.

Associates carrying debts, set out in detail in Note 15 to the consolidated financial statements, are companies established for the construction and operation of domestic waste recycling plants, developed with project funding in the form of non-recourse financing, in particular from the CNIM Group.

Available liquidity

(in € millions)

	12.31.2018	12.31.2017
Gross cash	86.0	146.6
Medium term credit facility	120.0	120.0
Amount of facility drawn down	(30.0)	-
Sub-total	**176.0**	**266.6**

Of the medium-term credit facility of €120 million made available to the Group, €30 million had been drawn down at 31 December 2018.

2.10.7 Equity

Movements in Group equity were as follows:

(in € millions)

	2018	2017 *
As at 1 January*	**176.6**	**180.8**
Net income for the year	32.8	20.5
Dividends paid	(14.8)	(19.3)
Other: currency translation differences, changes in scope of consolidation	(8.2)	(5.3)
As at 31 December	**186.3**	**176.7**

*At 1 January: amount restated to reflect the impacts of the first-time application of IFRS 15 and IFRS 9

The change in the "Others" item is mainly the result of currency translation differences and treasury shares acquired during the financial year (see paragraph 6.1.4).

2.10.8 Other elements

The contract bank guarantees listed in Note 27 to the consolidated financial statements represent guarantees issued in relation to contract performance. The principal types of guarantee issued are as follows:

a. return of down payment, covering the risk to the customer that CNIM might fail to carry out the contract notwithstanding the down payment. The validity period of these guarantees depends on the affectation of down payments as defined in the contractual invoicing and payment schedule;

b. performance, covering the risk for the customer that CNIM might fail to honour its undertakings on the timing of delivery or performance. The validity period of these guarantees depends on the contractual performance schedule (generally around three years for contracts for turnkey household waste recovery plants in the Environment & Energy sector);

c. warranties covering the period following project handover which address the risk to the customer that CNIM might not fulfil post-delivery equipment contractual guarantees. The validity period of these guarantees depends on the length of the contractual guarantee period.

2.12 Financial statements of CNIM SA

2.12.1 Results

The principal items in the 2018 income statement are shown below:
(in € millions)

	2018	2017
Revenues	**457.3**	**377.5**
Operating income/(loss)	(12.2)	1.3
Financial income/(expense)	2.0	34.3
Exceptional income	0.1	0.4
Income/(loss) before tax and profit-sharing	(10.1)	36.1
Profit-sharing	0.0	(0.4)
Income tax expense/(income)	8.1	3.4
Net income/(loss) (CNIM SA)	**(2.0)**	**39.1**
Net income margin	***-0.4%***	***10.4%***

The changes in revenue and operating income are principally the result of changes to the business of the Environment & Energy sector - Construction of turnkey household waste-to-energy plants: growth in revenue is linked to orders in 2016 and 2017 (Avonouth), while the average margin on ongoing contracts fell, and in 2018 there was a significant deterioration due to the failure of a civil engineering co-contractor to meet its obligations in respect of a specific contract in England.

In 2017, net financial income of €34.3 million mainly included financial returns on equity interests (see Note 18 to the CNIM SA financial statements) which in particular includes the distribution to CNIM by the relevant subsidiary of the profit on the disposal of the Babcock Wanson companies in 2016.

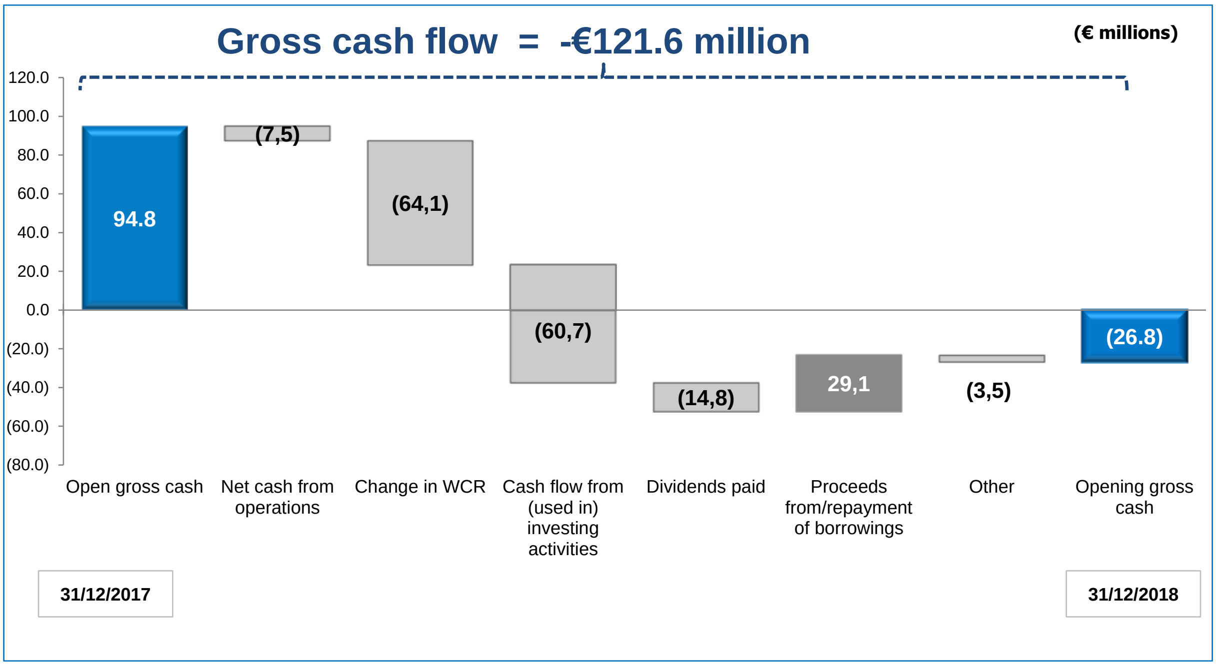
The "income tax" line item includes the savings derived from the tax consolidation of the French companies.

The net loss, of €2 million, represented -0.4% of revenues.

2.12.2 Cash position

The Company's cash flows are summarized below:

(in € millions)



The Company’s cash position deteriorated as a result of:

a. The changes in the Working Capital Requirement, principally on Environment & Energy sector contracts.

b. Significant investments, due mainly to:

- Contributions (in the form of share capital and/or loans) totalling €45 million to Group companies (mainly Bertin Technologie and LAB US)
- Expenditure on intangible assets and property, plant and equipment totalling €15.7 million, including the purchase of the “Services” business from LAB, in connection with the ramping up of the Group’s “Services” offer.

2.12.3 Proposed legal reorganization of CNIM SA’s activities

The CNIM Group’s activity is structured, for operational purposes, around two sectors, the Environment and Energy (E&E) sector and the Innovations & Systems (I&S) sector. Each of these sectors is, for operational purposes, sub-divided into the following Divisions:

- **Environment & Energy (E&E) sector**

a. E&E EPC Division;
b. E&E Flue Gas Treatment Division;
c. E&E Services Division;
d. E&E O&M (Operation) Division

- **Innovation & Systems (I&S) sector**

e. Industrial Systems Division;
f. Bertin Division

The parent company of the CNIM Group, CNIM SA, generates almost half of the Group's revenue through activities a, c, d and e above.
The rest of the Group’s revenue is generated by the Group's subsidiaries (most of which are wholly-owned by CNIM SA, some of which have been acquired by the Group), with no legal structure clearly separating the different businesses.

This situation results, currently, in:

- A confusing legal structure, resulting from the Group’s previous transactions
- A lack of consistency between the Group’s legal structure and its operating activities
- Little consistency in the governance methods applied in the various subsidiaries

The Group launched a wide-ranging review, with the aim of (i) simplifying the legal structure of its businesses and (ii) improving the consistency of its governance and management. The main objectives of this review are to:

- Spin off by means of partial contributions of capital and then reclassify, on the one hand, all of CNIM SA’s activities and resources and, on the other hand, all of the subsidiaries, within a particular division, in and under a dedicated holding company placed at the head of the division in question, and
- Group together, by means of contributions of shares, the (aforementioned) Division holding companies within a particular sector under an Intermediate Holding company placed at the head of the sector in question and owned by CNIM SA.
- The implementation of enhanced governance procedures across all Group entities, resulting in CNIM SA’s Management Board and its Chairman having a significant involvement in the management of the subsidiaries and thereby guaranteeing consistency throughout the Group.

As a result of the above, CNIM SA, which would be renamed “CNIM Group”, would no longer carry out any operating activities. Instead, it would have a holding company role, involving managing the Group and providing cross-functional services to its subsidiaries, for the purposes of which it would group together within it all of the members of the Group Managers’ Committee and the employees of the Corporate cross-functional support functions.

In addition, it would hold the Group's real estate assets and some brands and other intellectual property rights, which are made available to its subsidiaries.

The transactions would be implemented following Ordinary and Extraordinary General Meetings of, respectively, CNIM SA and the companies in question, which would rule on the implementation of the aforementioned transactions, i.e. (i) the partial contribution of capital to the "Division head" Companies, and (ii) the contribution of the shares of the "Division head" companies to the Intermediate Holding Companies. In view of progress to date with this proposed reorganization, CNIM SA's Ordinary and Extraordinary General Meeting is scheduled to take place on 26 June 2019.

This entire planned reorganization is subject, in particular, to an information and consultation procedure, currently in progress and involving the employee representative bodies, following which said bodies will issue an opinion.

2.12.4 Other items

- **Client payment terms**

At 31 December 2018:
(in € thousands for monetary data)

	Art. D 441-I.2: invoices issued and due but not paid by the end of the financial year					
	0 days	1-30 days	31-90 days	90-180 days	180 days or more	Total
(A) Late payment bracket						
Number of invoices in question	471	66	57	111	228	933
Total value (excluding tax) of the invoices in question	27,818	8,370	2,005	4,657	2,364	45,214
Percentage of the total amount (excluding tax) of the balance	62%	19%	4%	10%	5%	100%
Percentage of the total amount of purchases (excluding tax) for the financial year (class 60-62+ 651xxx)						
Percentage of total revenue (excluding tax) for the financial year (class 70)	6%	2%	0%	1%	1%	10%
(B) Invoices excluded from (A) relating to those debts and receivables in dispute or unrecognized						
Number of excluded invoices				3	32	35
Total value (excluding tax) of the excluded invoices				204	1,066	1,270
(C) Reference payment term used (contractual or statutory payment term Art. L. 441-6 or Art. L. 443-1 of the French Commercial Code)						
Reference payment terms used to calculate payment delays	Contractual payment terms: 30 days net 45 days net 60 days net 45 days end of month					

- **Supplier payment terms**

At 31 December 2018:
(in € thousands for monetary data)

	Art. D 441-I.1: invoices received and due but not paid by the end of the financial year					
	0 days	1-30 days	31-90 days	90-180 days	180 days or more	Total
(A) Late payment bracket						
Number of invoices in question	1,584	1,758	1,703	380	785	6,210
Total value (excluding tax) of the invoices in question	22,407	23,809	18,114	3,515	6,961	74,805
Percentage of the total amount (excluding tax) of the balance	30%	32%	24%	5%	9%	100%
Percentage of the total amount of purchases (excluding tax) for the financial year (class 60-62+ 651xxx)	6%	6%	5%	1%	2%	19%
Percentage of total revenue (excluding tax) for the financial year (class 70)						
(B) Invoices excluded from (A) relating to those debts and receivables in dispute or unrecognized						
Number of excluded invoices						
Total value (excluding tax) of the excluded invoices						
(C) Reference payment term used (contractual or statutory payment term Art. L. 441-6 or Art. L. 443-1 of the French Commercial Code)						
Reference payment terms used to calculate payment delays	Contractual term in general terms and conditions of purchase: 45 days end of month (calculated as the end of month + 45 days)					

- **Company's results over the last five years**

(in € thousands for monetary data)

	2013 financial year (46th period) 12 months	2014 financial year (47th period) 12 months	2015 financial year (48th period) 12 months	2016 financial year (49th period) 12 months	2017 financial year (50th period) 12 months	2018 financial year (51st period) 12 months
1. Financial position at year end						
Share capital	6,056	6,056	6,056	6,056	6,056	6,056
Number of shares issued	3,028,110	3,028,110	3,028,110	3,028,110	3,028,110	3,028,110
Number of bonds convertible into shares						
2. Overall result of current operations						
Revenues	551,933	541,507	384,717	319,832	377,521	457,288
Profit before tax, profit-sharing, depreciation and provisions	50,080	23,523	49,337	28,285	23,593	(8,450)
Income tax	(3,083)	(2,257)	4,063	5,627	3,377	8,099
Profit-sharing	(402)	(285)	(205)	23	(390)	(19)
Profit after tax, profit-sharing, depreciation and provisions	35,359	23,621	51,742	19,214	39,084	(1,992)
Distributed earnings	105,984	16,200	17,866	20,288	15,898	
3. Earnings per share						
Profit after tax and profit-sharing but before depreciation and provisions	15	7	19	11	0	0
Profit after tax, profit-sharing, depreciation and provisions	12	8	17	6	13	(1)
Dividend	35.00	5.35	5.90	6.70	5.25	-
4. Staff						
Average workforce of the period under review	1,097	1,096	1,026	997	974	1,143
Total payroll	59,691	59,852	56,619	56,007	58,509	63,726
Amounts paid in respect of social benefits (social security, social welfare, etc.)	27,233	27,435	25,153	25,569	27,777	29,021

3 SHAREHOLDERS & STOCK MARKET LISTING

3.1 Shareholders

3.1.1 Share capital and voting rights

3.1.1.1 Amount of subscribed capital

CNIM's share capital of €6,056,220 is divided into 3,028,110 shares with a nominal value of €2 each, fully paid up and forming a single class. Shares are either registered or bearer shares, at the election of the shareholder.

Ownership of CNIM's share capital is distributed as shown in section 3.1.1.7 below and, as regards treasury shares, in Note 21 to the consolidated financial statements for the year ended 31 December 2018.

3.1.1.2 Shares not representing capital

At the date of filing of this registration document, there are no securities in issue that do not represent share capital in the Company.

3.1.1.3 Shares held by the issuer itself

At the Ordinary and Extraordinary General Meeting of 24 May 2018 (eleventh resolution), the Management Board was authorized, in accordance with Article L. 225-209 of the French Commercial Code (Code de commerce), to trade in the Company's shares up to a maximum of 10% of the Company's share capital.

This authorization is valid for a term of eighteen months from the date of the aforesaid General Meeting.

The maximum unit purchase price is €200 per share, subject to adjustments linked to any operations affecting the Company's share capital. The total amount allocated to the share repurchase program cannot therefore exceed €60,562,200.

The main objectives of the share repurchase program are:

- to enable these shares to be cancelled by way of a reduction in share capital;
- to retain the shares or use them as consideration in connection with acquisitions and mergers;
- to stimulate the market in CNIM shares;
- to enable free shares to be allocated for the benefit of employees or executives of the Company or the CNIM Group under the terms of Articles L. 225-197-1 et seq. of the French Commercial Code;
- to grant stock options to employees or executives of the Company or the CNIM Group under the terms of Articles L. 225-179 et seq. of the French Commercial Code.

The last two objectives require the Supervisory Board to give its prior approval and determine the relevant conditions.

As regards the objective of stimulating the price of CNIM shares, purchases are executed via an investment services provider within the framework of a liquidity and market making agreement for the shares.

The repurchase transactions thus authorized must be executed in accordance with the conditions and obligations imposed by Articles L. 225-209 to L. 225-212 of the French Commercial Code, by Regulation (EU) no. 2273/2003 of 22 December 2003, by Article L. 451-3 of the French Monetary and Financial Code and by the provisions of the General Regulation of the Autorité des Marchés Financiers (Financial Markets Authority) concerning:

- the volume purchased (for transactions affecting the market price);
- the amount of the purchase price; and
- closed periods.

In particular, they must not represent more than 25% of the average daily volume of shares traded on the market, evaluated on the basis of the average daily volume over the twenty trading days preceding the purchase date, nor may they be executed at a price higher than that of the most recent independent transaction.

Information required under Article L. 225-211 of the French Commercial Code is set out in Note 21E to the 2018 consolidated financial statements.

In addition, at the Ordinary and Extraordinary General Meeting of 24 May 2018 (fifteenth resolution), the Management Board was also authorized to reduce the share capital by cancelling shares held in treasury.

The Management Board, in accordance with the provisions of Article L. 225-209 of the French Commercial Code, was authorized to cancel, by its own decision, on one or more occasions, all or some of the shares that the Company holds or may hold in treasury as a result of exercising the various authorizations to purchase shares granted to the Management Board in the General Meeting, up to a limit of 10% of the share capital per twenty-four month period.

This authorization is valid for a term of eighteen months from the date of the aforesaid General Meeting.

The General Meeting also delegated to the Management Board, along with the capacity to sub-delegate insofar as permitted by law, all powers necessary to carry out the reduction(s) in share capital arising from cancellations authorized by the ninth resolution, to cause the necessary accounting entries to be made, to attribute the difference between the purchase price and the nominal value of the cancelled shares to any balance sheet heading in respect of issue premiums or available reserves, to make the corresponding amendments to the bylaws and, generally, to complete all necessary formalities.

3.1.1.4 Convertible securities, exchangeable securities or securities with warrants

At the date of filing of this registration document, there are no securities in issue giving access to the Company's capital.

3.1.1.5 Terms of acquisition rights and/or obligations in relation to capital authorized but not issued

All the delegations and authorizations were granted to the Management Board by the Ordinary and Extraordinary General Meeting of 24 May 2018.

3.1.1.6 Movements in share capital

The amount of the Company's share capital as set out in 3.1.1.1 above has not changed over the last three years.

3.1.1.7 Ownership of the share capital and voting rights

As previously reported, on 17 July 2014, Soluni, the Company's largest shareholder, purchased the entire holdings of Compagnie Nationale de Navigation ("CNN") and Martin GmbH für Umwelt- und Energietechnik ("Martin GmbH"), which respectively amounted to 566,010 shares (18.69% of the share capital) and 310,518 shares (10.25% of the share capital), in total representing 28.94% of the Company's share capital.

Following the acquisition of the aforesaid holdings and the ensuing simplified public tender offer, Soluni held, alone, 1,708,633 shares in the Company as at 31 December 2015 representing 2,538,402 voting rights, i.e. 56.43% of the Company's share capital and 57.89% of the voting rights. Details of holdings in the Company's share capital as at 31 December 2018 are provided below.

(i) The list of holders of registered shares as at 31 December 2018 shows that on that date the Company's largest shareholder was:

At 12.31.2018	No. of shares	%	Number of voting rights	% Theoretical	% Exercisable
Soluni SA	1,708,633	56.43%	3,417,266	62.80%	64.83%
Total	1,708,633	56.43%	3,417,266	62.80%	64.83%

As at 31 December 2018, the grouping made up of Soluni SA, Ms. Christiane Dmitrieff and the other members of the Dmitrieff family (including Mr. Nicolas Dmitrieff) held 1,712,735 shares representing 56.56% of the share capital and 64.98% of the exercisable voting rights (62.95% of the theoretical voting rights).

On the basis of the information available to the Company, the share capital and voting rights at 31 December 2017 and 31 December 2018 were held as follows:

CNIM shareholder base at 31 December 2017						
Shareholders	No. of shares	Number of theoretical voting rights	Number of exercisable voting rights	% of share capital	% of theoretical voting rights (1)	% of exercisable voting rights (2)
Soluni S.A.	1,708,633	3,417,266	3,417,266	56.43%	62.80%	64.83%
Ms. Christiane Dmitrieff	1,295	2,590	2,590	0.04%	0.05%	0.05%
Other members of the Dmitrieff family [Lucile Dmitrieff , Nicolas Dmitrieff , Nikita Dmitrieff and Sophie Dmitrieff]	2,807	5,612	5,612	0.09%	0.10%	0.11%
Dmitrieff family group (3)	**1,712,735**	**3,425,468**	**3,425,468**	**56.56%**	**62.95%**	**64.98%**
Franeli S.A.	452,750	905,400	905,400	14.95%	16.64%	17.18%
Frel S.A.	1,700	3,400	3,400	0.06%	0.06%	0.06%
Mr. François Herlicq	11,315	22,630	22,630	0.37%	0.42%	0.43%
Herlicq family group (4)	**465,765**	**931,430**	**931,430**	**15.38%**	**17.12%**	**17.67%**
CNIM Participation (employee shareholders)	**87,124**	**173,003**	**173,003**	**2.88%**	**3.18%**	**3.28%**
Treasury shares	**160,601**	**160,601**	**-**	**5.30%**	**2.95%**	**-**
Liquidity contract (Exane BNP Paribas)	9,602	9,602	-	0.32%	0.18%	-
Treasury shares (held by subsidiary)	**170,203**	**170,203**	**-**	**5.62%**	**3.13%**	**-**
Public	**592,283**	**741,316**	**741,316**	**19.56%**	**13.62%**	**14.06%**
TOTAL	**3,028,110**	**5,441,420**	**5,271,217**	**100.00%**	**100.00%**	**100.00%**

(1) This number is calculated on the basis of the totality of shares with voting rights, including non-voting shares, in accordance with Article 223-11 of the General Regulation of the Financial Markets Authority on the calculation of the crossing of voting rights thresholds.
(2) For information: number calculated net of non-voting shares.
(3) Soluni is controlled by Ms. Christiane Dmitrieff through Arnina, a company in which she is the majority shareholder and which is managed by Mr. Nicolas Dmitrieff.
(4) The sub-group made up of Franeli, FREL and Mr. François Herlicq is held mainly by the Herlicq family.

(ii) Employees

Under the Company Savings Plan, 87,124 shares in the Company (2.88% of the share capital) at 31 December 2017 were held by staff via FCPE CNIM Participation (the employee shareholding fund).

CNIM shareholder base at 31 December 2018						
Shareholders	No. of shares	No. of theoretical voting rights	No. of exercisable voting rights	% of share capital	% of theoretical voting rights	% of exercisable voting rights
Soluni S.A.	1,708,633	3,417,266	3,417,266	56.43%	62.79%	65.18%
Ms. Christiane Dmitrieff	1,295	2,590	2,590	0.04%	0.05%	0.05%
Other members of the Dmitrieff family [Lucile Dmitrieff, Nicolas Dmitrieff, Nikita Dmitrieff and Sophie Dmitrieff]	2,807	5,614	5,614	0.09%	0.10%	0.11%
Dmitrieff family group	**1,712,735**	**3,425,470**	**3,425,470**	**56.56%**	**62.94%**	**65.34%**
Franeli S.A.	452,750	905,500	905,500	14.95%	16.64%	17.27%
Frel S.A.	1,700	3,400	3,400	0.06%	0.06%	0.06%
Mr. François Herlicq	12,755	24,820	24,820	0.42%	0.46%	0.47%
Herlicq family group	**467,205**	**933,720**	**933,720**	**15.43%**	**17.16%**	**17.81%**
CNIM Participation (employee shareholders)	90,101	175,185	175,185	2.98%	3.22%	3.34%
Treasury shares	188,449	188,449	-	6.22%	3.46%	-
Liquidity contract (Exane BNP Paribas)	11,634	11,634	-	0.38%	0.21%	-
Sub-total	**200,083**	**200,083**	**-**	**6.61%**	**3.68%**	**-**
Public	557,986	707,879	707,879	18.43%	13.01%	13.50%
TOTAL	**3,028,110**	**5,442,337**	**5,242,254**	**100.00%**	**100.00%**	**100.00%**

(ii) Employees

Under the Company Savings Plan, 90,101 shares in the Company (2.98% of the share capital) at 31 December 2018 were held by staff via FCPE CNIM Participation (the employee shareholding fund).

CNIM shareholder base at 28 February 2019						
Shareholders	No. of shares	No. of theoretical voting rights	No. of exercisable voting rights	% of share capital	% of theoretical voting rights	% of exercisable voting rights
Soluni S.A.	1,708,633	3,417,266	3,417,266	56.43%	62.79%	65.19%
Ms. Christiane Dmitrieff	1,295	2,590	2,590	0.04%	0.05%	0.05%
Other members of the Dmitrieff family [Lucile Dmitrieff, Nicolas Dmitrieff, Nikita Dmitrieff and Sophie Dmitrieff]	2,807	5,614	5,614	0.09%	0.10%	0.11%
Dmitrieff family group	**1,712,735**	**3,425,470**	**3,425,470**	**56.56%**	**62.94%**	**65.35%**
Franeli S.A.	452,750	905,500	905,500	14.95%	16.64%	17.27%
Frel S.A.	1,700	3,400	3,400	0.06%	0.06%	0.06%
Mr. François Herlicq	12,755	24,820	24,820	0.42%	0.46%	0.47%
Herlicq family group	**467,205**	**933,720**	**933,720**	**15.43%**	**17.16%**	**17.81%**
CNIM Participation (employee shareholders)	89,674	174,758	174,758	2.96%	3.21%	3.33%
Treasury shares (held by subsidiary)	188,449	188,449	-	6.22%	3.46%	-
Liquidity contract (Exane BNP Paribas)	12,021	12,021	-	0.40%	0.22%	-
Sub-total	**200,470**	**200,470**	**-**	**6.62%**	**3.68%**	**-**
Public	558,026	707,919	707,919	18.43%	13.01%	13.51%
TOTAL	**3,028,110**	**5,442,337**	**5,241,867**	**100.00%**	**100.00%**	**100.00%**

3.1.1.8 Crossing of disclosure thresholds during the financial year (Article L. 233-13 of the French Commercial Code)

None

3.1.2 Voting rights

The Company's bylaws provide that a double voting right is conferred on all fully paid-up shares which are shown to have been registered for at least two years in the name of the same shareholder under the conditions prescribed by law.

The bylaws do not provide for any restriction on the exercise of voting rights or on transfers of shares. The Company's bylaws do provide, however, that any individual or legal entity, acting alone or in concert with others, who crosses the threshold of 2.5% of the share capital or voting rights or a multiple of this percentage is obliged to declare the total number of shares in their possession to the Company in accordance with said bylaws within fifteen days of crossing the threshold, by registered letter with advice of receipt.

Non-compliance with this obligation is punishable by the withdrawal of voting rights from those shares exceeding the percentage which should have triggered a declaration, for a period of two years following the date on which the situation was regularized by the due submission of a declaration. This sanction only applies in the event of a request, recorded in the minutes of the General Meeting, by one or more shareholders holding at least 2.5% of the Company's share capital or voting rights.

No agreement in force has been brought to the Company's attention pursuant to Article L. 233-11 of the French Commercial Code.

3.1.3 Control of the Company

Prior to 16 July 2014, none of the shareholders listed in section 3.1.1.7 of this registration document controlled the Company within the meaning of Article L. 233-3 of the French Commercial Code. Since 17 July 2014, Soluni has controlled the company within the meaning of Article L. 233-3 of the French Commercial Code.

This assumption of control was a consequence of the acquisition by Soluni on 17 July 2014 of the entire holdings in CNIM SA of Compagnie Nationale de Navigation and Martin GmbH für Umwelt und Energietechnik, that is, a total of 876,528 CNIM shares representing 28.94% of the Company's share capital. This acquisition gave rise to the filing of a simplified public tender offer with the AMF.

To the best of the Company's knowledge, none of the shareholders have declared that they are acting in concert.

The Company has taken no specific action, other than the appointment of independent directors, to avoid abusive exercise of control.

The report on corporate governance included in this registration document sets out the arrangements for the preparation and conduct of the work of the Supervisory Board.

3.1.4 Agreements with potential to lead to a change of control

None.

3.1.5 Shareholder agreements

None.

3.2 Stock market listing

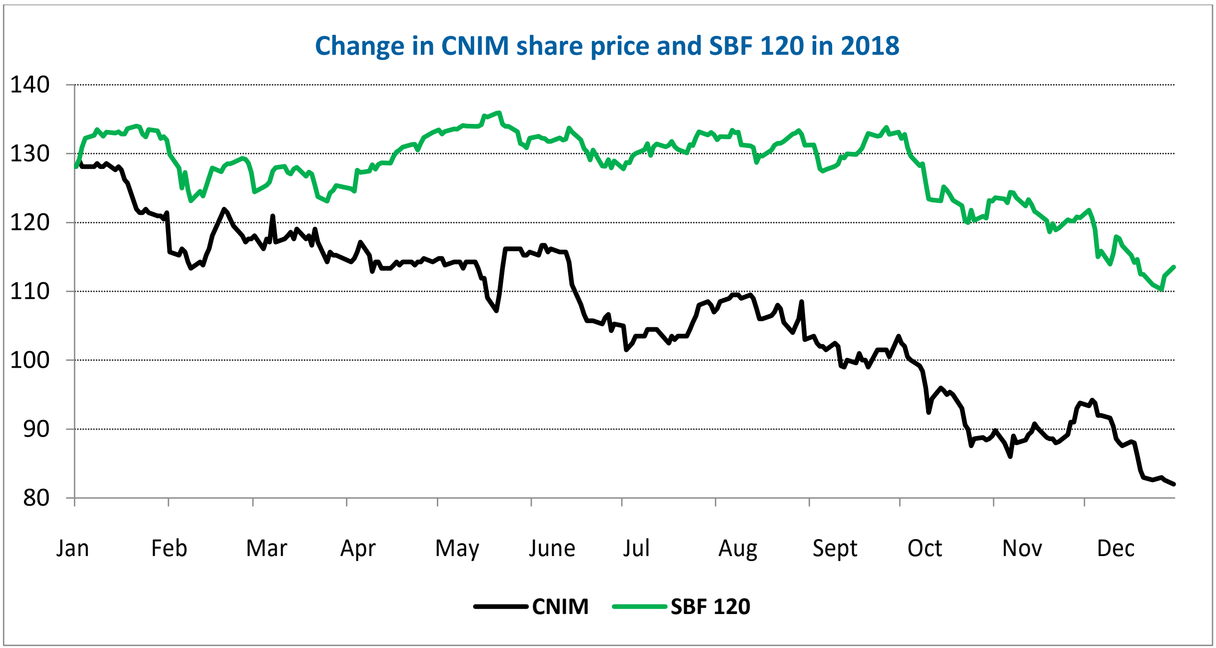
3.2.1 Listing

CNIM shares are listed on a single regulated market: Euronext Paris.

CNIM shares are the only listed securities issued by the Company.

CNIM shares are included in the CAC All Share index.

3.2.2 Movements in the share price



Price:

- At 29 December 2017: 134.52
- At 31 December 2018: 82

Annual extremes in 2018:

- High 01/03: 135.50
- Low 12/31: 82

Movement from 12/29/2017 to 12/31/2018:

- CNIM share: -35.99%
- SBF 120: -12.34%
- CAC 40: -11.82%

3.3 Dividends: policy and distribution record

The Annual General Meeting of shareholders on 24 May 2018 resolved to pay a dividend of €5.25 per share for the year ended 31 December 2017, representing a total cash distribution of €15,897,557.50.

Over the last three financial years, the amount of the dividends and the number of shares qualifying for the 40% tax abatement were as follows:

(in €)	2017	2016	2015
No. of shares	3,028,110	3,028,110	3,028,110
Dividend	5.25	6.70	5.90

This dividend was paid in cash on 4 July 2018.

4 DECLARATION OF NON-FINANCIAL PERFORMANCE

Introduction

Since 2012, the CNIM Group has provided, in addition to its management reports, an annual report on the social and environmental impact of its activities, referred to as the Corporate Social Responsibility (CSR) Report.

A significant proportion of CNIM's activities and its future development are founded on its capacity for innovation in environmental matters: producing energy from waste or biomass, improving energy efficiency at its industrial facilities, cutting emissions of pollutants into the air and producing renewable energy. In these activities, the Group's current and future commercial success is therefore directly linked to the challenges of sustainable development and CSR.

With its strong commitment to health, safety and the environment, the Group is mobilizing all of its staff and making them aware of their responsibilities in the face of these major challenges, using corporate social responsibility as a means of adding momentum to its progress. By implementing a pro-active CSR initiative, CNIM aims to pursue its economic development, ensuring that balanced and sustainable relationships are maintained with all of its partners and stakeholders.

CNIM's CSR performance recognized by Gaïa-Index

For the fourth year in succession, CNIM is among the top 70 companies monitored by Gaïa-Index, the EthiFinance subsidiary that specializes in analyzing and rating CSR performance for European SMEs and mid-sized companies. In 2018, Gaïa-Index awarded CNIM a score of 83/100 for its CSR policy, ranking the Group 15th out of 85 companies reporting revenues in excess of €500 millions. For CNIM, this performance is proof of the commitment of our management and staff to the sustainable development of the Group's activities.

Over 500 small-cap and mid-cap companies were assessed by Gaïa-Index in 2018. The data collected is used to score the transparency and performance level of the companies concerned. The top 70 performers make up the Gaïa Index.

Inaugural declaration of non-financial performance

This report is CNIM's first consolidated declaration of non-financial performance, as required by Decree 2017-1265 of 9 August 2017, implementing Order 2017-1180 of 19 July 2017 relating to the embodiment into French law of EU Directive 2014/95/EU.

4.1 Our business model

See Section 1.4 for a presentation of the CNIM business model and a map of CNIM Group stakeholders.

4.2 Principal risks and opportunities

See section 2.7

4.3 Policies, action plans, performance indicators and results

4.3.1 Human resources - Attracting and retaining talent

4.3.1.1 Human Resources policy

Employment policy

We aim to support our managers and employees in their everyday working lives, enabling every individual to fulfil his or her potential by addressing their expectations, planning for future projects and matching resources with the needs of the business.

Recruitment initiatives and relationships with higher education

Recruitment is a key challenge in terms of supporting the Group's growth, expanding our employees' qualifications to new professions and preparing for the future through proactive skills transfer.

The CNIM Group also seeks to recruit young talent, and cultivates strong relationships with training institutions relevant to our businesses.

The appeal of the CNIM Group derives from certain specific strengths, including our size, which makes for great agility; our independence; strong cash flows that enable us to create, innovate and take on large projects; and the highly technical nature of our businesses. The Group nurtures a huge diversity of talent, both in France and further afield.

Mobility

CNIM's history, the continuity of our businesses and our extensive network of locations enable our employees to look to the future and build their careers. Our two-pronged approach as both designer and builder enables us to offer varied career opportunities and the chance to explore a vast range of possibilities that our Human Resources staff work hard to highlight and make more easily accessible.

Diversity in action

Female members represent 41.67% of the Supervisory Board. This means that the CNIM Group’s governance complies with French Act No. 2011-103 of 27 January, 2011 concerning gender equality in the workplace.

Our commitments to gender equality were set out in a 2016 agreement.

During 2016, CNIM’s management met on several occasions with trade union representatives in order to discuss observations, issues and actions aimed at underpinning CNIM’s commitment to gender equality in the workplace. The signatories to the agreement wished efforts to be continued towards promoting gender diversity at the workplace, especially as regards access to jobs and work/life balance, and towards preventing all unjustified gaps in terms of pay, promotion and access to professional training (in equal positions, irrespective of skills, age and seniority) Precise metrics have been developed. These will be monitored annually, over and above the gender balance report given each year to the Central Works Council.

Policy on combating discrimination

The CNIM Group’s discrimination policy relating to age, disability and gender, in particular, is explained and discussed with managers during employment law training sessions that have been held since 2015. This training programme contains a specific module that raises managers’ awareness of the various forms of discrimination that must be eradicated in the Group.

Measures to promote the employment and integration of disabled people

Committed to non-discrimination and equal opportunities for disabled employees, the Group wishes to continuously strive to promote the appointment, retention, training and development of disabled people.

4.3.1.2 Due diligence

Mobility

A Mobility Committee made up of HR managers from Group entities meet every two months in order to proactively address employees' mobility needs and support their career paths.

The challenge is to discuss opportunities and present them first to any employees who had submitted requests during:

- annual performance reviews;
- interviews with Human Resources managers.

An internal mobility charter was issued in 2017, setting out a framework, principles and guidelines relating to mobility within the CNIM Group.

Vacancies are initially advertised in-house, to encourage employee mobility.

International development

As a result of our growth, the CNIM Group is now able to offer international career opportunities, which it intends to promote more heavily in the future. Such opportunities include overseas missions, secondments, relocations and international volunteering positions.

The International Mobility guide is issued to employees who will be working abroad. International mobility terms are determined according to the type of placement, and may vary according to the country of destination. The Group has also implemented safety measures to protect employee health and safety.

Manager bonding and coordination

Each year, the Group organizes the CNIM Day event, at which the Management Board spends a morning discussing the Group's enterprise project, ambition and strategy with all employees. The 2,000 employees at the Group's 25 locations in France attend an initial session (either in person with the Management Board or via web conference), and a second session is held for the 400 employees working at Group facilities in other countries. During these web conferences, employees submit their questions live to the Board.

The Human Resources Department has also set up the Group Management Community, named WeCNIM. WeCNIM's members are 160 top leaders and managers from across all Group entities, determined based on standardized criteria relating to their expertise and responsibilities. This community discusses strategy and management issues with Senior Management, coordinates with operational teams and encourages continuous performance improvement and cross-disciplinary cooperation, assists the induction of new managers and supports Group-wide projects.

Policy on combating discrimination

The Group is pursuing its policy against age discrimination through the following measures:

- developing block-release training with apprenticeship and professional development contracts;
- offering value-added work experience to students;
- recruiting employees aged over fifty;
- listening attentively to any specific request relating to health and the organization of working time.

Measures to promote the employment and integration of disabled people

In France, the Group offers disabled employees three days' leave during which to apply to authorities for recognition as a disabled worker.

A disabled employee may benefit from:

- an adapted work station;
- special attention being given to his/her working times;
- early retirement, provided he/she demonstrates a certain level of disability, and a certain period of insurance during this disability period.

4.3.1.3 Performance indicators and policy results

Performance indicators

Our KPIs:

- Staff turnover[2]: ≤ 15% by 2023.

Scope: Group.

Reporting standard: GRI 401-1.

- Internal mobility rate (percentage of positions filled through internal mobility): 30% by 2023.

Scope: Group.

Status in 2018:

- Staff turnover rate: 23.7%.
- Internal mobility rate: as this is a new key performance indicator, it is not yet possible to determine the results for 2018.

There were 105 internal transfers between Group companies in 2018, representing an inter-company mobility rate of 4.3%. It was not possible, however, to reliably quantify intra-company transfers, although the necessary means are being put in place to enable such transfers to be reliably identified with effect from 2019.

Pay gap between male and female employees

	Engineers and executives (Managers)		Employees, technicians and supervisors (White-collar staff)		Workers (Blue-collar staff)		TOTAL	
	Men	Women	Men	Women	Men	Women	Men	Women
< 25 years	788	787	599	NS	509	-	775	775
25-29 years	897	898	694	646	539	NS	846	853
30-34 years	1 034	1 010	741	648	587	NS	887	959
35-39 years	1 171	1 182	801	642	528	NS	967	1 047
40-44 years	1 349	1 159	758	742	493	NS	1 035	1 008
45-49 years	1 450	1 294	809	751	641	-	1 092	1 046
50-54 years	1 498	1 186	851	775	640	-	1 104	865
55-59 years	1 693	1 581	859	682	730	-	1 100	861
> 60 years	1 814	1 536	912	677	839	-	1 493	982
Total	1 236	1 081	767	702	605	100	963	928

100 is the lowest median value by category and gender.

The difference between male and female blue-collar workers is significant, due to the fact that, for women, 100 is located is Azerbaijan, while for men the median is in France. This therefore represents a wage gap between Azerbaijan and France and not a gap between men and women.

The gender wage gap is 3.8 %. This compares to a wage gap of 16% between men and women in the EU as a whole (Source: ILO, data for 2016).

The Group is attentive to all fairness issues, and staff remuneration in particular. Remuneration is the subject of a special action plan envisaged in the agreement on gender equality at work signed by management and labour in France.

In order to prevent gender discrimination, the Group takes part in annual pay surveys. The surveys put the Group's pay levels in perspective compared to the rest of the market, to ensure fair pay for the same level of responsibility, without gender distinctions. A special action plan has also been included in the agreement on gender equality at work signed by management and labour in France.

[2] This rate refers to voluntary departures; it excludes employees who retire or leave upon contract expiry.

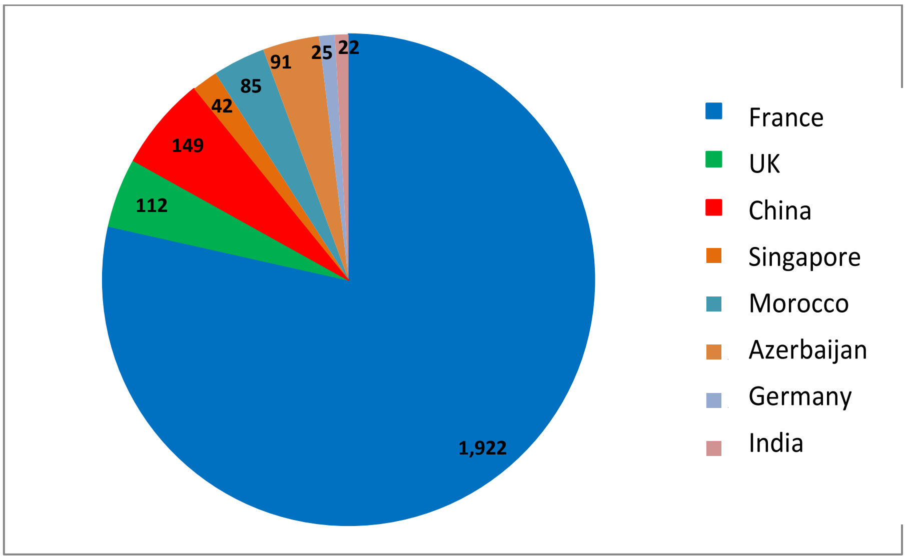
4.3.1.4 CNIM Group employees

Average total headcount and breakdown of employees by company, gender and geographical area

	Men	Women	Total	
Bertin IT	76%	24%	90	4%
Bertin Technologies	68%	32%	446	18%
CNIM Babcock Maroc	90%	10%	85	3%
CNIM Azerbaijan	91%	9%	91	4%
CNIM Centre France	100%	0%	22	1%
CNIM Insertion	64%	36%	31	1%
CNIM Ouest Armor	95%	5%	32	1%
CNIM SA	80%	20%	1143	47%
CNIM Singapore	87%	13%	42	2%
CNIM Terre Atlantique	100%	0%	16	1%
CNIM Thiverval Grignon	89%	11%	18	1%
LAB SA	76%	24%	96	4%
MES Environmental Ltd	90%	10%	112	5%
SUNCNIM	86%	14%	29	1%
CNIM Transport Equipment	91%	9%	149	6%
CNIM India	87%	13%	22	1%
Bertin GMBH	78%	22%	25	1%
Combined total	**80%**	**20%**	**2448**	**100%**

Based on the same companies taken into account in the 2017 report, the number of employees was up 6%:

- more than 93% of the Group's total workforce is covered by the declaration of non-financial performance;
- 78% of the staff covered are based in France, with the rest distributed evenly between the UK, Asia, Morocco and Azerbaijan;
- 20% of the Group's staff are female, but it should be noted that this low figure is partly due to the subsidiaries which operate waste processing sites.



Proportion of executives, employees and blue-collar workers in the average total number of employees

	Engineers and executives (Managers)	Employees, technicians and supervisors (White-collar staff)	Workers (Blue-collar staff)
Bertin IT	91%	9%	0%
Bertin Technologies	70%	30%	0%
CNIM Babcock Maroc	16%	30%	54%
CNIM Azerbaijan	38%	15%	47%
CNIM Centre France	19%	38%	43%
CNIM Insertion	3%	0%	97%
CNIM Ouest Armor	19%	59%	23%
CNIM SA	61%	25%	14%
CNIM Singapore	16%	13%	70%
CNIM Terre Atlantique	13%	0%	87%
CNIM Thiverval Grignon	16%	50%	34%
LAB SA	85%	15%	0%
MES Environmental Ltd	13%	10%	78%
SUNCNIM	69%	18%	13%
CNIM Transport Equipment	24%	19%	56%
CNIM India	47%	44%	8%
Bertin GMBH	31%	62%	7%
Combined total	**55%**	**24%**	**21%**

The CNIM Group is mainly made up of engineers and executives, but substantial variation exists:

- certain subsidiaries, such as LAB SA, Bertin IT and Bertin Technologies are engineering companies and therefore have a very high proportion of engineers and executives.
- most employees of subsidiaries that operate waste processing plants are manual workers or supervisors;
- almost 80% of the workforce at manufacturing subsidiaries such as CNIM Babcock Maroc and CNIM Transport Equipment are also blue-collar workers and supervisors. It should be noted that almost one employee in five is a manual worker, which demonstrates the importance of industrial activities to the Group.

Proportion of staff employed under fixed-term/permanent contracts

	Contract type	
	Fixed-term	Permanent
Bertin IT	10%	90%
Bertin Technologies	7%	93%
CNIM Babcock Maroc	1%	99%
CNIM Azerbaijan	8%	92%
CNIM Centre France	5%	95%
CNIM Insertion	97%	3%
CNIM Ouest Armor	12%	88%
CNIM SA	5%	95%
CNIM Singapore	0%	100%
CNIM Terre Atlantique	0%	100%
CNIM Thiverval Grignon	21%	79%
LAB SA	6%	94%
MES Environmental Ltd	2%	98%
SUNCNIM	14%	86%
CNIM Transport Equipment	64%	36%
CNIM India	0%	100%
Bertin GMBH	4%	96%
Combined total	**10%**	**90%**

10% of CNIM Group employees are employed on fixed-term contracts. It should be noted that this rate is principally due to CNIM Insertion, whose corporate purpose is to offer fixed-term reintegration contracts, and to CNIM Transport Equipment.

Breakdown of contracts: full-time and part-time

	Full-time	Part-time
Bertin IT	93%	7%
Bertin Technologies	94%	6%
CNIM Babcock Maroc	100%	0%
CNIM Azerbaijan	100%	0%
CNIM Centre France	100%	0%
CNIM Insertion	100%	0%
CNIM Ouest Armor	97%	3%
CNIM SA	97%	3%
CNIM Singapore	100%	0%
CNIM Terre Atlantique	100%	0%
CNIM Thiverval Grignon	100%	0%
LAB SA	95%	5%
MES Environmental Ltd	91%	9%
SUNCNIM	91%	9%
CNIM Transport Equipment	100%	0%
CNIM India	100%	0%
Bertin GMBH	92%	8%
Combined total	**96%**	**4%**

4 % of Group staff are employed part-time. The great majority of part-time contracts are a matter of employee choice. The norm is for staff to be hired on full-time contracts.

Hiring

	Men	Women	Total	
< 25 years	12%	4%	101	16%
25-29 years	13%	6%	121	19%
30-34 years	11%	4%	96	15%
35-39 years	13%	2%	97	15%
40-44 years	11%	3%	84	13%
45-49 years	6%	2%	52	8%
50-54 years	6%	2%	48	8%
55-59 years	3%	0%	20	3%
> 60 years	2%	0%	12	2%
TOTAL	**77%**	**23%**	**631**	**100%**

More than half of new hires were aged under 35 and nearly one in five new recruits were female. It should also be noted that the Group is attentive to skills and expertise, and does not discriminate on the basis of age: more than one in 10 employees recruited in 2017 were aged 50 or above.

Departures

	Men	Women	Total		Turnover rate
< 25 years	7%	2%	54	9%	**2%**
25-29 years	14%	9%	132	23%	**5%**
30-34 years	13%	4%	100	17%	**4%**
35-39 years	12%	3%	88	15%	**4%**
40-44 years	6%	2%	49	8%	**2%**
45-49 years	6%	2%	49	8%	**2%**
50-54 years	5%	1%	38	7%	**2%**
55-59 years	4%	0%	25	4%	**1%**
> 60 years	7%	1%	45	8%	**2%**
Total	**74%**	**26%**	**580**	**100%**	**24%**

Reasons for departures

	Men	Women	Total		Turnover rate
Involuntary departures	9%	2%	52	**11%**	**2%**
Voluntary departures	38%	11%	234	**49%**	**10%**
Retirement	7%	0%	34	**7%**	**1%**
End of contract	25%	8%	157	**33%**	**6%**
Total	**78%**	**22%**	**477**	**100%**	**19%**

Only one of every ten departures was due to termination of the contract by the employer.

Remuneration and changes in remuneration

The annual payroll for 2018, including wages and social security contributions, as recorded in the accounts of the 18 companies covered by the report, was €164.1 million. On like-for-like basis, annual payroll increased by +3.7 % between 2017 and 2018. This rise was partly due to an increase in the size of the workforce over the same period.

4.3.2 Health and safety

4.3.2.1 Health and safety policy

The CNIM Group strives for excellence in relation to health and safety across all our products and businesses. This continuous improvement approach aims to deliver "zero-accident" and "zero work-related illness" performance.

Commitments by Directors

- Adopt the Group's objectives and incorporate them into their own health, safety and environment (HSE) policy;
- Deploy appropriate technical, human, physical and financial resources to achieve those objectives;
- Apply the Group's HSE Best Practices and roll them out among all employees, suppliers, subcontractors and other stakeholders in Group businesses;
- Address the needs and expectations of all stakeholders in Group businesses;
- Uphold their statutory and regulatory requirements, and ensure that such commitments are mutual;
- Implement one or more management systems to support continuous improvement in terms of HSE performance;
- Involve all employees in efforts to identify and effectively address incidents, with particular focus on their major risks.

Organization

Directors of Group companies and Sectors have a mandate to manage health and safety and to implement Group policy. To this end, Directors are supported by one or more HSE managers per entity or company. HSE managers are responsible, among other things, for risk analyses, monitoring action plans and objectives, management systems, implementation of necessary training and advisory services for employees.

Health and safety coordination at corporate level enables best practices to be shared, and ensures that objectives set by the Group are satisfactorily rolled out and achieved.

4.3.2.2 Due diligence

Group HSE coordination

The missions of the Group HSE coordinator include submitting HSE policy proposals for the Group, rolling out the orientations adopted by the CNIM Group's Executive Committee and providing cross-disciplinary support to teams responsible for HSE throughout the Group.

Group HSE policy and implementation across Group entities and companies

The Group's HSE policy forms the bedrock for the CNIM Group's commitments to excellence in the area of health, safety and the environment. It informs development of the HSE policies and objectives of Group entities and companies.

Each Group Department is supported by one or more HSE managers tasked with maintaining one or more HSE management systems, and defining and monitoring action plans designed to achieve Group and Entity-level objectives.

All Group employees at all levels of seniority are closely involved in this process, and the effectiveness of our management systems is reflected in multiple health and safety certifications.

HSE training and best practices

All employees enrol in a safety training programme consistent with the regulations and risk assessments applicable to their activities.

HSE Managers in each Entity regularly discuss the adopted HSE best practices and share related feedback.

2023 roadmap

Procedures and action plans are currently being rolled out to address the Group's major risks, identified as relating to fire, overhead working, handling and road hazards.

Our goal is to achieve zero-accident operation within five years by responding to near-accidents and deviations from our HSE best practices.

4.3.2.3 Performance indicators and policy results

Our KPIs:

- Frequency rate of accidents at work: Target of <10 by 2024.
- Severity rate of accidents at work: Target of <0.20 by 2024.

Scope: Group.

Reporting standard: GRI 403-2.

Status in 2018

- Accident frequency rate: 15.59.

Illustrating the importance placed by the Management Board on employee health and safety, the frequency rate of accidents at work again improved significantly relative to 2017 and 2016. This is the result of accident prevention efforts made by everyone involved in accident prevention over a number of years.

- Accident severity rate: 0.29.

This rate also improved markedly compared with 2017, given the significant proportion of staff working in factories, as itinerant site workers or on customers' premises.

Note: until this year, the relevant performance indicators included travel-related accidents. As a result, they are no longer relevant with regard to the objectives set for 2024, which are based on a new reporting standard.

Work-related illness performance:

Work-related illnesses recorded in 2018: 1.

(Work-related illnesses reported by individuals employed during the period).

Health and safety expenditure performance:

The CNIM Groups invests in the safety of its employees. These investments operate at three levels:

- to ensure the reliability and safety of production facilities and tools for employees;
- to provide them with the personal protective equipment (PPE) they require;
- to provide them with the professional training necessary for their safety.

In companies that have joint management/employee health and safety committees, this investment is made in consultation with the committee.

More than €2.5 million was spent on health and safety in 2018, representing more than €1,025 per employee. This very high figure, which has increased every year since 2014, reflects the importance that the Group attaches to the safety of its workforce.

4.3.3 Energy consumption and energy efficiency

4.3.3.1 Electricity consumption and energy efficiency policy

The CNIM Group's major challenges relating to waste recovery and recycling largely concern the CNIM Operations & Maintenance Division, which operates waste-to-energy plants.

Commitments:

CNIM Group policy relating to waste-to-energy plants is based on a commitment to:

- continuously improve energy performance;
- put in place the necessary means - in terms of information availability and resource allocation - to achieve the stated energy-related objectives;
- uphold compliance with statutory requirements.

Objectives:

The CNIM Group's waste-to-energy plants have been assigned the following objectives:

- achieve optimal power generation/steam production performance;
- optimize plant availability rates;
- optimize on-site energy use, and therefore:
    - monitor, measure and analyze energy consumption;
    - implement the necessary procedures and instructions;
    - train employees and raise awareness of their role in managing energy in their working lives.

Resources:

To track progress toward these goals, the following monthly global operational performance indicators have been defined for these plants:

- tonnage burnt;
- quantity of steam produced;
- quantity of electricity produced;
- quantity of electricity consumed;
- quantity of electricity purchased.

4.3.3.2 Due diligence

The following actions are performed to enable each company to achieve its objectives:

- analyze energy uses and consumption;
- identify significant energy uses;
- identify and rank potential sources of energy performance improvements;
- define energy consumption benchmarks;
- set targets associated with the energy performance indicators;
- analyze the results achieved;
- identify improvement actions and quantify the potential gains.

Energy audits

Since 2015, energy audits pursuant to European Directive 2012/27/EU and the EN 16 247 standard have been conducted in all Group companies subject to them. This measure is aimed at encouraging companies exceeding certain size or revenue thresholds to put an energy efficiency strategy in place for their businesses. Following this structured approach enables opportunities to improve energy efficiency to be identified, as well as the capital expenditure that would be required and the payback period for the investments. These audits confirmed that steps had already been under way for several years to control energy consumption at the main sites.

4.3.3.3 Performance indicators and policy results

Our KPIs:

- All waste processing and waste-to-energy plants currently operated by the CNIM Group in France hold ISO 50001 certification;
- All waste processing and waste-to-energy plants currently operated by the CNIM Group outside France to hold ISO 50001 certification by 2025;
- Plant availability rate: 90%.

Status in 2018:

- All waste-to-energy plants in France are ISO 50001-certified with effect from 2018;
- No overseas waste-to-energy plants currently hold ISO 50001 certification;
- Plant availability rate: 90%.

Energy consumption in 2018 for all sites owned or operated by the CNIM Group

Data	Unit	Quantity
City gas for heating and processes	kWh	64,178,698
Ordinary domestic fuel	L	676,286
Mobile sources of petrol fuel (light and heavy vehicles)	L	451,927
Non-road diesel	L	15,503,541
Mobile sources of petrol fuel	L	52,643
Forklift gas (propane)	kg	4,238
Process gases (acetylene)	m^3	1,934
Electricity	kWh	82,132,330
Heating network	kWh	231,000

Modernization of the waste-to-energy plant in Thiverval-Grignon (France)

At the end of 2016, CNIM was awarded a Design-Build-Operate-Maintain (DBOM) contract for the energy optimization of the Thiverval-Grignon waste-to-energy centre. The project consisted in optimizing the waste-to-energy centre in order to respond to the following challenges:

- increasing the recovery of energy from waste incineration;
- improving energy performance in order to meet the European R1 (Recovery One) criterion;
- improving the treatment of the flue gas of the preserved existing line, with the current wet treatment system being replaced with a dry treatment system, and with elimination of stack plumes and reduction of NOx content;
- conducting an educational site tour.

The upgraded plant was handed over on schedule, in late 2018. Compliance works for the final flue gas treatment line began at the end of 2018 and are slated for completion in late 2019.

SUNCNIM continues building the Llo concentrated solar power plant

In 2018, SUNCNIM continued its building work at the Llo concentrated solar power plant in the Pyrénées-Orientales region. It will be operated by SUNCNIM from 2019 onwards. This will be the first Fresnel concentrated solar power plant in the world with the ability to store several hours' worth of power. The plant will have a thermal energy storage unit and will produce 9 MW of renewable electricity for export to the EDF grid – enough to supply power to over 6,000 households. Eco-designed and with 100% recyclable or reusable components, it will use SUNCNIM's Fresnel mirror technology, based on capturing thermal energy through mechanically driven mirrors which focus the sun's rays onto a receptor, the solar boiler. This generates thermal energy which can be stored or converted into electricity via a steam generation cycle.

Construction and renovation of buildings at the facility in La Seyne-sur-Mer

A major capital investment programme is currently underway at the Group's flagship site in La Seyne-sur-Mer, including the construction or renovation of a number of industrial and administrative buildings. Energy efficiency studies are being conducted for each of these buildings.

4.3.4 Waste recovery

4.3.4.1 Waste recovery policy

The CNIM Group's major challenges relating to waste recovery and recycling largely concern CNIM EPC, which designs, builds and commissions turnkey waste-to-energy plants.

Commitments

CNIM EPC aims to provide waste-to-energy and biomass-to-energy facilities that fulfil customers' requirements while delivering optimized environmental performance.

When designing a waste processing plant, multiple factors and regulations must be taken into account. These inputs may be aligned or they may conflict with each other. The principal factors are:

- the existing regulatory framework;
- the customer's specifications;
- the customer and the host country.

Based on these factors, the industrial process is designed and optimized to comply with regulatory and environmental requirements and maximize cost-effectiveness without exceeding the customers' budget.

Objectives

A facility's environmental performance is essentially determined by the technical choices made while developing the proposal. These choices must reflect:

- the facility's level of sensitivity;
- any special requirements in the request for proposals;
- the environmental impact reduction measures adopted;
- optimization of the heat cycle and flue gas treatment according to the customer's priority, i.e. power generation and/or district heating/steam production.

The following principles are applied in order to optimize the plant's environmental performance:

- integrate flue gas treatment into the waste treatment process, to maximize the energy recovered from flue gases;
- use recovered energy to supply heat to a district heating network or enhance the plant's power generation performance;
- choose technologies that minimize the plant's on-site consumption;
- reinject waste water into the process, in order to approach zero liquid waste emissions;
- recover storm water for use instead of mains water;
- recover runoff water to avoid the risk of transferring pollution into the storm water system;
- limit noise-related nuisances by enclosing loud equipment;
- enclosing areas prone to odours or dust.

A project's economic parameters, as well as local or national waste-to-energy regulations, have a major influence on the choice of technical solutions and hence the performance achievable by the plant.

Organization

The design is optimized by teams of heating engineers, acoustics experts and specialists in flue gas treatment and industrial water management technologies. If necessary, the HSE Manager assists these specialists for the purpose of the project's environmental impact assessment.

4.3.4.2 Due diligence

To achieve the stated objectives, CNIM has developed methodological tools that enable plants to deliver and demonstrate optimized environmental performance going forward. These tools consider a plant's full life cycle, compiling exhaustive data relating to its potential environmental impacts and identifying technological solutions for each impact that would mitigate its negative effect or amplify its positive effect on the environment.

A multi-stage process is used:

- review the request for proposals in order to identify the future facility's sensitivity, any special requirements in the RFP, and the customer's wishes and requirements;
- optimize the heat cycle and flue gas treatment process with the aid of best practices and methodological tools.

Recyclability and recovery of waste from facilities owned or operated by the CNIM Group

Alongside its waste-to-energy and biomass-to-energy plant design, construction and commissioning activities, the CNIM Group identifies all waste produced by its own activities and takes all necessary steps to ensure that such waste is sorted, reused, recycled or otherwise recovered.

4.3.4.3 Performance indicators and policy results

Performance indicators

Our KPI:

- CNIM's share of the European waste-to-energy market.

This indicator is monitored by the Management Board, but CNIM declines to publish the result for confidentiality reasons.

Waste sorting, treatment and recovery performance at facilities owned or operated by the CNIM Group

- waste sorting and recovery activities:
    - 1,275,598 tonnes of input waste processed;
    - resulting in 332,444 tonnes of output waste;
    - of which 83% was recycled, recovered as materials or converted to energy.
- activities at the Group's industrial facilities generated 2,892 tonnes of waste, of which 68% was recycled, recovered as materials or converted to energy;
- construction activities generated 1,075 tonnes of waste, of which 92% was recycled, recovered as materials or converted to energy;
- commercial activities generated 23 tonnes of waste, of which 91% was recycled, recovered as materials or converted to energy.

4.3.5 Human Resources – Training and skills

4.3.5.1 Training and skills management policy

Commitments

The CNIM Group training policy is directly in line with the business development strategy.

Our goal is to upskill CNIM Group employees, not only in terms of technical, occupational or personal development aspects, but also in areas such as safety and "corporate" issues:

- technical or occupational training courses aimed at developing and maintaining the technical skills of Group staff. Examples include training for a particular activity sector (such as the defense or nuclear industry) or training specific to a particular profession. "Operational support" training has also been put in place in areas such as procurement, legal, accounting and quality.
- safety training intended to enhance health and safety risk prevention. The Group attaches great importance to these courses, which can account for up to a quarter of its total investment in training.
- "corporate" training courses set out to develop the skills of managers, project leaders and sales personnel. The Management program comprises five days of training per person, split into four modules, half of which are taught by in-house trainers. Two other programmes, addressing topics such as complex sales and project management, have also been organized for sales personnel, project leaders or staff interacting with customers. Note that in 2018, a module presenting the Group's values and ambitions was rolled out.

In organizational terms, a variety of teaching methods were used, including a "blended learning" approach that combines classroom teaching with e-learning or webinar-based modules.

Skills strategy

The Group actively pursues a Skills strategy with the following objectives:

- anticipate future skills needs in connection with CNIM's strategic management, to lay the ground for inter-generational skills transfer;
- adapt skills to evolve with changing job requirements, and optimize workforce management and the overall performance of our operating structures;
- help employees maintain their employability.

Organization

Each Group Sector or company has its own Human Resources Department with responsibility for training plans.

The corporate Human Resources Department is responsible for skills management as well as manager training and development programmes. It coordinates the network of Human Resources Managers to ensure that training plans are consistent with the Group's growth strategy.

4.3.5.2 Due diligence

Training needs identification and approval process

Initially, employs declare their individual needs, which are then weighted by approval from their managers, who also state identified needs in their report. Human Resources Managers then consult with operational managers and arbitrate between the stated needs, based on the company's strategic priorities. Employees and operational managers are informed of the result during annual performance reviews.

Once a year, in September, each Group entity defines its training priorities. In October and November, employees submit their individual training needs, with approval from their managers. In December, Human Resources make their arbitrage decisions and notify employees during their annual performance reviews.

A multi-entity working group was set up at the end of the year, in particular to involve managers more closely in defining training plans consistent with the CNIM Group's strategic challenges and priorities.

Scope: Group companies in France.

Optimization of training plans across Group entities

To enhance budget allocation and management, the teams in charge of training are also tasked with optimizing travel and training costs for employees, in-house trainers and third-party providers alike. They also focus on pooling training plans across Group entities and companies, organizing sessions at our various locations in-house.

By working both to improve the training requirement identification process and to pool training courses, the Group aims to provide more training hours and train more employees at equivalent cost.

In-house trainers pass on their knowledge

The Group has introduced a system of in-house trainers who help to develop training modules appropriate to their skills. Our in-house trainers are people with a mastery of a skill or area of know-how that they are willing to pass on to other Group employees. The CNIM Group takes pride in developing in-house training modules that reflect the specificities of our markets and businesses, while coordinating our in-house trainers and providing them with teaching support and digital tools.

To provide additional support to in-house trainers, we aim to implement a computerized training platform in 2019. This platform - the "Learning Management System" - will form the nucleus of a community of in-house trainers, facilitating communication between them. The entertaining yet effective approach will also enable employees to consolidate their knowledge, whether in the workplace or via remote access.

Skills strategy

Skills catalogues were produced for all Group businesses and rolled out during annual performance reviews. This will provide the Group with an integrated tool from which it can manage the assessment, training and development of our employees' skills, as well as anticipating future changes in skills and staffing needs and aiding career mobility.

Accompanying this approach, an annual Talent review is conducted to detect, support and nurture potential high-flyers.

4.3.5.3 Performance indicators and policy results

Our KPIs:

- 28 hours of training per employee, on average.

Scope: Group.

Reporting standard: GRI 404-1.

- 80% of all employees took part in one or more training initiatives over the course of the year.
- 98% of all employees received an annual performance review and career assessment over the course of the year.

Scope: Group.

Reporting standard: GRI 404-3.

Status in 2018:

- 22 hours of training per employee, on average.
- 74% of all employees took part in one or more training initiatives over the course of the year.
- 97% of all employees received an annual performance review and career assessment over the course of the year.

2018 training results

- 222 managers followed the Management programme.
- 46 in-house trainers taught courses in 2018, and the number of in-house training hours was significantly higher than in 2017.

Furthermore, in 2018, CNIM introduced a voluntary "Preparing for retirement" course that helps prospective retirees to build a personal life plan and prepare psychologically for the transition. This initiative will be rolled over for the coming years.

4.3.6 Pollution - Preventing and reducing atmospheric emissions

4.3.6.1 Atmospheric emissions prevention and reduction policy

The major challenges facing CNIM in terms of atmospheric emissions prevention and reduction are tackled primarily by the Environment & Energy Sector:

- LAB designs, builds and commissions turnkey systems and facilities that process polluting emissions;
- CNIM Operations & Maintenance oversees the subsidiaries tasked with operating waste incineration and recovery plants.

Policy, commitments and organization of LAB SA

LAB SA is a global player in engineering, construction and services, backed by around 200 highly qualified engineers. LAB provides its customers with integrated solutions to decrease their pollutant emissions, based on state-of-the-art technologies. In this business, particular emphasis is given to preventing and reducing atmospheric emissions.

To achieve its goals, the company has developed a portfolio of businesses including, among other things, the supply of:

- turnkey combustion gas treatment systems, designed specifically but not exclusively to reduce atmospheric emissions from thermal power plants and other industrial facilities;
- marine scrubbers for the shipping industry, and more generally, solutions to decrease nitrous oxide and sulphur dioxide emissions from ships;
- turnkey integrated facilities designed to improve energy efficiency and decrease pollutant emission levels.

Improving environmental impact performance is a core focus of LAB's activities and the quality, hygiene, health, safety and environment policy, and is central to the mindset of management and employees alike. Constantly striving for improvement, the Quality, Health, Hygiene, Safety and Environment Department plays an active organizational role and addresses the full spectrum of issues. LAB surpasses the requirements of its highly regulated, fiercely competitive market, proving its ability and determination to improve the environmental footprint of its customers' activities, and society more generally.

This focus on environmental impacts is the very essence of LAB's business. Accordingly, in order to achieve its quality targets, the company is ISO 9001, OHSAS 18001 and MASE certified, enabling it to commit to the highest performance standards required by the market or stipulated by the regulatory framework. Compliance with these quality, health & safety and environmental standards is also a key success factor for sustainable development of the company's businesses.

As LAB's design, construction, commissioning and service businesses have environmental impacts, we apply our expertise and best practices to satisfy the requirements of our customers and partners, and to implement a continuous improvement approach.

This mentality also leads us to develop cutting-edge technologies. In this respect, research and development are strategically important for LAB's activities and organization. LAB operates its own Research and Development Department, which drives the company's short- and long-term development and fosters an innovation culture. LAB's status as a technological leader in the field of environmental footprint reduction is underpinned by around 50 patents as well as a portfolio of projects benefiting customers and the environment alike.

4.3.6.2 Due diligence

Achieving our goals requires us to continuously improve our technologies. We must not only retain our status as a technological leader, but also ensure that the emissions reduction systems we supply are built and installed to the highest standards. All tasks contributing to these objectives are covered by our work processes and long-term business plan.

The key features of this action plan are as follows:

- conduct our research and development activities so as to maintain our leadership in our current technologies, and develop new solutions that address customer expectations and environmental necessities;
- deliver cutting-edge operational excellence, constantly optimizing our processes and providing the necessary support to our customers to ensure that our systems perform at maximum efficiency;

- develop our talents and teams, so that our organization is always learning, ready to tackle new challenges and able to achieve our shared goals with flying colours.

Implementing this action plan ensures that LAB is well equipped to rise to future challenges, just as we have achieved our goals in the past.

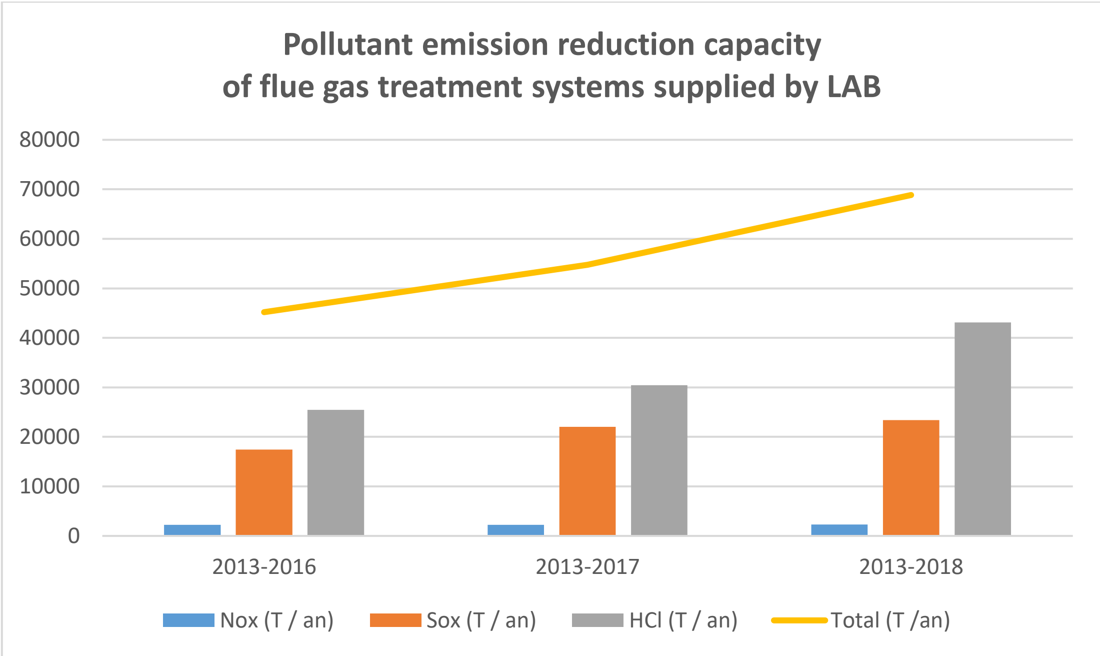
4.3.6.3 Performance indicators and policy results

LAB activities

LAB strives to reduce the environmental impact of combustion systems by supplying the most efficient atmospheric emission reduction systems, based on state-of-the-art technologies. To achieve this goal, LAB designs and builds combustion gas scrubbing systems using the best available techniques consistent with customers' requirements.

Our KPI: Pollutant emission reduction capacity of our completed projects.

The chart below shows the combined pollutant emission reduction capacity of the flue gas treatment systems handed over by LAB. It is clear from the chart that the efforts invested in research and development, winning new contracts and managing quality and environmental impacts have yielded significant reductions in atmospheric emissions. In this respect, LAB is a major contributor to improvements in our partners' environmental footprints and operating conditions.

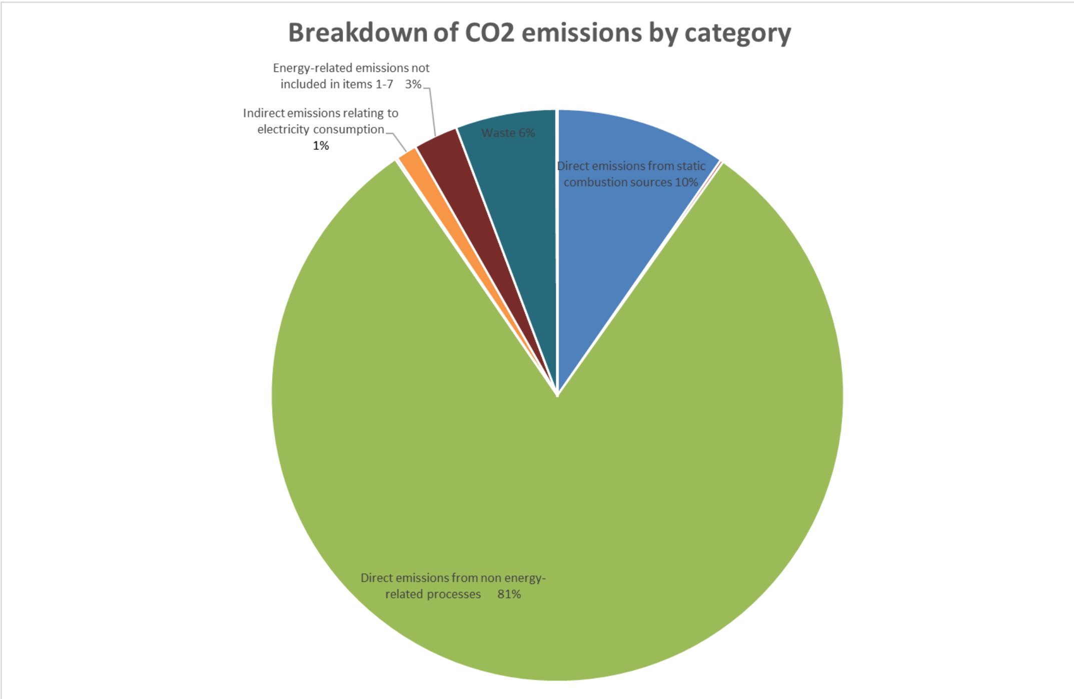


The project at Solvay's Tavaux plant is a good example of LAB's achievements in 2018. LAB built a flue gas treatment system incorporating high-performance SecoLAB^{TM} technology at the plant. Pollutant emission measurements made with the new system in service demonstrated that the performance achieved surpassed the guaranteed required level. For example, the required SOx level was 150 mg/Nm^3, but the measured level was 125 mg/Nm^3.

CNIM Group greenhouse gas performance

In 2018, aggregated scope 1 and 2 greenhouse gas emissions for the CNIM Group were 547,239 tCO2e, with uncertainty of almost 39%.

			Calculated values							
			Greenhouse gas emissions							Avoided greenhouse gas emissions
Emission categories	Numbers	Emission items	CO2 (t CO2e)	CH4 (t CO2e)	N2O (t CO2e)	Other gases (t CO2e)	**Total (t CO2e)**	CO2 b (t CO2e)	Uncertainty (t CO2e)	**Total (t CO2e)**
Direct greenhouse gas emissions	1	Direct emissions from static combustion sources	52 308	53	462	0	52 824	2 211	3 803	0
	2	Direct emissions from internal combustion-powered	912	1	8	0	921	124	25	0
	3	Direct emissions from processes (excluding energy)	405 745	9	0	170	441 117	0	204 388	172 090
	4	Transient direct emissions	0	0	0	725	725	0	217	34 272
	5	Emissions from biomass (land and forests)	0	0	0	0	0	0	0	0
		Sub-total	**458 966**	**62**	**470**	**895**	**495 586**	**2 335**	**204 424**	**206 362**
Indirect emissions relating to energy	6	Indirect emissions relating to electricity consumption	6 450	0	0	0	6 450	0	255	0
	7	Indirect emissions relating to consumption of steam, hea	26	0	0	0	26	0	8	0
		Sub-total	**6 477**	**0**	**0**	**0**	**6 477**	**0**	**255**	**0**
Other indirect greenhouse gas emissions	8	Energy-related emissions not covered by items 1 - 7	11 589	1 666	467	0	13 722	-2 356	988	0
	9	Purchases of goods and services	0	0	0	0	0	0	0	0
	10	Fixed assets	0	0	0	0	0	0	4	0
	11	Waste	30 938	0	199	0	31 137	9	9 613	140
	12	Upstream goods transport	0	0	0	0	0	0	0	0
	13	Business travel	318	0	0	0	318	0	0	0
	14	Upstream leased assets	0	0	0	0	0	0	0	0
	15	Investments	0	0	0	0	0	0	0	0
	16	Visitor and customer transport	0	0	0	0	0	0	0	0
	17	Downstream goods transport	0	0	0	0	0	0	0	0
	18	Use of sold products	0	0	0	0	0	0	0	0
	19	End-of-life management of sold products	0	0	0	0	0	0	0	0
	20	Downstream franchising	0	0	0	0	0	0	0	0
	21	Downstream leasing	0	0	0	0	0	0	0	0
	22	Commuting	0	0	0	0	0	0	0	0
	23	Other indirect emissions	0	0	0	0	0	0	0	0
		Sub-total	**42 845**	**1 666**	**665**	**0**	**45 177**	**-2 348**	**9 664**	**140**
TOTALS			**508 288**	**1 729**	**1 136**	**895**	**547 239**	**-12**	**214 343**	**206 502**



CNIM Group avoided-emissions performance

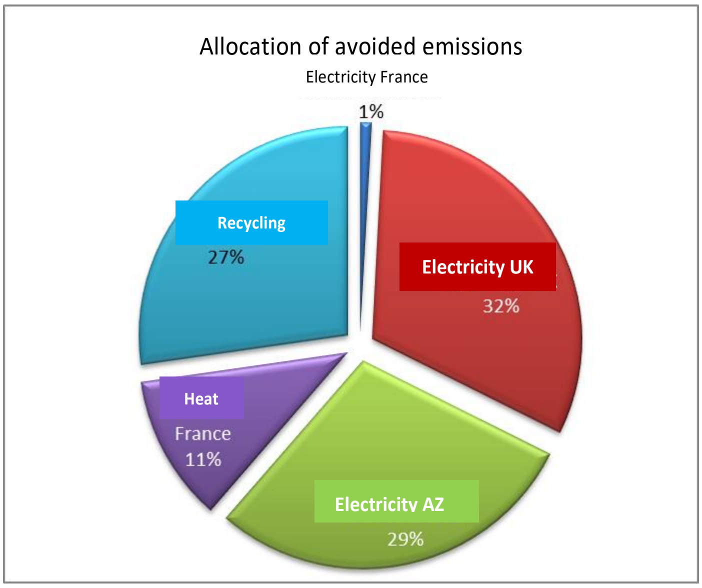
The Carbon Accounting method estimates the emissions avoided by a certain activity. In the case of CNIM, this activity is waste-to-energy reprocessing and the recycling of materials.

Avoided emissions: emissions that would have been generated in order to produce the same quantity of energy or raw material according to conventional production methods (national energy mix).

In 2018, CNIM Group sites enabled 206,362 tCO2e of emissions to be avoided, representing 38% of total emissions.

	Emissions factor	Emissions avoided
	$kgCO_2e/MWh$	$tCO2e$
Electricity sold in the UK	457	65,128
Electricity sold in Azerbaijan	473	59,829
Electricity sold in France	40*	1,712
Heat sold in France	279	23,438
Recycling of materials		56,255

**The carbon database emissions factor is 57kg CO2e/MWh for France, but 40kg CO2e/MWh if the part related to the distribution and transportation of electricity (which is outside CNIM's scope) is excluded. This figure is very low in comparison with the UK or Azerbaijan, which is due to the very considerable role of nuclear power in France's energy mix.*



4.3.7 Ethics and anti-corruption measures

4.3.7.1 Ethics and anti-corruption policy

Commitments

In the course of our activities, CNIM promotes:

- a culture of integrity and compliance, based on upholding and adapting to applicable incoming ethics standards and legislation, both in France and in other countries where our employees conduct our business;
- a principle of zero-tolerance to all forms of corruption.

Since 2013, the CNIM Group has been committed to raising staff awareness to the risk of fraud. Initially aimed at managers, it was then extended to purchasers and clients and, since 2015, has been included in the Management training programme. In total, over 500 employees have undergone training or familiarization. Acknowledging incoming French legislation (i.e. the Sapin II law on transparency, anti-corruption measures and modernizing politics), the Group updated and enhanced its corruption risk management system, applicable to CNIM and to all companies controlled by CNIM.

This system is based on the following key elements:

- an Ethical Charter;
- an Anti-Corruption Code of Conduct;
- a Purchasing Code of Conduct;
- a sales agent selection and monitoring procedure;
- a corruption risk management procedure for partnerships (and potential partnerships);
- a gifts and privileges management procedure;
- a "Human Resources" charter;
- a whistleblowing procedure covering recording and processing aspects.

Organization

The system is organized with the aim of enabling a combination of centralized management, ensuring controlled, uniform application, and operational management implemented locally by the various subsidiaries and entities.

At Group level:

- A "Compliance" steering committee has been set up:
  - its members are the Chief Financial Officer, the Group Legal Director, the Group Human Resources Director and CNIM's Compliance and Anti-Corruption Officer;
  - the committee meets at least bi-monthly, addressing all matters relating to corporate compliance.

At CNIM level:

- A Compliance and Anti-Corruption Officer has been appointed, tasked with the following missions:
  - produce and regularly review a corruption risk map;
  - define and regularly review the internal guidelines and procedures applicable throughout the Group;
  - coordinate and monitor awareness raising initiatives and training relating to the Group Compliance and Anti-Corruption Programme;
  - provide operational support to local compliance and anti-corruption officers;
  - define and oversee the internal monitoring and assessment arrangements for the management procedures implemented;
  - perform, record and archive checks stipulated by procedures applicable to sales agents and partners.

In the principal CNIM subsidiaries:

- Local compliance and anti-corruption officers have been appointed, tasked with the following core missions within their respective scopes:
  - coordinate the rollout, application and assessment of the Group Compliance and Anti-Corruption Programme;
  - perform, record and archive checks stipulated by procedures applicable to sales agents and partners.

4.3.7.2 Due diligence

Sales agent evaluations

The sales agent selection and monitoring procedures specifies the selection criteria and requirements relating to the evaluation, approval and monitoring of sales agents with whom a business relationship is under consideration or already exists.

This procedure mainly concerns the following functions: Sales managers, Compliance officers, Sector, Division and Business Line Directors and Finance and Legal Departments.

Sales agent evaluations are systematically informed by:

- analyzing due-diligence questionnaires;
- processing data in specialist databases;
- examining the findings of independent due-diligence reviews.

Partner evaluations

The corruption risk management procedure applicable to (potential) partnerships specifies the selection criteria and requirements relating to the evaluation, approval and monitoring of third parties with which a partnership - in the form of a joint business or joint-venture - is under consideration or already exists.

This procedure mainly concerns employees responsible for identifying, selecting, approving and monitoring (potential) partners; such employees include compliance officers, employees tasked with drafting, negotiating and approving partnership agreements, and employees who represent the interests of CNIM or any of its subsidiaries as members of a decision-making body in a partnership.

Partner evaluations are systematically informed by:

- the partnership terms and conditions;
- analyzing due-diligence questionnaires and processing data in specialist databases;
- examining the findings of independent due-diligence reviews, where applicable.

Management of gifts and privileges

The "gifts and privileges" management procedure specifies the conditions for accepting and registering gifts and other benefits received or given.

Employee awareness and training for exposed individuals

Communication and training are the basis of the internal and external awareness-raising strategy and the ability to combat corruption.

Accordingly, following on from the training and awareness initiatives implemented since 2013, a new training and awareness plan will be launched in 2019.

4.3.7.3 Performance indicators and policy results

Performance indicators

Our KPIs:

- All CNIM Group employees most exposed to corruption and influence-peddling risks are to be trained or made aware of the risks by 2021.
- All new hires to positions exposed to corruption and influence-peddling risks are to be trained or made aware of the risks within one year of induction (with effect from 2020).

2019 roadmap:

Special training for all the following employees and functions:

- Management Board members, Audit Committee members, Group Managers' Committee members, Environment & Energy and Innovation & Systems Executive Committee members, and CEOs of operational subsidiaries;
- Sales representatives, developers, purchasing managers, buyers, project managers, institutional relationship managers, legal specialists, Human Resources managers and compliance officers, with the following scope: CNIM, LAB SA and the Bertin Group.

2020 roadmap:

The aim is to finalize training and awareness measures for all operational subsidiaries of CNIM and all employees thereof not already trained or made aware of the risks in 2019.

Reporting standard: GRI 205-2.

Performance relating to confirmed cases of corruption

In 2018, at CNIM Group scope:

- no confirmed cases of corruption were identified;
- no employees were dismissed or disciplined in relation to corruption;
- no contracts were terminated or allowed to lapse due to corruption-related infringements;
- no corruption-related legal action was taken against CNIM or any Group subsidiaries or employees.

Reporting standard: GRI 205-3.

4.3.8 Subcontracting and suppliers

4.3.8.1 Purchasing policy

The CNIM Group Purchasing policy strives to build fair, long-term, win-win relationships with suppliers and subcontractors, in order to satisfy our customers and achieve the Group's profitability, performance and innovation goals.

In all countries in which the Group operates, our ambition is to conduct our purchasing activities with integrity, upholding CNIM's values in accordance with the Group's Ethics Charter and Purchasing Code of Conduct.

The primary mission of Purchasing teams is to ensure that all Group companies have reliable access to the products and services they need for their respective businesses, by selecting and qualifying the best suppliers. To this end, they strictly monitor the suppliers with which they work, conducting regular performance reviews, including corporate social responsibility aspects.

Commitments by Purchasing teams

Working in coordination with the project teams of which they are a part, the Group's Purchasing organizations are tasked with ensuring:

- the economic competitiveness of purchased products and services;
- compliance of purchased and services, including compliance with technical and quality requirements;
- schedule compliance;
- safety of people and property;
- compliance with environmental obligations;
- compliance with applicable regulations;
- prevention of corruption, conflicts of interest and fraud;
- compliance with fair competition law;
- compliance with human rights, and in particular the Universal Declaration of Human Rights, the International Labour Organization's Fundamental Conventions on human rights, and the Modern Slavery Act.

Organization

Each Group company and Sector has its own Purchasing department responsible for operational purchasing relating to its activity; this department implements the Group's Purchasing policy, allowing for any specificities relating to its markets.

The Group's Corporate Purchasing Department is responsible for non production-related purchases and for contracting cross-disciplinary services. It acts as the information system owner for the Purchasing business, and organizes purchasing-related training to enhance skills and spread best practices.

4.3.8.2 Due diligence

New supplier qualification process

Owing to the highly technical nature of CNIM Group products and services, properly qualifying new suppliers can be a critical success factor in delivering the performance required for our products and services. To this end, each Sector and company has established a proprietary procedure, reflecting the specificities of its markets.

Qualification procedures are graded according to the supplier's criticality, and are based on a document analysis, where appropriate accompanied by onsite inspections or audits. They aim to reduce the risks relating to:

- Quality => technical capability of the supplier to deliver the required product or service
- Cost => robustness of supply and ability to fulfil economic commitments
- Schedules => ability to deliver within agreed lead times
- Management => financial strength of the company; management commitment to the contractual relationship; compliance with employment and environmental legislation
- Health & safety => ability to protect the health and safety of employees and comply with statutory and contractual requirements (in the case of industrial and work site-based activities).

Supplier assessment policy

The CNIM Group strives to forge long-lasting business relationships with suppliers and subcontractors. To this end, each Sector and company has established a proprietary assessment procedure, reflecting the specificities of its markets. Depending on the entity, supplier and subcontractor assessments may be conducted either during or at the end of a contract, or else at regular intervals in cases involving recurrent business.

Purchasing practices

Statutory compliance is an essential prerequisite for lasting business relationships with suppliers and subcontractors. Accordingly, CNIM regularly reviews its purchasing terms and conditions to reflect regulatory changes.

Whenever appropriate, CNIM prefers to work with local suppliers based near the Group's facilities around the world. The Purchasing Policy does not include criteria relating to the size of partner companies: the CNIM Group works with a host of small and medium-sized organizations, provided they can demonstrate their ability to fulfil their contractual commitments. Furthermore, due to the highly technical, innovative nature of the fields in which the Group operates, no guideline calling for contracting at least-cost exists.

Lastly, although compliance with commitments is a major criterion for Purchasing teams, contract terms may in some cases be reviewed if the original arrangements change, to ensure that agreements remain equitable to both parties.

Purchaser skills and training

In view of the importance of purchasing in the Group's businesses, purchaser skills and training have been identified as a major success factor. At the request of the Group Managers' Committee, a working group comprising Purchasing Directors and Purchasing Managers from the Group's principal companies in France was set up to address this topic. Objectives include producing a skills map for the Purchasing business and setting up a Purchasing-focussed training programme that can be rolled out across all the aforementioned companies.

4.3.8.3 Performance indicators and policy results

New supplier qualification process

KPI: Wherever products and services have an impact on subsequent production of a product, on the quality of an end service or on safety, 80% of new suppliers are to be assessed using employment-related and environmental criteria.

Reporting standard: GRI 308-1 and 414-1.

Scope:

- 2018: CNIM SA, which accounts for 60% of the Group's total Purchasing expenditure.
- This measure will be gradually rolled out to the remaining Group companies, with the aim of covering 80% of Group Purchasing expenditure by 2022.

Status in 2018:

- Percentage of Group Purchasing expenditure covered: 60%.
- Percentage of suppliers analyzed > 80%*.

**This result was obtained from a survey; a software-based measurement tool is currently being developed for 2019.*

Purchaser skills and training

Our KPIs:

- At least one Purchasing business-focussed training course organized per year.
- 80% of purchasers received Purchasing training over the course of the year.

Scope: Group companies in France, covering 86% of Group Purchasing expenditure.

Our performance in 2018:

- 1 Purchasing-focussed training course organized.
- Percentage of purchasers who received Purchasing training over the course of the year: 64%.

Social and environmental impact-focussed supplier assessment

Our objective is to assess a minimum of 15 suppliers annually, selected based on country risk, criticality (for strategic suppliers) and/or health and safety criteria.

After an evaluation, in the case of suppliers with significant (actual or potential) adverse social and/or environmental impacts, all requests for major corrective action, as agreed with the suppliers in question, were tracked.

In the event that a supplier failed to implement requests for major corrective action, or if the action taken failed to yield a significant improvement, the business relationship with the supplier may be terminated.

Scope: Group.

Reporting standard: GRI 308-2 and 414-2.

4.4 Other matters provided for under Article L225-102

4.4.1 Social commitments to sustainable development and the circular economy

Reuse of IT equipment

Since 2014, the CNIM Group has signed partnership agreements with organizations for the employment of the disabled, respectively concerning the recycling or reconditioning of used IT equipment and screens for all French subsidiaries and the sorting and recycling of third-party site waste.

Under these agreements, the CNIM Group contributes on the one hand to reintegrating people into the job market who find it difficult to obtain work and on the other to the circular economy, by:

- reducing the Group's environmental impact by reducing waste and the associated CO2 emissions;
- transforming waste into resources, thus limiting the consumption of raw materials;
- prioritizing reuse.

In 2018, the partnership on the management of the Group's end-of-life IT equipment collected 3.2 tonnes of equipment, with a reuse rate exceeding 70%. Given the low levels of recycling for this type of equipment and their significant environmental impact, the results achieved by this partnership are very positive.

In 2018, the partnerships on the collection, sorting and recycling of tertiary waste were extended: they now cover 7 sites, and have led to the recycling of 17 tonnes of paper and cardboard.

CNIM Insertion

Since 2009 and the creation of the Thiverval Grignon (Yvelines, France) sorting centre, whose operating contract was awarded to CNIM, CNIM Insertion has offered social support and employment to people in difficulty to facilitate their integration into the economy. The undertaking is a company for the integration of workers through economic activity whose status has been accredited by the State. The people in question are hired for a maximum of 24 months, trained as sorting operators and helped with their social difficulties, and especially with their search for employment, as this activity is only one stage in their journey and is a stepping stone on the path to long-term employment. CNIM Insertion's mission comprises numerous positive outcome objectives, as the reintegration process can be counted a success only when the person has been able to find a job or take a training course that matches their aspirations and skills.

Since obtaining State certification in 2009, CNIM Insertion received AFAQ EI/ETTI approval in 2013: it is the first integration enterprise in Ile-de-France to obtain AFNOR certification, which aims to validate the social practices of sheltered employment companies.

In 2018, 53 people benefited from a contract with CNIM Insertion. Nine of these went on to obtain either a permanent position, a nine-month or longer fixed-term contract or a place on a training course leading to a qualification.

Paris chooses CNIM for its new waste sorting centre

In 2015, a CNIM-led consortium involving several partners was selected to design, build and run (for a two-year period) a waste sorting plant to be sited in the Clichy-Batignolles industrial zone. The plant will enter service in 2019 and employ 80 staff, of whom 35 will be employed under reintegration contracts, almost twice as many than at Thiverval-Grignon. The process will incorporate the latest in automated sorting technology, such as the optical sorting of plastics and paper and mechanical fractioning, so as to limit the amount of work done by hand and allow operatives to focus on quality control. The centre will have a capacity of around 40,000 tonnes per year and will process the "clean and dry" waste of 900,000 residents.

4.4.2 Collective labour agreements

Collective labour agreements:

- Agreements affecting employee remuneration:
  - Agreement relating to mandatory annual pay negotiations concluded at CNIM SA, Bertin Technologies, LAB SA, SUNCNIM and CNIM Centre France.
  - Agreement relating to the company savings plan (PEE) concluded at CNIM SA and LAB SA.
  - Profit-sharing agreement concluded at CNIM SA.
- Agreement affecting employees' working conditions:
  - Agreement on teleworking arrangements concluded at Bertin Technologies.
  - Agreement relating to on-call working concluded at Bertin IT.
  - Agreement on the collective substitution status relating to the Bertin Pharma / Bertin Technologies merger.
- Other agreements:
  - Agreement relating to the Generation Contract concluded at Bertin Technologies.
  - Agreement extending the terms of office of employee representatives concluded at CNIM SA.

4.4.3 Measures taken to reduce food waste

The CNIM Group does not purchase, process, distribute or sell food products, and only two Group companies have their own workplace canteen. Accordingly:

- reducing food waste,
- combating food insecurity,
- animal welfare,
- and sustainable, fair trade and responsibly produced food

are not major issues for the Group, and no specific action plan has been established for these topics other than the vigilance and common-sense measures that the Group applies to all of its consumption and waste.

4.4.4 Measures taken to combat tax evasion

Tax policy

The main aim of the CNIM Group tax policy is to secure the Group's positions with regard to the governments of the various countries in which it operates, by complying with the relevant obligations.

This is achieved by i) determining, drafting and regularly updating a transfer pricing policy, demonstrating to tax authorities that the international principles governing the allocation of profits between our entities are upheld; ii) systematically reviewing the accounts of each Group entity, ensuring that the positions adopted are consistent with local tax obligations and iii) providing frequent training for all individuals whose activities affect the tax results of Group entities.

Furthermore the Tax Department provides supervisory and advisory services for tendering processes, to ensure that the flows between legal entities involved in a project comply with the Group's transfer pricing policy.

This mission appears to be a success, in view of the very limited tax adjustments paid by the Group across all countries in which it operates.

Lastly, the Tax Department maintains a systematic watch over all tax credits recorded by the various Group companies in order to liaise with the relevant tax authorities responsible for refunds.

Commitments by the Tax Department

The Group's Tax Department, cooperating with the various divisions:

- establishes general transfer pricing principles enabling compliance with all applicable tax obligations;
- drafts and regularly updates the Group's documentation relating to transfer pricing, enabling documents to be submitted to authorities promptly upon request;
- upholds compliance with filing deadlines across all Group entities;
- verifies the accuracy of tax statements filed by Group entities.

Organization

As financial support functions to Group entities are centralized, the Finance Department offers assistance, advice and supervision during account closing procedures, to ensure that the information on which tax statements are based is as reliable as possible.

The Finance Department also reviews all Group proposals i) exceeding a critical size threshold or ii) submitted in a region in which the Group is not present or has no previous contracting history.

4.5 Methodology applied for the CNIM Group's Declaration of Non-Financial Performance for 2018; independent opinion on fairness

To ensure that submitted information is transparent and reliable, RSE France, a subsidiary of the Apave group, was appointed to verify the Group's labour-related, environmental and social information, as required under French law (by Decree 2017-1265 of 9 August 2017 implementing order 2017-1180 relating to the publication of non-financial information).

The scope is fixed as at 31 December of the financial year.

- **Change in consolidation scope:**

18 legal entities are covered in the 2018 report:

	2012	2013	2014	2015	2016	2017	2018
Bertin IT					o	o	o
Bertin GMBH						o	o
Bertin Technologies	o	o	o	o	o	o	o
CNIM Azerbaijan				o	o	o	o
CNIM Babcock Maroc				o	o	o	o
CNIM Centre France		o	o	o	o	o	o
CNIM Insertion			o	o	o	o	o
CNIM Martin Pvt. Ltd.							o
CNIM Ouest Armor	o	o	o	o	o	o	o
CNIM SA	o	o	o	o	o	o	o
CNIM Singapore			o	o	o	o	o
CNIM Terre Atlantique				o	o	o	o
CNIM Thiverval Grignon	o	o	o	o	o	o	o
CNIM Transport Equipment			o	o	o	o	o
LAB SA	o	o	o	o	o	o	o
LAB Washington*					o	o	o
MES Environmental Ltd		o	o	o	o	o	o
SUNCNIM					o	o	o

Note: the white area identifies the extent of the consolidation scope each year.

*Environmental matters only are included in respect of LAB Washington. Other data for this company is immaterial.

Entities selected for reporting consolidate the performance and impact of the industrial facilities where they are responsible for operational technical control, including facilities operated on behalf of third parties. These companies account for 95 % of the Group's consolidated revenues and cover 93 % of its headcount over 36 sites.

Certain Group companies have not been consolidated, for the following reasons:

- entity with fewer than 20 employees;
- recently-acquired entity in the process of integration into the Group;
- entity with limited environmental impact (e.g. service sector business).

The list of entities to be covered by the Group CSR Report is put forward by the Group CSR Manager and approved by the Management Board and General Management of the subsidiaries concerned. The Group CSR manager is responsible for collecting and consolidating data and producing the corresponding report.

In environmental terms, the scope covers all waste sorting, treatment and recovery centre operating business throughout the world.

With regard to the data published in this report, the following facts should be noted:

- For 2018, methods of estimation were defined for data that were not available, to ensure that all of the information required could be delivered within the specified deadlines. Unknown water consumption figures for certain third-party sites were therefore estimated based on the consumption figures for sites of a similar size. These estimates account for less than 1% of the total;
- The CNIM Group is concerned about what happens to the waste material produced by its activities and can provide indicators about the recovery of its waste. To this end, it relies on the definitions of 'waste' and 'recovery' established by the local regulations;
- CO_2 emissions were calculated based on the V8.1 spreadsheet program of the Association Bilan Carbone (French Carbon Accounting Association), with emission factors from the Carbon Database. In the light of the work of the "Electricity" working group over the period 2017-2018, a major update was implemented, to more accurately reflect the impact of import/export flows and to update the European average CO_2 content. The method now uses net hourly import and export data, and the European CO_2 content defined by the International Energy Agency (IEA);
- Given that the Group subcontracts all inbound and outbound transportation and that hauliers and freight forwards do not publish figures for the CO_2 emissions generated by these services, the CNIM Group does not possess sufficient data to disclose "Other indirect greenhouse gas emissions" (scope 3). The only items described in detail in scope 4 are final waste from waste-to-energy and waste treatment plants and energy emissions that are not included in items 1 to 7 (emissions from the entire final energy production chain, recorded for any use of fuel, electricity or steam).
- The emission factor applied for waste sorting and waste processing centres is 326 kg CO_2 eq./tonne for the incineration of household waste (excluding transport, which is outside the scope) and 128 kg CO_2/tonne for landfill disposal of final waste;

  Acetylene gas is used by many Group companies and subsidiaries. It was not referenced in the Carbon Database, and was added to the carbon account as follows: density 1.1 kg/m3, emission factor 3.38 kg.CO_2/kg (based on stoichiometric ratios).
- Calculation of uncertainty: as most emissions are due to the incineration of household waste, all these emissions depend directly on the household waste incineration emission factor. These values are not independent, as in previous years the uncertainties were added together.
- When calculating its direct greenhouse gas emissions, the CNIM Group includes CO_2 from vehicles owned, leased or hired by the Group and used for the purpose of its industrial and commercial activities.

Votre engagement a de la valeur

RSE France apave

Certification no. 3-1051
Scope available on www.cofrac.fr

Reasoned opinion regarding the conformity and fairness of the Declaration of Non-Financial Performance

To the Shareholders,

Following the request made to us by the company CNIM, we hereby present our report on the consolidated declaration of non-financial performance (hereinafter the "Declaration") for the trading period ended 31 August 2018, as presented in the Groupmanagement report, pursuant to the statutory and regulatory provisions of Articles L.225-102-1, R.225-105 and R.225-105-1 of the French Commercial Code. RSE France operates as an Independent Third Party, certified by Cofrac under the no. 3-1051 (scope available on www.cofrac.fr).

Responsibility of the Company

The Management Board has a duty to prepare a Declaration in accordance with the statutory and regulatory provisions, including a presentation of the business model, a description of the principal non-financial risks, a presentation of the policies implemented with regard to the risks and the results of the aforementioned policies, including key performance indicators.

Independence and quality management system

Our independence is defined by regulatory texts, our code of ethics and the provisions of the standard ISO 17020. In addition, we have implemented a quality management system that includes policies and documented procedures to ensure conformity with the code of ethics, applicable laws and regulations and the standard ISO 17020.

Responsibility of the independent third party

On the basis of our work, it is our responsibility to issue a reasoned opinion expressing limited assurance regarding:

- conformity of the Declaration with the provisions of Article R. 225-105 of the French Commercial Code;
- the fair representation of the information provided pursuant to paragraph 3 of sections I and II of Article R.225-105 of the French Commercial Code, specifically action plans and the results of the policies including key performance indicators relating to the principal risks, hereinafter the "Information".

It is not our responsibility, however, to issue an opinion regarding:

- compliance by the company with any other applicable legal provisions, [in particular those arising out of the Sapin 2 anti-corruption legislation (Law 2016-1691 of 9 December 2016)];
- conformity of products and services with applicable regulations.

Nature and scope of our work

We performed our work in accordance with the Order of 14 September 2018 determining the conditions in which the independent third party performs its engagement.

We worked to assess the conformity of the Declaration with applicable statutory and regulatory provisions and assess the fairness of the Information:

- We familiarised ourselves with the activity of all entities within the consolidation scope, with the description of the principal labour-related and environmental risks relating to that activity and with its effects on upholding human rights and anti-corruption efforts as well as the associated policies and policy results;
- We assessed the appropriateness of the Guidelines in terms of their relevance, completeness, reliability, impartiality and understandability;
- We verified that the Declaration covers each category of information required by section III of Article L. 225-102-1 relating to corporate social responsibility and compliance with human rights and anti-corruption efforts;
- We verified that the Declaration presents the business model and the principal risks relating to the activity of all entities, , including, where relevant and proportionate, the risks created by the entity's business relationships, products or services, with regard to the information required by section I of Article R. 255-105, as well as its policies, actions and results, including key performance indicators;
- We verified that the Declaration presents the information required by section II of Article R.225-105, where relevant with regard to the principal risks and policies presented;
- We reviewed the process used to identify, rank and validate the principal risks;
- We verified that the Declaration covers the consolidated scope, namely all entities within the consolidation scope as stipulated in Article L. 233-16; Certain companies were not included, on the grounds that they have fewer than 20 employees, were integrated during the course of the year or have a low environmental impact. The adopted scope represents 97% of Group revenues and 93% of the workforce.
- We assessed the collection process implemented by the entity to ensure that the policy results and key performance indicators required in the Declaration are comprehensive and fairly represented;
- For the key performance indicators relating to the principal risks (i.e. attracting and retaining talent, health & safety, energy consumption and energy efficiency, waste recovery, training and skills, atmospheric emissions prevention and reduction, ethics and anti-corruption measures, subcontracting and suppliers), and for a selection of other results that we considered to be among the most important (in particular, headcount, waste volumes, and greenhouse gas emissions), we performed:
  - analytical procedures to verify that collected data was correctly consolidated and that any changes over time were consistent;
  - detailed tests based on sampling, consisting in verifying correct application of definitions and procedures and comparing data with the supporting documents. This work was conducted for a selection of contributing entities (in Paris, Seyne-sur-Mer and Thiverval-Grignon), covering 79% of the consolidated data for the selected performance indicators and test results for the labour-related aspects, between 14% and 100% for the environmental aspects, and 100% for the other aspects;
- We consulted reference documents and conducted interviews to corroborate the qualitative information (in terms of organisation, policies, actions and results) relating to the principal risks;
- We assessed the overall consistency of the Declaration with our knowledge of the company.
- We believe the sampling methods that we selected, exercising our professional judgement, allow us to express limited assurance; a higher level of assurance would have required more extensive verification work.

Because of the use of sampling techniques and other limitations intrinsic to the operation of any information and internal control system, we cannot completely rule out the possibility that a material irregularity in the Declaration has not been detected.

Resources

We conducted 11 interviews with the persons responsible for the Declaration, representing the general management, administration and finance, risk management, compliance, human resources, health & safety, training, environmental affairs, operations, CSR and purchasing functions. Our work was carried out in January and February 2019, over a duration of seven man-days. We consider that our work provides an adequate basis for the conclusion expressed below.

Conclusion

Based on our work, we have not identified any significant anomalies likely to call into question the fact that the Declaration conforms to the applicable regulatory requirements and that the Information is in all material respects presented fairly.

Remarks

Without qualifying the foregoing conclusion, we wish to make the following comments, in the light of the European Commission guidelines on non-financial reporting and the recommendations of the Afnor guide FD X30-024:

- Principal non-financial risks. A detailed partner map was produced, but the principal risk identification process does not, at this stage, include formally surveying the aforementioned partners.
- Policy results, including performance indicators: The chosen performance indicators reflect the dynamic with which the stated objectives are achieved. Although the "waste recovery" performance indicator is available, it has not been disclosed for confidentiality reasons. Regarding the "attract and retain talent" criterion, it was not possible to calculate the mobility rate for the 2018 financial year.

Paris, 22 February 2019

Gérard Schoun

5 CORPORATE GOVERNANCE

5.1 Report on Corporate Governance drawn up by the Supervisory Board

To the shareholders,
In accordance with the provisions of Article L. 225-68 section 6 of the French Commercial Code (Code de commerce), we present to you in this report on corporate governance the information referred to in Articles L. 225-37-3 to L. 225-37-5 of said Code.
This report was drawn up and approved by the Supervisory Board in its meeting of 19 March 2019.

5.1.1 Corporate Governance

The Company is a société anonyme (French public limited company) with a Management Board and a Supervisory Board. Its shares are listed in France on the Euronext Paris regulated market.

5.1.1.1 The Management Board

The Management Board is composed of Messrs. Nicolas Dmitrieff (Chairman), Philippe Demigné, Stanislas Ancel and Christophe Favrelle. The term of office of the members of the Management Board is four years. The members of the Management Board can be contacted at the registered office of CNIM, 35, Rue de Bassano, 75008 Paris.

It should be noted that with effect from July 2017 the Executive Committee created in March 2016, composed of the Management Board members plus Ms. Jennyfer Delgado, Human Resources and Communication Manager, and Mr. Frédérick Favre, Legal, Corporate Purchasing and Group CSR Manager, was enlarged to include six more Company and Group managers (Messrs. Claude Boutin, Christophe Hamon, Philipe Lazare, Jean Roch, Bruno Vallayer and François Darpas). On this occasion, the Executive Committee was renamed the “Group Managers’ Committee”. Subject to the strategy and general policy defined by the Management Board, the Group Managers’ Committee is responsible for steering the various activities contributing to the Company’s object and the Group’s organization.

5.1.1.2 The Supervisory Board

A. Composition of the Supervisory Board

The Company’s Supervisory Board is composed of the following twelve (12) members, two (2) of whom are independent members.

Surname, first name, title or position of members of the supervisory board	First year of appointment	Term of office expires (AGM approving financial statements for year)	Independent member	Committee
Christiane Dmitrieff	2002	2019	no	Audit and Strategic
François Canellas	2006	2019	no	Audit and Strategic
Lucile Dmitrieff	2009	2021	no	Audit and Strategic
Sophie Dmitrieff	2015	2018	no	Audit and Strategic
Sigrid Duhamel	2016	2019	yes	Audit and Strategic
Frel S.A., rep. by Agnès Herlicq	2002	2020	no	Audit
André Herlicq	2002	2021	no	Strategic
Stéphane Herlicq	2009	2021	no	Strategic
Louis-Roch Burgard	2016	2019	yes	Audit and Strategic
Johannes Martin	2009	2019	no	Strategic
Martin GmbH rep. by Ulrich Martin	2004	2021	no	-
Alain Sonnette	2015	2018	no	-

B. Choice of corporate governance code

Until 31 December 2012, the Company adhered to the AFEP-MEDEF corporate governance code.

Given its status as a mid-cap, in 2013 the Company studied the provisions of the MiddleNext code and considered that it was more suited to its situation and characteristics. It was in these circumstances that in its meeting of 28 March 2013 the Supervisory Board decided to adhere in relation to corporate governance to the MiddleNext corporate governance code for small and mid-caps in its entirety (recommendations R1 to R15), with all of the recommendations contained in said code being followed.

Following the September 2016 revision of the MiddleNext corporate governance code for small and mid-caps, now called the "MiddleNext corporate governance code", in the meeting of the Supervisory Board of 9 March 2017 the Company reviewed the points requiring vigilance as decreed by this code and confirmed that recommendations R1 to R2 and R4 to R19 contained in said code were being followed. With regard to recommendation R3, the Supervisory Board took formal note of the fact that Ms. Sigrid Duhamel and Mr. Louis-Roch Burgard have a close connection with the Chairman of the Management Board. The Supervisory Board also noted that this closeness would not impair their analytical and decision-making abilities and moreover, considering the undertaking given by Ms. Sigrid Duhamel and Mr. Louis-Roch Burgard to act in an independent manner, the Board decided to consider them as independent Board members.

The report of the Supervisory Board on corporate governance has been drawn up on the basis of the MiddleNext corporate governance code and order 2017-1162 of 12 July 2017.

As a complement to the legal and regulatory provisions and the Company's bylaws, the Supervisory Board has also set out internal regulations for itself that are intended to specify the details of its operation. For the purposes of drawing up these internal regulations, it adheres to the MiddleNext corporate governance code. The internal regulations of the Supervisory Board are available on the Company's website (www.cnim.com). The MiddleNext corporate governance code is available from the following internet address:

www.middlenext.com/IMG/pdf/2016_CodeMiddlenext-PDF_Version_Finale.pdf

C. Application of the principle of balanced representation of men and women

With regard to the principle of balanced representation of men and women on the Supervisory Board, the question of the appointment of equally qualified women is raised each time a member of the Supervisory Board is nominated. The proportion of women on the Company's Supervisory Board is currently 41.67 %.

D. Independent Board Members

As a reminder, in accordance with the provisions of the internal regulations of the Supervisory Board (Article 1.4), which refers to the MiddleNext corporate governance code, independence is characterized notably by the absence of significant financial, contractual, or family ties that may alter independence of judgement.

In the terms of the provisions of the Company Supervisory Board's internal regulations, the following criteria are taken into account in assessing the independence of members of the Board:

- not being an employee or executive corporate officer of the Company or of any company in its Group and not having been so in the last five years;
- not being in a significant business relationship with the Company or its Group (client, supplier, competitor, service provider, creditor, banker etc.) and not having been in one in the last two years;
- not being a reference shareholder of the Company or holding a significant percentage of the voting rights;
- not having close connections, whether as an associate or family member, with a Corporate Officer or a reference shareholder;
- not having been the Company's statutory auditor in the last six years.

The Supervisory Board may, subject to justification of its position, consider that one of its members is independent even if he or she does not meet all of these criteria or, conversely, that one of its members who does meet all of the criteria is not independent.

Bearing in mind the foregoing, there are two independent members of the Supervisory Board: Ms. Sigrid Duhamel and Mr. Louis-Roch Burgard.

Indeed, in the case of Ms. Sigrid Duhamel and Mr. Louis-Roch Burgard, who meet the independence criteria but have a close connection with the Chairman of the Management Board, in view of the fact that this closeness would not impair their analytical and decision-making abilities and, moreover, that Ms. Sigrid Duhamel and Mr. Louis-Roch Burgard have given an undertaking to act in an independent manner, the Supervisory Board decided to consider them as independent Board members.

E. Term of office

The term of office of members of the Supervisory Board is four years, in accordance with the provisions of the Company's bylaws (Article 15).

F. Ethical rules

The ethical rules to which members of the Supervisory Board are subject are shown in the internal regulations of the Board (Article 2.1).

G. Selection of members of the Supervisory Board

Please refer to the internal regulations of the Supervisory Board (Article 1.1).

H. Responsibilities of the Supervisory Board

Please refer to the internal regulations of the Supervisory Board (Article 1.2).

I. Assessment of the work and functioning of the Board

Please refer to the internal regulations of the Supervisory Board (Article 1.5).

J. Appointment of committees

a. Audit Committee

This Committee monitors:

- the process by which the financial reporting is prepared and if necessary makes recommendations for ensuring its integrity;
- the effectiveness of the internal control and risk management systems and of the internal audit systems if applicable as regards the procedures for drawing up and processing accounting and financial information, without this affecting its independence;
- the Statutory Auditor's performance of its responsibilities;
- the independence of the Statutory Auditors, and issues a recommendation on the Statutory Auditors proposed.

More specifically, the Audit Committee is responsible for:

a/ With regard to the financial statements:

- examining the annual and half-yearly financial statements;
- examining the appropriateness and consistency of the accounting methods used to prepare the company financial statements and the consolidated financial statements;
- examining the consolidation scope and, if applicable, the reasons for any controlled companies not being consolidated;
- monitoring the process by which the financial information is prepared.

It should be pointed out that its role in this respect consists not so much in going into the detail of the financial statements as in monitoring the processes involved in their preparation, assessing the validity of the methods chosen for treating significant transactions and making recommendations to ensure the integrity of financial reporting.

b/ With regard to the effectiveness of the internal control and risk management systems:

- taking note of the results of internal and/or external audit work carried out on this subject in order to ensure, where necessary, that appropriate action plans have been put in place;
- Preparing recommendations to be made to the Supervisory Board regarding the monitoring of internal audit.

c/ With regard to monitoring the rules relating to the independence and objectivity of the Statutory Auditors:

- examining questions relating to the appointment, renewal or dismissal of the Company's Statutory Auditors and to the amount of fees to be fixed for the performance of the statutory audit assignments and issuing a recommendation as to the choice of Statutory Auditors;
- supervising the rules for the use of the Statutory Auditors for work other than the statutory audit and approving the non-audit services that may be provided by the Statutory Auditors and the members of their network and more generally ensuring that the principles guaranteeing the independence of the Statutory Auditors are complied with;
- examining each year with the Statutory Auditors the amounts of the audit fees paid by the Company and its subsidiaries to the entities of the networks to which the Statutory Auditors belong;
- examining the conclusions of the Statutory Auditors and their recommendations as well as the follow-up actions given to them.

The Audit Committee is currently composed of seven members: Mr. François Canellas (its Chairman), Ms. Christiane Dmitrieff, Ms. Lucile Dmitrieff, Ms. Sophie Dmitrieff and Ms. Sigrid Duhamel, Frel S.A., whose permanent representative is Ms. Agnès Herlicq, and Mr. Louis-Roch Burgard. All seven are members of the Supervisory Board.

The Audit Committee has an operating charter which was adopted on March 6, 2017. Its purpose is to take into account the new responsibilities allocated to it as a result of the audit reform which came into force on 17 June 2016.

The Audit Committee met four times during the 2018 financial year: 5 March 2018, 12 June 2018, 29 August 2018 and 10 October 2018. The Statutory Auditors attended all meetings.

The following subjects were placed on the agendas of those meetings:

- review of the annual financial statements and consolidated financial statements for the 2017 financial year and the summary consolidated financial statements for the first half of 2017, in support of presentations of the accounts by the Group Finance Department;
- debriefing by the Statutory Auditors in relation to their auditing of the annual financial statements and consolidated financial statements for the 2017 financial year, including the draft report on the consolidated financial statements specified by Article L. 823-16 of the French Commercial Code;
- debriefing by the Statutory Auditors in relation to their limited review of the consolidated financial statements for the first half of 2017;
- presentation of the impacts of the first-time application of IFRS 15 “Revenue from Contracts with Customers”;
- presentation of the methodology of the transition to IFRS 16 - Leases and progress to date on the transition process;
- presentation of the reference discount rates used by the Group, as applied for the implementation of the impairment tests and the assessment of the investment projects;
- progress on bringing the CNIM Group into line with the anti-corruption provisions of the Sapin 2 law;
- presentation of the main findings of the assignments carried out in the context of the annual internal audit plan for 2017/2018;
- presentation of the annual internal audit plan for 2018/2019 as approved by the Management Board;
- reviewing ongoing litigation;
- debriefing on changes in “project” bank guarantees and parent-company bank guarantees;
- debriefing on the results of the assessments submitted by the Audit Committee members, in connection with the periodic self-assessment of the functioning of the Audit Committee;
- in view of the expiry on 31 December 2018 of the Statutory Auditors’ term of office, discussions with the Group Finance Department to decide whether or not to launch a call for tender concerning their reappointment or the appointment of a new Statutory Auditor(s). It should be noted that the Audit Committee members agreed unanimously to reappoint the Statutory Auditors, without a call for tender.

The Company complies with the recommendations of the AMF, in its “final report on the Audit Committee” of 22 July 2010, with regard to the following points:

- appointment and composition of the Audit Committee;

- definition by the internal regulations of the Supervisory Board of the operating principles of the Audit Committee;
- communication to the Audit Committee, within the time limit, and detailed presentation, in the presence of the Statutory Auditors, of the key elements of financial communication, following approval by the Management Board;
- communication of the annual internal audit plans, and debriefing, in the presence of the Statutory Auditors, in relation to the internal audit assignments carried out in connection with these annual plans;
- The requirement for a report by the Chairwoman of the Supervisory Board on internal control and risk management procedures, which in accordance with the AMF's recommendation was reviewed by the Audit Committee, was abolished by Order No. 2017-1162 of 12 July 2017.
- However, the Audit Committee reviewed the management report, which now notably includes the main characteristics of the internal control and risk management procedures put in place by the Company for the preparation and processing of accounting and financial information.

b. Strategic Committee

The main task of this Committee is to assist the Supervisory Board in defining the overall strategic direction of the Company and its subsidiaries, in terms of both business lines and geographical coverage. In particular, the Strategic Committee analyses development plans and plans for acquiring holdings in other companies, for making divestments and for establishing partnerships on a long-term or short-term basis.

It is currently composed of Mr. Louis-Roch Burgard, (its Chairman), Ms Christiane Dmitrieff, Sophie Dmitrieff, Lucile Dmitrieff, Sigrid Duhamel and Messrs. François Canellas, Johannes Martin, André Herlicq and Stéphane Herlicq. The Strategic Committee met three times during the 2018 financial year.

5.1.1.3 How the work of the Supervisory Board is prepared and organized

The functioning of the Supervisory Board is governed by the provisions of its internal regulations (Article 3).

The Supervisory Board meets at least once a quarter, convened by its Chairwoman or Vice-Chairman. The Chairwoman or the Vice-Chairman of the Board provides all members of the Board with all the documents and information needed to perform their duties. These documents and this information may be sent by any means but must reach the members not later than 72 hours before the Board meeting. On each occasion the Supervisory Board hears a report from the Management Board on the Company's operations.

During 2018 the Supervisory Board met four times, on 8 March, 24 May (before the AGM), 30 August and 14 November. Nine members of the Supervisory Board had 100% attendance rates; the other three had attendance rates of 75%.

During these meetings, in addition to hearing the report of the Management Board on the operation of the Company, the following points in particular were addressed:

- annual overall authorizations given to the Management Board within the limits set out in the bylaws;
- examination of the company financial statements and consolidated financial statements drawn up by the Management Board;
- the report of the Supervisory Board to the General Meeting;
- examination of the financial statements for the first six months of the year;
- examination of regulated agreements;
- report by the Management Board on capital expenditure and financial transactions carried out during the financial year and authorized in advance;
- authorizations to issue guarantees on behalf of subsidiaries.

In accordance with the provisions of Article L. 823-17 of the French Commercial Code, the Statutory Auditors are, in particular, invited to all meetings of the Supervisory Board which examine the annual and half-yearly financial statements.

The representatives of the Works Council are invited to all meetings of the Supervisory Board. They attended all meetings of the Board held during the financial year ended 31 December 2018.

The Supervisory Board may grant special powers of any kind to one or more of its members for one or more specific matters.

In addition to the powers conferred on it by law and by the Company's bylaws, the Supervisory Board examines the following transactions, which can only be performed by the Management Board with the prior agreement of the Supervisory Board:

- issues of transferable securities of whatever kind that are likely to entail a change in the share capital;
- material transactions likely to affect the strategy of CNIM or the CNIM Group and to change the financial structure of its sphere of activity, the assessment of materiality being made by the Management Board under its responsibility;
- transactions exceeding an amount set each year by the Supervisory Board regarding:
- any capital spending decisions affecting fixed assets as recorded in the balance sheet;
- any barter or part-exchange transactions relating to goods, stocks or securities;
- involvement in the establishment of any company and subscription to any issue of shares, equity instruments or bonds, excluding treasury transactions;
- granting or obtaining any loans, credit or advances.

The sale of real estate, the full or partial sale of holdings in other enterprises and the establishment of sureties and charges, pledges or guarantees is also subject to authorization by the Supervisory Board on the terms set by the French Commercial Code or the Company's bylaws.

Members of the Supervisory Board receive attendance fees, both for their participation in the meetings of the Supervisory Board and for their participation in meetings of the Audit Committee and/or the Strategic Committee as the case may be. The annual amount of attendance fees, which is fixed, where appropriate, by the General Meeting of Shareholders, is distributed by the Board among the members of the Supervisory Board in accordance with the level of diligence of the members of the Board and the time that they devote to their duties.

As a reminder, the General Meeting of Shareholders held on 24 May 2018 set the amount of attendance fees to be distributed for the 2018 financial year at €494,000.

In application of the provisions of its internal regulations (Article 4), in its meeting of 19 March 2019, the Supervisory Board resolved to pay attendance fees in respect of the 2018 financial year of (i) €48,000 gross to Ms. Christiane Dmitrieff, Ms. Sophie Dmitrieff, Ms. Lucile Dmitrieff and Mr. François Canellas, (ii) €43,000 gross to Mr. Louis-Roch Burgard and Ms. Sigrid Duhamel, (iii) €28,000 gross to Mr. André Herlocq and Mr. Stéphane Herlicq, (iv) €26,000 gross to Frel S.A., (v) €21,000 gross to Mr. Johannes Martin, (vi) €8,000 gross to Martin GmbH and (vii) €6,000 gross to Mr. Alain Sonnette. Mr. Alain Sonnette had informed the Board of his decision to waive his attendance fees.

5.1.1.4 Shareholders' participation in the General Meeting

All shareholders have the right to attend General Meetings and to participate in the deliberations, under the terms prescribed by law.

If the Management Board so resolves at the time of calling a General Meeting, shareholders may participate in that meeting by video conferencing or by any other means of telecommunication (including the internet) enabling them to be identified, insofar as permitted by the applicable regulations. Where applicable, this option shall be mentioned in the notice of the meeting and the invitation.

Shareholders participating in the meeting by video conferencing or by electronic means of communication that enable them to be identified shall be deemed present for the purpose of calculating the quorum and majority.

Any shareholder who fulfils the conditions required to participate in a meeting may have himself represented by a proxy insofar as permitted by law.

Shareholders may also vote by post or, if the Management Board so decides, remotely by electronic means, insofar as permitted and in the manner determined by law and regulations, by sending in their voting and proxy forms for any General Meeting either in paper form or, if the Management Board has so decided, by electronic means of communication, it being specified that this option shall be, where applicable, mentioned in the notice of the meeting and the invitation.

In addition, a double voting right is conferred on all fully paid-up shares for which it is demonstrated that they have been registered in the name of the same shareholder for at least two years, under the terms prescribed by law.

5.1.2 List of offices and positions held in all companies during the year ended 31 December 2018

5.1.2.1 List of offices of the members of the Management Board

- **Mr. Nicolas Dmitrieff**

Born 8 April 1970; French national

Business address: 35, Rue de Bassano, 75008 Paris

Chairman of the Management Board

Date assumed position: 27 July 2009

Term of office expires on the date of the General Meeting approving the 2019 financial statements

Other offices held

France

Chairman, CNIM Transport Holding SAS, CNIM Transport France SAS, EXENSOR Security International AB

CNIM Representative, Manager SCI of 35 rue de Bassano

CNIM Representative, Chairman of CNIM1, CNIM2, CNIM3, CNIM4, CNIM6, CNIM7, CNIM8, CNIM11, CNIM12 and CNIM13

Director, LAB SA and Bertin Technologies SAS

Abroad

Chief Executive Officer CNIM Middle East

Director CNIM Hong Kong Ltd, CNIM Transport Equipment, CNIM Singapore Private Ltd, CNIM Engineers FZC, CNIM Bahrain Co. WLL and CNIM Asia Pacific Ltd

Manager, Arnina (non-Group)

Permanent CNIM Representative, Member of CNIM Saudi

Permanent CNIM Representative, Director of SMA (non-Group)

Terms of office that have expired over the last five years

France

Director, Babcock Wanson France

CNIM SA Representative, Chairman of CNIM 5

Director of Bertin Pharma SAS

Abroad

Director of CNIM Technology FZC

- **Mr. Philippe Demigné**

Born 30 April 1961; French national

Business address: 35, Rue de Bassano, 75008 Paris

Member of the Management Board

Date assumed position: 1 September 2009

Term of office expires on the date of the General Meeting approving the 2019 financial statements

Other offices held

France

Chief Executive Officer of CNIM Transport France SAS

Chairman and Director of Bertin Technologies SAS, Verbalys SA and Vecsys SA

Chairman of Bertin IT

Vice-Chairman of the Supervisory Board Sitia SA (non-Group)

Permanent representative of Bertin Technologies SAS, acting as Director of WINLIGHT System and WINLIGHT System Finance

Abroad

Chairman of Bertin Vietnam

Chairman of the Board of Directors and Director of CNIM Babcock Maroc

Chairman of the Board of Directors and Chief Executive Officer of CNIM Canada Inc.

Manager of Bertin Tech Ltd and CNIM Hong Kong

Director of CNIM Middle East, CNIM Hong Kong, CNIM Singapore Private Ltd, AMI Enterprise Intelligence Software Ltd and CNIM Transport Equipment

Terms of office that have expired over the last five years

France

Chairman and Director of Saphymo and Go Albert France SAS

Chairman and Director of Bertin Pharma SAS

Abroad

Chairman and Director of Go Albert Africa, 9215-7775 Québec Inc.

- **Mr. Stanislas Ancel**

Born 3 May 1974; French national

Business address: 35, Rue de Bassano, 75008 Paris

Member of the Management Board

Date assumed position: 10 March 2016

Term of office expires on the date of the General Meeting approving the 2019 financial statements

Other offices held

France

Chairman of ELlo

Chairman and Director of LAB SA and SUNCNIM

Abroad

Director of CNIM Asia Pacific, CNIM US Corp., CNIM Middle East, LAB USA Corp, CNIM Azerbaijan and LAB GmbH

Terms of office that have expired over the last five years

France

None

Abroad

Chief Executive Officer of CNIM Middle East

- **Mr. Christophe Favrelle**

Born 15 October 1960; French national

Business address: 35, Rue de Bassano, 75008 Paris

Member of the Management Board

Date assumed position: 10 March 2016

Term of office expires on the date of the General Meeting approving the 2019 financial statements

Other offices held

France

Chairman, CNIM Industrie

Director of LAB SA, SUNCNIM, Bertin Technologies SAS, Bertin It and WINLIGHT System Finance

Permanent Representative of Bertin Technologies acting as Director of Verbalys SA and Vecsys SA

Abroad

Manager, Babcock Services

Director CNIM Middle East, CNIM Azerbaijan, CNIM Engineers FZC, LAB US Corp., CNIM Asia Pacific, CNIM Development, CNIM Netherlands BV, CNIM Industry Netherlands BV and CNIM Bahrein Co. WLL.

Director CNIM Hong Kong, CNIM Singapore Private Ltd.

Permanent representative of CNIM acting as Director of CNIM Babcock Maroc

Terms of office that have expired over the last five years

France

Director of Saphymo and Go Albert France

Abroad

Director, Babcock Wanson UK, Babcock Wanson España, Babcock Wanson Italia, Babcock Wanson Polska, Babcock Wanson Caldeiras, Babcock International

The non-Group companies in which the members of the Management Board hold offices are not listed companies.

5.1.2.2 List of offices of members of the Supervisory Board

- **Ms. Christiane Dmitrieff**

Born 26 January 1935; French national

Chairwoman of the Supervisory Board as from 24 May 2016

Date assumed position: 28 November 2002

Term of office renewed at the General Meeting of 24 May 2018 and expires on the date of the General Meeting approving the 2021 financial statements.

Other offices held

France

Chairwoman & CEO, Soluni SA (non-Group)

Abroad

Co-manager, SCI Socilas (non-Group), SCI Sonathan (non-Group), SCI Les Granges (non-Group)

Terms of office that have expired over the last five years

France

None

Abroad

None

- **Mr. François Canellas**

Born 20 April 1936; French national

Vice-Chairman of the Supervisory Board

Date assumed position: 22 June 2006

Term of office expires on the date of the General Meeting approving the 2019 financial statements

Other offices held

France

Director, LAB SA

Abroad

Director, CNIM Hong Kong Ltd

Terms of office that have expired over the last five years

France

Director, Babcock Wanson SA

Abroad

Director None

- ### Mr. Louis-Roch Burgard

Born 16 December 1969; French national

Independent member of the Supervisory Board

Date assumed position: 24 May 2016

Term of office expires on the date of the General Meeting approving the 2019 financial statements

Other offices held

France

Chairman, Blue Green European Holdings (BGEH) (non-Group), CISE TP (non-Group), SAUR International (non-Group), STEREAU (non-Group), Holding Infrastructure des Métiers de l'Environnement (HIME) (non-Group), SAUR (non-Group), Collectes Valorisation Énergie Déchets (COVED) (non-Group), CISE TP REUNION (non-Group), CISE REUNION (non-Group), Compagnie Guadeloupéenne de Services Publics (non-Group), Société Martiniquaise de Distribution et de Services (non-Group), SUDEAU (non-Group), Terre des Trois Frères (non-Group)

Permanent representative of Holding Infrastructure des Métiers de l'Environnement (HIME) (non-Group) for the chairmanship of FINASAUR (non-Group), NOVASAUR (non-Group)

Chairman of the Supervisory Board of SAUR Polska (non-Group)

Manager, SAUR Loisirs (non-Group)

Director, APRR (non-Group), AREA (non-Group), EIFFARIE (non-Group), MACQUARIE Autoroutes de France (non-Group), ADELAC (non-Group), Edmond de Rothschild (non-Group)

Member of the Audit Committee, Edmond de Rothschild (non-Group)

Abroad

None

Terms of office that have expired over the last five years

France

Chairman, Vinci Concessions (non-Group), Collectes Valorisation Énergie Déchets (COVED) (non-Group)

CEO, Holding Infrastructure des Métiers de l'Environnement (HIME) (non-Group), SAUR (non-Group)

Abroad

Director, Marafiq SAUR Operation & Maintenance Co (MASA) (non-Group), Gestión y Técnicas del Agua (Gestagua) (non-Group)

- ### Ms. Lucile Dmitrieff

Born 6 January 1967; French national

Member of the Supervisory Board

Date assumed position: 1 September 2009

Term of office renewed at the General Meeting of 24 May 2018 and expires on the date of the General Meeting approving the 2021 financial statements.

Other offices held

France

Director, Soluni (non-Group)

Abroad

None

Terms of office that have expired over the last five years

France

None

Abroad

None

- **Ms. Sophie Dmitrieff**

Born 21 June 1964; French national

Member of the Supervisory Board

Date assumed position: 30 November 2015

Term of office expires on the date of the General Meeting approving the 2018 financial statements

Other offices held

France

Director, Soluni (non-Group)

Abroad

None

Terms of office that have expired over the last five years

France

None

Abroad

None

- **Ms. Sigrid Duhamel**

Born 1 December 1965; French national

Independent member of the Supervisory Board

Date assumed position: 24 May 2016

Term of office expires on the date of the General Meeting approving the 2019 financial statements

Other offices held

France

Chairwoman of the Management Board of BNP PARIBAS REIM FRANCE

Director and member of the Audit Committee, Foncière des Régions (non-Group)

Abroad

Director, Urban Land Institute (ULI) (non-Group)

Terms of office that have expired over the last five years

France

Chairman Trustee, Urban Land Institute (ULI France) (non-Group), CBRE Global Investors France (non-Group)

Director, Association des Directeurs Immobiliers (ADI) (non-Group)

Abroad

Member of the Supervisory Board, Selectirente (non-Group)

- **Frel S.A., represented by Ms. Agnès Herlicq**

Born 9 June 1963; French national

Member of the Supervisory Board

Date assumed position: 28 November 2002

Term of office expires on the date of the General Meeting approving the 2020 financial statements

Other offices held by Ms. Herlicq in a personal capacity

France

CEO, Frel S.A. (non-Group)

Director, FRANELI S.A. (non-Group)

Abroad

None

Terms of office that have expired over the last five years

France

Manager, SARL HerBP (non-Group) (until 29 December 2014)

Au Service du Client (non-Group) (until 13 February 2014)

Abroad

None

- **Mr. André Herlicq**

Born 30 April 1961; French national

Member of the Supervisory Board

Date assumed position: 28 November 2002

Term of office renewed at the General Meeting of 24 May 2018 and expires on the date of the General Meeting approving the 2021 financial statements.

Other offices held

France

Co-manager, SCI Phanies (non-Group)

Abroad

None

Terms of office that have expired over the last five years

France

None

Abroad

None

- **Mr. Stéphane Herlicq**

Born 12 May 1962; French national

Member of the Supervisory Board

Date assumed position: 1 September 2009

Term of office renewed at the General Meeting of 24 May 2018 and expires on the date of the General Meeting approving the 2021 financial statements

Other offices held

France

Chairman, Pliq-One SAS

Representative of Pliq-One SAS, Chairman of Sanitval SAS

Manager, Nelo SARL

Abroad

None

<u>Terms of office that have expired over the last five years</u>

France

Manager, Pliq-One SAS

Abroad

None

- **Mr. Johannes Martin**

Born 26 September 1954; German national

Member of the Supervisory Board

Date assumed position: 22 October 2009

Term of office expires on the date of the General Meeting approving the 2019 financial statements

<u>Other offices held</u>

France

None

Abroad

CEO, Ituma GmbH (non-Group), Martin Vermögenswerwaltungs GbR (non-Group)

Director, Martin AG für Umwelt – und Energietechnik (non-Group)

<u>Terms of office that have expired over the last five years</u>

France

None

Abroad

Chairman and manager of Martin GmbH für Umwelt – und Energietechnik (non-Group)

Chairman of the Board of Directors, Martin AG für Umwelt- und Energietechnik (non-Group)

CEO, Martin Familien GmbH & Co. KG (non-Group), Martin Vermögenswerwaltungs GmbH & Co. KG (non-Group), Josef Martin Feuerungsbau GmbH (non-Group)

- **Martin GmbH für Umwelt- und Energietechnik represented by Mr. Ulrich Martin**

Born 21 November 1984; German national

Member of the Supervisory Board

Date assumed position: 29 January 2004

Term of office renewed at the General Meeting of 24 May 2018 and expires on the date of the General Meeting approving the 2021 financial statements

<u>Other offices held by Mr. Ulrich Martin in a personal capacity</u>

France

None

Abroad

Chief Executive Officer, Martin GmbH für Umwelt- und Energietechnik, Josef Martin Feuerungsbau GmbH

Member of the Supervisory Board, Martin AG für Umwelt- und Energietechnik, Explo Engineering AG

Manager, Martin Biopower Pty Ltd, Martin WtE Australia Pty Ltd

<u>Offices held by Mr. Ulrich Martin in a personal capacity that have expired over the last five years</u>

France

None

Abroad

None

- **Mr. Alain Sonnette**

Representing the employee shareholders of the Company

Born 5 November 1961; French national

Member of the Supervisory Board

Date assumed position: 30 November 2015

Term of office expires on the date of the General Meeting approving the 2018 financial statements

Other offices held

None

Terms of office that have expired over the last five years

None

5.1.3 Biographies of members of the Management Board and Supervisory Board

5.1.3.1 Biographies of members of the Management Board

- **Dmitrieff Nicolas**

After studying at the University of Paris IV-Sorbonne, Nicolas Dmitrieff founded Alpaga SA (1995-1999) (partner) and was then Associate Director of B2L (BBDO Group) (1999-2000).

Founder of Anteriority SA (2000-2004), member of the Supervisory Board, project executive, Chairman of the Strategic Committee and member of the Audit Committee (2004-2009) of CNIM SA. He was appointed Chairman of the Management Board in 2009.

- **Demigné Philippe**

Philippe Demigné is a graduate of the École Polytechnique (1982) and holds an MBA from INSEAD (1992). He has held the position of Chairman of Bertin Technologies since 1999. Following the purchase of Bertin Technologies by the CNIM Group in 2009, Philippe Demigné took over as head of the Group's Advanced Systems Division, since renamed CNIM Industrial Systems. He is also a member of the Management Board of CNIM.

- **Ancel Stanislas**

Stanislas Ancel has been Chief Executive of the CNIM Environment & Energy sector since the beginning of 2016, having been Deputy Chief Executive of this sector since 2014, in charge of developing the energy recovery business in Europe and the Middle East and the solar energy business. Between 2009, the year he joined the Group, and 2013, Stanislas Ancel was previously the Group's Strategic Assignments Director and then General Secretary and Director of the La Seyne-sur-Mer establishment within the CNIM Industrial Systems business. He began his career at Deloitte, before joining the Lafarge group at Edifixio, the group's industrial marketing subsidiary. Stanislas Ancel is an engineer who graduated from the École Centrale of Lyon in 1998. He has been a member of the CNIM Management Board since 10 March 2016.

- **Favrelle Christophe**

Having held various posts in SMEs in France and abroad in a variety of business sectors, Christophe Favrelle joined the CNIM Group in 1991. He held various positions within CNIM's Finance Department: statutory consolidation, administrative and fiscal monitoring of international business, Group management auditing, general accounts for the Group's parent company, management information system development, etc., before becoming Manager of the Finance Department for the Group's parent company in 2005, representing over half of Group revenue. He was appointed as the Group's Chief Financial Officer in 2010. Christophe Favrelle is an HEC business school graduate. He has been a member of the CNIM Management Board since 10 March 2016.

5.1.3.2 Biographies of members of the Supervisory Board

- **Dmitrieff Christiane**

The daughter of the founder of CNIM, André Herlicq, Ms. Christiane Dmitrieff was a member of the Board of Directors of CNIM from 1996 to 2002. She has been a member of the Supervisory Board since 2002 and became Chairwoman of the Supervisory Board of CNIM with effect from 24 May 2016.

- **Canellas François**

François Canellas, a marine civil engineer, also holds a Masters in economic sciences. He began his career at CNIM in 1964 and since then has held various managerial and supervisory positions. Under his leadership, CNIM has over the years become one of the main players in the field of waste treatment. François Canellas has also launched new industrial activities in the field of mechanical and thermal engineering, at the same time expediting the reorganization, development and therefore the autonomy of the Group. Deputy Managing Director from 1983 to 1997, when he became Managing Director, he was then appointed Chairman of the Management Board in 2002. In 2006 he was appointed Vice-Chairman of the Supervisory Board, Chairman of the Audit Committee and a member of the Strategic Committee.

- **Burgard Louis-Roch**

Louis-Roch Burgard has spent most of his career in the Vinci Group (2002-2014) where he held various operational posts before being appointed Chairman of Vinci Concessions and becoming a member of the Executive Committee of the Vinci Group. Since 2015 he had been a partner with LBO France. He began his career as an Inspector of Public Finances (1998 to 2002). Louis-Roch Burgard is a graduate of the Paris Institute of Political Studies, ESCP Business School and the École Nationale d'Administration. Louis-Roch Burgard has been Executive Chairman of the SAUR Group since 1 January 2017.

- **Dmitrieff Lucile**

Graduate of ENSBA (Paris Higher National School of Fine Arts). Lucile Dmitrieff works as a therapist.

- **Dmitrieff Sophie**

After completing a Masters in geography and then graduating from ESSEC Business School, Sophie Dmitrieff performed a number of roles (internal auditing, project financing, management control) within various CNIM Group companies between 1992 and 2001. In 2003, she set up the Peruvian NGO Econtinuidad Peru, which she stills manages today.

- **Duhamel Sigrid**

Sigrid Duhamel is a graduate from the ESTP school of engineering and holds an MBA from INSEAD, having started her career as an engineer at Bouygues Construction, before overseeing M&A operations first at Carrier (1996-1999) and then at Cap Gemini. She worked as a consultant for Eric Salmon & Partners between 2000 and 2004, and then moved to London, where she was made a senior director at Tishman Speyer, in charge of its European business development. In 2009, she became director of international realty development operations at Carrefour Property, before joining PSA Peugeot Citroën as group real estate director in 2011. Having been Chairwoman of the French subsidiary of CBRE Global Investors from December 2014 to June 2017, Sigrid Duhamel joined BNP Paribas REIM in the summer of 2017 as Chairwoman.

- **Herlicq André**

Mr. André Herlicq has been a member of the Supervisory Board of CNIM since 2002.

- **Herlicq Stéphane**

Having graduated from the École Centrale of Paris in 1985, with a specialism in Construction, Stéphane Herlicq began his career at Olivetti. After eight years working for the constructor, in 1996 he returned to the service sector with Steria, where he developed the first CRM facilities for banks and the Telecoms sector. In 2000, he was appointed Technical Director for Southern Europe / Middle East in an American start-up. From 2002 to 2006, he worked in Copenhagen as CEO of Steria Denmark, and then he was appointed Director of Steria Nice. In 2009, he bought Sanitval, a local SME specializing in climate control, and has been its Chairman since then.

- **Martin Johannes**

Having graduated from the Technical University of Berlin as an environmental sciences engineer in 1983, Johannes J. E. Martin began his career at Martin GmbH für Umwelt- und Energietechnik in Munich, Germany. He started as a project engineer, with responsibility for the company's activities in Switzerland. In 1986, Johannes Martin assumed responsibility for R&D activities and for adding a new department to the company's structures. In 1987, he assumed responsibility for the technology department, including construction, start-up, after-sales service and R&D. From 1991 until September 2016, Johannes Martin held the position of Managing Director of the company. On 1 October 2016 Johannes Martin retired from Martin GmbH für Umwelt- und Energietechnik, continuing as a shareholder and handing over the management to his son Ulrich Martin.

- **Sonnette Alain**

The holder of a BAC F1 qualification, Alain Sonnette began his career at Alstom-Le Bourget, where he worked in the design office. Between 1983 and 1998, he was a General Installation designer at Babcock Entreprise in La Courneuve, before being made group head. In 1998, he became group head at CNIM’s site in La Seyne-sur-Mer. In 2003, he took charge of the design office of CNIM’s Environment Division at La Seyne-sur-Mer.

Since 2005, Alain Sonnette has headed up the design office of CNIM General Installation’s Environment Division at La Seyne-sur-Mer and Saint Aubin (91).

5.1.4 Convictions, bankruptcies, conflicts of interest and other information

To the best of the Company's knowledge on the basis of the declarations made by the members of the Management and Supervisory Boards of the Company, over the last five years: (i) no conviction for fraud has been pronounced against a member of the Management Board or Supervisory Board of the Company, (ii), no member of the Management Board or Supervisory Board of the Company has been associated with any bankruptcy, sequestration or liquidation, (iii) no accusation and/or sanction of an official public nature has been pronounced against these persons by statutory or regulatory authorities (including designated professional bodies), and (iv) no member of the Management Board or Supervisory Board of the Company has been prohibited by a court from acting in the capacity of a member of a management or supervisory body of an issuer or from being involved in the management or conduct of the business of an issuer.

To the best of the Company's knowledge, on the date of registration of the present registration document, no situation exists which could give rise to a conflict between the duties of the members of the Management Board or Supervisory Board to the Company and their private interests and/or other duties. In addition to the provisions of the French Commercial Code that apply with regard to related-party agreements, the Supervisory Board's internal regulations provide that all members of the Supervisory Board are obliged to inform the Supervisory Board of any situation representing a conflict of interests, even a potential one, and must abstain from participating in votes on any deliberations by the Supervisory Board in respect of which he or she would have such a conflict of interests.

No service contract providing for the granting of benefits under the terms of such a contract exists between any member of the Management Board or Supervisory Board and the Company or its subsidiaries. No arrangement or agreement entered into with the principal shareholders exists.

Furthermore, to the best of the Company's knowledge, no restrictions exist that have been agreed by the members of the Supervisory Board in relation to the assignment of any stakes they hold in the share capital of the Company.

Finally, as the composition of the Supervisory Board appropriately reflects the shareholding of the reference shareholder, consisting of the Dmitrieff family group, in the Company, familial connections exist between certain members of the Supervisory Board and of the Management Board:

- Ms. Christiane Dmitrieff, Chairwoman of the Supervisory Board, is the mother of Mr. Nicolas Dmitrieff, Ms. Lucile Dmitrieff and Ms. Sophie Dmitrieff, the aunt of Ms. Agnès Herlicq, Mr. Stéphane Herlicq and Mr. André Herlicq, and the sister of Mr. François Herlicq.
- Mr. Nicolas Dmitrieff, Chairman of the Management Board, is the son of Ms. Christiane Dmitrieff, Chairwoman of the Supervisory Board;
- Ms. Lucile Dmitrieff, a member of the Supervisory Board, is the sister of Mr. Nicolas Dmitrieff;
- Ms. Sophie Dmitrieff, a member of the Supervisory Board, is also the sister of Mr. Nicolas Dmitrieff;

- Ms. Agnès Herlicq, permanent representative of Frel S.A. and a member of the Supervisory Board, is the sister of Messrs. André and Stéphane Herlicq, who are both members of the Supervisory Board. Ms. Agnès Herlicq, Mr. André Herlicq and Mr. Stéphane Herlicq are cousins of Ms. Sophie Dmitrieff, Ms. Lucile Dmitrieff and Mr. Nicolas Dmitrieff;
- On the Management Board, Mr. Stanislas Ancel, member of the Management Board, is the brother-in-law of Mr. Nicolas Dmitrieff, Chairman of the Management Board.

There are no other family connections among the other members of the Management Board and/or of the Supervisory Board.

5.1.5 Remuneration of the Corporate Officers paid during the year ended 31 December 2018 (Article L. 225-37-3 of the French Commercial Code by reference to Article L. 225-68 of the Code)

With a view to complying with the provisions of Article L. 225-37-3 of the French Commercial Code, we hereby report, based on the information in our possession, on the total remuneration and benefits of all other kinds paid by the Company to its Corporate Officers during the year ended 31 December 2017, including in the form of allocation of equity instruments, debt securities or securities giving access to the capital or conferring the right to the allocation of debt securities of the Company or of the companies referred to in Articles L. 228-13 and L. 228-93. The remuneration and benefits shown hereunder include those received from companies that the Company controls within the meaning of Article L. 233-16 of the French Commercial Code, and from the company that controls the Company.

- **Summary of remuneration of each executive Corporate Officer**

Nicolas Dmitrieff (Chairman of the Management Board) Start/end of term of office: 27 July 2009/AGM approving the financial statements for the financial year ending 31 Dec. 2019	2016 financial year		2017 financial year		2018 financial year	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration (1)	-	€431,472	-	€448,380	-	€460,479
Annual variable remuneration (1) (2)	-	€715,820	-	€994,840	-	€440,420
Benefits in kind (3)	-	€10,571	-	€10,739	-	€10,877
Total	-	**€1,157,863**		**€1,453,959**		**€911,776**

(1) Gross before tax.
(2) Variable remuneration, fixed by decision of the Supervisory Board of 7 April 2011, equal to 2% of the consolidated net income of the Group.
(3) Contributions for Corporate Officer's insurance and pensions, Article 83.

Philippe Demigné (member of the Management Board) Start/end of term of office: 1 Sept. 2009/AGM approving the financial statements for the financial year ending 31 Dec. 2019	2016 financial year		2017 financial year		2018 financial year	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration (1)	-	€300,001	-	€305,396	-	€311,824
Annual variable remuneration (1) (2)	-	€200,000	-	€200,000	-	€226,020
Benefits in kind (3)	-	None	-	None	-	None
Total		**€500,001**		**€505,396**		**€537,844**

(1) Gross before tax.

(2) Variable remuneration granted by the Supervisory Board and linked to Philippe Demigné's individual performance, the results of the Innovation & Systems sector for which he is responsible (such as growth in order intake, growth in revenues and growth in operating income) and the results of the Group.
(3) Pension contributions, Article 83.

Stanislas Ancel (member of the Management Board) **Start/end of term of office: 10 March 2016/AGM approving the financial statements for the financial year ending 31 Dec. 2019**	**2016 financial year**		**2017 financial year**		**2018 financial year**	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration [1]	-	€250,003	-	€254,501	-	€259,956
Annual variable remuneration [1] [2]	-	€150,000	-	€200,000	-	€221,400
Benefits in kind [3]	-	€13,619	-	€17,745	-	€623
Total		**€413,622**		**€472,246**		**€480,733**

(1) Gross before tax.
(2) Variable remuneration granted by the Supervisory Board and linked to Stanislas Ancel's individual performance, the results of the Environment & Energy sector for which he is responsible (such as growth in order intake, growth in revenues and growth in operating income) and the results of the Group.
(3) Company vehicle and apartment.

Christophe Favrelle (member of the Management Board) **Start/end of term of office: 10 March 2016/AGM approving the financial statements for the financial year ending 31 Dec. 2019**	**2016 financial year**		**2017 financial year**		**2018 financial year**	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration [1]	-	€200,005	-	€220,015	-	€242,008
Annual variable remuneration [1] [2]	-	€50,000	-	€50,000	-	€52,800
Benefits in kind [3]	-	€6,523	-	€8,765	-	€8,851
Total		**€256,528**		**€278,777**		**€303,659**

(1) Gross before tax.
(2) Variable remuneration granted by the Supervisory Board and linked to Christophe Favrelle's individual performance, specific financial transactions carried out during the year and the results of the Group.
(3) Company apartment.

- **Attendance fees and other remuneration received by non-executive Corporate Officers**

Non-executive Corporate Officers	Amounts paid during the 2016 financial year	Amounts paid during the 2017 financial year	Amounts paid during the 2018 financial year
François Canellas			
Attendance fees	€8,000	€8,000	€48,000 (of which €40,000 for participation in Committees)
Other remuneration	€190,000	€190,000	€150,000
Total	€198,000	€198,000	€198,000
Christiane Dmitrieff			
Attendance fees	€8,000	€8,000	€48,000 (of which €40,000 for participation in Committees)
Other remuneration	€185,838	€290,000	€250,000
Total	€193,838	€298,000	€298,000
Lucile Dmitrieff			
Attendance fees	€8,000	€8,000	€48,000 (of which €40,000 for participation in Committees)
Other remuneration	None	€40,000	None
Total	€8,000	€48,000	€48,000
Sophie Dmitrieff			
Attendance fees	None	€8,000	€48,000 (of which €40,000 for participation in Committees)
Other remuneration	None	€40,000	None
Total		€48,000	€48,000
André Herlicq			
Attendance fees	€8,000	€8,000	€28,000 (of which €20,000 for participation in Committees)
Other remuneration	€20,000	€20,000	None
Total	€28,000	€28,000	€28,000
Stéphane Herlicq			
Attendance fees	€8,000	€8,000	€28,000 (of which €20,000 for participation in the Strategic Committee)
Other remuneration	€20,000	€20,000	None
Total	€28,000	€28,000	€28,000
Frel S.A.			
Attendance fees	€8,000	€8,000	€26,000 (of which €20,000 for participation in the Audit Committee)
Other remuneration	€20,000	€20,000	None
Total	€28,000	€28,000	€26,000
Johannes Martin			
Attendance fees	€6,000	€8,000	€21,000 (of which €15,000 for participation in the Strategic Committee)
Other remuneration	None	€20,000	None
Total	€6,000	€28,000	€21,000
Martin GmbH für Umwelt – und Energietechnik			
Attendance fees	€8,000	€8,000	€8,000 (in respect of the Supervisory Board)
Other remuneration	None	None	None
Total	€8,000	€8,000	€8,000
Sigrid Duhamel			
Attendance fees	None	€4,800	€43,000 (of which €35,000 for participation in Committees)
Other remuneration	None	€40,000	None
Total		€44,800	€43,000
Louis-Roch Burgard			

Attendance fees	None	€4,800	€43,000 (of which €40,000 for participation in Committees)
Other remuneration	None	€40,000	None
Total		€44,800	€43,000
Alain Sonnette			
Attendance fees	None	None	None
Other remuneration	(1)	(1)	(1)
Total			
TOTAL	**€497,838**	**€801,600**	**€789,000**

(1) The salary paid to the member of the Supervisory Board who represents the employee shareholders, who has an employment contract with the Company or one of its subsidiaries, is not disclosed.

- **Summary of indemnities or benefits of Corporate Officers**

Executive Corporate Officers	Employment contract (1)		Supplementary pension plan	
	Yes(2)	No	Yes	No
Nicolas Dmitrieff Chairman of the Management Board		X	X	
Philippe Demigné Member of the Management Board	X		X	
Stanislas Ancel Member of the Management Board	X			X
Christophe Favrelle Member of the Management Board	X			X

(1) The Chairman of the Management Board does not have an employment contract with the Company. The other members of the Management Board have retained the benefit of their employment contracts which pre-date their appointment.
(2) No end-of-service indemnity is specifically provided for in the employment contracts of the members of the Management Board who have retained the benefit of their employment contracts or for the Chairman of the Management Board, who has no employment contract with the Company. The only end-of-service indemnities that would be due under an employment contract are those provided for in the National Collective Bargaining Agreement for the Metal Industry, which applies to the Company.

No options to subscribe for or purchase shares have been granted to the Corporate Officers by the issuer or by any company in the Group. Therefore, no options to subscribe for or purchase shares were exercised during the financial year.

No options to subscribe for or purchase shares have been granted to employees who are not Corporate Officers by the issuer or by any company in the Group.

Lastly, no shares have been allocated free of charge to the Corporate Officers by the issuer or by any company in the Group.

5.1.6 Remuneration of executive Corporate Officers and proposed resolutions (Articles L. 225-82-2 and L. 225-100 of the French Commercial Code)

5.1.6.1 Approval of the principles and criteria for determining, allocating and attributing the fixed, variable and exceptional components of the total remuneration and benefits of all kinds attributable to the Chairman of the Management Board, the members of the Supervisory Board and its committees, and the Chairwoman and Vice-Chairman of the Supervisory Board

In accordance with Article L. 225-82-2 of the French Commercial Code as updated to reflect the provisions of the law of 9 December 2016 on transparency, the fight against corruption and modernization of the economy (known as the “Sapin 2” law), we present to you the remuneration policy for executive Corporate Officers, namely the principles and criteria for determining, apportioning and allocating the fixed, variable and exceptional components of the total remuneration and benefits of all kinds attributable to the Company's executive Corporate Officers in their capacity as officers, which is the subject of a resolution submitted for approval by the Ordinary General Meeting of Shareholders to be held on 24 May 2018.

The remuneration of members of the Management Board, namely Messrs. Philippe Demigné, Stanislas Ancel and Christophe Favrelle, does not fall within the scope of Article L. 225-82-2 of the French Commercial Code, since they are remunerated solely in respect of their employment contracts with the Company in their respective capacities as Chief Executive of the CNIM Innovation & Systems division, Chief Executive of the Environment & Energy sector and Group Chief Financial Officer.

However, the remuneration of members of the Management Board in respect of their employment contracts is reported in part 5 of this report pursuant to Article L. 225-37-3 of the French Commercial Code and in accordance with the presentation and tables recommended by the MiddleNext corporate governance code as revised in September 2016, to which the Company adheres.

Similarly, the member of the Supervisory Board representing employee shareholders who has an employment contract with the Company, does not fall within the scope of the remuneration policy submitted for your approval.

A. Remuneration of the Chairman of the Management Board

- **Fixed and variable annual remuneration**

The remuneration policy for the Chairman of the Management Board is decided upon by the Supervisory Board when appointing him and each time his term of office is renewed.

Fixed annual remuneration

In his capacity as Chairman of the Management Board, Mr. Nicolas Dmitrieff receives annual remuneration comprising a fixed and a variable component.

The amount of the Chairman of the Management Board's annual fixed remuneration is determined according to criteria specific to the person concerned and in accordance with the practices of comparable groups for a similar position.

This annual amount is determined at the start of each term of office for its entire duration and may be subject to annual revision. It is paid monthly.

The Supervisory Board may in fact decide to increase the fixed component of the Chairman of the Management Board's annual remuneration in equal proportions, 50% of it by the average increase that may be awarded to executives classified as III/C under the definition used in the National Collective Bargaining Agreement for the Metal Industry and 50% by the average increase for the CNIM Group Managers’ Committee members.

Annual variable remuneration

The Chairman of the Management Board also receives variable remuneration with the purpose of correlating his remuneration with the Group's business results. This amount is determined depending on the Group's net income and is equal to 2% of the consolidated net income of the Group for the 2018 financial year. Payment of the variable components of remuneration described in the remuneration policy submitted for the approval of the General Meeting in 2018 by ex-ante vote will be subject to the approval of the ordinary Annual General Meeting of the shareholders to be held in 2019.

Lastly, Mr. Nicolas Dmitrieff is entitled to repayment of expenses incurred in the performance of his duties, upon presentation of receipts.

- **Benefits of all kinds**

Loss of office - unemployment insurance

The Chairman of the Management Board benefits from a directors' and officers' unemployment insurance policy that the Company has entered into to cover him in the event of his dismissal, enabling Mr. Nicolas Dmitrieff to benefit from the necessary social security coverage in such an event.

This insurance, from which the Chief Executive already benefited, was kept in favour of Mr. Nicolas Dmitrieff and authorized by the Supervisory Board at its meeting of 22 October 2009 as a related party agreement. It was approved by the General Meeting of Shareholders on your Statutory Auditor's special report pursuant to Article L. 225-86 of the French Commercial Code.

Supplementary defined benefit pension plan

The Chairman of the Management Board benefits from a defined benefit pension plan (Article 39 of the General Tax Code) meeting the characteristics of schemes mentioned in Article L. 137-11 of the French Social Security Code and subject to the provisions of Article L. 225-90-1 of the French Commercial Code.

This supplementary pension confers a right to a pension equal to 0.80% of the benchmark remuneration per year of service; it is capped at 15% of the benchmark remuneration in the event of liquidation at 60 years of age, increased by 0.8% a year from the age of 60, without ever exceeding 25% of the benchmark remuneration.

The benchmark remuneration used for calculating the supplementary pension is the average of the three highest gross annual salaries earned over the last seven civil years of employment, adjusted according to changes in the ICHT-IME index (hourly labour cost index for the metal-working and engineering industries).

This benefit was reiterated at the meeting of the Supervisory Board on 10 March 2016 after it resolved to renew Mr. Nicolas Dmitrieff's term of office as Chairman of the Management Board and it was approved at the Ordinary General Meeting of Shareholders on 24 May 2016 in application of the combined provisions of Articles L. 225-86 and L. 225-90-1 of the French Commercial Code.

The annual increase in the conditional rights from which Mr. Nicolas Dmitrieff has benefited since the renewal of his term of office as Chairman of the Management Board as decided by the Supervisory Board therefore depends on the observed performance of at least two of the following Group key indicators (determined on the basis of the Group's consolidated financial statements, in accordance with applicable accounting standards):

- increase in revenues of at least 5% compared with the average for the last three years;
- increase in order intake of at least 5% compared with the average for the last three years;
- increase in current operating income of at least 5% compared with the average for the last three years;

Before the Ordinary General Meeting called to approve the financial statements for the last financial year is held, the Supervisory Board carries out an annual check to determine whether the stipulated conditions have been met and, where applicable, determines the increase, for the said financial year, in Mr. Nicolas Dmitrieff's conditional rights.

Defined contribution pension plan

The Chairman of the Management Board also benefits (in the same manner as "Unclassified" employees as defined by the National Collective Bargaining Agreement for the Metal Industry) from a defined contribution pension scheme (Article 83 of the General Tax Code).

This plan, fully financed by the Company, is based on an 8% contribution of gross annual remuneration, capped at 8 times the French annual social security ceiling, which is paid into an individual account with Generali.

The beneficiary selects the management profile for this account (dynamic, balanced, euro funds, European equities, international bonds, etc.).

The employee retains entitlement to the amounts invested even if he or she leaves the company in the meantime. It is possible to exit in the form of a 60% or 100% joint and survivor pension entitlement.

Lastly, it is specifically noted that, as Chairman of the Management Board, Mr. Nicolas Dmitrieff is not the beneficiary of any indemnity for cessation of duties or of any share subscription or purchase options or free allocation of shares.

B. Remuneration of the members of the Supervisory Board

The remuneration policy for members of the Supervisory Board is decided upon by the Ordinary General Meeting of Shareholders, at the proposal of the Supervisory Board.

The remuneration policy for members of the Supervisory Board committees and for the Chairwoman and Vice-Chairman of the Supervisory Board is decided upon by the Supervisory Board.

In accordance with Article L. 225-82-2 of the French Commercial Code as updated to reflect the provisions of the law of 9 December 2016 (known as the “Sapin 2” law), these policies will be submitted for the approval of the Ordinary General Meeting of Shareholders to be held on 26 June 2019.

- **Attendance fees**

The General Meeting of Shareholders can allocate attendance fees to members of the Supervisory Board.

The Supervisory Board distributes these attendance fees among the Board members.

The total allocation for attendance fees is voted on each year by the Ordinary General Meeting of Shareholders. The annual amount of attendance fees set, if any, by the General Meeting of Shareholders is distributed by the Supervisory Board according to Board members' level of attendance at meetings of the Supervisory Board, Audit Committee and Strategic Committee and the time that they devote to their duties, in accordance with the provisions of Article 4 of the internal rules of the Supervisory Board.

Attendance fees due in respect of one financial year are paid during the next financial year.

The members of the Supervisory Board each receive an overall sum of €8,000 in attendance fees for participating in the meetings of the Supervisory Board for the previous financial year. This sum is calculated on a pro-rata time basis, according to their participation in meetings of the Supervisory Board.

Members of the Supervisory Board attending meetings of the Audit Committee and/or the Strategic Committee also each receive an overall sum of €20,000 in attendance fees for participating in the meetings of one or other or both of these committees. This sum is calculated on a pro-rata time basis, according to their participation in meetings of either of these committees.

Members of the Supervisory Board do not receive any variable remuneration.

- **Remuneration of the Chairman and Vice-Chairman of the Supervisory Board**

The Chairman and Vice-Chairman of the Supervisory Board receive an annual fixed remuneration, the amount of which is determined by the Supervisory Board. The Supervisory Board may decide to increase the annual fixed remuneration of the Chairwoman of the Supervisory Board by the same proportion as the potential increase for the Company's “non-classified” executives.

The annual fixed remuneration of Ms. Christiane Dmitrieff, in her capacity as Chairwoman of the Supervisory Board, was set at €250,000 when she was appointed in 2016 and there was no change compared with her predecessor's salary, which had itself been set by the Supervisory Board meeting of 22 June 2006. It is paid monthly.

The fixed remuneration of Mr. François Canellas, in his capacity as Vice-Chairman of the Supervisory Board, was set at €150,000 by the Supervisory Board meeting of 31 October 2006 and has not changed since then. It is paid monthly.

5.1.6.2 Approval of items of remuneration paid or allocated to the Chairman of the Management Board and the Chairwoman of the Supervisory Board in respect of the year ended 31 December 2018

In application of Article L. 225-100 of the French Commercial Code, and in view of the resolution of the AGM of 24 May 2018 on the remuneration policy envisaged for the year ended 31 December 2018, you are asked to approve the fixed, variable and exceptional items forming the total remuneration and benefits of all kinds paid or allocated to:

-

- Mr. Nicolas Dmitrieff, in respect of his office as Chairman of the Company's Management Board;
- and to Ms. Christiane Dmitrieff, in respect of her office as Chairwoman of the Company's Supervisory Board;

in respect of the year ended 31 December 2018, as presented hereunder.

We remind you that the remuneration of members of the Management Board, namely Messrs. Philippe Demigné, Stanislas Ancel and Christophe Favrelle, does not fall within the scope of Article L. 225-82-2 of the French Commercial Code, since they are remunerated solely in respect of their employment contracts with the Company in their respective capacities as Chief Executive of the CNIM Innovation & Systems division, Chief Executive of the Environment & Energy sector and Group Chief Financial Officer. There is therefore no need to submit the fixed, variable and exceptional items forming the total remuneration and benefits of all kinds allocated to them in respect of the year ended 31 December 2018 for approval of the General Meeting of Shareholders in application of Article L. 225-100 of the French Commercial Code.

- **Mr. Nicolas Dmitrieff, Chairman of the Management Board**

Items of remuneration attributed in respect of the year ended 31 December 2018 ***(Art. R. 225-56-1 Com. Code)***	**Amounts**	**Remarks**
Annual fixed remuneration	€462,708	
Annual variable remuneration	€440,420	The variable remuneration corresponds to 2% of the consolidated net income attributable to owners of the parent
Multi-annual variable remuneration	None	
Exceptional remuneration	None	
Allocation of options to subscribe or purchase shares	None	
Allocation of free shares	None	
Remuneration, indemnities or benefits due or likely to be due by reason of taking up the post	None	
Commitments referred to in sections 1 and 6 of Article L. 225-90-1 of the French Commercial Code	No annual increase in conditional rights in the context of the defined benefits pension scheme for 2018	Having examined the consolidated financial statements for the year ended 31 December 2018, the Supervisory Board, in its meeting of 19 March 2019, concluded that the performance conditions required for an increase in the conditional pension entitlements of Mr. Nicolas Dmitrieff had been met for the financial year 2018.
Items of remuneration and benefits of all kinds due or likely to be due by virtue of agreements made directly or through an intermediary by reason of his office with the company in which the office is performed, any company controlled by it within the meaning of Article L. 233-16, any company that controls it within the meaning of that same Article, or any company under common control with it within the meaning of the same Article	None	
Any other item of remuneration attributable by reason of the office	None	
Benefits of any nature granted by reason of the corporate office	None	

- **Ms. Christiane Dmitrieff, Chairwoman of the Supervisory Board**

Items of remuneration attributed in respect of the year ended 31 December 2017 *(Art. R. 225-56-1 Com. Code)*	Amounts	Remarks
Annual fixed remuneration	€250,000	
Annual variable remuneration	None	
Multi-annual variable remuneration	None	
Exceptional remuneration	None	
Attendance fees linked to the exercise of the office	€48,000	
Allocation of options to subscribe or purchase shares	None	
Allocation of free shares	None	
Remuneration, indemnities or benefits due or likely to be due by reason of taking up the post	None	
Commitments referred to in sections 1 and 6 of Article L. 225-90-1 of the French Commercial Code	None	
Items of remuneration and benefits of all kinds due or likely to be due by virtue of agreements made directly or through an intermediary by reason of his office with the company in which the office is performed, any company controlled by it within the meaning of Article L. 233-16, any company that controls it within the meaning of that same Article, or any company under common control with it within the meaning of the same Article	None	
Any other item of remuneration attributable by reason of the office	None	
Benefits of any nature granted by reason of the corporate office	None	

5.1.7 Agreements referred to by Article L. 225-37-4 2 of the French Commercial Code

Please refer to chapter 7 of the Company's 2018 registration document.

5.1.8 Items likely to have an impact in the event of a public offer

5.1.8.1 Capital structure

Please refer to chapter 3 of the Company's 2018 registration document.

5.1.8.2 Statutory restrictions on the exercise of voting rights and the transfer of shares or clauses brought to the Company's attention pursuant to Article L. 233-11 of the French Commercial Code

None.

5.1.8.3 Direct or indirect holdings in the Company's capital of which the Company has knowledge by virtue of Articles L. 233-7 and L. 233-12 of the French Commercial Code

Please refer to chapters 3 and 8.2.7 of the Company's 2018 registration document.

5.1.8.4 List of holders of any securities having special control rights and description of these

None.

5.1.8.5 Control mechanisms provided for in any employee shareholding system when control rights are not exercised by the latter

None.

5.1.8.6 Agreements between shareholders of which the Company is aware and which may lead to restrictions on transfers of shares and the exercise of voting rights

None.

5.1.8.7 Rules applying to the appointment and replacement of members of the Supervisory/Management Board and amendments to the Company's bylaws

Please refer to chapter 8.2.2 of the Company's 2018 registration document and to the applicable legal provisions.

5.1.8.8 Powers of the Management Board, particularly as regards the issuing or buy-back of shares

Please refer to the summary table of powers delegated by the General Meeting of Shareholders to the Management Board.

5.1.8.9 Agreements entered into by the Company which are modified or cease in the event of a change of control of the Company

Since this disclosure could seriously prejudice the Company's interests, we prefer to keep this information confidential.

5.1.8.10 Agreements providing for indemnities for members of the Supervisory/Management Board or employees if they resign or are dismissed without due cause or if their employment ends due to a takeover bid or merger

None.

5.1.9 Summary table of the delegations in force granted by the General Meeting of Shareholders in the area of capital increases, in application of Articles L. 225-129-1 and L. 225-129-2

Attached to this report in accordance with the provisions of Article L. 225-37-4, 3 of the French Commercial Code, is a summary table of the delegations in force granted by the General Meeting of Shareholders in the area of capital increases, in application of Articles L. 225-129-1 and L. 225-129-2 and showing the use made of these delegations over the course of the year.

Nature of the delegation of authority or powers to the Company's Management Board in application of Articles L. 225-129-1 and L. 225-129-2 of the French Commercial Code	Date of General Meeting	Validity period Expiry	Nominal amount of capital increased authorized	Increase(s) carried out during the year	Remaining amount at the date of preparing this table
None	None		None	None	-

5.1.10 Observations of the Supervisory Board on the report of the Management Board (Article L. 225-68 sec. 6 of the French Commercial Code)

The Management Board has invited the Company's shareholders to an Ordinary and Extraordinary General Meeting in accordance with the law and the bylaws in order to report to you on the situation and the activity of our Company during the year ended 31 December 2018 and to submit the financial statements for that year and the appropriation of the profit for your approval.

We remind you that, in accordance with Article L. 225-68 of the French Commercial Code, the Supervisory Board must present its observations on the Report of the Management Board and on the financial statements for the period to the Annual General Meeting. We confirm that the Management Board communicated the annual financial statements, the consolidated financial statements and the Report of the Management Board to the Supervisory Board in accordance with the provisions of Article L. 225-68 of the French Commercial Code.

Having verified and reviewed the annual financial statements and the report of the Management Board, at the meeting on March 19, 2019, the Supervisory Board decided that these documents did not give rise to any particular observations.

The Supervisory Board expects all the proposals made by the Management Board to the shareholders in its report to receive their approval and the resolutions submitted to them to be passed.

The Supervisory Board

5.2 Internal control and risk management

Risk management aims to cover all activities, processes and assets of the Company. It comprises a set of tools, behaviours, procedures and actions that are tailored to the Company's own characteristics and those of all of its subsidiaries which are aimed at allowing managers to keep risks at an acceptable level.

Internal control is a system that is defined and implemented by the Company and which aims to ensure:

- the application of the instructions and policies laid down by the Management Board;
- the proper functioning of the Company's internal processes, in particular of the processes aimed at safeguarding its assets;
- the reliability of the financial information;
- compliance with laws and regulations.

And which, in general terms, contributes to control of the Company's activities, to the effectiveness of its operations and to the efficient use of its resources.

The systems for risk management and internal control thus complement each other with regard to controlling the activities of the Company.

Nevertheless, however well-designed and applied the systems for risk management and internal control are, like any control system they cannot provide an absolute guarantee that these risks will be completely eliminated.

5.2.1 Risk evaluation and risk management processes

5.2.1.1 Risk mapping

Risk mapping has been carried out, in three stages:

- survey of the main internal or external risks that may constitute an obstacle to reaching the Group's goals;
- analysis and evaluation of the risks in accordance with a qualitative scale of how critical they are, taking into account their financial, human or reputational impact and how likely they are to occur;
- dealing with risks in a manner that seeks to keep them within acceptable limits by removing them, reducing them, transferring them or accepting them.

5.2.1.2 Risk management

Risk mapping has allowed the main risk factors specific to the Group to be specified. These risks can be divided into five main families:

- industrial and environmental risks;
- general business risks;
- legal risks;
- financial risks;
- IT and asset risks.

If one or more of these risks should materialize, this could affect the business, the financial situation, the profits and the development of the Group. All of the risk factors are set out in detail in chapter 2.7.

5.2.1.3 Internal control procedures

A. Parties involved in internal control

a. Management board

The Management Board ensures the existence of an internal control system for accounting and finance, and organizes its supervision. This system aims to produce reliable accounting and financial information and to provide a true and fair representation of the profits and financial situation of the Company on a timely basis. To this end, the Management Board ensures that the system addresses the following points:

- the organization and the scope of responsibilities of the accounting and finance functions so that the Group is equipped with systems for risk identification and control that are capable of guaranteeing the reliability of the accounting and financial information published by the parent company;
- the formalization and circulation of accounting rules and procedures (standards and procedures manuals);
- duties regarding the retention of information, data and IT operations that directly or indirectly contribute to the compilation of accounting and financial statements;
- the existence of measures aimed at ensuring the retention and security of information, data and IT operations that directly or indirectly contribute to the compilation of accounting and financial statements (continuity plans, in particular as regards IT, archiving in compliance with regulatory obligations, etc.);
- regular examination of the appropriateness of the above systems and the resources available to the accounting and financial functions (in terms of personnel, of IT and other resources, etc.).

The Management Board ensures that a management system is in place to analyse and control the main identifiable risks potentially impacting the preparation of the accounting and financial information published by the Company.

Specifically, it ensures that the standards and procedures circulated within the Company take account of changes in the Group's needs and in its environment (in particular, its regulatory environment).

It oversees the defining and ensures the implementation of a management control system meeting the reliability requirements for published accounting and financial information, namely:

- it ensures that any non-accounting IT system that may be used for business management purposes is reconciled with the accounting IT system;
- it also ensures the quality of forecasts that are published or used for the valuation of assets or liabilities or for any other published accounting or financial information.

This requires the management control system to be organized in such a way that it is adequate to meet these needs and ensures the quality of those information and forecasts.

The Management Board supervises the definition of processes for recording major transactions, such as acquisitions or disposals of businesses, restructuring, or the conclusion of key contracts, in the accounts and for validating such entries, and ensures that they are implemented.

It ensures that year-end procedures exist in respect of accounts regarded as sensitive (accounting treatment of revenues, valuation of key assets).

The Management Board compiles the year-end financial statements (including the notes thereto). To this end, it:

- specifies and explains the main year-end options and estimates where it is required to take a view;
- discloses changes in accounting principles and informs the Supervisory Board thereof;
- analyses key financial indicators (leverage ratios, liquidity, available funds and hedging);
- identifies and explains factors affecting changes in earnings;
- prepares the company and consolidated year-end financial statements, with accompanying commentary and analyses by the Finance Department;
- establishes the financial communications strategy (indicators, methods, etc.) and suggests or prepares the wording of financial press releases.

As the body responsible for preparing the financial statements and implementing accounting and financial internal control systems, the Management Board holds discussions with the Statutory Auditors:

- It ensures that the Statutory Auditors have reviewed the accounting principles chosen and any accounting options that have a material impact on the presentation of the financial statements;
- It takes note of the scope and methods employed by the Statutory Auditors. It is also informed of the conclusions of the Statutory Auditors' work on the financial statements and their work on reviewing the internal control in so far as it relates to the operational and IT processes that contribute to the production of the accounting and financial information;
- Where applicable, it ensures that the Statutory Auditors are informed of major internal control weaknesses identified during the year that may potentially have a material impact on published accounting and financial information.

b. The Supervisory Board

The Supervisory Board permanently oversees the Management Board's management of the Company. In so doing, it verifies in particular with the Management Board that management and control systems are adequate to ensure the reliability of the financial information published by the Company and provide a true and fair representation of the earnings and financial position of the Company and Group.

To exert this control:

- preparatory work is carried out by the Audit Committee;
- the Board is informed of the essential characteristics of the Company's and the Group's management systems, in particular risk monitoring systems, management control systems and financial and cash monitoring systems;
- where applicable, it is informed of changes in accounting policies and accounting elections made by the Company where these have a material impact on the presentation of the financial statements;
- it ensures the adequacy of the process for selecting the Statutory Auditors, in particular as regards their competence and independence;
- it is informed of material events occurring in connection with the business and its cash position;
- furthermore, it is informed of any major plans for capital expenditure or investment, disposal or financing;
- the Supervisory Board also receives assurance from the Statutory Auditors that they have had access to all information necessary for the fulfilment of their duties;
- it is informed of the manner in which the Statutory Auditors performed their work and of the conclusions of that work;
- it receives assurance from the Statutory Auditors that they have carried out sufficient work by the year end to be in a position to communicate all material observations.

B. Processes for managing accounting and financial information

This management is provided by the Finance Department and by the Management Board.

a. Principles

In order to ensure overall cohesion in this process, the Company ensures that:

- the separation of functions is designed so as to allow independent checks to be made. This separation of functions demands the separation of tasks and functions relating to operational matters, the safeguarding of assets and their recording in the financial statements;
- the names of persons who may enter contractual commitments on behalf of the Company and the required approval levels for commitments of each type are listed and made available to the persons in charge of accounting entries so that they may ensure that the transactions have been properly approved.

With respect to the preparation of the consolidated financial statements, the Company ensures that an organized and documented process exists to ensure the consistency of published consolidated financial and accounting data.

- procedures exist to establish the accounting and control principles for transactions and associated cash flows and communicate them within the Company;
- the information flows enable:

    - economic events to be captured without exception for each upstream process;
    - data to flow centrally to the accounting department on a regular basis;
- accounting data to be dealt with in a consistent manner:
    - a timetable for preparing accounting and financial information is circulated within the Group for the purposes of the parent company's published financial statements;
    - every employee involved in the process of compiling accounting and financial information has access to the information needed to apply, operate and/or monitor the internal control system;
    - the Finance Department has the authority to enforce accounting rules;
    - procedures exist to verify that the controls put in place are followed;
    - a manual of accounting procedures specifies the accounting rules and principles used within the Group;
    - compliance monitoring enables changes in the Company's environment to be identified and anticipated;
    - specific controls are established in areas identified as sensitive from an accounting perspective.

b. Organization and security of IT systems

The following processes serve to control the components of the accounting information resource:

- the accounts are maintained using IT systems with a clear and structured organization in which systems and data are physically and virtually secure;
- the organization and functioning of the entire IT system is subject to specific rules regarding access to the approval system for accounting entries and year-end procedures, data storage and the approval of individual entries;
- procedures and controls exist to ensure the proper and secure use, maintenance and updating of accounting and management systems (and the scope thereof) and of systems feeding directly or indirectly into them;
- key controls exist in the IT system (blocking of duplicated entries, entry limits and restricted access for certain transactions);
- the Company is in a position to meet specific obligations towards the tax authorities:
    - the storage of processed data is performed by IT applications which are used to establish accounting records or to support events transcribed in documents which are reviewed by the tax authorities;
    - in terms of documentation, a description exists of the administration rules for data and files used in the IT systems which have an effect on the compilation of the accounting and tax profits and tax declarations.

c. Organization of the accounting and management function

Organization of the accounting and management function is based on the precision and completeness of the information available to all parties within the business. This relies in particular on the simultaneous recording of data in general and analytical (i.e. management) accounts: external expenses, receipts and the allocation of labour costs in proportion to the time spent on different contracts.

- **Accounting and management reporting**

Timing and organization of closing of accounts

The Group and its parent company are organized so as to publish half-yearly financial statements as at 30 June and annual financial statements at 31 December. The main means of ensuring that accounting information is relevant and that financial statement publication schedules are adhered to are the circulation of procedures regarding year-end closing, and the periodic critical analysis of the elements constituting the income and ongoing litigation and disputes.

Cycle of income forecasts and management analyses

The Group reviews the main elements constituting its income four times a year. These reviews relate to commercial forecasts, the evaluation of the forecast outcomes of contracts, operating costs and, consequently, the income forecasts for the parent company and the subsidiaries. This includes a review of every material contract, conducted in the presence of the Chairman of the Management Board.

Standardization of Group accounting

The parent company circulates year-end closure instructions to the consolidated companies, specifying in particular the timetable for the closing of the accounts and the schedule for the feeding back of the consolidation packages and other information necessary for the consolidation of the accounts. On the basis thereof, every Group company (including the parent) establishes its own detailed procedure.

The consolidated financial statements are prepared in accordance with the International Financial Reporting Standards in force in the European Union (Note 1 to the consolidated financial statements).

- **Planning/formalization of accounts closing procedures**

Pre-closing control procedures and treatment of correcting entries

Prior to each closing of the accounts, the accounts functions ensure that all information has been recorded and that all pre-closing procedures have been carried out, including: bank reconciliations, physical inventory counts, updated forecasts of revenues and costs to completion for all contracts and a critical evaluation of all ongoing lawsuits and disputes.

Preparation for the closing of the accounts also encompasses a detailed analysis of all accounts related to third parties (suppliers, clients, internal and external personnel).

The parent company also ensures that all divisions with a decentralized accounting function and all subsidiaries have sufficient human and material resources to provide accurate and timely financial statements to their auditors and their parent company.

For the preparation of the consolidated financial statements, each Group company communicates with each other company in order to eliminate all intra-Group transactions and internal profits and losses.

Documenting accounting estimates and elections

The Company works on long-term contracts for which the revenue and income are recognized according to the percentage of completion method. Forecasts to completion are essential for determining the results for the financial year. For the purposes of preparing the financial statements, and following the periodic forecasts mentioned above, an income forecast is therefore drawn up for each contract concerned. A similar document is provided for all ongoing litigation and disputes, including the opinion of the Legal Department or the lawyer in charge of the case.

External audit

An interim external audit is carried out prior to the annual year-end close in order to test internal control procedures and analyse the forecasts to completion for long-term contracts in progress at the year end.

The external auditors set out the conclusions of their work on auditing the accounts and reviewing the internal control at summary meetings, organized firstly at subsidiary level and then at Group level, to the Group Finance Department, the Audit Committee and the Management Board.

The work supporting the analysis presented in this report involves testing:

- compliance with the Group's management rules;
- the safeguarding of assets;
- the prevention and detection of fraud and error;
- the fairness and completeness of accounting entries;
- the preparation on a timely basis of reliable accounting and financial information.

Having had regard to all of the procedures described, the Chairwoman of the Supervisory Board considers that she has reasonable assurance as to the quality of the Group's internal control.

C. Compliance with laws and regulations

The laws and regulations in force set standards of behaviour which the Group incorporates into its compliance targets.

The Group Legal Department assists and advises certain entities in the Group on a case by case basis and ensures:

- legal monitoring in order to ascertain the various rules applicable to the Group;
- provision of information to the relevant employees about those rules which affect them specifically;
- oversight of the major acquisition projects or litigation cases that may have an impact on the Group.

D. Procedures relating to commitments and taking on new business

The Group's Legal Department is responsible for implementing all preventive measures aimed at avoiding lawsuits and claims against Group companies, and in particular for:

- overseeing the establishment and updating of general terms of purchasing and sale;
- opining on any document liable to commit the Company and/or its subsidiaries, in particular bids and contracts, whether directly or through instructions or standard documents;
- managing, in conjunction with the Company's French and foreign lawyers, all third-party claims for which the Group may be held liable and conducting defences or appeals before the relevant judicial bodies, whether courts or arbitration tribunals;
- periodically examining the various legal cases, developments therein, risks incurred, and the adequacy of insurance cover and accounting provisions.

The Group's Legal Department relies on external counsel whenever it considers it to be appropriate.

Furthermore, a specific meeting, involving the CFO, the Legal Manager and, where necessary, the sector Chief Executive concerned, is held several times a year to analyse developments in losses and legal disputes and their consequences at Group level and also, where appropriate, to determine the accounting provisions to be recorded, or the adjustments to be made to such provisions, as well as the preventive or corrective measures required.

Particular attention is paid to risks relating to competition law, representation or business introduction contracts, and anti-corruption law.

The Legal Department is also responsible for ensuring that each subsidiary complies with all legal filing requirements.

E. Information and communication

In order to be effective, the internal control system must be the subject of adequate communications for the purposes of its implementation by all of the Group's staff. Internal control is all the more important given that it is based on conduct and integrity rules that are upheld by the governing bodies and communicated to all employees. Specifically, it cannot be reduced to a purely formalistic system that could allow serious failures in the Group's ethical standards, principles of internal control and values to occur at the margins.

5.3 Share buy-back programme

Please refer to 3.1 1.3 of this registration document.

6 FINANCIAL STATEMENTS

All amounts shown are in thousands of euros

6.1 Consolidated financial statements at December 31, 2018(AFR)

6.1.1 Consolidated Balance Sheet

6.1.1.1 ASSETS

(in € thousands)

	Note	Dec. 31, 2018	Dec. 31, 2017*
Intangible assets	12	22,874	29,806
Goodwill	13	70,795	73,845
Property, plant and equipment	14	69,591	65,832
Investments in equity-accounted associates	15	24,022	33,083
Other non-current financial assets	16	15,903	13,083
Deferred tax assets	10	17,835	14,114
NON-CURRENT ASSETS		**221,020**	**229,762**
Inventories and work in progress	17	21,876	28,917
Advances and down payments made on orders		7,977	8,273
Trade and other receivables	18	101,237	109,264
Accrued income from contracts in progress	19	137,024	92,444
Social security and tax receivables	20	78,988	73,973
Other current assets	20	12,875	10,806
Cash and cash equivalents		85,978	146,609
CURRENT ASSETS		**445,954**	**470,286**
TOTAL CONSOLIDATED ASSETS		**666,974**	**700,048**

* Amounts restated for the effects of first-time adoption of IFRS 15, as discussed in Note 2.

6.1.1.2 EQUITY AND LIABILITIES

(in € thousands)

	Note	Dec. 31, 2018	Dec. 31, 2017*
Share capital	21	6,056	6,056
Additional paid-in capital		7,237	7,237
Retained earnings		140,180	142,894
Net income for the period		32,825	20,529
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**186,298**	**176,716**
Non-controlling interests - Retained earnings		8,736	6,646
Non-controlling interests - Net income/(loss)		(4,966)	(2,329)
NON-CONTROLLING INTERESTS		**3,770**	**4,317**
Borrowings and debt	22	63,083	42,571
Provisions for retirement and other employee benefits	23	26,312	27,166
Other non-current provisions	24	16,972	26,857
Deferred tax liabilities	10	704	1,644
NON-CURRENT LIABILITIES		**107,071**	**98,238**
Other current financial liabilities	22	13,758	11,916
Current provisions	24	27,748	42,470
Trade accounts payable		186,327	137,682
Deferred income from contracts	19	59,384	149,820
Social security and tax payables	20	71,355	69,990
Other current operating liabilities	20	11,262	8,899
CURRENT LIABILITIES		**369,834**	**420,777**
TOTAL CONSOLIDATED EQUITY AND LIABILITIES		**666,974**	**700,048**

*Amounts restated for the effects of first-time adoption of IFRS 15, as discussed in Note 2.

6.1.2 Consolidated Income Statement

(in € thousands)

	Note	Dec. 31, 2018	Dec. 31, 2017*
Revenues	5, 6	**689,769**	**628,469**
Increase in semi-finished and finished goods		(957)	2,031
Operating grants		17,163	13,190
Other operating income		8,948	4,485
Purchases and change in inventories		(421,935)	(343,058)
Other external expenses		(104,738)	(110,199)
Taxes other than income taxes		(7,515)	(6,900)
Personnel expenses		(179,693)	(177,142)
Depreciation and amortization expense		(18,807)	(18,763)
Change in provisions		21,502	34,380
Other operating expenses		(7,996)	(9,020)
RECURRING OPERATING INCOME (EXPENSE)		**(4,259)**	**17,473**
Non-recurring operating income	8	6,819	2,360
OPERATING INCOME	5	**2,560**	**19,834**
Share of net income of equity-accounted associates	15	25,372	3,600
OPERATING INCOME AFTER SHARE OF NET INCOME OF EQUITY-ACCOUNTED ASSOCIATES	5	**27,932**	**23,434**
Cost of net debt	9	(656)	926
Foreign exchange gains (losses)	9	268	(2,196)
Other financial income (expense)	9	1,176	(233)
FINANCIAL INCOME (EXPENSE)	9	**789**	**(1,504)**
PRETAX INCOME		**28,721**	**21,930**
Income tax expense	10	(861)	(3,730)
NET INCOME FROM CONTINUING OPERATIONS		**27,860**	**18,199**
TOTAL NET INCOME		**27,860**	**18,199**
Attributable to:			
. Owners of the parent		32,825	20,529
. Non-controlling interests		(4,966)	(2,329)
Earnings per share (in €)			
Basic earnings per share attributable to owners of the parent	11	11.56	7.14
Diluted earnings per share attributable to owners of the parent	11	11.56	7.14
Net earnings per share from continuing operations		9.81	6.33

* Amounts restated for the effects of first-time adoption of IFRS 15, as discussed in Note 2.

6.1.3 Consolidated Statement of Comprehensive Income

(in € thousands)

	Note	Dec. 31, 2018	Dec. 31, 2017*
TOTAL NET INCOME		**27,860**	**18,199**
Remeasurement of defined benefit liability (asset)	23	1,645	(358)
Income tax relating to other comprehensive income that may not be reclassified to net income		(856)	146
Equity-accounted associates - share of other comprehensive income items that may not be reclassified to net income	15	-	-
Other comprehensive income items that may not be reclassified		**789**	**(212)**
Foreign currency translation adjustments		(4,461)	(2,346)
Net changes in fair value of hedging instruments		(3,001)	(382)
Income tax on other comprehensive income items that may be reclassified to net income		1,033	77
Equity-accounted associates - share of other comprehensive income items that may be reclassified to net income	15	(208)	86
Other		-	1
Other comprehensive income items that may be reclassified		**(6,637)**	**(2,565)**
OTHER COMPREHENSIVE INCOME		**(5,848)**	**(2,777)**
TOTAL COMPREHENSIVE INCOME		**22,011**	**15,422**
Attributable to:			
. Owners of the parent		27,092	17,733
. Non-controlling interests		(5,080)	(2,310)

* Amounts restated for the effects of first-time adoption of IFRS 15, as discussed in Note 2.

6.1.4 Consolidated Statement of Changes in Equity

(in € thousands)

	Note	Share capital	Additional paid-in capital	Provisions for retirement benefits	Hedging reserve	Foreign currency translation reserves	Other reserves	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	TOTAL Equity
At Jan. 1, 2017*		**6,056**	**7,237**	**(9,896)**	**1,209**	**(3,525)**	**179,685**	**180,766**	**6,500**	**187,266**
Net income for the period							20,529	20,529	(2,329)	18,199
Other comprehensive income				(212)	(202)	(2,382)	-	(2,796)	19	(2,777)
Comprehensive income*		**-**	**-**	**(212)**	**(202)**	**(2,382)**	**20,529**	**17,733**	**(2,310)**	**15,422**
Dividend distribution							(19,280)	(19,280)	(186)	(19,466)
Change in consolidation scope(1)							-	-	313	313
Treasury share transactions							(2,503)	(2,503)	-	(2,503)
Other							-	-	-	-
At Dec. 31, 2017*		**6,056**	**7,237**	**(10,108)**	**1,007**	**(5,907)**	**178,431**	**176,716**	**4,317**	**181,033**

*Amounts restated for the effects of first-time adoption of IFRS 15, as discussed in Note 2.
(1) Change in SUNCNIM equity interests

	Note	Share capital	Additional paid-in capital	Provisions for retirement benefits	Hedging reserve	Foreign currency translation reserves	Other reserves	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	TOTAL Equity
At Dec. 31, 2017*		**6,056**	**7,237**	**(10,108)**	**1,007**	**(5,907)**	**178,431**	**176,716**	**4,317**	**181,033**
IFRS 9 impacts							(164)	(164)	-	(164)
At Jan. 1, 2018*		**6,056**	**7,237**	**(10,108)**	**1,007**	**(5,907)**	**178,267**	**176,553**	**4,317**	**180,869**
Net income for the period							32,825	32,825	(4,966)	27,860
Other comprehensive income				756	(2,045)	(4,445)	-	(5,734)	(115)	(5,848)
Comprehensive income		**-**	**-**	**756**	**(2,045)**	**(4,445)**	**32,825**	**27,092**	**(5,080)**	**22,011**
Dividend distribution	21						(14,849)	(14,849)	(18)	(14,867)
Change in consolidation scope(1)							1,043	1,043	4,551	5,595
Treasury share transactions							(3,539)	(3,539)	-	(3,539)
Other		-	-			-	(2)	(2)	0	(1)
At Dec. 31, 2018		**6,056**	**7,237**	**(9,352)**	**(1,038)**	**(10,352)**	**193,746**	**186,298**	**3,770**	**190,069**

*Amounts restated for the effects of first-time adoption of IFRS 15 and IFRS 9, as discussed in Note 2.
(1) In 2018, the change in consolidation scope concerned SUNCNIM (capital contribution from BPI) and CNIM Martin Private Limited (partnership with Martin GmbH).

6.1.5 Consolidated Statement of Cash Flows

(in € thousands)

	Note	Dec. 31, 2018	Dec. 31, 2017*
Net income		**27,860**	**18,199**
Share of net income of equity-accounted associates	15	(25,372)	(3,600)
Depreciation, amortization and provisions		7,086	(11,340)
Gains or losses on disposals		(19,897)	(3,118)
Income from dividends		(58)	(135)
Net cash from operations before changes in working capital and after cost of debt and income tax		**(10,382)**	**5**
Income tax expense	10	861	3,730
Cost of net debt		656	(919)
Net cash from operations before changes in working capital and before cost of debt and income tax		**(8,865)**	**2,817**
Total change in working capital requirements (including personnel expenses)		(81,270)	13,108
Income tax paid (incl. French value-added business tax (CVAE))		(7,023)	(5,964)
Net cash flow from (used in) operating activities (A)		**(97,158)**	**9,961**
Acquisition of companies/operations net of cash acquired(1)		6,688	(36,717)
Acquisition of property, plant and equipment and intangible assets		(22,414)	(25,077)
Acquisition of financial assets		(733)	(62)
Net change in advances and loans granted		9,252	(3,733)
Disposal of property, plant and equipment and intangible assets		11,840	8,018
Dividends received from equity-accounted associates and unconsolidated entities		31,311	2,180
Net cash flow from (used in) investing activities (B)		**35,944**	**(55,390)**
Dividends paid by the parent company		(14,849)	(19,280)
Dividends paid to minority shareholders		(18)	(186)
Proceeds (payments) arising from the sale (purchase) of treasury shares		(3,333)	(2,737)
Proceeds from borrowings	22	30,852	31,450
Repayment of borrowings	22	(3,599)	(2,517)
Interest paid		(662)	932
Other financing transactions	22	(5,142)	(117)
Net cash flow from (used in) financing activities (C)		**3,249**	**7,545**
Effect of movements in exchange rates (D)		(2,325)	1,262
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS A+B+C+D		**(60,289)**	**(36,622)**
Cash equivalents		17,047	39,793
Cash		68,931	106,816
Cash and cash equivalents		85,978	146,609
Bank overdrafts	22	(1,543)	(1,884)
Closing cash and cash equivalents		**84,435**	**144,725**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(60,289)**	**(36,622)**

*Amounts restated for the effects of first-time adoption of IFRS 15, as discussed in Note 2.

(1) In 2017, mainly the impacts of the acquisition of the Exensor Group and the Winlight Group.

6.1.6 Notes to the consolidated financial statements

On March 13, 2019, the Management Board approved and authorized publication of the consolidated financial statements of CNIM Group for the year ended December 31, 2018. In accordance with French law, the consolidated financial statements will be considered final once approved by the Group's shareholders at their Annual General Meeting on June 26, 2019.

CNIM (parent company) is a listed public limited company (Société anonyme) registered with the Paris Trade and Companies Register (RCS) under number 662043595. The registered office is located at 35, rue de Bassano, Paris, France.

The consolidated financial statements are presented in thousands of euros rounded to the nearest thousand. As a result of rounding, there may be immaterial differences in the totals and sub-totals in the tables.

The notes are an integral part of the consolidated financial statements for the year ended December 31, 2018.

NOTE 1 Basis of preparation and significant accounting policies

A. Applicable standards

CNIM's consolidated financial statements for the year ended December 31, 2018 have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union at December 31, 2018.

The complete body of standards adopted by the European Union can be consulted on the European Commission's website at the following address:

https://ec.europa.eu/info/business-economy-euro/company-reporting-and-auditing/company-reporting_en

The consolidated financial statements at December 31, 2018 have been prepared on the same basis as at December 31, 2017, with the exception of the newly-adopted standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2018, which are described below in section a).

a. New standards applicable as of January 1, 2018

As of January 1, 2018, the Group applied the following standards, amendments and interpretations that were newly adopted by the European Union and mandatory for accounting periods beginning on or after January 1, 2018:

- IFRS 15 "Revenue from Contracts with Customers";
- Amendments to IFRS 15 "Clarifications to IFRS 15";
- IFRS 9 "Financial Instruments";
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration";
- Annual improvements, 2014-2016 cycle.

IFRS 15 "Revenue from Contracts with Customers" and "Clarifications to IFRS 15"

This standard replaces IAS 11 "Construction Contracts" and IAS 18 "Revenue" and the associated interpretations, and introduces new revenue recognition accounting principles.

IFRS 15 provides a comprehensive framework for recognizing revenue from contracts with customers, and lays down a core principle whereby an entity recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Changes and impacts resulting from the adoption of IFRS 15 are described in Note 2, "Change in accounting policies".

IFRS 9 "Financial Instruments"

This standard replaces IAS 39 "Financial Instruments: Recognition and Measurement" and the associated interpretations, and introduces new principles on the classification, measurement and impairment of financial instruments.

IFRS 9 includes:

- New principles for the classification and measurement of financial assets, based on the company's business model and the contractual terms of the financial assets;
- A new financial asset impairment approach, now based on expected credit losses;
- A new approach to hedge accounting for individual exposures aimed at harmonizing Group accounting with risk management policy.

The Group chose to apply the provisions of the standard regarding the classification, measurement and impairment of financial instruments retrospectively, without adjusting comparative figures when first applying the standard on January 1, 2018.

Changes and impacts resulting from the application of IFRS 9 are described in Note 2, "Change in accounting policies".

Other standards

No other standards have a material impact on the Group's consolidated financial statements.

b. New IFRS adopted by the European Union but not yet mandatory

CNIM has not opted for the early adoption of the new standards and amendments adopted by the European Union mentioned below, which were not mandatory at January 1, 2018:

- IFRS 16 "Leases"
- IFRIC 23 "Uncertainty over Income Tax Treatments";
- Amendment to IFRS 9 "Prepayment Features with Negative Compensation".

IFRS 16 "Leases"

This standard replaces IAS 17 "Leases" and the associated interpretations, and introduces a single lease accounting method for lessees.

IFRS 16 removes the distinction in IAS 17 between operating leases and finance leases. The lessee is now required to recognize all leases in a similar way to finance leases under IAS 17, and therefore to recognize an asset and liability corresponding to the rights and obligations created by the lease.

The Group has chosen the simplified retrospective approach for the initial application of this new standard as of January 1, 2019. Under this approach, the cumulative effect of initially applying the standard is recognized in equity at the date of initial application (January 1, 2019) and 2018 comparative information is not restated in the 2019 financial statements.

In order to apply the standard, the Group inventoried all its leases that fall within the scope of IFRS 16. Property leases represent the bulk of Group commitments in this regard and account for most of the restated leases.

The Group has chosen not to restate short-term leases and leases for which underlying assets are of low value.

At the transition date, following initial application of the standard, the Group expects a €5 million increase in EBITDA, with no material effect on operating income. Moreover, an additional financial liability for operating leases, currently estimated at €15 million, will be recognized, reflecting operating lease commitments (see Note 26). Cash flow statement items will be modified in accordance with IFRS 16 as follows: lease expenses previously classified under cash flow from operating activities will be reversed, interest will be presented under cash flow from operating activities and lease payments will be presented in cash flow from financing activities.

Other standards

The Group is not expecting the implementation of any other standards to have a material impact on the consolidated financial statements.

c. Standards not yet adopted by the European Union

- Amendment to IAS 28 "Long-term Interests in Associates and Joint Ventures";
- Annual improvements (2015-2017);
- Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement";
- Amendments to IFRS 3 "Definition of a Business";
- Amendments to IAS 1 and IAS 8 "Definition of Material";
- Revised Conceptual Framework for Financial Reporting.

The Group is not expecting the implementation of these standards to have a material impact on the consolidated financial statements.

B. Accounting policies and bases of measurement

a. Consolidation rules

Consolidation scope

Subsidiaries are entities over which the Group exercises exclusive control.

Control exists when the Group (i) has power over an entity, (ii) is exposed or has rights to variable returns from its involvement with the entity (iii) has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated.

Joint arrangements (joint ventures or joint operations) are entities over which the Group has joint control. A joint venture is a joint arrangement whereby the Group has a right over the net assets of the entity.

Joint control is established when decisions involving the entity's main operations require the unanimous consent of the parties sharing control.

Interests in joint ventures are accounted for using the equity method.

An associate is an entity over which the Group exercises significant influence.

Significant influence is the power to participate in the financial and operating policy decisions of the entity but is not control or joint control of those policies. Significant influence is presumed to exist if the Group holds between 20% and 50% of the entity's voting rights.

Interests in associates are recognized in the consolidated financial statements using the equity method.

Entities are consolidated or deconsolidated from the date on which control is effectively obtained or relinquished.

Transactions with minority interests (non-controlling interests), with no impact on control, are considered as transactions with the Group's shareholders and recorded in equity.

Reporting date

All the companies have been consolidated on the basis of their financial statements at December 31, 2018.

b. Accounting for business combinations

Business combinations occurring since April 1, 2010, have been recognized in accordance with the provisions of IFRS 3R.

At the acquisition date, which is the date on which the Company obtains control of the acquiree, the Group uses the acquisition method to account for the business combination.

The identifiable assets acquired and liabilities assumed are measured at fair value at the acquisition date.

The acquisition cost corresponds to the sum of:

- fair value of the consideration transferred by the acquirer;
- share of non-controlling interests, measured either on the basis of the share of net assets of the acquiree measured at fair value, or on the basis of its acquisition date fair value (choice made on a case-by-case basis for each business combination); and
- fair value of any previously held equity interests.

Contingent consideration is measured at fair value even if it is unlikely that an outflow of resources will be required to settle the obligation.

Acquisition-related costs are expensed in the period in which they are incurred and the services are received.

Goodwill from a business combination is equal to the difference between:

- the fair value of the acquisition cost; and
- the fair value of net assets acquired and liabilities assumed at the acquisition date.

For control obtained through step acquisitions, the share of equity interest held by the Group prior to the acquisition of control is remeasured at fair value on the date on which control is obtained, and the corresponding gain or loss is recognized in the income statement.

The initial measurement of the acquisition price (including contingent consideration) and the fair value of net assets acquired and liabilities assumed is finalized within 12 months of the acquisition date, and any adjustments are recognized retroactively against goodwill. Beyond this 12-month period, any adjustments are recorded directly in the income statement.

c. Translation of financial statements denominated in foreign currencies

The Group's financial statements are prepared in euros, which is the functional and presentation currency of the parent company.

The financial statements of subsidiaries whose functional currency is not the euro are translated into euros as follows:

- Assets and liabilities are translated into euros using the exchange rate effective at each reporting date;
- Income statement and cash flow items are translated using the average exchange rate for the reporting period.

Foreign currency translation gains or losses resulting from the use of different exchange rates for beginning and end-of-period balances and transactions for the period are recorded directly in other comprehensive income. These foreign currency translation gains or losses are recorded in the income statement on disposal of the company concerned.

d. Translation of transactions denominated in foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rates effective at the transaction dates.

At each reporting date, monetary assets and liabilities denominated in foreign currencies are translated into euros at the closing exchange rate. Resulting foreign currency translation gains and losses are recognized in net financial income and expense.

Specific accounting treatment is required for hedging operations that qualify for hedge accounting (including natural hedges). Hedge accounting principles are described below.

e. Property, plant and equipment

Property, plant and equipment is recognized at amortized cost, equivalent to historical or production cost, less accumulated depreciation and impairment.

Borrowing costs directly attributable to the acquisition, construction or production of property, plant and equipment are capitalized.

In accordance with IAS 17, assets financed by a lease contract which, in substance, transfers virtually all risks and rewards incidental to ownership of the asset to the lessee are accounted for as finance leases. At the inception of the lease, they are capitalized in property, plant and equipment with a matching liability in borrowings and debt. The asset is recognized at the lower of the fair value of the leased property and the present value of the minimum future lease payments. Lease payments are divided into principal and interest expense over the term of the lease in order to obtain a constant periodic rate of interest on the outstanding balance.

Property, plant and equipment is broken down by main component and depreciated on a straight-line basis over the expected useful life of each asset. Assets classified as buildings are deemed to have a residual value equivalent to 10% of their historical cost.

Assets held under finance leases are depreciated over their expected useful lives if ownership is certain to be transferred to the Group at the end of the lease. Otherwise, they are depreciated over the shorter of their useful life and the lease term.

The main useful lives are:

	Term (in years)
Buildings and roads	20 - 30
Fixtures, large plant and equipment	10
Small plant and equipment, furniture and other	2 - 10

f. Intangible assets

Intangible assets are carried at fair value, historical cost or production cost, depending on how they are acquired.

Borrowing costs directly attributable to the acquisition, construction or production of intangible assets are capitalized.

The carrying amount is net of accumulated amortization and impairment.

Intangible assets principally comprise patents, IT software and research and development costs.

Intangible assets are amortized on a straight-line basis over their expected useful lives.

The main useful lives are:

- concessions, patents and licenses: 5-10 years;
- software: 3-5 years;
- development costs: 5 years.

The useful lives of concessions, patents and licenses is the shorter of the legal protection period and their economic lives.

Research and development costs

Research and development costs are expensed when incurred.

Development costs:

- that cannot be separated from contracts are not capitalized. They are included in the cost of the contract;
- that can be separated from contracts may be capitalized if they meet the six criteria set out in IAS 38, notably the criterion that the expected future economic benefits attributable to the project will flow to the entity.

g. Goodwill impairment tests

Goodwill is not amortized but is tested for impairment at least once a year or more if events or changes in circumstances indicate that there is a risk of impairment. For impairment testing purposes, goodwill is allocated to Cash-Generating Units (CGUs), defined as the smallest group of identifiable assets that generates cash inflows that are largely independent of the cash inflows of other groups of assets.

A CGU represents the lowest level within the entity at which goodwill is monitored for internal management purposes.

The Group has identified the following cash-generating units:

- Four CGUs for the Environment & Energy operating segment, comprising “Environment-Construction”, “Environment-Operations”, “CNIM Babcock Services” and “Solar Energy”;
- Three CGUs for the Innovation & Systems operating segment, comprising “CNIM Industrial Systems”, “Bertin Systems & Advisory” and “Bertin IT”.

Impairment testing entails comparing the recoverable amount of each CGU to which goodwill has been allocated with its carrying amount. The recoverable amount is the higher of value in use, calculated by discounting future cash flows to present value, and fair value, which is calculated using the following method:

- Expected future cash flows from operating activities for the current and subsequent two years, plus projected normative cash flows for years four and five, net of normative income tax;
- The discount rate reflects the weighted average cost of capital per CGU; factoring in the risk-free rate, a market risk premium, a size premium and a premium for the low liquidity of the related shares.
- The discount rate is an after-tax rate and is applied to after-tax cash flows, which results in the same amount as if a pre-tax discount rate were applied to pre-tax operating cash flows, as required under IAS 36;
- The recoverable amount is the sum of the discounted operating cash flows and discounted terminal value, calculated on the basis of normative cash flows representing long-term business activity using a perpetual growth rate.

If the resulting recoverable amount of a CGU is less than its carrying amount, the carrying amount is written down to the recoverable amount and the corresponding impairment loss is recognized immediately in the income statement, first as a reduction in goodwill and subsequently as a reduction in other assets in proportion to their respective carrying amounts.

Goodwill impairment may not be reversed.

h. Non-current financial assets

Non-current financial assets comprise non-consolidated equity investments, receivables related to non-consolidated equity investments, loans, deposits and guarantees as well as derivative instrument assets relating to financing operations.

Since January 1, 2018, IFRS 9 has set out the requirements for recognizing and measuring financial assets.

Under IFRS 9, financial assets are classified and measured on the basis of the Group's business model and their contractual cash flow characteristics.

If a debt instrument gives rise to cash flows that are solely payments of principal and interest on the principal amount outstanding, and it is held with the objective of collecting contractual cash flows, it is measured at amortized cost. This is generally the case for receivables, loans, deposits and guarantees.

If a debt instrument gives rise to cash flows that are solely payments of principal and interest on the principal amount outstanding but it is held with the dual objective of collecting contractual cash flows and selling the asset, it is measured at fair value through other comprehensive income. At December 31, 2018 the Group did not report any financial instruments of this category.

Debt instruments that do not feature these contractual characteristics or business models are measured at fair value through profit or loss. This is the case for derivatives.

Debt instrument impairment is measured by a prospective measurement of a given instrument's credit risk at initial recognition and degradation thereof over time.

Equity instruments are measured at fair value through profit or loss. This is generally the case for non-consolidated equity interests. In specific cases determined on an investment by investment basis, and if irrevocably opted for from the outset, equity instruments can be measured at fair value through other comprehensive income, without any reclassification to profit or loss even in cases of disposal. Only dividends are still recognized in profit or loss. At December 31, 2018 the Group did not report any financial instruments of this category.

The fair value of equity instruments is determined firstly with reference to market prices, or if unavailable, using valuation methods that are not based on market data. If there is not enough information to reliably determine fair value, some equity instruments are measured at historical cost, unless there is an indication of impairment.

i. Inventories and work in progress

Inventories are carried at the lower of cost, measured using the weighted average cost method, and net realizable value.

The carrying amount of work in progress includes all production costs except for selling, general, administrative and financing costs.

The cost of inventories and work in progress is determined based on normal production conditions, excluding the potential impact of subnormal capacity usage.

Net realizable value corresponds to the estimated selling price less costs to sell.

j. Revenue

Revenue is generated by income from contracts with customers.

For each contract, revenue for the period is the difference between cumulative revenue recognized at the reporting date since contract inception, and cumulative revenue recognized in the previous reporting period.

Profit for the period is calculated as revenue minus costs incurred for the period.

Since January 1, 2018 the Group has applied the following revenue recognition principles:

Segmenting contracts into performance obligations: Some contracts cover the provision of distinct goods and services (e.g. construction, operation and/or maintenance of an asset or assets). In such cases, the contract must be segmented into accounting items called performance obligations that are accounted for separately, with their own margins and revenue recognition timing. The transaction price is allocated to each performance obligation on the basis of the relative stand-along selling prices of each distinct good or service, to reflect the consideration to which the Group expects be entitled in exchange for transferring promised goods or services.

Determining the contract price: The transaction price only includes variable consideration if it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Compensation for late delivery or for not satisfying a performance obligation are deducted from revenue. Contract modifications negotiated with customers are not included in the transaction price until they become effective.

Revenue recognition at a point in time or over time: Revenue from each performance obligation identified in the contract is recognized when or as the obligation is satisfied, i.e. when the customer obtains control of the promised good or service.

Revenue from contracts for the design and delivery and complex goods is generally accounted for over time, as the goods are gradually transferred to the customer, and the Group can demonstrate that:

- the goods do not represent an asset with an alternative use, and
- The Group has an enforceable right to payment for performance completed to date, if the contract is terminated by the customer for reasons other than failure to perform as promised.

Revenue from service contracts is generally accounted for over time. The Group should be able to demonstrate that the customer benefits from the services as they are rendered by the Group.

Revenue from contracts for goods with an alternative use, or for which the Group has no enforceable right to be paid if the contract is terminated for reasons other than failure to perfom, is accounted for when the goods are delivered to the customer.

Progress towards complete satisfaction of a performance obligation is determined on the basis of costs incurred relative to total expected costs at completion.

Backlog: (presented in Note 6) reflects revenue to be recognized for performance obligations that have only partially been, or have yet to be, satisfied at the reporting date.

k. Contract assets and liabilities

For each contract, the aggregate amount of revenue recognized for completed contract performance obligations, minus advances and down payments on orders and trade receivables, which are accounted for separately, is presented on the balance sheet under the line item "Accrued income from contracts in progress", or under the line item "Deferred income from contracts" if it is a credit balance.

Any provisions for loss-making contracts, referred to as losses at completion, are excluded from these amounts and presented separately under provisions for contingencies and liabilities.

l. Contract costs

The incremental costs of obtaining a contract and the costs incurred to execute a contract that relate to a specifically identifiable contract or to future performance obligations are capitalized and recognized under the line item "Inventories and work in progress".

m. Government grants

The Group receives financial assistance for its research and development work, mainly in the form of research tax credits.

Research tax credits and similar tax incentives in other countries are recognized as government grants. Research tax credits for eligible capitalized development costs received during the period and recognized as income may be partially deferred to subsequent periods.

n. Operating receivables and payables

Operating assets comprise trade and other receivables, accrued income from contracts, social security and tax receivables, prepaid expenses, and derivative financial instruments relating to commercial activities.

Operating liabilities comprise trade accounts payable, deferred income from contracts, social security and tax payables, deferred income, and derivative financial instruments relating to commercial activities.

Since January 1, 2018, IFRS 9 has set out the requirements for recognizing and measuring financial assets and liabilities.

Under IFRS 9, financial assets are classified and measured on the basis of the Group's business model and their contractual cash flow characteristics (see point h. above).

Except for derivatives, operating assets and liabilities are initially recognized at fair value, which usually corresponds to their nominal amount. They are subsequently measured at amortized cost.

Derivatives are measured at fair value through profit or loss.

Impairment of operating receivables is measured based on the forward-looking assessment of their credit risk at initial recognition and any adverse change thereof over time.

o. Cash and cash equivalents

In accordance with IAS 7 criteria, cash and cash equivalents comprise:

- Cash at bank (bank accounts, petty cash, etc.);
- Investments maturing in less than three months, held for the purpose of meeting short-term cash commitments that are not subject to a significant risk of change in value. Such investments include funds classified as euro money market funds by the French securities market regulator (AMF) with a return approximating capitalized Eonia.

p. Provisions

In accordance with IAS 37, obligations are provisioned when the following criteria are met:

- the Group has a current legal or constructive obligation toward a third party resulting from a past event;
- it is likely that an outflow of resources will be required to settle the obligation without a corresponding inflow of economic benefits; and
- the amount of the obligation can be reliably estimated.

Provisions mainly comprise the following:

- provisions for ongoing litigation and disputes established on the basis of the Group's best estimate of the risk of an outflow of resources;
- provisions for guarantees given to customers measured on a statistical basis in view of expenses incurred in the past in similar circumstances;
- provisions for losses at completion;
- provisions for outstanding expenses on completed contracts;
- provisions for defined benefit pension plan.

When a contract is in progress, the obligations arising from the contract are taken into account in profit at completion. When the contract is completed, the obligations are recognized as provisions under a separate line item for "accruals on completed contracts", or in operating liabilities in accordance with IAS 37.

Provisions for guarantees and expenses on contracts in progress are classified as current liabilities. Other provisions are recognized as non-current liabilities.

q. Income tax

The Group calculates current income tax expense in accordance with tax legislation enacted or substantially enacted at the reporting date in countries where Group subsidiaries and partners do business and generate taxable income. Management periodically reviews the tax positions taken in light of applicable tax regulations if they are open to interpretation, and where necessary determines what amounts they expect to pay to tax authorities.

Temporary deductible differences between the carrying amount of assets and liabilities and their tax value, tax losses and tax credit carry-forwards are identified in each taxable entity (or tax group, if applicable). The corresponding deferred taxes are calculated at the tax rate enacted or substantially enacted for the reporting period during which the asset was realized or the liability was settled, using the liability method.

Identified deferred tax assets are only recognized if the Group deems it probable that the temporary deductible differences, tax losses and tax credit carry-forwards can be utilized against future taxable profit. To assess this probability, the Group takes into consideration:

- historical tax results;
- forecast tax results; and
- non-recurring expenses included in past tax losses.

The carrying amount of deferred tax assets is reviewed at each reporting date.

Deferred tax assets and liabilities are offset when the following two conditions are met:

- the Group has the legal right to offset current assets and liabilities; and
- the deferred tax assets and liabilities are under the same tax jurisdiction.

Deferred tax is recognized in the income statement, unless it relates to items directly recognized in other comprehensive income. In the latter case, the deferred tax is also directly recognized in other comprehensive income.

The CNIM Group classifies French value-added business tax (CVAE) as income tax, in accordance with IAS 12. Consequently, this tax is presented in the line item "Income tax expense", along with the related deferred tax assets and liabilities.

r. Retirement and other employee benefits

In compliance with the local laws and customs adopted by each subsidiary, the Group offers its employees various post-employment benefits such as pensions, early retirement, retirement benefit plans and long-service awards.

Defined post-employment benefit plans

For defined benefit plans for a single employer, the Group uses the projected unit credit method to determine the present value of its benefit obligations and related present and past service costs. Each period of service gives rise to an additional unit of benefit entitlement, with each unit measured separately to calculate the final obligation. The method factors in best estimates stemming from actuarial assumptions such as number of years of future service, final salary at employment termination, estimated life expectancy, discount rates and return on plan assets.

Qualifying plan assets are measured at fair value at the end of the reporting period and are presented as a deduction from the obligation.

The Group periodically reviews its measurement of retirement benefit obligations and the assets of each plan. Effects of changes in actuarial assumptions are assessed, along with differences between actual data and the assumptions used. These actuarial gains and losses are recognized as “Other comprehensive income items that may not be reclassified to net income”, in accordance with amended IAS 19.

The estimated costs of benefits paid out to employees under defined benefit plans is provisioned over the period of employee service under operating income.

Defined post-employment contribution plans

For defined contribution plans similar to social security, the contributions paid are recognized under operating expenses. As the Group's obligation is limited to the contributions paid in each reporting period, no provisions are recognized for these plans.

Other long-term benefits

The accounting method used to recognize obligations for long-service awards and other long-term benefits is comparable to that used for defined benefit plans. The difference is that actuarial gains and losses arising on provisions for long-service awards are immediately recognized in the income statement.

s. Derivative financial instruments and hedge accounting

The Group uses derivatives to:

- hedge its exposure to risk from fluctuations in exchange rates on firm commitments and highly probable forecast transactions, through currency forward contracts;
- hedge its variable-rate borrowings at fixed rates using interest rate swaps if the Company's exposure to the associated risks is deemed to be material.

Both types of derivatives are cash flow hedges that minimize the impact of changes in future cash flows on net income.

Derivatives are initially recognized at fair value. They are subsequently remeasured at fair value at each reporting date, with any changes in fair value recognized in the income statement.

When the derivative instruments qualify for hedge accounting, changes in fair value of the effective portion of the hedge are recognized in other comprehensive income that may be reclassified to the income statement; while the ineffective portion of the hedge is recognized in the income statement in net financial income or expense. Cash flow hedge reserves are reclassified to the income statement in the period in which the hedged item affects income.

For certain contracts, exchange rate risk may be hedged by matching cash inflows and cash outflows in the same currency (i.e., natural hedging). In such cases, the cash and other net monetary assets allocated to the contract denominated in a given foreign currency and used to finance future expenditure denominated in the same currency, may qualify as foreign currency cash flow hedges. Any foreign exchange gains or losses on the remeasurement of these monetary assets at the reporting date exchange rate are recognized in other comprehensive income and reclassified to the income statement when the hedged items affect income.

t. Treasury shares

Purchases of treasury shares are recorded as a deduction from equity on the basis of their acquisition cost.

Proceeds from the disposal of treasury shares are recognized directly in equity and do not affect net income for the period.

u. Earnings per share

Basic earnings per share are calculated by dividing net income attributable to the owners of the parent by the weighted average number of shares outstanding in the period.

Diluted earnings per share are obtained by dividing net income attributable to the owners of the parent by the weighted average number of shares outstanding in the period, adjusted for the effects of all dilutive equity instruments..

v. Segment information

In accordance with IFRS 8, the Group's operating segments are the following:

Environment & Energy

This segment includes the following product and service lines:

- construction of waste-to-energy processing plants for household waste and biomass;
- installation of flue gas treatment systems;
- operation and renovation of waste processing plants;
- design and construction of thermodynamic solar plants.
- maintenance and refurbishment of industrial boilers, household waste processing plants, installation and refurbishment of boiler houses, and upgrading to standards through CNIM Babcock Services (CBS).

Innovation & Systems

This segment includes the following product and service lines:

- technological study services and provision of technical expertise on projects (involving high-level engineers);
- provision of services for pharmaceutical research and development and distribution of biotechnology products;
- provision of on-board mechanical and electronic services;
- advanced systems: complex systems, advanced equipment and technology for the defense and space industries and scientific research;
- transport: design, manufacturing, installation and maintenance of heavy and conventional escalators.

Each operating segment manufactures products and provides services with technical, industrial and commercial synergies. The segments are composed of the CGUs described in section g).

The Chairman of the Management Board, who is the chief operating decision maker, analyzes the Group's performance based on information prepared by the operating segments. The Chief Operating Officers of the operating segments are members of the Management Board.

w. Contingent liabilities

An obligation is a contingent liability if the amount cannot be estimated with sufficient reliability or if it is unlikely that it will give rise to an outflow of resources. Contingent liabilities are not recognized unless they are identified in a business combination as part of the acquiree's identifiable assets and liabilities.

x. Non-current assets held for sale and discontinued operations

At the reporting date, when it is highly probable that non-current assets or groups of related assets and liabilities will be sold, they are designated as non-current assets or groups of assets held for sale. They are then presented on a separate line of the balance sheet.

Their disposal is deemed to be highly probable if, at the reporting date, there is a firm plan to actively market the assets for sale at a sales price that is reasonable in relation to their fair value in order to locate a buyer and finalize the sale within one year.

In accordance with IFRS 5, non-current assets or groups of assets held for sale:

- are measured at the lower of their carrying amount and fair value less costs to sell; and
- cease to be depreciated/amortized.

When non-current assets to be sold or classified as held for sale correspond to a separate main line of business or geographical area of operations and their sale is part of a single, coordinated plan, they are classified as discontinued operations. The related cash flows are presented separately in the income statement.

y. Service concession arrangements

IFRIC 12 on Service Concession Arrangements deals with public service concession arrangements where:

- the grantor controls or regulates the services to be supplied by the operator, determines to whom they should be supplied and at what price;
- the grantor has control over the licensed infrastructure at the end of the agreement.
- In exchange for constructing the infrastructure, the operator receives:
- either a financial asset when it is in possession of an unconditional right to receive cash amounts;
- or an intangible asset representing the right to invoice users of the licensed service, when it has no guarantee of the total amount to be received.

The Group entities concerned by IFRIC 12 are the UK companies HWS, DWS and WWS, which have built household waste incineration plants and are remunerated by public authorities (local councils) based on a processing price per metric ton and minimum contractual tonnage.

As these contracts are hybrid, the minimum contractual tonnage component is recognized as a financial asset and he component relating to quantities processed over the minimum tonnage is recognized an intangible asset.

- adjustments to the financial asset reflect revenue received that reduces the receivable;
- adjustments to the intangible asset reflect straight-line amortization over the concession period.

C. Main estimates

The CNIM Group may make estimates and assumptions, which affect the carrying amounts of assets and liabilities, income and expenses, and information relating to contingent assets and liabilities. Actual future results may differ significantly from these estimates.

The underlying estimates and assumptions are drawn up on the basis of past experience and other factors considered reasonable given the circumstances. They are therefore used as a basis for exercising the judgment necessary for determining asset and liability carrying amounts that cannot be obtained directly from other sources. Actual values may differ from estimated amounts.

The main sources of significant accounting estimates and judgments relate to the transaction price and cost at completion of construction contracts recognized on a percentage-of-completion basis, the assessment of the Group's potential exposure to litigation with third parties, estimates of the recoverable amounts of goodwill and the assessment of deferred tax assets arising from tax losses carried forward.

Concerning contracts recognized on a percentage-of-completion basis, the estimated consideration upon completion is recognized in revenue based on the percentage of completion, defined in relation to costs incurred over the amount of estimated costs at completion. Income and expenses expected over the course of a contract are outlined in a forecast of profit or loss at completion, and subject to revision as the contract progresses. They show the Group's best estimate of the future benefits and obligations expected from the contract, based on available information and taking into account the technical and contractual constraints unique to each contract.

In terms of litigation, the Group regularly monitors and analyzes main ongoing litigation and recognizes the provisions it deems necessary. The provisions are the Group's best estimate, at the closing date, of the outflow of resources that will be required to settle the obligation and take into account the available information and the full range of possible outcomes.

Goodwill is tested for impairment at least once a year using the method described in section B g) of Note 1, and when there is an indication of impairment.

Finally, tax assets arising from tax losses carried forward are only recognized if it is deemed probable that they can be used against future taxable profit, as described in point B. q) of Note 1.

NOTE 2 Change in accounting policies

Initial adoption of IFRS 15 – Revenue from Contracts with Customers

Since January 1, 2018, the Group has applied IFRS 15 "Revenue from Contracts with Customers" using the full retrospective approach without any practical expedients.

To prepare for implementation of the standard, the Group performed a detailed analysis and identified the main differences in revenue accounting and recognition methods for its main operations.

The analysis concluded that implementation of IFRS 15 does not have a material impact on the Group's annual revenue, or on cash flows and overall profitability of contracts.

In summary:

- Current contract segmentation is not called into question: the majority of the Group's contracts still include a single performance obligation. Current contract segmentation is justified under IFRS 15;
- The current method of revenue recognition is not called into question: for the majority of the Group's contracts, the transfer of control of goods and services to the customer is progressive and revenue is recognized on a percentage-of-completion basis;
- The current method for recognizing percentage of completion is not called into question: for the majority of the Group's contracts, percentage of completion is recognized based on costs incurred. Recognizing revenue based on progress billing is still justified under IFRS 15 since it directly corresponds to the value to the customer of the satisfied performance obligations.

At January 1, 2017, the implementation of IFRS 15 resulted in an increase in consolidated equity of approximately €1 million, excluding deferred tax, to a total of €179 million.

The increase was due exclusively to a difference in the timing of revenue recognition.

In addition, backlog has been disclosed for the first time in the 2018 financial statements (see Note 6). Compared with the non-financial information previously disclosed by the Group in its management report, 2017 backlog increased by €108 million upon adoption of IFRS 15: orders relating to operating contracts for waste-to-energy processing plants are included in backlog, estimated based on the remaining contractual period, rather than only on the amount of revenue to be recognized for the subsequent reporting period.

The effects of IFRS 15 on the Group's consolidated financial statements, for comparative reporting periods, are as follows:

Restated Consolidated Balance Sheet

(in € thousands)

	Year ended December 31, 2017				Year ended December 31, 2016			
	Reported	IFRS 15 impacts	Other impacts	Restated	Reported	IFRS 15 impacts	Other impacts	Restated
Intangible assets	29,806	-		29,806	25,095	-		25,095
Goodwill	73,845	-		73,845	45,912	-		45,912
Property, plant and equipment	65,832	-		65,832	63,242	-		63,242
Investments in equity-accounted associates	51,455	-	(18,373)	33,083	46,160	-	(18,709)	27,451
Other non-current financial assets	13,083	-		13,083	12,852	-		12,852
Deferred tax assets	14,114	-		14,114	10,582	(783)		9,799
Total non-current assets	**248,135**	**-**	**(18,373)**	**229,762**	**203,843**	**(783)**	**(18,709)**	**184,351**
Inventories and work in progress	28,917	-		28,917	24,476	(4,197)		20,279
Advances and down payments made on orders	8,273	-		8,273	6,154	-		6,154
Trade and other receivables	156,633	(47,369)		109,264	174,273	(37,638)		136,635
Accrued income from contracts in progress	45,076	(45,076)		-	46,905	(46,905)		-
Accrued income from contracts		92,444		92,444	-	91,015		91,015
Social security and tax receivables	-		73,973	73,973			57,665	57,665
Other current assets	84,779	-	(73,973)	10,806	66,998	-	(57,665)	9,333
Cash and cash equivalents	146,609	-		146,609	183,704	-		183,704
Total current assets	**470,286**	**-**	**-**	**470,286**	**502,509**	**2,275**	**-**	**504,784**
TOTAL CONSOLIDATED ASSETS	**718,421**	**-**	**(18,373)**	**700,048**	**706,352**	**1,492**	**(18,709)**	**689,135**

Other impacts correspond to items reclassified from "Deferred income" to "Investments in equity-accounted associates" and the elimination of internal gains from disposals of equity-accounted investments in 2007 and 2008. See Note 15

(in € thousands)

	Year ended December 31, 2017				Year ended December 31, 2016			
	Reported	IFRS 15 impacts	Other impacts	Restated	Reported	IFRS 15 impacts	Other impacts	Restated
Share capital	6,056	-		6,056	6,056	-		6,056
Additional paid-in capital	7,237	-		7,237	7,237	-		7,237
Retained earnings	141,402	1,492		142,894	116,239	1,492		117,731
Net income for the period	22,021	(1,492)		20,529	49,742	-		49,742
Equity attributable to owners of the parent	**176,716**	**-**	**-**	**176,716**	**179,274**	**1,492**	**-**	**180,766**
Non-controlling interests - Retained earnings	6,646	-		6,646	8,160	-		8,160
Non-controlling interests - Net income/(loss)	(2,329)	-		(2,329)	(1,660)	-		(1,660)
Non-controlling interests	**4,317**	**-**	**-**	**4,317**	**6,500**	**-**	**-**	**6,500**
Borrowings and debt	42,571	-		42,571	15,853	-		15,853
Provisions for retirement and other employee benefits	27,166	-		27,166	30,879	-		30,879
Non-current provisions	26,857	-		26,857	36,274	-		36,274
Deferred tax liabilities	1,644	-		1,644	231	-		231
Total non-current liabilities	**98,238**	**-**	**-**	**98,238**	**83,237**	**-**	**-**	**83,237**
Current financial liabilities	11,916	-		11,916	10,117	-		10,117
Current provisions	42,470	-		42,470	59,384	-		59,384
Trade accounts payable	137,682	-		137,682	118,499	-		118,499
Advances and down payments received from customers	11,585	-		11,585	20,725	-		20,725
Deferred income from contracts	-	138,235		138,235		131,237		131,237
Social security and tax payables	69,990	-	-	69,990	66,619	-	-	66,619
Other current operating liabilities	165,507	(138,235)	(18,373)	8,899	161,996	(131,237)	(18,709)	12,050
Total current liabilities	**439,150**	**-**	**(18,373)**	**420,777**	**437,341**	**-**	**(18,709)**	**418,632**
TOTAL CONSOLIDATED EQUITY AND LIABILITIES	**718,421**	**-**	**(18,373)**	**700,048**	**706,352**	**1,492**	**(18,709)**	**689,135**

Other impacts correspond to items reclassified from "Deferred income" to "Investments in equity-accounted associates" and the elimination of internal gains from disposals of equity-accounted investments in 2007 and 2008. See Note 15

Restated Consolidated Income Statement

(in € thousands)

	Year ended December 31, 2017		
	Reported	IFRS 15 impacts	Restated
Revenues	634,941	(6,472)	628,469
Increase in semi-finished and finished goods	2,031	-	2,031
Operating grants	13,190	-	13,190
Other operating income	4,485	-	4,485
Purchases and change in inventories	(347,255)	4,197	(343,058)
Other external expenses	(110,199)	-	(110,199)
Taxes other than income taxes	(6,900)	-	(6,900)
Personnel expenses	(177,142)	-	(177,142)
Depreciation and amortization expense	(18,763)	-	(18,763)
Change in provisions	34,380	-	34,380
Other operating expenses	(9,020)	-	(9,020)
RECURRING OPERATING INCOME	**19,748**	**(2,275)**	**17,473**
Non-recurring operating income (expense)	2,360	-	2,360
OPERATING INCOME	**22,109**	**(2,275)**	**19,834**
Share of net income of equity-accounted associates	3,600	-	3,600
OPERATING INCOME AFTER SHARE OF NET INCOME OF EQUITY-ACCOUNTED ASSOCIATES	**25,709**	**(2,275)**	**23,434**
Cost of net debt	926	-	926
Foreign exchange gains (losses)	(2,196)	-	(2,196)
Other financial income (expense)	(233)	-	(233)
FINANCIAL INCOME (EXPENSE)	**(1,504)**	**-**	**(1,504)**
PRETAX INCOME	**24,205**	**(2,275)**	**21,930**
Income tax expense	(4,513)	783	(3,730)
NET INCOME FROM CONTINUING OPERATIONS	**19,691**	**(1,492)**	**18,199**
NET INCOME FROM DISCONTINUED OPERATIONS	**-**	**-**	**-**
TOTAL NET INCOME	**19,691**	**(1,492)**	**18,199**
Attributable to:			-
. Owners of the parent	22,021	(1,492)	20,529
. Non-controlling interests	(2,329)	-	(2,329)

Restated Consolidated Statement of Comprehensive Income

(in € thousands)

	Year ended December 31, 2017		
	Reported	IFRS 15 impacts	Restated
TOTAL NET INCOME	**19,691**	**(1,492)**	**18,199**
Actuarial differences on retirement benefit commitments	(358)	-	(358)
Income tax relating to other comprehensive income that may not be reclassified to net income	146	-	146
Equity-accounted associates - share of other comprehensive income items	-	-	-
Other comprehensive income items that may not be reclassified	**(212)**	**-**	**(212)**
Foreign currency translation adjustments	(2,346)	-	(2,346)
Net changes in fair value of hedging instruments	(382)	-	(382)
Income tax relating to other comprehensive income that may not be reclassified to net income	77	-	77
Equity-accounted associates - share of other comprehensive income items	86	-	86
Other comprehensive income items that may be reclassified	**(2,565)**	**-**	**(2,565)**
OTHER COMPREHENSIVE INCOME	**(2,777)**	**-**	**(2,777)**
TOTAL CONSOLIDATED COMPREHENSIVE INCOME	**16,914**	**(1,492)**	**15,422**
Attributable to:			
. Owners of the parent	19,225	(1,492)	17,733
. Non-controlling interests	(2,310)	-	(2,310)

Restated Consolidated Statement of Changes in Equity

(in € thousands)

	Equity attributable to owners of the parent								
			Retained earnings						
	Share capital	Additional paid-in capital	Provisions for retirement benefits	Hedging reserve	Foreign currency translation reserves	Other	**Total**	**Non-controlling interests**	**TOTAL**
Jan. 1, 2017 - reported	**6,056**	**7,237**	**(9,896)**	**1,209**	**(3,525)**	**178,193**	**179,274**	**6,500**	**185,774**
IFRS 15 impacts						*1,492*	*1,492*	-	*1,492*
Jan. 1, 2017 - restated	**6,056**	**7,237**	**(9,896)**	**1,209**	**(3,525)**	**179,685**	**180,766**	**6,500**	**187,266**
Net income						22,021	22,021	(2,329)	19,691
IFRS 15 impacts						*(1,492)*	*(1,492)*	-	*(1,492)*
Restated net income	-	-	-	-	-	*20,529*	*20,529*	*(2,329)*	*18,199*
Other comprehensive income			(212)	(202)	(2,382)	0	(2,796)	19	(2,777)
Restated comprehensive income for the period	**-**	**-**	**(212)**	**(202)**	**(2,382)**	**20,529**	**17,733**	**(2,310)**	**15,422**
Dividend distribution						(19,280)	(19,280)	(186)	(19,466)
Change in consolidation scope						-	-	313	313
Treasury share transactions						(2,503)	(2,503)		(2,503)
Dec. 31, 2017 - restated	**6,056**	**7,237**	**(10,108)**	**1,007**	**(5,907)**	**178,431**	**176,716**	**4,317**	**181,033**
IFRS 15 impacts	-	-	-	-	-	-	-	-	-
Dec. 31, 2017 - reported	**6,056**	**7,237**	**(10,108)**	**1,007**	**(5,907)**	**178,431**	**176,716**	**4,317**	**181,033**

Restated Consolidated Statement of Cash Flows

(in € thousands)

	Year ended December 31, 2017		
	Reported	IFRS 15 impacts	Restated
Net income	19,691	(1,492)	18,199
Less: Net income from discontinued operations		-	-
Net income from continuing operations	**19,691**	**(1,492)**	**18,199**
Share of net income from equity-accounted associates	(3,600)	-	(3,600)
Depreciation, amortization and provisions	(11,340)	-	(11,340)
Gains or losses on disposals	(3,118)	-	(3,118)
Income from dividends	(135)	-	(135)
Net cash from operations before changes in working capital and after cost of debt and income tax	**1,497**	**(1,492)**	**5**
Income tax expense	4,513	(783)	3,730
Cost of net debt	(919)	-	(919)
Net cash from operations before changes in working capital and before cost of debt and income tax	**5,092**	**(2,275)**	**2,817**
Change in working capital requirement from operating activities	10,833	2,275	13,108
Income tax paid	(5,964)	-	(5,964)
Net cash flow from operating activities (A)	**9,961**	**-**	**9,961**
Acquisition of companies/operations, net of cash acquired	(36,717)	-	(36,717)
Acquisition of property, plant and equipment and intangible assets	(25,077)	-	(25,077)
Acquisition of financial assets	(62)	-	(62)
Net change in advances and loans granted	(3,733)	-	(3,733)
Disposal of property, plant and equipment and intangible assets	8,018	-	8,018
Dividends received from equity-accounted associates	2,180	-	2,180
Net cash flow from (used in) investing activities (B)	**(55,390)**	**-**	**(55,390)**
Dividends paid by the parent company	(19,280)	-	(19,280)
Dividends paid to minority shareholders	(186)	-	(186)
Proceeds (payments) arising from the sale (purchase) of treasury shares	(2,737)	-	(2,737)
Proceeds from borrowings	31,450	-	31,450
Repayment of borrowings	(2,517)	-	(2,517)
Interest paid	932	-	932
Other financing transactions	(117)	-	(117)
Net cash flow from (used in) financing activities (C)	**7,545**	**-**	**7,545**
Effect of movements in exchange rates (D)	1,262	-	1,262
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS A+B+C+D	**(36,622)**	**-**	**(36,622)**
Cash equivalents	39,793	-	39,793
Cash	106,816	-	106,816
Cash and cash equivalents	**146,609**	**-**	**146,609**
Bank overdrafts	(1,884)	-	(1,884)
Closing cash and cash equivalents	**144,725**	**-**	**144,725**
Continuing operations	144,725	-	144,725
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(36,622)**	**-**	**(36,622)**

Initial application of IFRS 9 "Financial Instruments"

Since January 1, 2018 the Group has applied IFRS 9 on the recognition, measurement and impairment of financial instruments retrospectively, with no restatement of comparative information.

The Group elected not to apply the standard's specific hedge accounting arrangements at January 1, 2018.

For the standard's arrangements on the recognition and measurement of financial instruments, the Group decided not to opt for the fair value measurement of non-consolidated, available-for-sale equity interests through other comprehensive income items (that may not be reclassified). The IFRS 9 impact on classification is as follows:

(in € thousands)

	Year ended December 31, 2017				
	Reported	FV through profit or loss	FV through OCI*	Amortized cost	Total (restated)
Loans	1,892			1,892	1,892
Other non-current financial assets	1,340			1,340	1,340
Trade and other receivables	109,264			109,264	109,264
Accrued income from contracts	92,444			92,444	92,444
Loans and receivables at amortized cost	**204,941**	**-**	**-**	**204,941**	**204,941**
Non-consolidated equity investments	4,226	4,226			4,226
Receivables relating to non-consolidated equity investments	5,625	5,625			5,625
Available-for-sale financial assets	**9,851**	**9,851**	**-**	**-**	**9,851**
Cash and cash equivalents	146,609	146,609			146,609
Financial assets at fair value through profit or loss	**146,609**	**146,609**	**-**	**-**	**146,609**
Current derivatives	890	890			890
Derivatives	**890**	**890**	**-**	**-**	**890**
TOTAL FINANCIAL ASSETS	**362,290**	**157,349**	**-**	**204,941**	**362,290**
Financial liabilities at fair value through profit or loss	**-**				**-**
Non-current financial liabilities	42,571			42,571	42,571
Current financial liabilities	11,916			11,916	11,916
Trade accounts payable	137,682			137,682	137,682
Financial liabilities at amortized cost	**192,169**	**-**	**-**	**192,169**	**192,169**
Non-current derivatives	(0)	(0)			(0)
Current derivatives	3	3			3
Derivatives	**3**	**3**	**-**	**-**	**3**
TOTAL FINANCIAL LIABILITIES	**192,172**	**3**	**-**	**192,169**	**192,172**

* Fair value changes recognized under Other Comprehensive Income

Concerning IFRS 9 arrangements on financial instrument impairment, no material change in the impairment of financial assets was identified when estimating expected credit losses, which resulted in an immaterial decrease in equity at January 1, 2018 of €0.2 million.

NOTE 3 Consolidation scope

A. Fully consolidated companies at December 31, 2018

COMPANY	HEADQUARTERS	% CONTROL
Environment and Energy		
CNIM Azerbaijan	Azerbaijan	100%
CNIM Activ'emploi (1)	France	100%
CNIM Bahrein	Bahrein	100%
CNIM Centre France	France	100%
CNIM Construction LLC (1)	United Arab Emirates	80%
CNIM CZ Sro	Czech Republic	100%
CNIM ECS	United Kingdom	100%
CNIM Engineers	United Arab Emirates	100%
CNIM India Private Ltd	India	51%
CNIM Industrie	France	100%
CNIM Insertion	France	100%
CNIM La Collette	United Kingdom	100%
CNIM Middle East	United Arab Emirates	100%
CNIM Netherlands BV	Netherlands	100%
CNIM Netherlands Industrie BV	Netherlands	100%
CNIM Ouest Armor	France	100%
CNIM Paris Batignolles	France	100%
CNIM Private Companies Management LLC (1)	United Arab Emirates	80%
CNIM RUS	Russia	100%
CNIM Saudi	Saudi Arabia	98%
CNIM SWIRE Ltd	Hong Kong	58%
CNIM Switzerland GmbH	Switzerland	100%
CNIM Terre Atlantique	France	100%
CNIM Thiverval Grignon	France	100%
CNIM UK	United Kingdom	100%
CNIM US Corp	United States	100%
EKOMZ	Russia	70%
LAB SA	France	100%
LAB GmbH	Germany	100%
LAB Geodur UK	United Kingdom	100%
LAB Hoffman (1)	United States	100%
LAB Red Wing (1)	United States	100%
LAB USA Holding	United States	100%
LAB Washington	United States	100%
MES Environmental	United Kingdom	100%
SUNCNIM	France	55.56%
Babcock Services	Morocco	100%
CNIM 6 (formerly BWH)	France	100%
CNIM Babcock Services	Algeria	100%

COMPANY	HEADQUARTERS	% CONTROL
Innovation & Systems		
AMI Enterprise Intelligence Software Ltd (Go Albert UK)	United Kingdom	100%
ARKONIA Holdings	United Kingdom	100%
CNIM Babcock Maroc	Morocco	99.86%
Bertin Corp	United States	100%
Bertin IT	France	100%
Bertin Technologies	France	100%
Bertin Vietnam	Vietnam	100%
CNIM Canada	Canada	100%
CNIM Hong-Kong	Hong Kong	99.99%
CNIM Singapore	Singapore	100%
CNIM Transport Equipment	China	100%
CNIM Transport France	France	100%

CNIM Transport Holding	France	100%
Go Albert Africa	Morocco	99.90%
Exensor Security International AB	Sweden	100%
Exensor Technology AB	Sweden	100%
Exensor Technology GmbH	Germany	100%
Exensor Technology Ltd	United Kingdom	100%
Bertin GmbH	Germany	100%
Bertin Italia SRL	Italy	63%
Vecsys	France	99.38%
Verbalys	France	100%
Winlight System Finance	France	100%
Winlight Optics	France	100%
Winlight System	France	100%
Winlight X	France	100%
Other		
SCI du 35 rue de Bassano	France	100%

(1) Companies created

B. Equity-accounted associates at December 31, 2018

COMPANY	HEADQUARTERS	% CONTROL
Environment and Energy		
CCUAT	France	49.88%
CNIM Development	Luxembourg	50%
CSBC	Jersey	50%
Dudley Waste Services Ltd (DWS Ltd)	United Kingdom	33.33%
ELLO	France	51%
Hanford Waste Services Holding Ltd (HWS Ltd)	United Kingdom	34.75%
Picardie Biomasse Énergie (1)	France	44.95%
Wolverhampton Waste Services Ltd (WWS Ltd)	United Kingdom	33.33%
Innovation & Systems		
Technoplus Industries	France	34.79%

(1) Company formed following the contribution of the assets of the operating companies Estrées Mons Énergie Biomasse and CEB-Kogeban, which have both been deconsolidated.

All equity-accounted associates are jointly controlled, except for Technoplus Industries, over which the Group exercises significant influence.

C. Deconsolidations of the period

COMPANY	HEADQUARTERS	Consolidation method at Dec. 31, 2017	% CONTROL at Dec. 31, 2017
Environment and Energy			
CEB-Kogeban	France	Full consolidation	100%
Estrées Mons Énergie Biomasse	France	Full consolidation	85%
SELCHP	United Kingdom	Equity-accounted	24.38%
MES SELCHP	United Kingdom	Equity-accounted	50%
Babcock International (liquidation)	Belgium	Full consolidation	100%
CNIM Asia Pacific (liquidation)	Hong Kong	Full consolidation	100%

NOTE 4 Significant events of the period

CNIM Group released the following disclosures over the 2018 financial year:

Concerning the Bertin companies:

- June 29, 2018: Bertin Technologies finalized the transfer of Bertin Ergonomie's business assets to Human Design Group, which is majority controlled by Ciclad, with the support of its management team.

Bertin Ergonomie, which has excellent brand notoriety among key industrial and services firms, provides consulting and appraisal services in ergonomics, user experience (UX) and human factors. It generated €8 million in revenue in 2017.

The gain from the disposal is described in Note 8.

- December 20, 2018: Bertin Technologies finalized the sale of its multi-physical modeling and scientific IT business to CT.

The business, which provides technological consulting and engineering services, has exceptional, longstanding customer relationships with key players in the cutting-edge aerospace and nuclear industries. In 2017 it generated €2.5 million in revenue. The gain from the disposal of the business was not material.

CNIM Group sold these service businesses that target diversified markets in order to focus on its strategic priorities in the Environment & Energy, Security and Defense segments.

Environment & Energy segment:

- August 17, 2018: Conclusion of a deal selling the indirect equity interest in SELCHP, held jointly with the Cube Infrastructure Fund, to the investment fund iCON Infrastructure. SELCHP owns a waste-to-energy plant in London, United Kingdom. The waste-to-energy plant, built by CNIM in 1994, has a capacity of 2X29t/h and generated revenue of GDP 39 million in 2017.

The gain from the disposal is recognized under: "Share of net income from equity-accounted associates" (Note 15) for the amount recognized using the equity method by CNIM Development and under "Other non-recurring income" (Note 8) for the internal gain on the disposal previously recognized and reversed, then externalized by the transaction.

This disposal reflects CNIM Group's decision to reallocate its investment capacity to the development of its industrial activities.

The transactions initiated in 2017 were performed in continuity with the Group's strategic refocusing, particularly the acquisition of Exensor and Winlight and the disposal of the Bertin Pharma business assets.

NOTE 5 Segment information

Information by operating segment

IFRS segment information reviewed by the Group's chief operating decision maker is presented below.

(in € thousands)

	Environment & Energy		Innovation & Systems		TOTAL	
	Dec. 31, 2018	Dec. 31, 2017*	Dec. 31, 2018	Dec. 31, 2017*	Dec. 31, 2018	Dec. 31, 2017*
Revenues	493,306	421,564	196,463	206,905	689,769	628,469
Operating income	(17,306)	9,161	19,866	10,673	2,560	19,834
Share of net income from equity-accounted associates	25,311	3,527	61	72	25,372	3,600
Operating income after share of net income of equity-accounted associates	8,005	12,688	19,927	10,746	27,932	23,434

* Amounts restated for the effects of IFRS 15, as discussed in Note 2, and for the reclassification of CNIM Babcock Maroc from the Innovation & Systems segment to the Environment & Energy segment, increasing revenue from the latter by €4,874 thousand and decreasing operating income by €72 thousand.

(in € thousands)

	Environment & Energy		Innovation & Systems		TOTAL	
	Dec. 31, 2018	Dec. 31, 2017*	Dec. 31, 2018	Dec. 31, 2017*	Dec. 31, 2018	Dec. 31, 2017
Intangible assets	2,702	9,128	20,172	20,678	22,874	29,806
Goodwill	31,171	31,171	39,624	42,674	70,795	73,845
Property, plant and equipment	35,904	36,156	33,687	29,677	69,591	65,832
Other non-current financial assets	14,328	11,649	1,575	1,434	15,903	13,083

* Amounts restated for the reclassification of CNIM Babcock Maroc from the Innovation & Systems segment to the Environment & Energy segment, for €10 thousand in intangible assets, €850 thousand in property, plant and equipment, and €295 thousand in other non-current financial assets.

Breakdown of revenues by geographic area

The geographical breakdown is based on the country in which contracts are performed.

(in € thousands)

	Dec. 31, 2018				Dec. 31, 2017*			
	France	United Kingdom	Rest of the world	Total	France	United Kingdom	Rest of the world	Total
Revenues	261,108	273,572	155,089	689,769	300,893	210,533	117,043	628,469

* Amounts restated for the effects of IFRS 15, as discussed in Note 2

(in € thousands)

	Dec. 31, 2018				Dec. 31, 2017			
	France	United Kingdom	Rest of the world	Total	France	United Kingdom	Rest of the world	Total
Intangible assets	18,416	179	4,279	22,874	21,477	193	8,137	29,806
Property, plant and equipment	42,460	736	26,395	69,591	40,845	728	24,260	65,832
Other non-current financial assets	13,993	1,369	541	15,903	11,636	780	666	13,083

NOTE 6 Revenue

A. Breakdown of revenue

The Group's operating segments have very different activities.

- Environment & Energy: energy offering for all business activities, with turnkey contracts, waste-to-energy plant operations, and service agreements;
- Innovation & Systems: mechanics, optics and electromechanics offering, with research and development, software design, development and production, and small or medium-sized production runs.

Four business divisions have been defined within the Environment & Energy operating segment:

- EPC
- LAB
- Services
- O&M

Two business divisions have been defined within the Innovation & Systems operating segment:

- Industrial Systems division
- Bertin and subsidiaries

The EPC division designs and manufactures "turnkey" biomass and household waste-to-energy processing plants. CNIM uses proprietary technologies that meet the most stringent standards in terms of performance and control of environmental impacts, with a multi-disciplinary approach.

The LAB division offers flue gas treatment systems for waste-to-energy plants, flue-gas scrubbing systems for merchant ship engines, systems for the removal and recovery of heavy metals from incinerator ash residues, and related services.

The Services division offers the optimization, maintenance and refurbishment of biomass and household waste-to-energy production plants and combustion plants.

The O&M division operates and maintains biomass and household waste-to-energy production plants.

The Industrial Systems division provides a unique offer for the development, production, installation and maintenance of innovative equipment and systems. It also executes manufacturing subcontracting agreements for various cutting-edge industries.

The Bertin & Subsidiaries division works in three business lines: Systems & instrumentation, Information technologies, and Consulting, engineering and innovative solutions for energy and the environment, industry and the territories.

This breakdown matches the segment information for revenue presented in Note 5, in accordance with IFRS 8.

CNIM Group's contracts with customers generally only have one service obligation. Revenue is recognized on a percentage-of-completion basis insofar as the CNIM Group provides specific equipment, control of which is gradually transferred to the customer, or it provides services from which the customer benefits as they are performed. Percentage of completion is generally based on costs.

In the O&M division, revenue is measured based on the amount CNIM has the right to invoice. When the contract provides for a "Major Maintenance and Renovation" obligation, revenue for this obligation is recognized separately from the "operating" service obligation.

The Group aims to develop the recurring portion of its business, which could be done in various ways:

- LAB: development of a line of flue gas treatment systems;
- Services: varied business with a lower unit contract amount;
- O&M: plant operation contracts with a multi-year commitment, and few year-on-year variations;
- Industrial Systems: development of partnerships to deliver high value-added mechanical equipment;
- Bertin: product line for defense, security and radiation protection activities.

Revenue from this recurring portion of Group business (i.e. mainly excluding the EPC Division) accounted for approximately half of consolidated revenue in 2018.

B. Backlog

The amount of "revenue to be recognized when outstanding performance obligations are satisfied" is as follows:

(in € thousands)

	Dec. 31, 2017*	Order Intake	Revenue	Other movements	Dec. 31, 2018
Environment and Energy	696,879	509,164	493,306	-	712,737
Innovation & Systems	241,593	227,138	196,463	(3,490)	268,778
TOTAL – GROUP	**938,472**	**736,302**	**689,769**	**(3,490)**	**981,515**

* Amounts restated for the effects of IFRS 15, as discussed in Note 2, and the reclassification of CNIM Babcock Maroc from the Innovation & Systems segment to the Environment & Energy segment for €1,307 thousand

Approximately 60% of backlog at December 31, 2018 should generate revenue by 2019 and 96% of the remaining amount within the next five years.

NOTE 7 Research and development

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017
Research and development expenses recognized in expenses(1)	12,883	13,748
Capitalized research and development expenses(2)	2,810	3,263

(1) Including amortization of capitalized development programs.
(2) Development costs capitalized over the period (Note 12)

NOTE 8 Non-recurring operating income (expense)

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017
Transfer of Bertin Pharma business assets		2,874
Gain from the disposal of Bertin Ergonomie	9,473	
Gain from the disposal of SELCHP(1)	9,300	
Impairment of assets relating to the Solar business(2)	(7,794)	
Impairment of assets relating to the Geodur business(2)	(3,532)	
Other	(628)	(514)
NON-RECURRING OPERATING INCOME	**6,819**	**2,360**

(1) Gain generated previously internally when the equity interest in SELCHP was transferred between two Group entities. The amount reflecting the percentage interest of the vendor was restated in the Group's financial statements. The gain was recognized in the Group's financial statements in 2018 as the SELCHP equity interest was sold outside of the Group.
(2) See Note 12 and Note 14.

NOTE 9 Financial income (expense)

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017
Interest income from cash equivalents	109	57
Other interest and similar income	926	1,748
Interest and financial expense	(1,691)	(879)
Cost of net debt	**(656)**	**926**
Foreign exchange gains	10,291	8,224
Foreign exchange losses	(10,023)	(10,421)
Foreign exchange gains (losses)	**268**	**(2,196)**
Other financial income (expense)(1)	1,176	(233)
FINANCIAL INCOME (EXPENSE)	**789**	**(1,504)**

(1) Equity investment income and allowances or reversals of provisions for impairment of financial assets. In 2018, reversal of the provision for the project companies Kogeban and CBEM, which own the biomass waste-to-energy plants

NOTE 10 Income tax expense

A. Breakdown of current/deferred tax

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017*
Current tax	(4,668)	(5,978)
Deferred tax income (expense)	3,807	2,247
TOTAL INCOME TAX	**(861)**	**(3,730)**

*Amounts restated for the effects of IFRS 15, as discussed in Note 2.

B. Reconciliation of effective and theoretical income tax expense

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017*
Operating income	2,560	19,834
Financial income (expense)	789	(1,504)
Consolidated pretax income	**3,348**	**18,330**
Theoretical income tax expense at the tax rate effective in France (34.43%)	**(1,153)**	**(6,311)**
Effect of differences in local income tax rates	2,149	827
Impact of tax loss carry-forwards	(6,665)	(2,808)
Taxes not levied on a specific tax base(1)	(1,618)	(1,477)
Research tax credits(2)	6,137	4,704
Non-deductible taxes(3)	(124)	3,708
Other permanent differences(4)	411	(2,312)
Other	2	(61)
Effective income tax expense	**(861)**	**(3,730)**
Effective income tax rate	**25.71%**	**20.35%**

*Amounts restated for the effects of IFRS 15, as discussed in Note 2.
(1) Mainly French value-added business tax (CVAE).
(2) Impact of tax credits recognized in operating income and exempt from tax.
(3) In 2017, income from the French Constitutional Court's cancellation of the 3% levy on dividends.

C. Breakdown of deferred taxes

a. Deferred tax assets

(in € thousands)

	Dec. 31, 2018			Dec. 31, 2017
	< 1 year	> 1 year	TOTAL	TOTAL
Temporary differences between tax and accounting base of assets and liabilities	4,886	1,258	6,144	5,900
Provisions for retirement benefits	118	8,539	8,657	7,490
Recognition of tax loss carryforwards	5,664	1,290	6,954	2,652
Other*	850	376	1,226	1,582
TOTAL	**11,518**	**11,463**	**22,981**	**17,624**
Impact of offsetting assets/liabilities by entity			(5,145)	(3,511)
TOTAL DEFERRED TAX ASSETS			**17,835**	**14,114**

* Mainly includes deferred tax assets relating to finance leases, French value-added business tax (CVAE) and harmonization adjustments.

Tax losses carried forward: deferred tax assets are recognized for tax losses carried forward when their use in subsequent reporting periods is deemed probable. Potential tax savings from unrecognized tax losses are estimated at €26.7 million.

b. Deferred tax liabilities

(in € thousands)

	Dec. 31, 2018			Dec. 31, 2017
	< 1 year	> 1 year	TOTAL	TOTAL
Temporary differences between tax and accounting base	(225)		(225)	(158)
Temporary differences between items recognized on a percentage-of-completion basis and contract completion basis	(911)		(911)	(714)
Elimination of internal margins	(11)		(11)	(2,050)
Tax-driven provisions		(956)	(956)	(1,117)
Other	(3,403)	(344)	(3,747)	(1,115)
TOTAL	**(4,550)**	**(1,300)**	**(5,850)**	**(5,154)**
Impact of offsetting assets/liabilities by entity			5,145	3,511
TOTAL DEFERRED TAX LIABILITIES			**(704)**	**(1,644)**

NOTE 11 Earnings per share

Basic earnings per share

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017*
Net income attributable to owners of the parent	32,825	20,529
Weighted average number of ordinary shares(1)	2,839,817	2,873,475
Earnings per share (€)	**11.56**	**7.14**

*Amounts restated for the effects of IFRS 15, as discussed in Note 2.

(1) Number of shares excluding treasury shares (see Note 21). There are no dilutive equity instruments.

Diluted earnings per share

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017*
Net income attributable to owners of the parent	32,825	20,529
Weighted average number of ordinary shares(1)	2,839,817	2,873,475
Weighted average number of ordinary shares used to calculate diluted earnings per share	2,839,817	2,873,475
Diluted earnings per share (€)	**11.56**	**7.14**

*Amounts restated for the effects of IFRS 15, as discussed in Note 2.

(1) Number of shares excluding treasury shares (see Note 21). There are no dilutive equity instruments.

NOTE 12 Intangible assets

(in € thousands)

	Dec. 31, 2017	Acquisitions / Increases / Additions [1]	Disposals / Decreases / Reversals	Changes in consolidation scope	Translation and other adjustments	Dec. 31, 2018
Capitalized development costs	46,740	2,810	(123)	-	3,217	52,644
Concessions, patents and licenses	10,550	248	(1)	-	(9)	10,788
Other intangible assets	25,054	471	(117)	(79)	1,266	26,594
Intangible assets in progress	9,121	4,650	(35)	-	(4,872)	8,862
Gross value	**91,464**	**8,179**	**(277)**	**(79)**	**(399)**	**98,889**
Capitalized development costs	(32,899)	(10,404)	137	-	(300)	(43,467)
Concessions, patents and licenses	(9,404)	(301)	1	-	6	(9,698)
Other intangible assets	(18,948)	(3,462)	110	64	101	(22,135)
Intangible assets in progress	(408)	(715)	-	-	408	(715)
Amortization/ impairment	**(61,659)**	**(14,882)**	**248**	**64**	**215**	**(76,015)**
Capitalized development costs	13,841	(7,594)	14	-	2,917	9,177
Concessions, patents and licenses	1,146	(53)	-	-	(3)	1,090
Other intangible assets	6,106	(2,991)	(7)	(15)	1,367	4,459
Intangible assets in progress	8,713	3,935	(35)	-	(4,465)	8,148
CARRYING AMOUNT	**29,806**	**(6,704)**	**(29)**	**(15)**	**(184)**	**22,874**

(1) In 2018, given the lack of orders except for production of the Llo solar power plant (western Pyrenees, France), intangible assets developed at SUNCNIM (concentrated solar power technology) were written down by €3.1 million. In addition, impairment indicators on Geodur business led to the €2.0 million impairment of a demonstration facility.

(in € thousands)

	Dec. 31, 2016	Acquisitions / Increases / Additions	Disposals / Decreases / Reversals	Changes in consolidation scope*	Translation and other adjustments	Dec. 31, 2017
Capitalized development costs	37,124	3,263	(628)	5,633	1,349	46,740
Concessions, patents and licenses	10,365	233	(69)	123	(102)	10,550
Other intangible assets	20,599	442	(373)	4,096	290	25,054
Intangible assets in progress	7,747	2,974	-	-	(1,600)	9,121
Gross value	**75,835**	**6,911**	**(1,071)**	**9,853**	**(64)**	**91,464**
Capitalized development costs	(26,062)	(4,634)	-	(2,280)	77	(32,899)
Concessions, patents and licenses	(9,196)	(229)	69	(123)	75	(9,404)
Other intangible assets	(15,074)	(4,093)	345	(200)	74	(18,948)
Intangible assets in progress	(408)	-	-	-	-	(408)
Amortization/ impairment	**(50,740)**	**(8,956)**	**414**	**(2,604)**	**226**	**(61,659)**
Capitalized development costs	11,062	(1,372)	(628)	3,353	1,426	13,841
Concessions, patents and licenses	1,169	4	-	-	(26)	1,146
Other intangible assets	5,525	(3,651)	(28)	3,897	363	6,106
Intangible assets in progress	7,339	2,974	-	-	(1,600)	8,713
CARRYING AMOUNT	**25,095**	**(2,045)**	**(656)**	**7,249**	**163**	**29,806**

* In 2017, the acquisition of Exensor and Winlight.

NOTE 13 Goodwill

A. Changes over the period

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017
At January 1 (carrying amount)	**73,845**	**45,912**
Foreign currency translation adjustments	(1,589)	-
Goodwill impairment	-	-
Changes in consolidation scope(1)	(735)	31,017
Deconsolidations, assets sold(2)	(726)	(3,084)
At December 31 (carrying amount)	**70,795**	**73,845**

(1) In 2018, a €412 thousand downward adjustment in the purchase price allocation of Winlight and a €323 thousand downward adjustment in the purchase price allocation for Exensor. In 2017, goodwill of the newly acquired companies Exensor and Winlight.

(2) In 2018, disposal of Bertin Ergonomie and Bertin Conseil’s multi-physical modeling and scientific IT businesses. In 2017, disposal of Bertin Pharma’s businesses.

B. Breakdown by UGT

(in € thousands)

	Dec. 31, 2018			Dec. 31, 2017		
	Gross amount	Impairment	Carrying amount	Gross amount	Impairment	Carrying amount
Environment-Construction CGU	31,171	-	**31,171**	31,171	-	**31,171**
Environment-Operation CGU	-	-	-			-
CNIM Babcock Services (CBS) CGU	-	-	-			-
Solar CGU	-	-	-			-
Environment & Energy	**31,171**	**-**	**31,171**	**31,171**	**-**	**31,171**
Bertin Systems & Advisory CGU	36,166	-	**36,166**	39,216		**39,216**
Bertin IT CGU	4,158	(3,000)	**1,158**	4,158	(3,000)	**1,158**
Industrial Systems Division CGU	2,300	-	**2,300**	2,300		**2,300**
Innovation & Systems	**42,624**	**(3,000)**	**39,624**	**45,674**	**(3,000)**	**42,674**
TOTAL	**73,795**	**(3,000)**	**70,795**	**76,845**	**(3,000)**	**73,845**

C. Impairment tests

Impairment testing methods and the related assumptions are described in Note 1.B.g).

The main assumptions used for calculating value in use were as follows:

- weighted average cost of capital of 9.5% for the “Environment-Construction” CGU, 8.4% for the “Industrial Systems Division” CGU, 9% for the “Bertin Systems and Advisory” CGU and 8.9% for the “Bertin IT” CGU;
- perpetual growth rate of 2%.

For all CGUs (except for the Bertin IT CGU), no goodwill impairment would be recognized, if value in use were calculated using:

- a discount rate increased by 100 basis points;
- a growth rate decreased by 100 basis points;
- forecast normative operating income in year five decreased by 5%.

NOTE 14 Property, plant and equipment

(in € thousands)

	Dec. 31, 2017	Acquisitions / Increases / Additions (1)	Disposals / Decreases / Reversals	Changes in consolidation scope(2)	Translation and other adjustments	Dec. 31, 2018
Land	8,417	-	-	139	145	8,700
Buildings	54,931	2,892	(4,095)	1,791	652	56,172
Technical facilities, equipment and tooling	70,000	2,168	(5,170)	(17)	15,847	82,827
Other property, plant and equipment	31,823	2,450	(2,656)	(76)	136	31,675
PP&E in progress and advances and down payments	14,000	6,754	(2)	-	(15,813)	4,940
Gross value	**179,171**	**14,263**	**(11,923)**	**1,836**	**967**	**184,314**
Land	(278)	(7)	-	-	-	(285)
Buildings	(33,800)	(2,101)	4,095	(578)	5	(32,380)
Technical facilities, equipment and tooling	(53,627)	(7,859)	5,043	17	(119)	(56,546)
Other property, plant and equipment	(25,633)	(2,177)	2,566	68	41	(25,135)
PP&E in progress and advances and down payments	-	(366)	-	-	(12)	(377)
Accumulated depreciation and impairment	**(113,338)**	**(12,509)**	**11,704**	**(493)**	**(85)**	**(114,723)**
Land	8,139	(7)	-	139	145	8,415
Buildings	21,131	791	-	1,213	657	23,792
Technical facilities, equipment and tooling	16,373	(5,691)	(128)	(0)	15,727	26,282
Other property, plant and equipment	6,190	273	(90)	(9)	177	6,541
PP&E in progress and advances and down payments	14,000	6,388	(2)	-	(15,824)	4,562
CARRYING AMOUNT	**65,832**	**1,753**	**(219)**	**1,343**	**882**	**69,591**

(1) In 2018, given the lack of orders except for production of the Llo solar power plant (western Pyrenees, France), property, plant and equipment developed at SUNCNIM (concentrated solar power technology) was written down €1.4 million. In addition, impairment indicators on Geodur business led to the €1.5 million impairment of one of the three units in operation.
(2) In 2018, mainly Winlight goodwill adjustment

(in € thousands)

	31.12.2016	Acquisitions / Increases / Additions	Disposals / Decreases / Reversals	Changes in consolidation scope*	Translation and other adjustments	Dec. 31, 2017
Land	8,875	25	(200)	-	(283)	8,417
Buildings	54,572	1,014	(509)	11	(156)	54,931
Technical facilities, equipment and tooling	80,439	2,148	(16,216)	2,791	838	70,000
Other property, plant and equipment	30,707	1,852	(2,744)	1,448	561	31,823
PP&E in progress and advances and down payments	5,935	12,127	-	29	(4,091)	14,000
Gross value	**180,528**	**17,166**	**(19,670)**	**4,278**	**(3,131)**	**179,171**
Land	(271)	(7)	-	-	-	(278)
Buildings	(31,816)	(2,229)	77	(3)	172	(33,800)
Technical facilities, equipment and tooling	(60,741)	(5,826)	14,742	(2,367)	566	(53,627)
Other property, plant and equipment	(24,457)	(2,333)	2,197	(1,146)	106	(25,633)
PP&E in progress and advances and down payments	-	-	-	-	-	-
Accumulated depreciation and impairment	**(117,286)**	**(10,396)**	**17,016**	**(3,516)**	**844**	**(113,338)**
Land	8,604	18	(200)	-	(283)	8,139
Buildings	22,756	(1,216)	(433)	7	16	21,131
Technical facilities, equipment and tooling	19,698	(3,679)	(1,474)	423	1,403	16,373
Other property, plant and equipment	6,250	(481)	(547)	302	667	6,190
PP&E in progress and advances and down payments	5,935	12,127	-	29	(4,091)	14,000
CARRYING AMOUNT	**63,242**	**6,770**	**(2,653)**	**761**	**(2,288)**	**65,832**

* In 2017, acquisition of Exensor and Winlight.

NOTE 15 Investments in equity-accounted associates

A. Year-on-year change

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017*
At January 1	33,083	27,451
Share of net income of equity-accounted associates(1)	25,372	3,600
Foreign currency translation differences	748	(320)
Dividends	(31,253)	(2,045)
Change in consolidation scope(2)	1,404	312
Share of items that can be reclassified to other comprehensive income	(208)	87
Other(3)	(5,124)	3,997
At December 31	**24,022**	**33,083**

* Restated for the elimination of internal gains on disposals, reclassified from “”Deferred income” to “”Investments in equity-accounted associates”.
(1) In 2018, includes €22 million from the disposal of the SELCHP equity interest, which CNIM Development held jointly with an investment fund (Cube before the disposal, Icon after the disposal).
(2) In 2018, includes the consolidation of Picardie Biomasse Énergie and the deconsolidation of SELCHP and MES SELCHP. In 2017, change in the percentage equity interest in eLLO.
(3) In 2018, includes the €4,536 thousand impairment of receivables from equity-accounted associates. In 2017, includes a €3,201 thousand increase in receivables relating to investments in equity-accounted associates.

B. Breakdown of equity-accounted associates

(in € thousands)

	% interest		Share of equity		Share of net income	
	Dec. 31, 2018	Dec. 31, 2017	Dec. 31, 2018	Dec. 31, 2017*	Dec. 31, 2018	Dec. 31, 2017
CNIM Development (1)	50.00	50.00	(2,201)	7,579	22,870	1,562
CCUAT	49.88	49.88	81	294	(3)	215
CSBC	50.00	50.00	3	3	(0)	(3)
Dudley Waste Services Ltd (DWS Ltd)	33.33	33.33	3,126	2,892	260	125
Hanford Waste Services Holding Ltd (HWS Ltd)	34.75	34.75	5,691	5,830	(179)	(222)
MES SELCHP (2)	-	50.00	-	595	(1)	(3)
SELCHP (2)	-	24.38	-	2,355	1,600	1,810
Technoplus Industries	34.79	34.79	4,824	4,763	61	72
Wolverhampton Waste Services Ltd (WWS Ltd)	33.33	33.33	2,840	2,734	130	118
Ello (3)	28.34	30.00	8,532	6,037	756	(75)
Picardie Biomasse Énergie (4)	44.95	0.00	1,125	-	(121)	-
INVESTMENTS IN EQUITY-ACCOUNTED ASSOCIATES			**24,022**	**33,083**	**25,372**	**3,600**

* Restated for the elimination of internal gains on disposals, reclassified from “”Deferred income” to “”Investments in equity-accounted associates”.
(1) Share of equity including the CNIM Development participating loan recognized by CNIM Netherlands, accounted for as equity, and restated gains on internal disposals
(2) Companies sold in 2018
(3) Share of equity including the loan relating to the equity interest, restated internal margin, and impairment of €3,125 thousand in 2018
(4) Share of equity including the loan relating to the equity interest and impairment of €1,411 thousand in 2018.

C. Financial information – 100% of equity-accounted associates

(in € thousands)

	Revenues		Net income for the period		Balance sheet total		Borrowings and debt	
	31.12. 2018	31.12. 2017	31.12. 2018	31.12. 2017	31.12. 2018	31.12. 2017	31.12. 2018	31.12. 2017
CNIM Development	-	-	59,994	3,124	23,294	53,178	12,993	38,030
CCUAT	-	-	(6)	432	164	915	-	-
CSBC	-	-	(0)	(6)	36	36	22	23
Dudley Waste Services Ltd (DWS Ltd)	10,867	10,452	1,156	375	8,233	9,346	5,615	7,803
Hanford Waste Services Holding Ltd (HWS Ltd)	18,763	18,008	812	(640)	21,735	24,153	11,694	15,399
MES SELCHP	-	-	-	(5)	-	1,277	-	-
SELCHP	-	44,136	-	7,425	-	48,447	-	24,989
Technoplus Industries	175	6,850	175	208	26,359	26,256	3	3
Wolverhampton Waste Services Ltd (WWS Ltd)	10,801	11,152	799	354	7,965	9,486	6,480	8,510
Ello	-	-	1,483	(147)	64,235	52,953	60,501	37,755
Picardie Biomasse Énergie	26,490	-	(270)	-	20,770	-	9,430	-

NOTE 16 Other non-current financial assets

(in € thousands)

	Dec. 31, 2018			Dec. 31, 2017		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Non-consolidated equity investments	11,666	(6,468)	5,199	10,967	(6,741)	4,226
Receivables relating to non-consolidated equity investments	8,273	(74)	8,199	6,543	(918)	5,625
Loans	1,176	-	1,176	1,892	-	1,892
Other non-current financial assets [(1)]	1,371	(42)	1,329	1,382	(42)	1,340
OTHER NON-CURRENT FINANCIAL ASSETS	**22,487**	**(6,584)**	**15,903**	**20,784**	**(7,702)**	**13,083**

(1) Mainly deposits and guarantees.

Non-consolidated equity investments

(in € thousands)

	Dec. 31, 2018						Dec. 31, 2017					
	Equity investments				Related receivables (1)	Total	Equity investments				Related receivables (1)	Total
	Gross value	Impairment	Carrying amount	% direct or indirect interest	Carrying amount		Gross value	Impairment	Carrying amount	% direct or indirect interest	Carrying amount	
SMA	63	-	63	*3.00%*	-	63	63		63	*3.00%*	-	63
Vocapia Research	804	-	804	*20.00%*	-	804	804		804	*20.00%*	-	804
Foster Wheeler Fakop	1,051	-	1,051	*8.41%*	-	1,051	1,051		1,051	*8.41%*	-	1,051
Kogeban	1,867	(64)	1,803	*10.87%*	3,510	5,313	1,867	(445)	1,422	*10.87%*	3,344	4,766
Cogénération Biomasse d'Estrées-Mons	613	(613)	-	*7.00%*	4,689	4,689	613	(613)	-	*7.00%*	2,281	2,281
Other	7,270	(5,791)	1,479		0	1,479	6,571	(5,684)	887		0	887
NON-CONSOLIDATED EQUITY INVESTMENTS	**11,666**	**(6,468)**	**5,199**		**8,199**	**13,398**	**10,967**	**(6,741)**	**4,226**		**5,625**	**9,851**

(1) Current account shareholder advances with an indefinite repayment term. Amount of the Cogénération Biomasse d'Estrées-Mons current account, net of impairment amounting to €918 thousand in 2017, €74 thousand in 2018

NOTE 17 Inventories

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017
Raw materials	15,076	15,149
Purchased goods	1,503	1,276
Finished goods	2,313	2,354
Work in progress	6,960	16,100
Contract costs (1)	2,658	-
Gross value	**28,510**	**34,879**
Raw materials	(5,593)	(5,543)
Purchased goods	(446)	(257)
Finished goods	(595)	(162)
Work in progress	-	-
Contract costs (1)	-	-
Impairment	**(6,634)**	**(5,962)**
Raw materials	9,483	9,605
Purchased goods	1,057	1,020
Finished goods	1,717	2,191
Work in progress	6,960	16,100
Contract costs (1)	2,658	-
CARRYING AMOUNT	**21,876**	**28,917**

(1) See Note 19

NOTE 18 Trade and other receivables

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017*
Trade accounts receivable, not yet due	54,766	70,299
Trade accounts receivable past due by:	41,199	34,782
less than one month	18,167	9,322
between 1 and 3 months	7,513	9,473
between 3 and 6 months	5,426	4,990
between 6 and 12 months	3,567	5,936
more than 1 year	6,525	5,060
Gross trade accounts receivable	**95,965**	**105,081**
Impairment	(3,878)	(2,208)
Net trade accounts receivable	**92,087**	**102,874**
Accrued revenue	9,150	6,391
TRADE AND OTHER RECEIVABLES	**101,237**	**109,264**

* Amounts restated for the effects of IFRS 15, as discussed in Note 2. An allowance for impairment is recognized for receivables that are more than six months past due, unless there is specific evidence that there is no collection risk (generally, a technical issue to be settled).

NOTE 19 Contract assets and liabilities

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017*
Accrued income from contracts in progress	137,024	92,444
Contract costs(1)	2,658	-
CONTRACT ASSETS	**139,682**	**92,444**
Advances and down payments received from customers	2,157	11,585
Deferred income from contracts	57,227	138,235
CONTRACT LIABILITIES	**59,384**	**149,820**
CONTRACT ASSETS NET OF CONTRACT LIABILITIES	**199,066**	**242,265**

*Amounts restated for the effects of IFRS 15, as discussed in Note 2.
(1) Reported in "Inventories and work in progress" (Note 17)

The change in contract assets and liabilities reflects €690 million in revenue recognized over the period for work in progress, which is higher than the amount of customer invoices issued over the period and presented separately (in Note 18).

Contract costs reflect costs incurred to secure and execute contracts, which correspond to satisfying outstanding performance obligations or performing specific planned contracts.

NOTE 20 Other operating assets and liabilities

A. Social security and tax receivables and payables

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017
Amounts due from personnel	552	517
Amounts due from government and other public authorities	78,436	73,456
SOCIAL SECURITY AND TAX RECEIVABLES	**78,988**	**73,973**
Amounts due to personnel	33,273	34,262
Amounts due to government and other public authorities	38,082	35,728
SOCIAL SECURITY AND TAX PAYABLES	**71,355**	**69,990**

B. Other operating assets and liabilities

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017*
Miscellaneous accounts receivable	7,065	3,912
Impairment of other receivables	(29)	(29)
Prepaid expenses	5,509	6,033
Derivative financial instruments	329	890
OTHER OPERATING ASSETS	**12,875**	**10,806**
Miscellaneous accounts receivable	5,352	4,904
Deferred income	3,786	3,992
Derivative financial instruments	2,125	3
OTHER OPERATING LIABILITIES	**11,262**	**8,899**

*Amounts restated for the effects of IFRS 15, as discussed in Note 2.

NOTE 21 Equity

A. Share capital

At December 31, 2018, share capital amounted to €6,056,220 divided into 3,028,110 fully-paid shares with a par value of €2. There were no changes in the reporting period.

B. Form of shares

The shares are either registered of bearer shares, at the shareholder’s discretion.

C. Voting rights

Registered shares carry double voting rights once they have been held for two years.

At December 31, 2018, there were 2,414,227 registered shares with double voting rights.

D. Crossing of thresholds

The Company's by-laws provide for disclosure when each threshold of 2.5 % of capital and voting rights is crossed.

E. Treasury shares

As part of a share buyback program approved at the Annual General Meeting on May 24, 2018, the Company renewed a liquidity agreement with Exane.

Treasury share data for 2018 are presented in the following table:

	CNIM	Exane	Total
Number of shares at January 1, 2018	160,601	9,622	170,223
Number of shares purchased in 2018	27,848	9,792	37,640
Average purchase price	118.50	114.47	117.45
Number of shares sold in 2018	0	7,807	7,807
Average sales price	0	113.10	113.10
Number of treasury shares at December 31, 2018	188,449	11,607	200,056
Weighted average number of treasury shares			188,293
Weighted average number of ordinary shares			2,839,817
Total number of shares			3,028,110

F. Dividends proposed

A dividend of €5.25 per share will be proposed at the Annual General Meeting on June 26, 2019.

A dividend of €5.25 per share, approved at the Annual General Meeting on May 24, 2018, was paid on July 4, 2018.

NOTE 22 Loans and borrowings

A. Breakdown of current and non-current financial liabilities

(in € thousands)

	Dec. 31, 2018			Dec. 31, 2017		
	Non-current	Current	Total	Non-current	Current	Total
Borrowings	57,221	7,759	64,980	35,098	2,386	37,484
Refundable advances	5,654	312	5,966	4,966	868	5,834
Sales of receivables	-	3,439	3,439	1,918	6,657	8,575
Payables on finance leases, other	208	705	912	589	122	711
GROSS FINANCIAL LIABILITIES	**63,083**	**12,214**	**75,297**	**42,571**	**10,032**	**52,603**
Bank overdrafts	**-**	**1,543**	**1,543**	**-**	**1,884**	**1,884**
NET FINANCIAL LIABILITIES	**63,083**	**13,758**	**76,840**	**42,571**	**11,916**	**54,487**

Loans and borrowings due in less than one year are recorded under current financial liabilities.

B. Change in financial liabilities

(in € thousands)

	Dec. 31, 2017	Cash flow(1)	Changes in consolidation scope(2)	Foreign currency translation adjustments	Dec. 31, 2018
GROSS FINANCIAL LIABILITIES	**52,603**	**22,110**	**575**	**9**	**75,297**

(1) Amounts analyzed in the Statement of Cash Flows

(2) PPA adjustment for the Winlight companies acquired in December 2017

(in € thousands)

	Dec. 31, 2018
Opening balance	**52,603**
Issue of loans and borrowings(1)	30,852
Repayment of loans and borrowings (1)	(3,599)
Other financing transactions(1)	(5,143)
Other changes(2)	584
Closing balance	**75,297**

(1) Amounts analyzed in the Statement of Cash Flows

(2) Including a €575 thousand PPA adjustment for the Winlight companies acquired in December 2017

C. Breakdown of foreign currencies and maturities

(in € thousands)

	Dec. 31, 2018			Dec. 31, 2017		
	Total	Euros	Foreign currency	Total	Euros	Foreign currency
Less than one year	**13,758**	12,765	992	11,916	11,139	777
1-5 years	**60,574**	60,574	-	35,951	35,894	57
More than 5 years	**2,508**	2,449	60	6,621	6,621	-
TOTAL	**76,840**	**75,788**	**1,052**	**54,487**	**53,653**	**834**

Equivalent value (in € thousands)	Foreign currency	Dec. 31, 2018	Dec. 31, 2017
Moroccan dirhams	MAD	923	741
US dollars	USD	68	93
Pounds sterling	GBP	60	
TOTAL		**1,052**	**834**

D. Breakdown of loans and borrowings

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017
Loan to invest in Exensor Group	30,000	30,000
Loan to fund work at SCI Bassano	2,256	3,363
Loan to invest in the Estrées Mons project company	200	800
Drawdown of the renewable credit line	30,000	-
Financing loan for R&D projects	2,513	3,118
Other loans and borrowings	11	203
TOTAL	**64,980**	**37,484**
Non-current	57,221	35,098
Current	7,759	2,386

Borrowings and debt due in less than one year are recorded under current financial liabilities.

In December 2017, the Group renewed a syndicated credit line (multi-currency) of €120 million, which was renewable for a five-year period (with the possibility of two one-year extensions) at a floating rate (Euribor or Libor). €30 million of this credit line had been drawn down at December 31, 2018. The credit line is subject to a covenant calculated based on the consolidated financial statements, limiting the net debt to EBITDA ratio to 2.5. The covenant conditions were met at the reporting date.

In December 2017, the company took out a €30 million floating-rate (Euribor) loan repayable over six years (that has been rendered fixed rate using an interest rate swap) to refinance the July 2017 acquisition of Exensor. The loan is subject to the same covenant as the 2017 syndicated credit line.

In 2015, the Company took out a €5 million loan at a fixed rate of 1.2%, repayable over five years, to finance renovation work at the Group's headquarters (SCI Bassano). The loan is subject to the same covenant as the 2017 syndicated credit line.

The loan to invest in Estrées Mons was taken out in April 2013 at a floating rate (Euribor), repayable over five years. It is subject to two six-monthly covenants based on the consolidated financial statements. The covenant conditions were met at the 2017 reporting date, as the net debt to equity ratio was below 0.80 and the net debt to EBITDA ratio was below 2.

NOTE 23 Retirement and other employee benefits

(in € thousands)

	Dec. 31, 2017	Additions	Reversals (utilizations)	Actuarial differences	Foreign currency translation adjustments	Other*	Dec. 31, 2018
Provisions for long-service awards	449	-	(21)	-	-	56	485
Provisions for retirement benefits	26,717	3,915	(2,963)	(1,645)	9	(206)	25,827
TOTAL	**27,166**	**3,915**	**(2,984)**	**(1,645)**	**9**	**(150)**	**26,312**

* Mainly reflects the deconsolidation of CEB-Kogeban

A. Retirement benefits

a. Overview of Group pension plans

The Group has the following pension plans:

France

- A plan providing for a lump-sum payment upon retirement based on the number of years of service and final salary at retirement;
- A supplementary defined contribution plan for senior executives. Contributions are expensed in the reporting period. As there is no commitment for the Group beyond the contributions made, no provisions are recognized.
- A supplementary defined benefit plan for employees retiring in senior executive positions after 60 years of age. A provision is accrued for the resulting benefit obligation.

United Kingdom

- Employees are members of a defined benefit pension plan.

Morocco

- Employees are entitled to a retirement benefit paid by the employer at retirement.
- Former employees are also covered by a healthcare insurance policy.

The amounts recognized in the balance sheet are determined as follows:

(in € thousands)

	Dec. 31, 2018				Dec. 31, 2017
	France	United Kingdom	Other	Total	Total
Value of obligation	25,523	4,731	327	30,581	31,551
Fair value of plan assets	(23)	(5,995)	-	(6,018)	(5,510)
Liability recognized at reporting date	**25,500**	**-**	**327**	**25,827**	**26,717**
Asset recognized at reporting date	**-**	**1,264**	**-**	**1,264**	**676**

Changes in obligations over the reporting period relating to defined benefit plans are detailed below:

(in € thousands)

	Dec. 31, 2018				Dec. 31, 2017
	France	United Kingdom	Other	Total	Total
Value of the obligation at the beginning of the reporting period	**26,400**	**4,834**	**317**	**31,551**	**36,208**
Change in consolidation scope *	(167)	-	-	(167)	-
Foreign currency translation adjustments	-	(39)	10	(29)	(189)
Current service costs	2,341	121	-	2,462	2,465
Interest cost	430	113	-	543	554
Tax	-	17	-	17	(870)
Plan settlements	(128)	45	-	(83)	
Employee contributions	-	-	-	-	16
Benefits paid	(1,690)	(96)	-	(1,787)	(7,196)
Actuarial gains and losses	(1,662)	(264)	-	(1,927)	564
Value of the obligation at reporting date	**25,523**	**4,731**	**327**	**30,581**	**31,551**

Changes in plan assets over reporting period are detailed below:

(in € thousands)

	Dec. 31, 2018				Dec. 31, 2017
	France	United Kingdom	Other	Total	Total
Value of plan assets at beginning of reporting period	**(1)**	**5,510**	**-**	**5,509**	**5,758**
Foreign currency translation adjustments	-	(51)	-	(51)	(178)
Expected return on plan assets	-	138	-	138	145
Employer contributions	-	720	-	720	4,320
Employee contributions	-	17	-	17	-
Plan settlements/benefits paid	-	(96)	-	(96)	(4,699)
Administrative costs	-	-	-	-	(73)
Actuarial gains and losses	24	(242)	-	(219)	236
Value of plan assets at reporting date	**23**	**5,996**	**-**	**6,018**	**5,509**

Components of pension expense recognized in the income statement were as follows:

(in € thousands)

	Dec. 31, 2018				Dec. 31, 2017
	France	United Kingdom	Other	Total	Total
Current service costs	2,341	121	-	2,462	2,465
Interest cost	430	113	-	543	554
Return on plan assets	-	(138)	-	(138)	(145)
Administrative costs	-	-	-	-	73
Expense for the period	**2,771**	**96**	**-**	**2,867**	**2,947**

The average weighted term of the obligation is 13 years.

The Company estimates that it will pay €0.4 million in retirement benefits in 2019.

In France, defined benefit contributions for 2019 are estimated at €0.5 million.

b. Actuarial assumptions

The main assumptions used to calculate the provisions for Group pension plans are as follows:

	Dec. 31, 2018		Dec. 31, 2017	
	France	United Kingdom	France	United Kingdom
Discount rate	1.60%	2.75%	1.50%	2.35%
Future salary increase rate	3.00%	3.30%	3.00%	3.25%
Inflation rate	2.00%	3.25%	2.00%	RPI: 3.25%
Mortality table	INSEE TGH05- TGF05 table	S2PXA, CMI_2015	INSEE TGH05-TGF05 table	S2PXA, CMI_2015

c. Breakdown of plan assets

The main asset categories and expected returns are as follows:

(%)	Dec. 31, 2018	Dec. 31, 2017
Equities	0%	0%
Bonds	11%	5%
Diversified growth funds	39%	36%
Other*	50%	59%
TOTAL	**100%**	**100%**

* Including, in 2018, 17% for "Multi-assets credit" and 40% for "Liability Driven Investments"; and in 2017, 18% for "Multi-assets credit" and 40% for "Liability Driven Investments".

The allocation of assets only concerns the United Kingdom.

d. Sensitivity of the retirement obligation to changes in discount rate

An overall 0.25 % decrease in the discount rate would increase the retirement obligation by 3% in France and 4% in the United Kingdom.

B. Obligations for long-service awards

The Group's French companies pay a bonus when granting long-service awards. The bonus is based on the number of years of service in the company. The provision at December 31, 2018 amounted to €485 thousand.

The provision for long-service awards at December 31, 2018 was calculated using actuarial methods based on assumptions regarding the age of employees when they are granted the long-service bonuses, mortality (INSEE table TGH-TGF 2005), the number of years of service and personnel turnover. An inflation rate of 2% and discount rate of 1.6% (including inflation) were used.

NOTE 24 Other provisions for contingencies and liabilities

(in € thousands)

	Dec. 31, 2017*	Additions	Reversals (utilizations)	Reversals (surplus)	Foreign currency translation adjustments	Other changes	Dec. 31, 2018
Provisions for litigation	7,796	795	(850)	(3,361)	(5)	1,314	5,689
Provisions for losses at completion	6,213	2,847	(4,778)	-	(13)	47	4,316
Other contingency provisions	12,732	1,643	(1,113)	(5,053)	13	(1,314)	6,908
Provisions for other expenses	116	-	-	-	-	(56)	60
Total non-current provisions	**26,857**	**5,285**	**(6,741)**	**(8,414)**	**(5)**	**(9)**	**16,972**
Provisions for guarantees	18,252	2,658	(4,279)	(5,796)	46	-	10,882
Accruals on completed contracts	24,219	7,464	(9,156)	(5,633)	19	(47)	16,866
Total current provisions	**42,470**	**10,122**	**(13,435)**	**(11,428)**	**65**	**(47)**	**27,748**
TOTAL PROVISIONS FOR CONTINGENCIES AND LIABILITIES	**69,327**	**15,407**	**(20,175)**	**(19,843)**	**61**	**(56)**	**44,721**

* Amounts restated for the effects of IFRS 15.

Provisions for losses at completion

When it becomes likely that a construction contract's cost at completion will exceed total estimated revenue, the expected loss at completion is immediately expensed as a "provision for losses at completion" under provisions for contingencies and liabilities.

Other contingency provisions

"Other contingency provisions" mainly include provisions for penalties and customer claims.

Provisions for guarantees

Provisions for guarantees are recognized either based on an analysis of expenses incurred in the past on similar projects, or by applying a percentage of the sales price.

As the Group is involved in various business activities, more than one method is required.

For the main business activity generating provisions for guarantees (the construction of new plants in the Environment & Energy operating segment), a rate of 2% of the contract price is applied. This rate was determined based on an analysis of all guarantee expenses incurred for the business activity as a whole, given the strong technical similarity between contracts. The rate may be increased if a specific problem is identified.

For contracts in the Innovation & Systems segment with highly specific technical characteristics, past expenses on similar contracts were analyzed, resulting in rates ranging from 0.5% to 1.5% of revenues.

Provisions for accruals on completed contracts

When a contract has been completed and accepted by the customer, any outstanding expenses relating to the contract are recorded under "Provisions for accruals on completed contracts".

Provisions for accruals on completed contracts have a very short maturity and are utilized within 12 months of contract completion.

NOTE 25 Financial instruments

Since January 1, 2018, IFRS 9 has defined three categories of financial instruments:

- Financial assets or liabilities at fair value through other comprehensive income,
- Financial assets or liabilities at fair value through profit or loss,
- Loans or receivables at amortized cost

IFRS 13 requires use of the fair value hierarchy to measure each financial asset or liability. The categories are:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices that are observable either directly or indirectly;
- Level 3: unobservable inputs for the asset or liability.

Fair values are determined using information available at the reporting date, and therefore do not reflect any subsequent changes.

No financial instruments were transferred between levels 1 and 2, or to or from level 3 in 2018.

(in € thousands)

	Dec. 31, 2018					Dec. 31, 2017*	
	IFRS 9 category			Fair value level	Fair value	Carrying amount	Fair value
	FV through profit or loss	Amortized cost	Carrying amount				
Non-consolidated equity investments	5,199		5,199	3	5,199	4,226	4,226
Receivables relating to non-consolidated equity investments		8,199	8,199	3	8,199	5,625	5,625
Loans		1,176	1,176	2	1,176	1,892	1,892
Other non-current financial assets		1,329	1,329	2	1,329	1,340	1,340
Trade and other receivables		101,237	101,237	2	101,237	109,264	109,264
Accrued income from contracts		137,024	137,024	2	137,024	92,444	92,444
Cash and cash equivalents	85,978		85,978	1	85,978	146,609	146,609
Current derivatives	329		329	2	329	890	890
Financial assets	**91,506**	**248,965**	**340,472**		**340,472**	**362,290**	**362,290**
Non-current financial liabilities	(0)	63,083	63,083	2	63,096	42,571	42,608
Trade accounts payable		186,327	186,327	2	186,327	137,682	137,682
Other current financial liabilities		13,758	13,758	2	13,758	11,916	11,916
Current derivatives	2,125		2,125	2	2,125	3	3
Financial liabilities	**2,125**	**263,167**	**265,292**		**265,305**	**192,172**	**192,210**

* Amounts restated for the effects of IFRS 15, as discussed in Note 2

The fair value of financial assets and liabilities recognized at amortized cost is close to the carrying amount, except for certain loans and borrowings.

Fair value corresponds to quoted prices in active markets for listed securities (level 1) or fair value estimates for unlisted securities, determined based on the most appropriate financial information available in the circumstances for each security (level 3). For equity investments that are not quoted on an active market and for which fair value cannot be reliably measured, the Group uses historical cost less any impairment.

The fair value of loans and borrowings is determined by discounting the future cash flows of each borrowing against a yield curve based on euro-denominated interest rates and the Group's credit spread at the reporting date (level 2).

The Group's cash management policy aims to obtain a return on investment slightly above that of the money market, while preserving a high degree of liquidity in terms of assets managed, which are mostly invested in short-term interest rate products with minimal counterparty risk. The CNIM parent company centralizes cash in euros through a cash pooling system for the Group's French companies in order to optimize management of investments and overdrafts.

Derivatives comprise forward purchases/sales of foreign currency (primarily sales) and forex swaps. The Group has classified these derivatives as Level 2 financial assets as there are no observable prices or other market data to determine fair value (identical amounts/terms). The fair value of the derivatives is estimated using bank valuations or pricing models used by the financial markets, based on data available at the reporting date.

NOTE 26 Leases

A. Finance leases

Non-current assets held under finance leases that are similar to a purchase combined with a loan are recognized as assets.

The amounts relating to finance lease arrangements are as follows:

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017
Gross value	5,532	6,101
Depreciation/amortization	(3,656)	(5,392)
Carrying amount	**1,875**	**708**
Lease payments	362	114
Interest expense	(24)	(10)
Depreciation and amortization expense	(192)	(252)
Net impact	**146**	**(147)**

Dec. 31, 2018	Lease payments for the period	Liabilities	< 1 year	1-5 years	>5 years
Property, plant and equipment	362	498	350	147	-
TOTAL	**362**	**498**	**350**	**147**	**-**

Dec. 31, 2017	Lease payments for the period	Liabilities	< 1 year	1-5 years	>5 years
Property, plant and equipment	114	261	116	145	-
TOTAL	**114**	**261**	**116**	**145**	**-**

B. Operating leases

(in € thousands)

Dec. 31, 2018	Lease payments for the period	Minimum future lease payments	< 1 year	1-5 years	>5 years
Buildings	2,235	9,286	2,165	7,121	
IT equipment	57	152	62	90	
Transport equipment	903	1,024	803	221	
Furniture and office equipment	986	3,838	982	2,856	
TOTAL	**4,182**	**14,301**	**4,012**	**10,289**	**-**

Dec. 31, 2017	Lease payments for the period	Minimum future lease payments	< 1 year	1-5 years	>5 years
Buildings	4,468	16,919	4,424	12,495	
IT equipment	83	66	33	33	
Transport equipment	815	1,781	794	987	
Furniture and office equipment	54	112	35	77	
TOTAL	**5,420**	**18,878**	**5,286**	**13,592**	**-**

NOTE 27 Off-balance sheet commitments

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017
Commitments given:		
Contract bank guarantees	429,591	368,060
Commitments received:		
Bonds received from suppliers	168,003	167,464

NOTE 28 Contingent liabilities

There were no material contingent liabilities at December 31, 2018.

NOTE 29 Related parties

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017
1) Sales of goods and services - Joint ventures and equity-accounted associates	21,014	20,761
2) Purchases of goods and services - Joint ventures and equity-accounted associates	4,242	2,726
3) Operating receivables - Joint ventures and equity-accounted associates	2,182	3,088
4) Operating payables - Joint ventures and equity-accounted associates	539	421
5) Loans granted - Joint ventures and equity-accounted associates	21,958	25,731

6) Senior management

(in e thousands)

	Management bodies			
	Dec. 31, 2018		Dec. 31, 2017	
	Group Directors' Committee and Management Board	Supervisory Board	Executive Committee and Management Board	Supervisory Board
Financial commitments	-	-	-	-
Retirement benefit commitments	7,422	-	4,627	-
Advances and loans granted	-	-	-	-
Remuneration	3,803	794	3,188	766

All managers with senior executive status over 60 years of age are entitled to a supplementary defined benefit pension plan.

Senior executives do not have any stock options.

Transactions with related parties were carried out under normal market conditions.

NOTE 30 Risk exposure

A. Financial risk

a. Foreign exchange risk

- **Operational foreign exchange risk**

Exposure

Foreign exchange risk on tender offers corresponds to the financial risk borne by Group companies when tendering in currencies other than their functional currency. Although this risk arises when the bid is submitted and persists throughout its validity period, it only materializes when the offer is accepted and forms the basis of a contract. The risk becomes real (or certain) when the contract is signed.

Risk mitigation

In compliance with the Group's operating risk management policy with regard to transactional foreign exchange risk in the tendering and contract phases:

- The Group carries out a comprehensive analysis of foreign exchange risk for each project during the tendering phase, taking into account forecast cash inflows and outflows in each currency;
- All commercial efforts are made to hedge the amounts naturally by balancing out forecast receipts and disbursements by foreign currency;

- Where there is residual foreign exchange exposure during the tender phase, any hedging based on the estimated probability of winning the tender and market conditions is carried out using specific export insurance policies (with insurers such as Coface), or by using derivative instruments in the form of options;
- For each contract booked, the foreign exchange exposures are hedged using forward purchases/sales of foreign currency. These derivatives are used to hedge highly probable or certain future cash flows;
- Group companies' foreign currency hedges are contracted by the Group Financing and Treasury Department, under the responsibility of the Group Chief Financial Officer, based on forecast foreign currency receipts and disbursements on completion as reported by the project manager or finance director of the subsidiary or division concerned;
- During the entire execution phase of each contract, foreign exchange exposures are actively monitored and the hedging portfolio is adjusted accordingly.

- **Financial foreign exchange risk**

At December 31, 2018, no external borrowings had been contracted by Group companies in currencies other than the functional currency of the entity concerned.

- **Foreign exchange risk - net investments in foreign operations**

Foreign exchange risk related to net investments in foreign operations corresponds to the balance sheet translation risk arising in consolidated subsidiaries whose functional currency is different from that of the parent company.

As the majority of the consolidated entities' functional currency is the euro, the Group still has low exposure to this risk.

Consequently, the Group has no hedges for net investments in foreign operations.

Foreign exchange gains and losses arising from changes in the exchange rate are presented in Note 9 to the 2018 consolidated financial statements.

b. Interest rate risk

- **Debt**

Variable-rate loans that are not certain to be drawn down are not hedged.

At December 31, 2018, the amount of variable-rate debt was not material (see Note 22 to the consolidated financial statements).

- **Cash and cash equivalents**

The Group's cash management policy aims to obtain a return on investment slightly above that of the money market, while preserving a high degree of liquidity in terms of assets managed, which are mostly invested in short-term interest rate products.

The Group does not have any investments in equity or bonds.

B. Counterparty risk

a. Exposure

Counterparty risk is the risk of losses that the Group may bear in the event that a counterparty defaults on its contractual obligations.

The Group is exposed to counterparty risk in its ordinary operations:

- risk relating to trade receivables from customers,
- risk related to partners, sub-contractors and suppliers;
- in its investment and hedging activities.

The concentration of the customer portfolio is affected by the percentage of completion of the Group's main contracts and therefore changes from year to year.

b. Risk mitigation

- **Credit risk relating to trade receivables**

According to the country risk assessment, turnkey contracts for export may be guaranteed to cover:

- the risk of early contract termination due to a breach of contract by the buyer, a political event, or a natural disaster;
- the risk of non-payment;
- the risk of first demand bank guarantees issued to the buyer being called, whether:
- unfairly, or
- fairly, but without any breach of contract by the Contractor, due to a political event preventing the Contractor from continuing to execute the contract.

In the case of private sector contracts:

- Prior to signing contracts, the Group analyzes credit risk, notably by consulting information from companies specialized in providing commercial data. During the contract phase, non-payment risk is mitigated by:
- the negotiation of appropriate payment forms, i.e., standby letters of credit and/or irrevocable documentary letters of credit, in some cases confirmed by a leading financial institution;
- the negotiation of payment terms to minimize the potential negative discrepancy between the amounts disbursed irrevocably and the amounts received throughout contract execution;
- obtaining guarantees from the customer's parent company.

Trade receivables that are past due are followed up systematically and progressively based on their due dates and the aged trial balance.

During the 2018 reporting period, and at the date of this Registration Document, the Group did not recognize any material non-payment(s) from any of its clients.

- **Counterparty risk relating to partners, sub-contractors and suppliers**

CNIM performs a risk analysis during the process of selecting partners, sub-contractors and suppliers, the results of which may lead to:

- a refusal to contract with a given partner, sub-contractor or supplier;
- a request for the third party concerned to provide bank guarantees or parent-company guarantees;
- an adjustment of the payment terms in line with the risks borne.

Despite this process, the technical failure or financial default of a partner, sub-contractor or supplier could occur, resulting in additional obligations that may have an impact on the Group's earnings.

- **Counterparty risk relating to investment and hedging activities**

The Group is exposed to counterparty risk on its cash investments and the derivative financial instruments used to hedge foreign exchange and interest rate risk. In the case of derivative financial instruments, counterparty risk corresponds to the fair value of the instruments contracted with a counterparty, where the fair value is positive.

The Group mitigates counterparty risk by systematically restricting the choice of banking counterparties to leading financial institutions.

C. Liquidity risk

Liquidity risk is the risk that the Group will have insufficient financial resources to meet its obligations.

The Group has carried out a specific review of its liquidity risk and believes that it is able to meet its future obligations as they fall due.

Accordingly, the Group deems that it is not significantly exposed to liquidity risk. At December 31, 2018:

- consolidated net cash (cash and cash equivalents less net debt) totaled €9.1 million compared with €92.1 million at December 31, 2017;
- the Group had a €120 million medium-term credit facility, of which €30 million had been drawn down at December 31, 2018. With cash and cash equivalents of €86 million (compared to €146.6 million at December 31, 2017), the Group's liquid resources totaled €176.0 million at December 31, 2018, compared with €266.6 million at December 31, 2017);
- as discussed in Note 22 of the 2018 consolidated financial statements, the above-mentioned medium-term credit facility is subject to the following default clause that applies to the consolidated financial statements:

net debt to EBITDA ratio less than or equal to 2.5. The Group was in compliance with the covenant at December 31, 2018.

The complete analysis of loans and borrowings is presented in Note 22 to the 2018 consolidated financial statements.

NOTE 31 Statutory auditors' fees

The following table presents the fees of CNIM SA's statutory auditors and members of their respective networks, recognized for the 2018 and 2017 reporting periods.

(in € thousands)

		Deloitte				PwC			
		2018		2017		2018		2017	
		Amount	%	Amount	%	Amount	%	Amount	%
Statutory audit and certification of parent company and consolidated financial statements	CNIM	170	41.8%	166	39.1%	170	41.6%	166	39.9%
	Consolidated subsidiaries	204	50.2%	206	48.7%	205	50.1%	214	51.5%
	Total	**374**	**92.0%**	**372**	**87.9%**	**375**	**91.7%**	**379**	**91.4%**
Other services category 1 [(1)]	CNIM	-	-	-	-	-	-	-	-
	Consolidated subsidiaries	-	-	-	-	-	-	-	-
	Total	**-**	**-**	**-**	-	**-**	**-**	**-**	-
Other services category 2 [(2)]	CNIM	-	-	38	9.0%	34	8.3%	36	8.6%
	Consolidated subsidiaries	33	8.0%	13	3.1%	-	-	-	-
	Total	**33**	**8.0%**	**51**	**12.1%**	**34**	**8.3%**	**36**	**8.6%**
Other services	CNIM	-	-	38	9.0%	34	8.3%	36	8.6%
	Consolidated subsidiaries	33	8.0%	13	3.1%	-	-	-	-
	Total	**33**	**8.0%**	**51**	**12.1%**	**34**	**8.3%**	**36**	**8.6%**
Total	CNIM	170	41.8%	204	48.1%	204	49.9%	201	48.5%
	Consolidated subsidiaries	237	58.2%	220	51.9%	205	50.1%	214	51.5%
	Total	**407**	**100.0%**	**423**	**100.0%**	**409**	**100.0%**	**415**	**100.0%**

(1) Services other than the statutory audit and certification of the financial statements, which are expressly entrusted to the statutory auditors in accordance with national law or the provisions of European Union (EU) law that are directly applicable in national law.

(2) Services other than the statutory audit and certification of the financial statements, other than those required by national or European Union (EU) law, which are permitted under professional rules governing statutory auditors, particularly rules on independence. In 2018, this mainly comprised attestations concerning statements made by CNIM or subsidiaries regarding expenses or other accounting items.

NOTE 32 Subsequent events

None.

6.3 Parent company financial statements at December 31, 2018 (AFR)

6.3.1 Balance sheet

6.3.1.1 ASSETS

(in € thousands)

	Notes	Dec. 31, 2018			
		GROSS	Acc. depr. amort. & prov.	NET	NET Dec. 31, 2017
NON-CURRENT ASSETS					
Intangible assets	4	**55,957**	**20,011**	**35,946**	**28,277**
Land		2,903	285	2,617	2,624
Buildings		35,468	24,989	10,478	8,295
Technical facilities, equipment and tooling		41,196	33,189	8,007	5,137
Other		15,726	12,048	3,678	2,823
Assets in progress		2,002	0	2,002	4,235
Property, plant and equipment	5	**97,294**	**70,511**	**26,782**	**23,115**
Non-consolidated equity investments		152,715	46,485	106,230	90,215
Receivables related to equity investments		67,506	3,293	64,213	36,555
Other non-current financial assets		27,107	7,443	19,664	17,568
Non-current financial assets	6	**247,328**	**57,220**	**190,107**	**144,338**
Total non-current assets		**400,579**	**147,743**	**252,836**	**195,730**
Inventories and work in progress		9,010	4,070	4,940	1,709
Advances and down payments made on orders		5,811	5	5,806	5,541
Operating receivables:					
Trade and other receivables	7	160,714	1,270	159,444	111,707
Other receivables	7	194,387	40,914	153,473	160,112
Marketable securities	8	5,057	412	4,645	3,857
Cash		43,360	0	43,360	104,737
Prepaid expenses	9	6,087	0	6,087	17,425
Total current assets		**424,426**	**46,671**	**377,755**	**405,089**
Expenses to be allocated to future reporting periods	9	807	0	807	1,003
Unrealized exchange losses	15	340	0	340	1,071
TOTAL		**826,152**	**194,413**	**631,738**	**602,893**

6.3.1.2 EQUITY AND LIABILITIES

(in € thousands)

	Notes	Dec. 31, 2018	Dec. 31, 2017
Equity			
Share capital		6,056	6,056
Additional paid-in capital		7,237	7,237
Legal reserve		606	606
Retained earnings		90,171	65,936
Net income for the period		(1,992)	39,084
Tax-driven provisions	11	4,445	4,111
Equity	10	**106,523**	**123,030**
Provisions for contingencies and liabilities	12	**22,481**	**35,200**
Borrowings and debt			
Bank borrowings and debt	13	62,466	34,175
Other borrowings and debt	13	206,158	161,790
Total borrowings and debt		**268,624**	**195,965**
Advances and down payments received		**1,923**	**9,768**
Operating liabilities			
Trade accounts payable	13	142,986	85,932
Social security and tax payables	*13*	48,287	39,698
Total operating liabilities		**191,273**	**125,631**
Other liabilities	13	621	604
Total liabilities		**191,893**	**136,003**
Deferred income	14	39,943	111,338
Unrealized exchange gains	14	351	1,358
TOTAL		**631,738**	**602,893**

6.3.2 Income Statement

(in € thousands)

	Notes	Dec. 31, 2018	Dec. 31, 2017
OPERATING INCOME			
Revenue	17	457,288	377,521
Capitalized production		2,205	133
Increase in semi-finished and finished goods		2,658	(5,508)
Operating grants		6	3
Reversal of depreciation, amortization and provisions		20,502	39,751
Expense transfers	17	2,116	897
Other operating income		1,375	829
TOTAL OPERATING INCOME		**486,150**	**413,626**
OPERATING EXPENSES			
Purchases and change in inventories		(328,927)	(244,869)
Other external expenses		(51,135)	(48,048)
Taxes other than income taxes		(6,931)	(6,108)
Personnel expenses			
Wages and salaries		(63,726)	(58,509)
Social security contributions		(28,054)	(26,658)
Depreciation and amortization expense		(5,368)	(7,402)
Change in provisions		(9,047)	(14,898)
Other operating expenses		(5,197)	(5,804)
TOTAL OPERATING EXPENSES		**(498,384)**	**(412,298)**
OPERATING INCOME		**(12,234)**	**1,328**
FINANCIAL INCOME			
Income from marketable securities		9	265
Income from loans and receivables and other financial income		2,290	2,908
Reversals of provisions and expense transfers		6,829	17,588
Foreign exchange gains		3,883	5,089
Income from equity investments		7,239	37,149
TOTAL FINANCIAL INCOME		**20,250**	**62,999**
FINANCIAL EXPENSE			
Amortization allowances and provisions for financial items		(14,538)	(22,969)
Interest and financial expense		(1,065)	(1,223)
Foreign exchange losses		(2,634)	(4,473)
TOTAL FINANCIAL EXPENSE		**(18,237)**	**(28,665)**
NET FINANCIAL INCOME	18	**2,013**	**34,334**
PRETAX INCOME		**(10,222)**	**35,662**
Non-recurring income		3,093	21,328
Non-recurring expenses		(2,944)	(20,892)
NON-RECURRING INCOME, NET	19	**150**	**436**
Employee profit sharing expense		(19)	(390)
Income tax	20	8,099	3,377
NET INCOME		**(1,992)**	**39,084**

6.3.3 Statement of Cash Flows

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017
Net income	**(1,992)**	**39,084**
Depreciation, amortization and provisions	(5,696)	(14,653)
Gains or losses on disposals	188	(240)
Net cash from operations	**(7,500)**	**24,191**
Inventories and work in progress	(5,281)	5,594
Advances and down payments made	(265)	(3,178)
Change in trade and other receivables	(45,688)	15,811
Other receivables and adjustment accounts	(3,655)	(7,034)
Advances and down payments received	(7,845)	(572)
Change in operating liabilities	(3,090)	16,435
Change in other liabilities	1,705	(271)
Change in working capital	**(64,117)**	**26,785**
Net cash flow from (used in) operating activities (A)	**(71,617)**	**50,977**
Acquisition of non-current assets	(67,244)	(10,860)
Change in loans to subsidiaries	3,563	2,623
Disposal of non-current assets	2,937	380
Impact of restructuring (capital increase)	0	0
Net cash flow used in investing activities (B)	**(60,745)**	**(7,857)**
Dividends paid	(14,849)	(19,280)
Investment grants	681	64
Proceeds from borrowings	30,781	30,257
Repayment of borrowings	(1,708)	(1,694)
Change from use of BPI funding	(883)	(1,387)
Disposal (acquisition) of treasury shares	(3,300)	(2,039)
Net cash flow from financing activities (C)	**10,722**	**5,921**
NET INCREASE IN CASH AND CASH EQUIVALENTS A+B+C	**(121,640)**	**49,040**
Closing cash and cash equivalents		
Marketable securities and treasury shares	15,093	38,927
Cash	33,324	69,727
Bank overdrafts	(10)	(12)
Current accounts with subsidiaries	(75,199)	(13,795)
	(26,792)	**94,848**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(121,640)**	**49,040**

6.3.4 Notes to the parent company financial statements

NOTE 1 Consolidation scope

CNIM SA is the parent company of the CNIM Group.

NOTE 2 Accounting policies and methods

The financial statements for the year ended December 31, 2018 have been prepared and presented in accordance with French generally accepted accounting principles and the provisions of Regulation 2016-07 of November 4, 2016 of the French accounting standards board on the new Chart of Accounts. They also comply with the principle of prudence, and have been prepared on an accrual basis, assuming that the company is a going concern. Items have been recorded in the accounts on the basis of the historical cost method.

A. Intangible assets and property, plant and equipment

Intangible assets are recognized at acquisition cost.

a. Business goodwill and accounting loss recognized for business combinations

Following the July 2015 amendment of the French Commercial Code, to transpose the 2013 European Union Accounting Directive into French law, the French accounting standards board (ANC) issued Regulation 2015-06 and an accompanying information note in order to:

- set forth the requirements relating to goodwill amortization and impairment in the parent company's financial statements;
- change the accounting treatment for business combination accounting loss in the parent company's financial statements.

These new rules are mandatory for accounting periods beginning on or after January 1, 2016.

Consequently, goodwill can be allocated:

- to a group of assets, if it is only attributable to the group of assets and no synergies are expected from other groups of assets;
- to several groups of assets, if it can be allocated on a reasonable, consistent and permanent basis;
- to a combined group of asset groups, if it cannot be allocated on a reasonable, consistent and permanent basis among asset groups.

Goodwill that is not amortized is tested for impairment on an annual basis.

- When unamortized goodwill is allocated to a group of assets, it is tested for impairment at each asset group level.
- When goodwill can only be allocated to a combined group of asset groups: initially, each asset group to which goodwill is allocated is tested; subsequently, an impairment test is performed on the combined group of asset groups to which goodwill is allocated.

An impairment loss is recognized for each group of assets or combined group of asset groups if the carrying amount of the group exceeds its recoverable amount. The recoverable amount is the higher of fair value less costs to sell and value in use, calculated using the discounted cash flow method.

b. Intangible assets

	Term
Capitalized R&D costs	5 years
Concessions, patents, licenses	5-10 years
Software	3 years

Concessions, patents and licenses are amortized over a period that is shorter than their legal protection period.

c. Property, plant and equipment

- **Measurement**

Property, plant and equipment is recognized at acquisition cost. Property, plant and equipment acquired in foreign currency is converted into euros based on the exchange rate effective at the transaction date. In accordance with the component approach, the Company uses different depreciation periods for each major component of an asset whenever the useful life of a component differs from that of the main asset to which it relates.

- **Depreciation**

Depreciation is calculated using the straight-line method based on the assets' useful lives as indicated below.

The Company uses the following useful lives for depreciation purposes:

Depreciation periods

	Term		Term
Civil engineering buildings[1]	30 years	Control equipment	8 years
Building improvements	10 years	Transport equipment (vehicles)	4 years
Roads	20 years	Small handling equipment	4 years
Equipment and tooling	10 years	Furniture and office equipment	5-10 years
Movable equipment (gantry cranes, bridges, cranes)	5-10 years	Safety equipment	4 years
Small equipment	8 years	IT equipment	2-5 years
Tooling	5 years		

(1) Residual value: 10% of gross value.

B. Non-current financial assets

Non-current financial assets are carried at their acquisition cost, excluding ancillary expenses.

a. Equity investments

Equity investments and other non-current financial assets are estimated at their value in use, which is assessed based on management's most recent profitability forecasts, the Company's share of the net assets, and the revalued net assets at the reporting date. If their value in use exceeds their carrying amount, the latter is not modified; However, if their carrying amount exceeds their value in use, an impairment provision is recognized. When net equity is negative and CNIM SA has undertaken to provide financial support to the subsidiary, a provision equal to the share of net equity is recorded.

b. Receivables related to equity investments

Receivables relating to equity investments are recognized on the balance sheet at their historical cost. An allowance is recognized for impairment when there is collection risk.

c. Portfolio investments

Portfolio investments are recognized on the balance sheet at their acquisition cost. They may be impaired based on their net asset value and business outlook.

C. Measurement of inventories and work in progress

a. Inventories

Inventories are carried at their weighted average cost. An impairment loss is recognized when their carrying amount exceeds their estimated net realizable value or when the Company believes that it may not be able to use part of the inventories.

b. Work in progress

The carrying amount of work in progress includes all components of cost except for selling, general, administrative and finance costs, which are expensed as incurred.

D. Construction contracts

Revenue and profit on construction contracts in progress are accounted for using the percentage-of-completion method.

Revenue is recognized on the basis of percentage completion, which is calculated using the latest estimate of the total contract price multiplied by the actual stage of completion of the contract.

Stage of completion is determined by measuring the contract costs incurred to date over estimated costs at completion.

When contract margins are expected to be negative, a provision for loss at completion is recorded in non-current liabilities.

On contract completion, only outstanding expenses remain on the balance sheet, as a provision in current liabilities.

Amounts received before construction contract work is performed are presented in “Advances and down payments received”.

Costs incurred, plus profit recognized less progress billings is calculated. If the net amount is positive, it corresponds to amounts due from the customer and is reported in the line item “Trade and other receivables”. If the amount is negative, it reflects amounts due to the customer and is reported in the line item “Deferred income”.

For purposes of consistency with the consolidated financial statements, advances and down payments received from customers for work performed have been netted against amounts due from customers in assets.

E. Receivables and payables

Receivables and payables are carried at their nominal amount.

Doubtful receivables are written down, as appropriate, based on collection risk.

F. Marketable securities

Marketable securities are recorded at cost. Their fair value is determined based on their average price in the last month of the reporting period for publicly traded securities, the most recent known purchase price for money market funds, and the most recent net asset value for securities held in mutual funds. A provision for impairment is recognized for unrealized losses; unrealized gains are not recognized.

Accrued interest is recognized only if it can be identified (i.e., on fixed rate treasury bonds, certificates of deposit or term accounts).

G. Provisions for contingencies and liabilities

Provisions mainly comprise the following:

a. Provisions for contingencies

1) Provisions for ongoing litigation and disputes established on the basis of the Group's best estimate of the risk borne.

2) Provisions for guarantees given to customers are recognized either based on a statistical analysis of expenses incurred in the past on similar projects, or by applying a percentage of the sales price.

3) When a loss at completion is expected on a construction contract, the loss to date is recognized as an expense based on percentage of completion, and the loss beyond percentage of completion is accrued in “Provisions for losses at completion”.

4) Other provisions for contingencies: this line item includes provisions for subsidiaries' negative net assets, other than impaired assets such as current accounts and trade receivables. The line item also includes provisions for foreign exchange risk.

b. Provisions liabilities

Not all accrued expenses relating to completed contracts are recognized at the delivery date. Any outstanding accrued expenses are recorded under “Provisions for accruals on completed contracts”.

Provisions for accruals on completed contracts have a very short maturity and are almost fully utilized within 12 months of the delivery date.

c. Provisions for long-service awards

The company pays a bonus when granting long-service awards. The bonus is based on the number of years of service in the company.

The provision for long-service awards was calculated using actuarial methods based on assumptions regarding the age of employees when they are granted the long-service awards, mortality (INSEE table TGH and TGF 2005), the number of years of service, personnel turnover, an inflation rate of 2% and a discount rate of 1.5% (including inflation). The provision at December 31, 2018 amounted to €423 thousand.

H. Advances received on contracts in progress

This line item relates exclusively to advances and payments received from customers in relation to contracts in progress.

I. Transactions denominated in foreign currencies

Expenses and income denominated in foreign currencies are accounted for at the exchange rate effective at the transaction date, or at the project contract rate for project-related hedges. Balance sheet items including receivables, payables and cash denominated in foreign currencies are translated at the reporting date exchange rate. Any resulting translation differences are recognized on the balance sheet in unrealized exchange gains or losses.

A provision for contingencies is recognized for unrealized exchange losses on unhedged transactions.

J. Research and development costs

Research and development costs are expensed when incurred.

Development costs are recognized as intangible assets when they meet the following recognition criteria:

- technical feasibility of completing the asset for sale or use has been established;
- intention to complete the asset and use or sell it;
- ability to use or sell the asset;
- ability to demonstrate how the asset will generate future economic benefits;
- availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset;
- ability to reliably measure the expenditure attributable to the intangible asset.

Development costs that cannot be separated from contracts are not capitalized.

K. Consolidated tax group

The consolidated tax group applies the principle of neutrality whereby tax savings accrue to CNIM, as head of the tax group, which has no commitment to return savings to tax-consolidated subsidiaries when they recover profitability.

L. Payroll tax credit (CICE)

A payroll tax credit to promote competitiveness and employment (CICE) was introduced in France in 2013 based on compensation paid during a given year. CNIM SA has recognized the tax credit as a deduction from social security and related payroll contributions.

The Company's use of the tax credit will be decided based on discussions with the works council before July 1 of each year, as provided for by French employment law (Loi de sécurisation de l'emploi). As discussions are underway, we already know that the payroll tax credit will be used to improve the company's competitiveness. It has not been used to increase distributed profit or management compensation.

M. Retirement benefit obligations

Retirement benefits due to all employees on the payroll at December 31, 2018 amounted to €9,759 thousand. The obligation has not been recognized in the parent company financial statements.

Retirement benefits are calculated using actuarial methods, based on retirement age, mortality (INSEE TH00-02-TF00-02 [death] tables), the number of years of service and personnel turnover assumptions. They also take into account a salary increase rate of 1%, an inflation rate of 2% and a discount rate of 1.5%.

All employees with senior executive status over 60 years of age are entitled to a supplementary defined benefit pension plan.

NOTE 3 Significant events of the period

None

NOTE 4 Intangible assets

(in € thousands)

Type of fixed asset	Value at Jan. 1, 2017	Increases due to acquisitions	Inter-account transfers	Changes due to impairment losses (+) , impairment reversals (-)	Value at Dec. 31, 2018
Gross value					
Start-up costs	-				-
Concessions, patents, licenses	3,571				3,571
Other intangible assets	12,309	352	654		13,315
Business goodwill[1]	22,343	5,636			27,979
Capitalized development costs	4,833				4,833
Assets in progress	4,093	2,820	654		6,260
TOTAL GROSS VALUE	**47,149**	**8,808**	**-**	**-**	**55,957**
Accumulated amortization/impairment					
Start-up costs					-
Concessions, patents, licenses	3,197			71	3,267
Other intangible assets	10,385			1,069	11,454
Business goodwill	457				457
Capitalized development costs	4,833				4,833
TOTAL ACCUMULATED AMORTIZATION/IMPAIRMENT	**18,872**	**-**	**-**	**1,139**	**20,011**
CARRYING AMOUNT	**28,277**	**8,808**	**-**	**1,139**	**35,946**

[1] Business goodwill comprises:

Business goodwill - BABCOCK	5,903	CBS
Business goodwill - SACOM	347	CBS
Business goodwill - ALFA-LAVAL (BE)	457	CBS
Business goodwill - Cittic merger	76	CSI
Business goodwill - BTP/BTA merger deficit	1,629	CSI
Business goodwill - Maromme Agency	120	CBS
Business goodwill - Tup Cnim Environnement	12,500	DE
Business goodwill - Cnim Transport France	10	CSI
Business goodwill - INVEN	1,300	T
Business goodwill - LAB SERVICES	5,636	DE
	27,979	

Business goodwill	Carrying amount	Allocated to asset group
Inven	1,300	Thermal engineering
CBS business goodwill	6,828	CBS
Environment & Energy business combination accounting loss	18,136	Environment & Energy
CSI business combination accounting loss	1,715	Innovation & Systems
TOTAL	**27,979**	

Business goodwill is allocated to a group of assets, which is tested for impairment using the discounted cash flow method. As the recoverable amount of each group was higher than their carrying amount, no impairment loss was recognized.

NOTE 5 Property, plant and equipment

(in € thousands)

Type of fixed asset	Value at Jan. 1, 2018	Increases due to acquisitions	Inter-account transfers	Decreases due to disposals or retirements	Impairment losses (+) , Impairment reversals (-)	Value at Dec. 31, 2018
Gross value						
Land and improvements	2,903					2,903
Buildings						
- On owned land	18,000	1,338	10			19,347
- On third-party land						
- General facilities, fixtures,	14,154	1,302	664			16,120
and building improvements						0
Buildings	32,153	2,640	674	0	0	35,468
Technical facilities, equipment	36,849	1,227	3,339	219		41,196
and tooling						
Other property, plant and equipment						
- General facilities, fixtures,						
and building improvements	0					0
- Transportation and handling equipment	1,048	20	8			1,076
- Office and IT equipment,	10,512	1,407	94			12,013
Furniture	2,059	526	52			2,637
- Reusable packaging and miscellaneous						
Other property, plant and equipment	13,620	1,952	154	0	0	15,725
Assets in progress	4,235	1,934	(4,167)			2,002
Advances and down payments	0					0
TOTAL GROSS VALUE	**89,760**	**7,753**	**0**	**219**	**0**	**97,294**
Accumulated depreciation/impairment						
Land and improvements	278				7	285
Buildings						
- On owned land	14,130				0	14,130
- On third-party land						
- General facilities, fixtures,	9,728				0	9,728
and building improvements						
Buildings	23,858				1,131	24,989
Technical facilities, equipment	31,712				1,477	33,189
and tooling						
Other property, plant and equipment						
- General facilities, fixtures,						
and building improvements	0					0
- Transportation and handling equipment	959				36	995
- Office and IT equipment,	9,837				1,215	11,053
Furniture						
- Reusable packaging and miscellaneous						
Other property, plant and equipment	10,796	0	0	0	1,252	12,048
TOTAL ACCUMULATED DEPRECIATION/IMPAIRMENT	66,644	0	0	0	3,867	70,511
CARRYING AMOUNT	**23,115**	**7,753**	**0**	**219**	**(3,867)**	**26,782**

NOTE 6 Non-current financial assets

(in € thousands)

Type of fixed asset	Amount at Dec. 31, 2017	Increases	Decreases	Amount at Dec. 31, 2018
Gross value				
Equity investments (1)	135,355	19,247	(1,887)	152,715
Receivables related to equity				
investments (2)	40,243	31,352	(4,090)	67,506
Other non-current financial assets				
Portfolio investments (3)	3,538			3,538
Other non-current investments	5,699	114		5,813
Loans(4)	1,593		(633)	959
Treasury shares(5)	13,233	3,300		16,533
Deposits and guarantees	250	21	(6)	265
Other non-current financial assets	**24,312**	**3,435**	**(640)**	**27,107**
TOTAL GROSS VALUE	**199,909**	**54,034**	**(6,616)**	**247,328**
IMPAIRMENT				
Equity investments	45,140	5,298	(3,953)	46,485
Receivables related to equity				
investments (6)	3,688	449	(844)	3,293
Other non-current financial assets:				
Portfolio investments (7)	1,065		(381)	684
Other non-current investments	5,637			5,637
Loans	0			0
Treasury shares	0	1,080		1,080
Deposits and guarantees	42			42
Other non-current financial assets	**6,743**	**1,080**	**(381)**	**7,443**
TOTAL IMPAIRMENT	**55,571**	**6,827**	**(5,178)**	**57,220**
CARRYING AMOUNT	**144,338**	**47,207**	**(1,438)**	**190,107**

(1) Equity investments:
Changes in equity investments include:
- Bertin Technologies capital increase: €15,000 thousand
- SUNCNIM capital increase: €2,500 thousand
- CNIM India capital increase: €257 thousand
- Creation of PBE : €962 thousand
- Creation of CNIM 7 to CNIM 13: €18 thousand
- Creation of CNIM Activ'emploi: €40 thousand
- Creation of CNIM Paris Batignolles: €40 thousand
- Creation of CNIM Private Companies Management: €35 thousand
- Creation of CNIM Construction LLC: €35 thousand
- Disposal of Babcock International: €942 thousand
- Disposal of CNIM Énergie Biomasse: €550 thousand
- Disposal of Estrees-Mons Énergie Biomasse: €34 thousand

(2) Receivables relating to equity investments:
Changes in receivables relating to equity investments comprise the following:
Increase in the LAB USA loan: +€7,927 thousand
New loan for Bertin Technologies: +€20,000 thousand
New loan for Picardie Biomasse Énergie: +€506 thousand
New loan for Nerea: +€1,189 thousand
Capitalization of accrued interest for Kogeban: +€167 thousand
Additional loans and capitalization of accrued interest for CBEM: +€1,563 thousand

(3) Portfolio investments
5,471 Foster Wheeler Fakop shares (€1,051 thousand) accounting for 10.96% of share capital. The shares were written down by €161 thousand.
21,487 Kogeban shares (€1,867 thousand), accounting for 10.87% of share capital.
2,450 CBEM shares (€613 thousand) accounting for 7% of share capital.

(4) Loan: mainly comprising the outstanding balance of the vendor financing of €2,200 thousand granted in connection with the sale of the Babcock Wanson sub-group, which amounts to €933 thousand
(5) Treasury shares:
A total of 188,449 shares were included in non-current financial assets at December 31, 2018, following the repurchase of 27,848 shares in 2018.
(6) Impairment of receivables relating to equity investments mainly comprising:
- Impairment of the loan granted to CNIM Canada: €2,770 thousand
- Impairment of CBEM loan: €74 thousand
- Impairment of the PBE loan: €449 thousand
(7) Reversal of the impairment loss on KOGEBAN shares: €381 thousand

A. Impairment of equity investments

(in € thousands)

	Gross	Impairment	Carrying amount	% interest
CNIM NETHERLANDS	31,000		31,000	100%
CNIM OUEST ARMOR	40		40	100%
CNIM CTG	40		40	100%
CNIM SAOUDI	1,328	1,328	0	94%
CNIM RUS	0		0	100%
EKOMZ	2		2	70%
CNIM 6 (formerly BW Holding)	2,453	291	2,163	100%
CBM (formerly BW Maroc)	6,299	5,716	583	98%
CNIM CZ SRO (formerly CBCE)	3,135	3,135	1	92%
CCUAT	82		82	50%
CNIM UK / Martin E. S.	2,371		2,371	100%
CNIM INDUSTRIE	60	60	0	100%
Babcock Services	5,661	619	5,042	100%
CB Services	11	11	0	100%
CTH	23,427	17,864	5,563	100%
CTF	12,302	12,302	0	100%
CTIPE	4	4	0	100%
Dauphine	1	1	0	100%
Bertin Technologies	30,492		30,492	100%
CSBC	1	1	0	50%
LAB	18,500		18,500	100%
Technoplus Industries	4,500		4,500	35%
SCI 35 rue de Bassano	8		8	100%
SMA	63		63	3%
CNIM Babcock Sulamerica	6	6	0	100%
CNIM INSERTION (formerly STOMA)	51		51	100%
CNIM E.C.S	1		1	100%
SOMMUDIMEC	4	4	0	0%
CNIM CENTRE France	40		40	100%
CEB			0	100%
CTA	40		40	100%
EMEB	0		0	85%
CNIM ASIA PACIFIC LTD	1		1	100%
CNIM 1 à CNIM 4	10	10	0	100%
SUN CNIM	8,419	4,172	4,248	59%
CNIM Middle East	37		37	100%
CNIM US	178		178	100%
CNIM SWITZERLAND	19		19	100%
CNIM INDIA	1,000		1,000	100%
PBE	962	962	0	49%
CNIM 7	3		3	100%
CNIM 8	3		3	100%
CNIM 9	3		3	100%
CNIM 10	3		3	100%
CNIM 11	3		3	100%
CNIM 12	3		3	100%
CNIM 13	3		3	100%
CNIM ACTIV'EMPLOI	40		40	100%

CNIM PARIS BATIGNOLLES	40		40	100%
CNIM PRIVATE COMPAGNIES MANAGEMENT	35		35	49%
CNIM CONSTRUCTION LLC	35		35	49%
TOTAL	**152,715**	**46,485**	**106,230**	

B. Receivables relating to equity investments

(in € thousands)

	Gross	Impairment	Carrying amount
SCI 35, rue de Bassano	9,118		9,118
CNIM Canada	2,770	2,770	0
BW Maroc	643		643
Kogeban	3,510		3,510
CBEM (Estrées Mons)	4,763	74	4,689
LAB USA Washington	13,514		13,514
LAB USA Pope Douglas	3,633		3,633
LAB USA Redwing	7,849		7,849
GER PBE	495		495
PBE	1,200	449	751
Bertin Technologie	20,000		20,000
Other	10		10
Total	**67,506**	**3,293**	**64,213**

NOTE 7 Total receivables

(in € thousands)

Receivables	Gross amount	Dec. 31, 2018		
		Due date - 1 year	Due date 1-5 years	Due date + 5 year
Receivables on non-current assets				
Receivables related to equity investments	67,506	12,670	44,539	10,296
Loans	174		174	
Deposits and guarantees (portion of other non-current financial assets)	265		265	
TOTAL 1	**67,944**	**12,670**	**44,977**	**10,296**
Trade and other receivables				
Doubtful receivables	0	0		
Trade notes receivable	0	0		
Other trade accounts receivable[1]	160,714	160,714		
TOTAL 2	**160,714**	**160,714**	**0**	**0**
Other operating receivables				
Amounts due from personnel	416	416		
Amounts due from social security organizations	0	0		
Amounts due from government and other public authorities	57,322	57,322		
Miscellaneous accounts receivable	1,864	1,864		
Group and associates	134,786	134,786		
TOTAL 3	**194,387**	**194,386**	**0**	**0**
Prepaid expenses	6,087	6,087		
TOTAL RECEIVABLES	**429,132**	**373,856**	**44,977**	**10,296**

[1] Of which related parties: €16,232 thousand

Accrued income: €95,068 thousand

NOTE 8 Marketable securities

(in € thousands)

	Dec. 31, 2018 Number of securities	Dec. 31, 2018 Amount	Dec. 31, 2017 Amount
TREASURY SHARES (liquidity agreement)	11,607	1,364	1,331
HSBC	225	3,531	2,167
BNP PARIBAS MONEY 3M	7	162	419
AMUNDI 6M			
DEPOSIT CERTIFICATES			
TOTAL	**11,839**	**5,057**	**3,917**
Impairment of treasury shares:		412	60
Purchase price of treasury shares		1,364	1,331
Market value		952	1,294
Unrealized capital gain on marketable securities after tax		0	0

NOTE 9 Adjustement accounts

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017
Prepaid expenses (1)	6,087	17,425
Expenses to be allocated to future reporting periods (2)	807	1,003
Unrealized exchange losses	340	1,071
Total	**7,234**	**19,499**

(1) Prepaid expenses result mainly from the percentage of completion of contracts in progress.
(2) Recognition over a five- and six-year period of management and service fees paid by the Company in connection with the rollover of its medium-term credit facility.

NOTE 10 Changes in equity

(in € thousands)

	Dec. 31, 2017	Prior year net income appropriation	Dividend distribution	Dividends on treasury shares	Change in tax-driven provisions	Net income for the period	Dec. 31, 2018
Share capital	6,056						6,056
Additional paid-in capital	7,237						7,237
Legal reserve	606						606
Retained earnings	65,936	23,186		1,049			90,171
Tax-driven provisions and grants	4,111				334		4,445
Equity before net income appropriation	83,946	23,186	0	1,049	334		108,515
Net income for the period	39,084	(23,186)	(14,849)	(1,049)		(1,992)	(1,992)
TOTAL	**123,030**	**0**	**(14,849)**	**0**	**334**	**(1,992)**	**106,523**

At December 31, 2017, share capital amounted to €6,056,220 divided into 3,028,110 fully paid shares with a par value of €2. There were no changes over the year. See Note 18 for details on dividend payments.

NOTE 11 Tax-driven provisions

(in € thousands)

Type	Amount at Dec. 31, 2017	Increases Additions for the period	Decreases Reversals for the period	Amount at Dec. 31, 2018
Accelerated depreciation/amortization(1)	2,512	995	1,341	2,166
Investment grants(2)	1,599	681		2,279
TOTAL	4,111	1,675	1,341	4,445

(1) Accelerated depreciation/amortization is used mainly for tooling.
(2) Investment grants are mainly used for research and development projects.

NOTE 12 Provisions for contingencies and liabilities, and asset impairment

(in € thousands)

Items	Provisions at Dec. 31, 2017	Increases in 2018	Reversals in 2018 (utilizations)	Reversals in 2018 (surplus)	Provisions at Dec. 31, 2018
Provisions for contingencies					
Provisions for litigation	7,410	795	530	3,356	4,318
Provisions for guarantees	10,102	1,056	3,493	2,517	5,149
Provisions for unrealized exchange losses	1,070	316	1,070		316
Provisions for losses at completion	2,847	741	1,876		1,712
Other contingency provisions	1,227			839	389
Total contingency provisions	**22,657**	**2,908**	**6,969**	**6,712**	**11,883**
Provisions for liabilities					
Provisions for long-service awards	443		21		423
Accrued expenses on completed contracts	12,100	5,780	4,397	3,308	10,175
Total provisions for liabilities	**12,543**	**5,780**	**4,417**	**3,308**	**10,598**
Total provisions for contingencies and liabilities	**35,200**	**8,688**	**11,387**	**10,020**	**22,481**
Provisions for asset impairment					
Intangible assets and PP&E	482				482
Equity investments	48,828	5,747	4,871		49,704
Other non-current financial assets	6,743	1,080	536		7,288
Total financial assets	**55,571**	**6,827**	**5,407**	**0**	**56,992**
Raw material inventories	4163		93		4,069
Trade accounts receivable	668	674	72		1,270
Advances and down payments made on orders	5				5
Other receivables	34,451	7,043	581		40,914
Marketable securities	60	353			413
Total provisions for current assets	**39,347**	**8,070**	**746**	**0**	**46,671**
Total provisions for asset impairment	**95,399**	**14,897**	**6,153**	**0**	**104,145**
Total provisions for contingencies, liabilities and asset impairment	**130,599**	**23,585**	**17,540**	**10,020**	**126,624**
Operating items	-	16,090		20,502	-
Financial items	-	7,495		7,058	-
Non-recurring items	-	-		-	-
Total	**-**	**23,585**		**27,560**	**-**

NOTE 13 Loans and borrowings

(in € thousands)

	Gross amount	Maturity of liability		
		Less than 1 year	> 1 year < 5 years	More than 5 years
Bank overdrafts	10	10		
Other bank loans and borrowings (1)	62,456	37,321	25,135	
Bank borrowings and debt	**62,466**	**37,331**	**25,135**	
Miscellaneous non-Group borrowings and debt (2)	8,635	5,255	3,381	
Current account liabilities (Group)	197,523	197,523		
Miscellaneous borrowings and debt	**206,158**	**202,778**	**3,381**	
Trade accounts payable	142,735	142,735		
Social security and tax payables	48,287	48,287		
Payables related to asset acquisitions	251	251		
Other liabilities	621	621		
Total	**460,517**	**432,002**	**28,515**	

(1) Breakdown of bank loans and borrowings:
Loan to invest in the Cogénération Biomasse Estrées Mons project company: €200 thousand
Loan to fund work at SCI Bassano: €2,256 thousand
Loan to invest in the Exensor company: €30,000 thousand
Drawdown of the renewable credit line: €30,000 thousand
(2) Factoring of tax receivables to BPI: €5,260 thousand and €3,375 thousand in borrowings subject to specific conditions. The current portion comprises the factoring of the 2014 research tax credit.

NOTE 14 Adjustments accounts (Liabilities)

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017
Deferred income (1)	39,943	111,338
Unrealized exchange gains	351	1,358
TOTAL	**40,294**	**112,696**

(1)Mainly for construction contracts.

NOTE 15 Unrealized exchange losses

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017
Unrealized exchange losses	340	1,071
Provisions for contingencies	(316)	(1,070)
Net	**25**	**1**

Provisions are only recognized for unrealized exchange losses relating to unhedged transactions (See Note 2.9)

NOTE 16 Expenses payable

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017
Trade accounts payable	58,946	33,713
Social security and tax payables	16,506	16,965
Other liabilities	0	0
Total	**75,452**	**50,678**

NOTE 17 Revenues – Increase in semi-finished and finished goods

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017
Revenues (production sold)		
France	158,557	187,094
Export	298,731	190,427
Total revenues	457,288	377,521
Increase in semi-finished and finished goods		
France		(5,508)
Export	(2,657)	
Total increase in semi-finished and finished goods	(2,657)	(5,508)
Total	**454,631**	**372,012**

Breakdown of revenues by operating segment

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017
Environment & Energy	365,114	283,151
Innovation & Systems	92,174	94,370
Total	**457,288**	**377,521**

The CBS CGU, which was previously included in the Energy operating segment, is now included in the Environment & Energy operating segment.

Breakdown of revenues by geographic area

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017
France	182,716	187,094
United Kingdom	208,264	184,162
Rest of Europe	34,605	4,960
Asia	2,826	301
Other	28,877	1,004
Total	**457,288**	**377,521**

Expense transfers

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017
Expense transfers		
Insurance indemnities	2,116	897

NOTE 18 Net Financial Income

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017
Dividends received from investments(1)	7,239	37,149
Proceeds from disposals of marketable securities	9	265
Interest on non-current financial assets	2,214	1,931
Interest on receivables	76	977
Reversals of provisions for exchange losses	1,070	75
Reversals of other provisions	5,758	17,513
Foreign exchange gains	3,883	5,089
TOTAL FINANCIAL INCOME	**20,250**	**62,999**
Provisions for exchange losses	316	1,070
Charges to provisions (2)	14,222	21,899
Interest on current accounts and short-term investments	794	1,166
Other financial expenses	66	29
Net expenses on disposal of marketable securities	206	27
Foreign exchange losses	2,634	4,473
TOTAL FINANCIAL EXPENSE	**18,237**	**28,665**
NET FINANCIAL INCOME	**2,013**	**34,334**

(1) Breakdown of "Dividends received from investments"

COA dividends	350
LAB dividends	2,750
BWH dividends	120
CTG dividends	1,000
CCUAT dividends	210
CEB dividends	550
EEB dividends	100
BERTIN dividends	2,100
SMA dividends	58
	7,239

(2) This line item mainly comprises provision allowances relating to:
PBE securities: €962 thousand
SUN CNIM securities: €4,172 thousand
CNIM SAOUDI current account: €7,043 thousand

NOTE 19 Non-recurring income (expense)

(in € thousands)

	Dec. 31, 2018	Dec. 31, 2017
Reversal of depreciation, amortization and provisions	1,341	1,879
Disposal of property, plant and equipment and intangible assets	76	380
Disposals of financial assets	1,676	19,069
Other	-	-
Total non-recurring income	3,093	21,328
Charges to depreciation, amortization and provisions	995	1,645
Carrying amount of property, plant and equipment and intangible assets sold	53	140
Carrying amount of financial assets sold	1,887	19,069
Other (1)	9	38
Total non-recurring expenses	2,944	20,892
NON-RECURRING INCOME (EXPENSE), NET	**149**	**436**

NOTE 20 Tax

A. Consolidated tax group

(in € thousands)

	Contribution to consolidated tax group net income (loss)	Contribution to Group tax	Tax due not concerning consolidated tax group
CNIM – head of tax group	(13,712)	0	0
Contribution of subsidiaries after use of tax carry-forwards arising prior to tax consolidation: loss-making subsidiaries	(6,530)	0	
Profit-making subsidiaries	7,709	0	3,181
Consolidated net income	(12,533)		
Consolidated income tax expense			
Tax savings			3,181

B. Breakdown of income tax expense

(in € thousands)

	Profit (loss) before income tax and employee profit sharing expense		Income tax					Net income		
	Accounting	Tax	Other	Tax on dividends	Tax savings (tax consolidation)	Research tax credit and other	Due	Theoretical	Profit sharing	Accounting
Recurring										
. France	(11,222)	(14,041)			3,181	5,231	8,412	(2,810)	(19)	(2,829)
. International	1,000	1,004	(314)				(314)	687		687
Non-recurring	**150**	**159**			**0**	**0**	**0**	**150**	**0**	**150**
Total	(10,072)	(12,878)	(314)	0	3,181	5,231	8,099	(1,973)	(19)	(1,992)
1. France	(11,072)	(13,882)	0	0	3,181	5,231	8,412	(2,660)	(19)	(2,679)
2. International	1,000	1,004	(314)				(314)	687		687
Total	**(10,072)**	**(12,878)**	**(314)**	**0**	**3,181**	**5,231**	**8,099**	**(1,973)**	**(19)**	**(1,992)**

C. Taxable and deductible temporary differences

(in € thousands)

Nature of temporary differences	Amount	Rate
Taxable temporary differences		
- Accelerated depreciation/amortization	2,166	32%
- Unrealized gains on marketable securities		
- Unrealized exchange losses	340	32%
Total	**2,506**	
Corporate income tax at 34.43% - Deferred tax liability	803	
Deductible temporary differences		
- Unrealized gains on marketable securities		
Provisions and expenses not deductible in the year of recognition		
Unrealized gains already taxed		
- Social security compensation tax for 2018	212	32%
- Employee profit sharing accrual for 2018		
- Other provisions	316	26%
- Provisions for losses at completion	1,712	26%
- Unrealized exchange gains	351	32%
Total	**2,590**	
- Corporate income tax at 34.43% - Deferred tax asset	704	

D. Impact of favorable tax treatment on net income

(in € thousands)

Net income for the period	**(1,992)**
Charges to tax-driven provisions	995
Reversals of tax-driven provisions	(1,341)
Decrease in income tax due to provisions	(343)
Increase in income tax due to provision reversals	462
Net income excluding effect of tax treatment	**(2,219)**

NOTE 21 Finance lease commitments

(in € thousands)

Line items	Acquisition cost	Depreciation expense [1]		Carrying amount
		for the period	accumulated	
Equipment and tooling	1,500	0	1,500	0

(1) Depreciation that would have been recognized if the related items had been acquired (on a straight-line basis over 10 years).

NOTE 22 Off-balance sheet commitments

(in € thousands)

Commitments given		Dec. 31, 2018	Dec. 31, 2017
Liability guarantee on future asbestos litigation given to French investment fund (FCDE) on sale of Babcock Wanson sub-group			
Market bonds		375,744	322,413
including guarantees given on behalf of subsidiaries	Subsidiaries		
	CCF	*119*	-
	CNIM Singapore	*3,360*	*3,269*
	COA	*253*	*383*
	CTE	*369*	*3,683*
	CTF	*26*	*26*
	CTG	*873*	*112*
	Engineers FZC	*5,500*	*5,500*
	LAB GmbH		-
	LAB SA	*7,464*	*9,982*
	LAB USA Corp.	*4,367*	*4,169*
	LAB Washington	*684*	*653*
	MESE	*4,488*	*7,148*
	SUNCNIM	*20,128*	*10,351*
	VECSYS	*803*	*803*
Total guarantees given on behalf of subsidiaries		***48,433***	***46,078***

Commitments received	Dec. 31, 2018	Dec. 31, 2017
Bonds received from suppliers	153,712	152,289

Reciprocal commitments 2018					
Currency	Type of contract	Amount	Guaranteed rate	Currency	+/- 1 year
Forward purchase					
GBP	Forward purchase	9,082,502.60	0.89456	EUR	-1 year
GBP	Forward purchase	211,646.70	0.91402	EUR	+1 year
USD	Forward purchase	14,004,000.00	1.16519	EUR	-1 year
USD	Forward purchase	29,385,000.00	1.21054	EUR	+1 year
Forward sale					
CHF	Forward sale	1,803,680.42	1.18547	EUR	-1 year
CNH	Forward sale	4,610,640.00	8.15593	EUR	-1 year
GBP	Forward sale	11,034,881.94	0.87858	EUR	-1 year
GBP	Forward sale	1,120,265.00	0.88748	EUR	-1 year
USD	Forward sale	22,991,753.60	1.15543	EUR	-1 year
USD	Forward sale	78,240,000.00	1.23941	EUR	+1 year
DKK	Forward sale	19,352,523.00	7.4655	EUR	+1 year

Reciprocal commitments 2017					
Currency	Type of contract	Amount	Guaranteed rate	Currency	+/- 1 year
Forward purchase					
CNH	Forward purchase	9,325,265.00	7.9749	EUR	< 1 year
GBP	Forward purchase	608,450.00	0.8856	EUR	> 1 year
GBP	Forward purchase	5,713,699.48	0.8814	EUR	< 1 year
USD	Forward purchase	476,473.00	1.1679	EUR	< 1 year
Forward sale					
DKK	Forward sale	25,924,922.00	7.4387	EUR	< 1 year
GBP	Forward sale	7,019,805.00	0.8768	EUR	> 1 year
GBP	Forward sale	15,093,759.33	0.8607	EUR	< 1 year
USD	Forward sale	7,748,442.00	1.2557	EUR	> 1 year
USD	Forward sale	3,677,645.26	1.1801	EUR	< 1 year

Post-employment benefits	Dec. 31, 2018	Dec. 31, 2017
Retirement benefits due to all employees in service	18,121	17,393

NOTE 23 Headcounts

	Average workforce 2018
Engineers and managerial-grade employees (*cadres*)	701
Non-managerial grade employees	281
Manual workers	161
Total	1,143

In accordance with Article D 123-200 of the French Commercial Code, the calculation of the average number of employees in the reporting period is the arithmetic average number of employees at the end of each quarter of the calendar year or reporting period if the latter is not based on the calendar year.

NOTE 24 Management compensation

(in € thousands)

	2018			2017		
	Total	Management bodies		Total	Management bodies	
		Management Board and Group Directors' Committee	Supervisory Board		Management Board and Executive Committee	Supervisory Board
Retirement benefits	7,422	7,422		4,627	4,627	
Remuneration	4,597	3,803	794	3,954	3,188	766

NOTE 25 Subsidiaries and equity investments

(in € thousands)

Financial disclosures / Subsidiaries and equity investments	FR/INT	Share capital	Retained earnings & net income (loss) (before net income appropriation)	Net income (loss)	Equity interest (as a %)	Carrying amount of securities held		Outstanding loans and advances granted by the Company	Dividends
						Gross	Net		
A. DETAILED INFORMATION ON SUBSIDIARIES AND EQUITY INVESTMENTS									
1. Subsidiaries (equity interest >50%)									
Babcock-Services	INT	5,866	(1,268)	(58)	100.00	5,661	5,042	1,220	0
Bertin Technologies	FR	3,000	33,975	11,822	100.00	30,492	30,492	48,152	2,100
CNIM 6 (formerly BWH)	FR	50	2,157	(44)	100.00	2,453	2,163	0	120
CB-Services	INT	7	(308)	0	100.00	11	0	291	0
CNIM CZ SRO (formerly CBCE)	INT	93	(84)	(2)	91.67	3,135	0	0	0
CNIM Industrie	FR	39	(49)	(3)	100.00	60	0	20	0
CNIM Insertion	FR	38	124	7	100.00	51	51	70	0
CNIM Netherlands	INT	1,500	58,554	28,840	100.00	31,000	31,000	0	0
CNIM Russie	INT	0	3	0	100.00	0	0	5	0
CNIM Saoudi	INT	1,164	(18,815)	0	94.00	1,328	0	27,831	0
CNIM UK	INT	1,794	242	3,430	100.00	2,371	2,371	0	0
CNIM Ouest Armor	FR	40	1,072	311	100.00	40	40	0	350
CNIM Transport France	FR	5,794	(18,216)	(44)	100.00	12,302	0	12,803	0
CNIM Thiverval Grignon	FR	40	4,180	964	100.00	40	40	0	1,000
CNIM Transport Holding	FR	6,710	(4,329)	3,182	100.00	23,427	5,563	10,504	0
Ekomz	INT	1	0	0	70.00	2	2	0	0
LAB	FR	2,750	16,004	3,999	100.00	18,500	18,500	0	2,750
SCI 35, rue Bassano	FR	8	(445)	441	100.00	8	8	9,743	0
CNIM Centre France	FR	40	(363)	463	100.00	40	40	819	0
CNIM Terre Atlantique	FR	40	651	262	100.00	40	40	0	0
CNIM ECS	INT	1	1,253	(95)	100.00	1	1	0	0
SUNCNIM	FR	248	15,027	(8,051)	55.56	8,419	4,248	0	0
CNIM Babcock Maroc (formerly BWM)	INT	553	(277)	(879)	98.00	6,299	583	2,776	0
CNIM Middle East	INT	36	39	30	100.00	37	37	897	0
CNIM US	INT	175	(20)	(67)	100.00	178	178	175	0
CNIM 1	FR	3	(3)	(2)	100.00	3	0	4	0
CNIM 2	FR	3	(3)	(2)	100.00	3	0	4	0
CNIM 3	FR	3	(3)	(2)	100.00	3	0	4	0
CNIM 4	FR	3	(3)	(1)	100.00	3	0	4	0
CNIM Switzerland	INT	18	22	19	100.00	19	19	89	0
CNIM India	INT	1,913	(87)	(1,764)	0.52	1,000	1,000	0	0

CNIM ACTIV EMPLOI	FR	40	0	(1)	100.00	40	40	0	0
CNIM PARIS BATIGNOLLES	FR	40	0	(1)	100.00	40	40	0	0
CNIM 7	FR	3	0	(1)	100.00	3	3	0	0
CNIM 8	FR	3	0	(1)	100.00	3	3	0	0
CNIM 9	FR	3	0	(1)	100.00	3	3	0	0
CNIM 10	FR	3	0	(1)	100.00	3	3	0	0
CNIM 11	FR	3	0	(1)	100.00	3	3	0	0
CNIM 12	FR	3	0	(1)	100.00	3	3	0	0
CNIM 13	FR	3	0	(1)	100.00	3	3	0	0
2. Other equity investments (equity interest between 10% and 50%)									
CCUAT	FR	153	15	(6)	49.88	82	82	0	210
Technoplus Industrie	FR	7,012	1,951	175	34.79	4,500	4,500	0	0
PBE	FR	686	873	(270)	49.00	962	962	1,695	0
CNIM PRIVATE COMPANIES MANAGEMENT	INT	71	0	0	49.00	35	35	0	0
CNIM CONSTRUCTION LLC	INT	71	0	(179)	49.00	35	35	0	0
GENERAL INFORMATION ON ALL SUBSIDIARIES AND EQUITY INVESTMENTS									
1. Subsidiaries (> 50% equity interest)									
a) French subsidiaries (all)	FR	18,903	49,772	13,294	2,556	95,980	61,282	82,125	6,320
b) Foreign subsidiaries (all)	INT	13,121	39,253	29,454	1,254	51,042	40,233	33,283	0
2. Equity investments									
a) In French companies (all)	FR	7,851	2,838	(101)		5,544	5,544	1,695	210
b) In foreign companies (all)	INT	143	0	(179)		70	70	0	0

Amounts for non-French companies have been converted into euros at the exchange rate effective on December 31, 2018, with the exception of revenues and net income (loss), which were converted at the average exchange rate for the 2018 reporting period.

NOTE 26 Subsequent events

None.

7 2019 GENERAL MEETING

7.1 Report of the Management Board on the resolutions proposed to the Ordinary and Extraordinary General Meeting of 26 June 2019(AFR)

Ladies and Gentlemen,

We have brought you together in Ordinary and Extraordinary General Meeting in order to submit for your approval, in addition to the approval of the Company and Consolidated Financial Statements for the year ended 31 December 2018 and the other points mentioned in the Management Report on the financial year:

(i) for consideration as an Ordinary Meeting:

a. renewal of the term of office as member of the Supervisory Board of Ms Sophie Dmitrieff and Mr Alain Sonnette,

b. renewal of the assignments of the principal and deputy Statutory Auditors,

c. a proposal to authorise your Management Board to trade in the Company's shares;

d. a proposed resolution concerning the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components of the total remuneration and benefits of all kinds accruing to the executive corporate officers by virtue of their offices, in application of Article L.225-82-2 of the French Commercial Code;

d. and some draft resolutions concerning the items of remuneration paid or allocated in respect of the year ended 31 December 2018 to the Chairman of the Management Board and the Chairwoman of the Supervisory Board;

(ii) and for consideration as an Extraordinary Meeting:

a. a proposal to authorise the Management Board to reduce the share capital by cancelling treasury shares held by the Company in the context of share buy-back programmes.

The formalities for calling the meeting have been duly performed and all the documents prescribed by law have been made available to you in the manner and within the time frames that are applicable.

Shareholders may have the information on the aforementioned candidates as prescribed under Article R 225-83(5) of the French Commercial Code sent to them or provided to them at the Company's registered office at 35, Rue de Bassano, 75008 Paris. They may also access this information on the Company's website.

- **Authorisation of the Management Board to trade in the Company's shares up to a limit of 10% of the share capital**

The authorisation given to the Management Board to purchase shares in the Company by the General Meeting of 7 June 2017 was for a period of eighteen months. It will therefore expire before the date of the General Meeting which will be called to ratify the financial statements for the current year.

We therefore propose, in order for the Management Board to be able to purchase shares in the Company at any time, that you grant the Management Board a new authorisation in accordance with the provisions of Article L. 225-209 of the French Commercial Code, with the power to delegate in the terms provided by law, to have the Company purchase its own shares, with the proviso that this new authorisation will supersede any other authorisation on the same subject to the extent that it remains unused, and in particular the authorisation granted to the Management Board by the eighth resolution of the General Meeting of 7 June 2017.

We propose that you limit this authorisation to 302,811 shares.

The Management Board will use this authorisation in compliance with the legal and regulatory conditions applicable at the time of exercise, and in particular with the conditions and obligations imposed by Articles L. 225-209 to L. 225-212 of the French Commercial Code, by Regulation (EU) No. 2273/2003 of 22 December 2003, by Article L.451-3 of the French Monetary and Financial Code and by the provisions of the General Regulations of the AMF, (French Financial Markets Authority, hereinafter referred to in the English translation as the "AMF").

This authorisation may be used for the purposes of:

- ensuring liquidity and stimulating the market in the shares via an investment services provider acting, completely independently, within the framework of a liquidity agreement which conforms to the principles regarding liquidity agreements detailed in the code of ethics established by the French Financial Markets Association (AMAFI) dated 8 March 2011, as appended to the AMF decision of 21 March 2011 amending the AMF decision of 1 October 2008; delivering shares upon the exercise of rights attaching to transferable securities giving access to the Company's capital;
- allocating shares to employees or corporate officers of the Company or companies in its Group under the terms and in the manner provided by law, particularly in the context of profit sharing or stock option programmes, by granting free shares under the terms of Articles L. 225-197-1ff. of the French Commercial Code or under the conditions provided by Articles L.3332-1ff. of the French Labour Code;
- retaining shares for subsequent reissue in payment or exchange in the context of mergers or acquisitions, up to a limit of 5% of the share capital as provided in paragraph 6 of Article L.225-209 of the French Commercial Code;
- cancelling shares, subject to authorisation being granted by the Extraordinary General Meeting;
- undertaking any market practice permitted by the AMF, and more generally carrying out any other transaction which complies with the laws and regulations in force.

The purchase, sale or transfer of these shares may be carried out, provided that the law is respected, by any means, on one or several occasions, in the market or outside the market (specifically, over the counter, including by means of derivative financial instruments) and at any time, including during a takeover bid. No limit shall be placed on the portion of the programme that may be conducted via block trades, which portion may represent the entirety of the programme.

Specifically, the Company may in consequence of this authorisation purchase its own shares in or outside the market at a maximum price of €200 per share, with the stipulation that this amount may be adjusted by the Management Board in the case of transactions affecting the Company's share capital, in particular where capital is increased by capitalising reserves by either issuing free additional shares or increasing the nominal value of the shares.

The maximum amount of funds dedicated to carrying out the share buy-back programme will be €60,562,200, and the total number of treasury shares held by the Company may not exceed 10% of the share capital, in accordance with the law.

We propose that you grant this authorisation for a term of eighteen months.

We propose that you grant the Management Board all powers to implement this authorisation, in particular the power to choose the timing for commencing a buy-back programme and to determine its nature, and also to allocate or reallocate the shares acquired to the various purposes pursued subject to the applicable legal and regulatory conditions, it being specified that the Management Board may, on the terms provided by law, delegate to its Chairman or, with his agreement, to one or more of its other members, the powers necessary to carry out the programme, and in particular the power to place any stock market orders, conclude any agreements regarding in particular the keeping of records of share buy-backs and sales, carry out all formalities, measures and declarations vis-à-vis the AMF and any other body and, in general, to do whatever may be necessary.

The Management Board shall inform the Annual General Meeting of transactions executed, in accordance with applicable regulations.

- **Approval of the principles and criteria for the determination, distribution and allocation of the fixed, variable and exceptional components of the total compensation and the benefits of all kinds accruing to the Chairman of the Management Board, the members of the Supervisory Board and its committees, and the Chairwoman and Vice-Chairman of the Supervisory Board**

Having taken note of the report of the Supervisory Board prepared in accordance with Article L. 225-82-2 of the French Commercial Code and presented in section 5.1 of the Registration Document, we propose that you approve the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components of the total remuneration and benefits of all kinds accruing to them by virtue of their offices, of the Chairman of the Management Board, the members of the Supervisory Board and its committees, and the Chairwoman and Vice-Chairman of the Supervisory Board as described in the above-mentioned report.

- **Approval of the items of remuneration paid or allocated in respect of the year ended 31 December 2018 to Mr Nicolas Dmitrieff in his capacity as Chairman of the Management Board and to Ms Christiane Dmitrieff in her capacity as Chairwoman of the Supervisory Board**

Having taken note of the report of the Supervisory Board prepared in accordance with Article L.225-82-2 of the French Commercial Code and presented in section 5.1 of the Registration Document, we propose that you approve the items of remuneration paid or allocated by virtue of their offices to the Chairman of the Management Board and the Chairwoman of the Supervisory Board as described in the above-mentioned report.

- **Authorisation of the Management Board to reduce the share capital by cancelling treasury shares**

Since the authorisation for the Management Board to cancel treasury shares was granted by the General Meeting of 7 June 2017 for a period of eighteen months, it will expire before the date of the General Meeting called to ratify the financial statements for the current year.

We therefore propose, in order for the Management Board to be able to cancel these shares at any time, that you grant the Management Board, in accordance with the provisions of Article L.225-209 of the French Commercial Code, a new authorisation to cancel, at its sole discretion, on one or more occasions, all or part of the shares that the Company holds or may hold in treasury as a result of the various authorisations to purchase shares granted to the Management Board by the General Meeting, with the proviso that this new authorisation will supersede any other authorisation on the same subject, to the extent that it remains unused, and in particular the authorisation granted to the Management Board by the ninth resolution of the General Meeting of shareholders of 7 June 2017.

This authorisation will be limited to 10% of the share capital per twenty-four month period.

We propose that you delegate to the Management Board, with power to sub-delegate in accordance with the law, all powers necessary to carry out the reduction(s) in share capital arising from cancellations thus authorised, to cause the necessary accounting entries to be made, to allocate the difference between the purchase price and the nominal value of the cancelled shares to any balance sheet position for issue premiums or available reserves, to make corresponding amendments to the Articles of Association and, in general, to complete all necessary formalities.

We propose that you grant this authorisation for a term of eighteen months.

Your Statutory Auditors will prepare a report in accordance with the provisions of Article L.225-209 of the French Commercial Code.

Lastly, we propose that you grant all powers to accomplish all formalities regarding publication, filing and any other pertinent matters to the bearer of the original, an extract or a copy of the minutes to be drawn up of the General Meeting.

Under the above conditions, we propose that you adopt the resolutions the text of which is submitted for your approval.

The Management Board

7.2 Resolutions proposed to the Ordinary and Extraordinary General Meeting of 26 June 2019(AFR)

- **For consideration as an Ordinary Meeting**

First resolution:

Approval of the company financial statements for 2018

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the Management Report, the Report of the Supervisory Board as provided by Article L.225-68 of the French Commercial Code, the Report of the Statutory Auditors on the financial statements for the year ended 31 December 2018 and the Report of the Statutory Auditors on the Report of the Supervisory Board as provided by Article L.225-68 of the French Commercial Code, approves, in the form in which they have been presented, the company financial statements for the year ended 31 December 2018 disclosing a net loss of €1,991,818.47, as well as the transactions recorded in those financial statements and summarised in those reports, approves the amount of expenses and charges not deductible from profits subject to corporation tax as referred to in Article 39-4 of the General Tax Code, which amount to €29,781, and the corresponding tax of €10,253, and consequently discharges the Management Board and the members of the Supervisory Board from the performance of their duties for the financial year then ended.

This resolution was submitted to a vote and adopted with the required majority.

Second resolution:

Approval of the consolidated financial statements for 2018

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the Management Report, the Report of the Supervisory Board, as provided by Article L.225-68 of the French Commercial Code, the Report of the Statutory Auditors on the consolidated financial statements for the year ended 31 December 2018, and the report of the Statutory Auditors on the report of the Supervisory Board as provided by Article L.225-68 of the French Commercial Code, approves, in the form in which they have been presented, the consolidated financial statements for the year ended 31 December 2018, drawn up in accordance with the provisions of Articles L.233-16ff. of the French Commercial Code, disclosing net income attributable to owners of the parent of €32,825,000, as well as the transactions recorded in those financial statements and summarised in those reports.

This resolution was submitted to a vote and adopted with the required majority.

Third resolution:

Appropriation of profit

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the Management Report, noting that the legal reserve is fully constituted and that, including retained earnings, distributable profit stands at €7,697,131.01, resolves: to set the amount of the dividend to be distributed in respect of the year ended 31 December 2018 at €15,897,577.50, that is to say a dividend of €5.25 per share for each of the 3,028,110 shares forming the share capital, it being specified that the amount corresponding to the dividends that the Company cannot collect for shares held in treasury and remaining in treasury on the dividend payment date shall be carried forward as retained earnings; that this dividend shall consist of an amount of €5,897,577.50 taken from the distributable profit and an amount of €10,000,000 appropriated from "Other Reserves"; and that the dividend be made payable from 4 July 2018.

The General Meeting decided to make the dividend payable from 4 July 2019.

The dividend will entitle individuals resident for tax purposes in France to a 40% deduction in accordance with the provisions of Article 158/3/2 of the General Tax Code.

It is recalled that dividends distributed in respect of the previous three financial years were as follows:

(in €)	2017	2016	2015
No. of shares	3,028,110	3,028,110	3,028,110
Dividend	5.25	6.70	5.90

Fourth resolution:

Regulated agreements

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the special Report of the Statutory Auditors on the agreements referred to in Article L.225-86 of the French Commercial Code and voting on that report, approves each of the agreements there mentioned in turn, in accordance with the terms of Article L.225-88 of the said code.

This resolution was submitted to a vote and adopted with the required majority.

Fifth resolution:

Renewal of the term of office as member of the Supervisory Board of Ms Sophie Dmitrieff

The General Meeting, voting in accordance with the quorum and majority required for ordinary General Meetings, having taken account of the report of the Management Board, resolves to renew the term of office as member of the Supervisory Board of Ms Sophie Dmitrieff, residing at 29, Rue de Tolbiac, 75013 Paris, for a term of four (4) years which shall expire upon adjournment of the General Meeting called to ratify the financial statements for the financial year ending 31 December 2022.

This resolution was submitted to a vote and adopted with the required majority.

Sixth resolution:

Renewal of the term of office as member of the Supervisory Board of Mr Alain Sonnette

The General Meeting, voting in accordance with the quorum and majority required for ordinary General Meetings, having taken account of the report of the Management Board, resolves to renew the term of office as member of the Supervisory Board of Mr Alain Sonnette, residing at 24, Chemin de la Ferme, lot. La Cheneraie, 83500 La Seyne-sur-Mer, for a term of four (4) years which shall expire upon adjournment of the General Meeting called to ratify the financial statements for the financial year ending 31 December 2022.

This resolution was submitted to a vote and adopted with the required majority.

Seventh resolution:

Renewal of the assignments of the Statutory Auditor and Deputy Statutory Auditor

The General Meeting recognizes that the Statutory Auditor and Deputy Statutory Auditor assignments expire after the current session of the General Meeting to approve the financial statements for the year ended 31 December 2018.

The General Meeting decides to renew, upon expiry, the appointment of Deloitte & Associés as Statutory Auditor for a further period of six financial years. The duties of the Statutory Auditor shall expire following a decision by the General Meeting or the competent body approving the financial statements for the sixth year, namely the year ending 2024, assuming no intervening accounting period changes. The Statutory Auditor thus reappointed has declared that it agrees to this renewal of its assignment and will continue to fulfil all necessary conditions to perform it.

The General Meeting decides to renew, upon expiry, the appointment of Price Waterhouse Coopers Audit as Principal Statutory Auditors for a further period of six financial years. The duties of the Statutory Auditor shall expire following a decision by the General Meeting or the competent body approving the financial statements for the sixth year, namely the year ending 2024, assuming no intervening accounting period changes. The Statutory Auditor thus reappointed has declared that it agrees to this renewal of its assignment and will continue to fulfil all necessary conditions to perform it.

The General Meeting decides to renew, upon expiry, the appointment of Price Waterhouse Coopers Audit as Deputy Statutory Auditor for a further period of six financial years. The duties of the Deputy Statutory Auditor shall expire following a decision by the General Meeting or the competent body approving the financial statements for the sixth year, namely the year ending 2024, assuming no intervening accounting period changes. The Statutory Auditor thus reappointed has declared that it agrees to this renewal of its assignment and will continue to fulfil all necessary conditions to perform it.

The General Meeting decides to renew, upon expiry, the appointment of Beas as Deputy Statutory Auditor for a further period of six financial years. The duties of the Deputy Statutory Auditor shall expire following a decision by the General Meeting or the competent body approving the financial statements for the sixth year, namely the year ending 2024, assuming no intervening accounting period changes. The Statutory Auditor thus reappointed has declared that it agrees to this renewal of its assignment and will continue to fulfil all necessary conditions to perform it.

Eighth resolution:

Setting of attendance fees

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having heard the reading of the Management Report, takes note of the attendance fees paid to the members of the Supervisory Board for the last three financial years, which total:

€92,000 for the 2015 financial year, paid in July 2016;

€92,800 for the 2016 financial year, paid in July 2017;

€394,000 for the 2017 financial year, paid in July 2018;

€389,000 for the 2018 financial year, to be paid in July 2019;

approves, insofar as necessary, these amounts, and resolves to set the maximum overall amount of attendance fees that can be paid to members of the Supervisory Board in remuneration for their activity at €550,000, it being specified that this resolution applies to the current financial year and shall be maintained for subsequent years until otherwise resolved.

This resolution was submitted to a vote and adopted with the required majority.

Ninth resolution:

Authorisation for the Management Board to trade in the Company's shares

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken account of the report of the Management Board, authorises the Management Board, with the power to delegate in the terms provided by law, in accordance with Article L.225-209 of the French Commercial Code, to have the Company purchase its own shares up to a limit of 10% of the shares forming the capital at the date of such purchase, complying with the legal and regulatory conditions applicable at the time of its action and in particular with the conditions and obligations imposed by Articles L.225-209 to L.225-212 of the French Commercial Code, by Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014, by Article L.451-3 of the French Monetary and Financial Code and by the provisions of the General Regulations of the AMF, resolves that this authorisation may be used with a view to:

- ensuring liquidity and stimulating the market in the shares via an investment services provider acting, completely independently, within the framework of a liquidity agreement which conforms to the principles regarding liquidity agreements detailed in the code of ethics established by the French Financial Markets Association (AMAFI) dated 8 March 2011, as appended to the AMF decision of 21 March 2011 amending the AMF decision of 1 October 2008;
- delivering shares upon the exercise of rights attaching to transferable securities giving access to the Company's capital;
- allocating shares to employees or corporate officers of the Company or companies in its Group under the terms and in the manner provided by law, in particular in the context of profit sharing or stock option programmes, by granting free shares under the terms of Articles L. 225-197-1ff. of the French Commercial Code or under the conditions prescribed by Articles L. 3332-1ff. of the French Labour Code;
- retaining shares for subsequent reissue in payment or exchange in the context of mergers or acquisitions, up to a limit of 5% of the share capital as provided in paragraph 6 of Article L. 225-209 of the French Commercial Code;
- cancelling shares, subject to authorisation being granted by the Extraordinary General Meeting;
- undertaking any market practice permitted by the AMF, and more generally carrying out any other transaction which complies with the law in force;
- resolves that the purchase, sale or transfer of these shares may be effected, provided that the regulations in force are respected, by any means, once or several times, in the market or outside the market (in particular over the counter and including by the means of derivative financial instruments) and at any time, in particular during a takeover bid; that the portion of the programme that may be conducted via block trades shall not be limited and may represent the entirety of the programme;
- resolves to set the maximum purchase price per share at €200, with the stipulation that this amount may be adjusted by the Management Board in the case of transactions affecting the Company's share capital, in particular where capital is increased by capitalising reserves by either issuing free additional shares or increasing the nominal value of the shares, stock split or reverse split;
- takes due note of the fact that according to the law the total shares held by the Company may not exceed 10% of the share capital;

- resolves that the maximum amount of funds used for this share buy-back programme may not exceed €60,562,200;
- resolves to grant the Management Board all powers to implement this authorisation, in particular the power to choose the timing for commencing a buy-back programme and to determine its nature, and also to allocate or reallocate the shares acquired to the various purposes pursued subject to the applicable legal and regulatory conditions, it being specified that the Management Board may, on the terms provided by law, delegate to its Chairman or, with his agreement, to one or more of its other members, the powers necessary to carry out the programme, and in particular the power to place any stock market orders, conclude any agreements regarding in particular the keeping of records of share buy-backs and sales, carry out all formalities, measures and declarations vis-à-vis the AMF and any other body, allocate and where applicable reallocate the shares acquired to the various purposes pursued subject to the terms provided by the law and, in general, to do whatever may be necessary;
- resolves that the Management Board shall inform the Annual General Meeting of transactions executed, in accordance with applicable regulations, resolves that this authorisation shall be valid for a term of eighteen months from the date of this Meeting, and that it shall supersede any prior authorisation to the same effect, to the extent that it remains unused, and in particular the authorisation granted by the eleventh resolution of the General Meeting of the Company of 24 May 2018.

This resolution was submitted to a vote and adopted with the required majority.

Tenth resolution:

Approval of the principles and criteria for the determination, distribution and allocation of the fixed, variable and exceptional components of the total compensation and the benefits of all kinds accruing to the Chairman of the Management Board, the members of the Supervisory Board and its committees, and the Chairwoman and Vice-Chairman of the Supervisory Board

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the report of the Supervisory Board prepared in accordance with Articles L.225-68 and L.225-82-2 of the French Commercial Code and presented in section 5.1 of the Registration Document, approves, in application of Article L.225-82-2 of the French Commercial Code, the principles and criteria for determining, distributing and allocating the fixed, variable and exceptional components of the total remuneration and benefits of all kinds due to them by virtue of their offices, of the Chairman of the Management Board, the members of the Supervisory Board and its committees, and the Chairwoman and Vice-Chairman of the Supervisory Board as described in the above-mentioned report.

This resolution was submitted to a vote and adopted with the required majority.

Eleventh resolution:

Approval of the items of remuneration paid or allocated in respect of the year ended 31 December 2018 to Mr Nicolas Dmitrieff in his capacity as Chairman of the Management Board

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the report of the Supervisory Board prepared in accordance with Articles L.225-82-2 and L.225-68 of the French Commercial Code, approves, in application of Article L.225-100 of the French Commercial Code, the fixed, variable and exceptional items forming the total remuneration and benefits of all kinds paid or allocated during the year ended 31 December 2018 to Mr Nicolas Dmitrieff in his capacity as Chairman of the Management Board as shown in section 5.1 of the Registration Document.

This resolution was submitted to a vote and adopted with the required majority.

Twelfth resolution:

Approval of the items of remuneration paid or allocated in respect of the year ended 31 December 2018 to Ms Christiane Dmitrieff in her capacity as Chairwoman of the Supervisory Board

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the report of the Supervisory Board prepared in accordance with Articles L.225-82-2 and L.225-68 of the French Commercial Code, approves, in application of Article L.225-100 of the French Commercial Code, the fixed, variable and exceptional items forming the total remuneration and benefits of all kinds paid or allocated during the year ended 31 December 2018 to Ms Christiane Dmitrieff in her capacity as Chairwoman of the Supervisory Board as shown in section 5.1 of the Registration Document, noting that Ms Christiane Dmitrieff's remuneration does not include any variable or exceptional items.

This resolution was submitted to a vote and adopted with the required majority.

- **For consideration as an Extraordinary Meeting:**

<u>Thirteenth resolution:</u>

Authorisation for the Management Board to reduce the share capital by cancelling treasury shares

The General Meeting, voting in accordance with the quorum and majority required for Extraordinary General Meetings, having taken account of the Report of the Management Board and the Special Report of the Statutory Auditors:

- authorises the Management Board, in accordance with the provisions of Article L.225-209 of the French Commercial Code, to cancel, at its sole discretion, on one or more occasions, all or some of the shares that the Company holds or may hold in treasury as a result of exercising the various authorisations to purchase shares granted to the Management Board in General Meeting, up to a limit of 10% of the share capital per twenty-four month period;
- delegates to the Management Board, with power to sub-delegate in accordance with the law, all powers necessary to carry out the reduction(s) in share capital arising from cancellations authorised by this resolution, to cause the necessary accounting entries to be made, to allocate the difference between the purchase price and the nominal value of the cancelled shares to any balance sheet position for issue premiums or available reserves, to make corresponding amendments to the Articles of Association and, in general, to complete all necessary formalities;
- grants this authorisation for a term of eighteen months;
- resolves that with effect from this date, this authorisation shall supersede any prior authorisation to the same effect, to the extent that it remains unused, and in particular the authorisation granted by the fifteenth resolution of the General Meeting of Shareholders of the Company of 24 May 2018.

This resolution was submitted to a vote and adopted with the required majority.

- **In respect of resolutions passed both as Ordinary and Extraordinary Meeting**

<u>Fourteenth resolution:</u>

The General Meeting grants all powers to effect all formalities regarding filing, publication and any other pertinent matters to the bearer of an original, a copy or an extract of these minutes.

7.3 Statutory Auditors' Report on the consolidated financial statements(AFR)

for the year ended 31 December 2018

At the General Meeting of Constructions Industrielles de la Méditerranée (CNIM)

- **Opinion**

In performance of the assignment entrusted to us by your General Meeting of Shareholders, we have audited the consolidated financial statements of Constructions Industrielles de la Méditerranée (CNIM) for the year ended 31 December 2018 as enclosed herewith.

We hereby certify that the consolidated financial statements are, as regards the International Financial Reporting Standards (IFRS) as adopted by the European Union, regular and accurate and provide a true and fair view of the results of operations for the past financial year and of the financial situation and assets at the end of the financial year of the group formed by the persons and entities included in the consolidation.

The above opinion is consistent with the content of our report to the Audit Committee.

- **Basis of our opinion**

Audit referential

We conducted our work in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The responsibilities incumbent upon us by virtue of these standards are indicated in the section headed "Responsibilities of the Statutory Auditor in respect of the audit of the consolidated financial statements" in this report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 January 2018 to the date of our report and in particular we did not provide any services prohibited by Article 5, paragraph 1 of Regulation (EU) No. 537/2014 or by the Code of Ethics for Statutory Auditors.

- **Observation**

Without qualifying the above opinion, we draw your attention to Note 1.A to the financial statements relating to mandatory new standards, and in particular the standards IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments", the effects of which on the consolidated financial statements for the year ended 31 December 2018 are described in Note 2.

- **Justification of our assessments - Key points of the audit**

Pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key points of the audit relating to the risks of material misstatement that, in our professional judgement, were of most significance in our audit of the consolidated financial statements for the year, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and of the forming of our above opinion. We do not express an opinion on items of these consolidated financial statements taken in isolation.

Key point No. 1 - Estimates to completion on sales contracts with customers

Risk identified

As indicated in Note 1.B.j) to the consolidated financial statements, the Group's business involves long-term contracts to design and deliver complex assets and service agreements for which revenues and margins are recognised on a percentage completed basis for each project. The percentage completed at year-end derives from the ratio of cumulative costs incurred and expensed to date and estimated costs to project completion.

The revenue and margin to be recognised for any given year (as well as any provision for loss-making contracts) is therefore directly dependent on the estimates to completion made on the projects and the Company's ability to measure them reliably.

The Company regularly updates these estimates. The operational teams also rely on their long experience and on a budgetary forecasting system with inbuilt checks.

The degree of judgement used in making these estimates is nonetheless significant, bearing in mind the risks that inevitably weigh on long or complex operations such as the construction of a waste treatment centre in the Environment & Energy Sector or the manufacture of advanced systems for the defense or aerospace industries, or in the case of negotiations in progress, vis-à-vis the client or subcontractors, as regards changes in the scope of the contract or claims in respect of cost overruns.

These factors led us to consider the system for monitoring and assessing the reasonableness of the estimates to project completion as a key point of our audit.

Our response:

- We tested the Company's checks on revenue and cost forecasts.
- We selected the projects with the highest risk profiles based on criteria such as size, technical complexity and margin rate or variation to completion, and for each of these projects, we:
- studied the contractual terms and the Company's commitments;
- met with the people in charge of the project and heard their views on progress, risks and uncertainties;
- reconciled the revenue to completion figures with contractual or other formal data;
- corroborated the degree of progress by reference to the explanations provided or from technical documents, correspondence with the clients concerned or dedicated analyses as appropriate in each case;
- reviewed the future cost estimates on the basis of analyses of variations relative to the initial and/or previous budget and where appropriate probative source elements such as signed contracts or quotations;
- assessed the reasonableness of the assumptions used and provisions made for the risks and uncertainties weighing on the project, by consulting the available documentation (scenarios or analyses prepared by the Company, correspondence with clients or experts, etc.) and by relying on our experience acquired in previous years.

Key point No. 2 - Valuation of the goodwill of the Cash Generating Units (CGUs) 'Environment - Construction' in the Environment & Energy Sector and 'Bertin Systèmes & Conseils' in the Innovation & Systems Sector

Risk identified

In the context of its growth, the Group has carried out targeted acquisitions in respect of several of which it has recognised goodwill. The valuation and recognition of this goodwill, which corresponds to the difference between the price paid and the fair value of the assets acquired and liabilities assumed, are described in Note 1.B.b. to the consolidated financial statements. Goodwill has been allocated to the CGUs of the business units into which the acquired companies have been incorporated. The total amount shown in the balance sheet stood at €70.8 million at 31 December 2018, of which €31.2 million concerns the 'Environment-Construction' CGU of the Environment & Energy Sector, and €36.2 million concerns the 'Bertin Systèmes & Conseils' CGU of the Innovation & Systems Sector.

The management makes sure during each financial year that the carrying amount of these goodwill items is not more than their recoverable amount and does not present a risk of impairment. The recoverable amount is determined in accordance with a calculation method based on projected future cash flows over four years discounted to present value and on the establishment of a terminal value based on the net cash flows of the last year.

Any adverse change in the expected returns of the businesses to which the goodwill items have been allocated, whether due to internal factors or to external factors linked for example to the economic and financial environment in which the business operates, is likely to have an appreciable effect on the recoverable amount and to require recognition of an impairment allowance.

Such a development would involve having to reassess the pertinence of all the assumptions used to determine this value as well as the reasonableness and consistency of the calculation parameters. The impairment test methods used are described in Note 1.B.g.) to the financial statements and details of the assumptions use are presented in Notes 13.A and 13.C.) to the consolidated financial statements.

In view of their sensitivity to the assumptions and estimates made by the management, we considered the valuation of the goodwill items of the 'Environment- Construction' and 'Bertin Systèmes & Conseils' businesses as key points of our audit.

Our response:

We examined the conformity of the methodology applied by the Company with the accounting standards in force.

We undertook a critical review of the means used to implement this methodology, with particular checks on:

- the sum of the assets tested being reconciled with the consolidated accounts;
- the pertinence of the calculation methodology for the value in use and the reasonableness of the financial assumptions associated with this calculation (long-term growth rate and DCF rate);
- the reasonableness of the cash flow projections in light of

(i) the economic and financial context relevant to these activities,

(ii) expected contracts in future periods,

(iii) actual flows during the year and

(iv) the difference between the actual flows and those expected for the same year in the projections made in previous periods.

- the consistency of these cash flow projections with the management's latest estimates as presented to the Management Board in the context of the budgeting processes;
- the pertinence of the information provided in the Notes to the consolidated financial statements, and in particular the items relating to goodwill recognised during the year ended 31 December 2017 in the 'Bertin Systèmes & Conseils' CGU, for which the initial accounting was completed during the year.

- **Specific verifications**

We also carried out, in accordance with professional standards applicable in France, specific statutory and regulatory verifications of the information pertaining to the Group presented in the Management Board's Management Report.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the consolidated Declaration of Non-Financial Performance required under Article L. 225-102-1 of the French Commercial Code is included in the information pertaining to the Group presented in the Management Report; it should be noted that, in accordance with the provisions of Article L. 823-10 of the aforementioned code, we have not verified the fairness and consistency with the consolidated financial statements of the information in the Declaration, which should be addressed in a report by an independent third-party.

- **Information resulting from other legal and regulatory obligations**

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Constructions Industrielles de la Méditerranée (CNIM) at the General Meetings of 29 May 2013 as regards PricewaterhouseCoopers Audit and 19 June 1995 as regards Calan Ramolino et Associés, an entity of the Deloitte network, and 12 June 2007 as regards Deloitte et Associés, a member of the Deloitte network.

At 31 December 2018, PricewaterhouseCoopers Audit was in the sixth and Deloitte & Associés was in the twenty-third year of their respective uninterrupted terms, taking account of the mergers and acquisitions of auditing firms that took place before these dates.

- **Responsibilities of the management and the persons forming the corporate governance regarding the consolidated financial statements**

The Management is responsible for the preparation of the consolidated financial statements giving a true and fair view in accordance with IFRS as adopted by the European Union and for putting in place such internal controls as it deems necessary to enable the preparation of consolidated financial statements that are free of material misstatement, whether due to fraud or error.

In drawing up the financial statements, it is incumbent upon the Management to assess the Company's ability to continue as a going concern, to provide such information relating to the going concern assumption as may be necessary or appropriate and to apply the going concern accounting principle unless it intends to put the Company into liquidation or cease its activities.

It is incumbent on the Audit Committee to monitor the process of drawing up financial information and the effectiveness of the internal control and risk management systems and of the internal audit if applicable as regards the procedures for drawing up and processing accounting and financial information;

The consolidated financial statements have been approved by the Management Board.

- **Responsibilities of the Statutory Auditor in respect of the audit of the consolidated financial statements**

Audit objective and approach

It is for us to draw up a report on the consolidated financial statements. Our objective is to obtain reasonable assurance that the consolidated financial statements taken as a whole do not contain material misstatements. Reasonable assurance means a high level of assurance, which does not however guarantee that an audit performed in accordance with the standards of the profession will always detect every material misstatement. Misstatements may derive from fraud or from error and are considered material if, taken individually or together, they can reasonably be expected to be capable of influencing such economic decisions as users of the financial statements may take on the basis of those statements.

As specified by Article L. 823-10-1 of the French Commercial Code, our certifying the financial statements does not imply assurance of the viability of your company or of the quality of its management.

Throughout the audit process carried out in accordance with professional standards applicable in France the Statutory Auditor exercises its professional judgement. Furthermore:

- it identifies and assesses the risks of material misstatements being contained in the financial statements whether deriving from fraud or from error, defines and implements audit procedures to address these risks and collects such evidence as it considers sufficient and appropriate on which to base its opinion. The risk of non-detection of a material misstatement arising from fraud is higher than that of such misstatement arising from error, since fraud may involve collusion, forgery, wilful omissions, false declarations or bypassing of internal controls;
- it takes note of such internal controls as are pertinent for the audit in order to define the appropriate audit procedures in each situation, but not with a view to expressing an opinion on the effectiveness of the internal controls;
- it assesses the appropriateness of the accounting methods applied and the reasonableness of the accounting estimates made by Management, as well as the related information provided in the consolidated financial statements;
- it assesses the appropriateness of the Management's application of the going concern accounting principle and, depending on the evidence collected, the existence or otherwise of significant uncertainty associated with events or situations likely to cast serious doubt on the company's ability to stay in business. This assessment is based on the evidence collected up until the date of the audit report. However, future situations or events could call into question the company's continued operation. If it reaches the conclusion that such significant uncertainty does exist, it draws the attention of readers of the audit report to the information provided in the financial statements regarding this uncertainty or, if this information is insufficient or inappropriate, it issues a qualified opinion or refuses to certify;
- it assesses the overall presentation, structure and content of the financial statements and whether they give a true and fair view of the underlying transactions and events;
- it collects such evidence as it considers sufficient and appropriate concerning the financial information on the persons or entities included in the consolidation scope in order to express an opinion on the consolidated financial statements; it is responsible for the management, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on them.

Report to the Audit Committee

We submit a report to the Audit Committee, presenting in particular the extent of the audit work and the work programme implemented as well as the conclusions drawn from our work. We also bring to its attention any significant weaknesses in internal controls that we may have detected as regards the procedures relating to the preparation and processing of accounting and financial information.

Among the elements contained in the report to the Audit Committee are the risks of material anomalies that we consider to have been the most significant for the audit of the consolidated financial statements for the year and which therefore constitute the key points of the audit, which it behoves us to describe in this report.

We also provide the Audit Committee with the declaration provided by Article 6 of Regulation (EU) No. 537-2014 confirming our independence within the meaning of the rules applicable in France as laid down in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Code of Ethics of the Statutory Auditors profession. If necessary we discuss with the Audit Committee any risks to our independence and the measures taken to safeguard it.

Neuilly-sur-Seine, 19 March 2019
The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Edouard DEMARCQ	Philippe BATTISTI

7.4 Statutory Auditors' Report on the annual financial statements(AFR)

for the year ended 31 December 2018

At the General Meeting of Constructions Industrielles de la Méditerranée (CNIM)

- **Opinion**

In performance of the assignment entrusted to us by the General Meeting of Shareholders, we have audited the financial statements of Constructions Industrielles de la Méditerranée (CNIM) for the year ended 31 December 2018 as enclosed herewith.

We hereby certify that the financial statements for the year are, as regards the French accounting rules and principles, regular and accurate and provide a true and fair view of the operating results for the past financial year and of the financial situation and assets of the company at the end of the financial year.

The above opinion is consistent with the content of our report to the Audit Committee.

- **Basis of our opinion**

Audit referential

We conducted our work in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

The responsibilities incumbent upon us by virtue of these standards are indicated in the section headed "Responsibilities of the Statutory Auditor in respect of the audit of the financial statements" in this report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 January 2018 to the date of our report and in particular we did not provide any services prohibited by Article 5, paragraph 1 of Regulation (EU) No. 537/2014 or by the Code of Ethics for Statutory Auditors.

- **Justification of our assessments - Key points of the audit**

Pursuant to the provisions of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the key points of the audit relating to the risks of material misstatement that, in our professional judgement, were of most significance in our audit of the financial statements for the year, as well as how we addressed those risks.

These matters were addressed in the context of our audit of the financial statements as a whole, and of the forming of our above opinion. We do not express an opinion on items of these financial statements taken in isolation.

Key point – Estimates to completion on long-term contracts

Risk identified

As indicated in Note 2.D) to the financial statements, the Company's business involves long-term construction contracts on which revenues and margins are recognised on a percentage completed basis for each project. The percentage completed at year-end derives from the ratio of cumulative costs incurred and expensed to date and estimated costs to project completion.

The revenue and margin to be recognised for any given year (as well as any provision for loss at completion) is therefore directly dependent on the estimates to completion made on the projects and the Company's ability to measure them reliably.

The Company regularly updates these estimates. The operational teams also rely on their long experience and on a budgetary forecasting system with inbuilt checks.

The degree of judgement used in making these estimates is nonetheless significant, bearing in mind the risks that inevitably weigh on long or complex operations such as the construction of a waste treatment centre in the Environment & Energy Sector or the manufacture of advanced systems for the defense or aerospace industries, or in the case of negotiations in progress, vis-à-vis the client or subcontractors, as regards changes in the scope of the contract or claims in respect of cost overruns.

These factors led us to consider the system for monitoring and assessing the reasonableness of the estimates to project completion as a key point of our audit.

Our response:

We tested the Company's checks on revenue and cost forecasts.

We selected the projects with the highest risk profiles based on criteria such as size, technical complexity and margin rate or variation to completion, and for each of these projects, we:

- studied the contractual terms and the Company's commitments;
- met with the people in charge of the project and heard their views on progress, risks and uncertainties;
- reconciled the revenue to completion figures with contractual or other formal data;
- corroborated the degree of progress by reference to the explanations provided or from technical documents, correspondence with the clients concerned or dedicated analyses as appropriate in each case;
- reviewed the future cost estimates on the basis of analyses of variations relative to the initial and/or previous budget and where appropriate probative source elements such as signed contracts or quotations;
- assessed the reasonableness of the assumptions used and provisions made for the risks and uncertainties weighing on the project, by consulting the available documentation (scenarios or analyses prepared by the Company, correspondence with clients or experts, etc.) and by relying on our experience acquired in previous years.

- **Specific verifications**

We have also performed the required specific statutory and regulatory verifications, in accordance with professional standards applicable in France.

Information relating to the financial position and the financial statements included in the management report and other documents provided to shareholders

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information relating to the financial position and the financial statements included in the management report of the Management Board and in other documents provided to shareholders.

We attest that the information relating to payment terms mentioned in Article D.441-4 of the French Commercial Code is fair and consistent with the financial statements.

Report on corporate governance

We attest to the existence in the Supervisory Board's report on corporate governance of the information required by Articles L.225-37-3 and L.225-37-4 if the French Commercial Code.

Concerning the information provided in application of the provisions of article L.225-37-3 of the French Commercial Code on remuneration and benefits received by corporate officers and commitments made to them, we have verified its consistency with the financial statements, or with the underlying information used to prepare these financial statements and, where applicable, with the information obtained by your Company from companies controlling your company or controlled by it. Based on this work, we attest to the accuracy and fair presentation of this information.

Concerning the information relating to elements that your Company considers likely to have an effect in the event of a public takeover or merger bid, provided in application of the provisions of Article L. 225-37-5 of the French Commercial Code, we have verified its consistency with the source documents provided to us. Based on this work, we have no observations to make on this information.

Other information

In application of the law, we obtained assurance that the various items of information relating to the identity of the holders of shares or voting rights have been communicated to you in the Management Report.

Information resulting from other legal and regulatory obligations

Appointment of the Statutory Auditors

We were appointed Statutory Auditors of Constructions Industrielles de la Méditerranée (CNIM) by your General Meetings of 29 May 2013 as regards PricewaterhouseCoopers Audit and 19 June 1995 as regards Calan Ramolino et

Associés, an entity of the Deloitte network, and 12 June 2007 as regards Deloitte & Associés, a member of the Deloitte network.

At 31 December 2018, PricewaterhouseCoopers Audit was in the sixth and Deloitte & Associés was in the twenty-third year of their respective uninterrupted terms, taking account of the mergers and acquisitions of auditing firms that took place before these dates.

- **Responsibilities of the management and the persons forming the corporate governance regarding the financial statements**

The Management is responsible for the preparation of the financial statements giving a true and fair view in accordance with French accounting rules and principles and for putting in place such internal controls as it deems necessary to enable the preparation of financial statements that are free of material misstatement, whether due to fraud or error.

In drawing up the financial statements, it is incumbent upon the Management to assess the Company's ability to continue as a going concern, to provide such information relating to the going concern assumption as may be necessary or appropriate and to apply the going concern accounting principle unless it intends to put the Company into liquidation or cease its activities.

It is incumbent on the Audit Committee to monitor the process of drawing up financial information and the effectiveness of the internal control and risk management systems and of the internal audit if applicable as regards the procedures for drawing up and processing accounting and financial information;

These financial statements have been approved by the Management Board.

- **Responsibilities of the Statutory Auditor in respect of the audit of the financial statements**

Audit objective and approach

It is for us to draw up a report on the financial statements. Our objective is to obtain reasonable assurance that the financial statements taken as a whole do not contain material misstatements. Reasonable assurance means a high level of assurance, which does not however guarantee that an audit performed in accordance with the standards of the profession will always detect every material misstatement. Misstatements may derive from fraud or from error and are considered material if, taken individually or together, they can reasonably be expected to be capable of influencing such economic decisions as users of the financial statements may take on the basis of those statements.

As specified by Article L.823-10-1 of the French Commercial Code, our certifying the financial statements does not imply assurance of the viability of your company or of the quality of its management.

Throughout the audit process carried out in accordance with professional standards applicable in France the Statutory Auditor exercises its professional judgement. Furthermore:

- it identifies and assesses the risks of material misstatements being contained in the financial statements whether deriving from fraud or from error, defines and implements audit procedures to address these risks and collects such evidence as it considers sufficient and appropriate on which to base its opinion. The risk of non-detection of a material misstatement arising from fraud is higher than that of such misstatement arising from error, since fraud may involve collusion, forgery, wilful omissions, false declarations or bypassing of internal controls;
- it takes note of such internal controls as are pertinent for the audit in order to define the appropriate audit procedures in each situation, but not with a view to expressing an opinion on the effectiveness of the internal controls;
- it assesses the appropriateness of the accounting methods applied and the reasonableness of the accounting estimates made by Management, as well as the related information provided in the financial statements;
- it assesses the appropriateness of the Management's application of the going concern accounting principle and, depending on the evidence collected, the existence or otherwise of significant uncertainty associated with events or situations likely to cast serious doubt on the company's ability to stay in business. This assessment is based on the evidence collected up until the date of the audit report. However, future situations or events could call into question the company's continued operation. If it reaches the conclusion that such significant uncertainty does exist, it draws the attention of readers of the audit report to the information provided in the financial statements regarding this uncertainty or, if this information is insufficient or inappropriate, it issues a qualified opinion or refuses to certify;

- it assesses the overall presentation, structure and content of the financial statements and whether they give a true and fair view of the underlying transactions and events;

Report to the Audit Committee

We submit a report to the Audit Committee, presenting in particular the extent of the audit work and the work programme implemented as well as the conclusions drawn from our work. We also bring to its attention any significant weaknesses in internal controls that we may have detected as regards the procedures relating to the preparation and processing of accounting and financial information.

Among the elements contained in the report to the Audit Committee are the risks of material anomalies that we consider to have been the most significant for the audit of the financial statements for the year and which therefore constitute the key points of the audit, which it behoves us to describe in this report.

We also provide the Audit Committee with the declaration provided by Article 6 of Regulation (EU) No. 537-2014 confirming our independence within the meaning of the rules applicable in France as laid down in particular by Articles L. 822-10 to L. 822-14 of the French Commercial Code and in the Code of Ethics of the Statutory Auditors profession. If necessary we discuss with the Audit Committee any risks to our independence and the measures taken to safeguard it.

Neuilly-sur-Seine, 19 March 2019
The Statutory Auditors

PricewaterhouseCoopers Audit Edouard DEMARCQ	Deloitte & Associés Philippe BATTISTI

7.5 Special report of the Statutory Auditors on regulated agreements and commitments(RFA)

Annual General Meeting for the approval of the financial statements for the year ended 31 December 2018

To the shareholders,

Constructions Industrielles de la Méditerranée (CNIM)

35, rue de Bassano

75008 Paris

In our capacity as Statutory Auditors of Construction Industrielles de la Méditerranée (CNIM), we hereby report to you on regulated agreements and commitments.

It is our duty to inform you, based on the information made available to us, of the features and the essential terms of the agreements and commitments of which we have been advised or that we have discovered during our assignment and the reasons justifying their interest to the company, though we are not obliged to comment on their usefulness or their value or to seek out other agreements or commitments. It falls upon you, under the terms of Article R.225-31 of the French Commercial Code, to consider the value of the conclusion of these agreements and commitments with a view to their approval.

It is also our duty, where appropriate, to inform you of the information provided for by Article R.225-31 of the French Commercial Code regarding the performance, over the financial year ended, of the agreements and commitments previously approved by the General Meeting.

We have performed those procedures which we considered necessary in accordance with professional guidance issued by the national auditing body, the Compagnie Nationale des Commissaires aux Comptes, regarding this assignment. These procedures consisted in verifying that the information provided to us was consistent with the data in the documents from which it was drawn.

- **AGREEMENTS AND COMMITMENTS TO BE SUBMITTED FOR THE APPROVAL OF THE ANNUAL GENERAL MEETING**

Agreements and commitments authorised and entered into during the financial year last ended

In accordance with Article L. 225-88 of the French Commercial Code, we were informed of the following agreements and commitments entered into during the financial year last ended, which were subject to prior authorization by the Supervisory Board.

1. Addendum to the employment contract of Mr Philippe Demigné

Person concerned

Manager concerned: Philippe Demigné (member of the Management Board)

Nature, purpose and conditions

This amendment modifies the fixed portion of his remuneration, raising it to a gross monthly amount of €23,938, and the variable portion, which was set at €226,020 for the year ended 31 December 2017. This addendum was authorised by the Supervisory Board in its meeting of 08 March 2018.

Reason justifying the benefits of the agreement for the Company

This agreement allows CNIM to reward and retain members of the Management Board.

2. Addendum to the employment contract of Mr Stanislas Ancel

Person concerned

Stanislas Ancel (member of the Management Board)

Nature, purpose and conditions

This amendment modifies the fixed portion of his remuneration, raising it to a gross monthly amount of €19,948, and the variable portion, which was set at €221,400 for the year ended 31 December 2017. It also grants him a benefit in kind in the form of provision of accommodation. This addendum was authorised by the Supervisory Board in its meeting of 08 March 2018.

Reason justifying the benefits of the agreement for the Company

This agreement allows CNIM to reward and retain members of the Management Board.

3. Addendum to the employment contract of Mr Christophe Favrelle

Person concerned

Christophe Favrelle (member of the Management Board)

Nature, purpose and conditions

This amendment to the employment contract of Christophe Favrelle modifies the fixed portion of his remuneration, raising it to a gross monthly amount of €18,616, and the variable portion, which was set at €52,802.88 for the year ended 31 December 2017. It also grants him a benefit in kind corresponding to the provision of accommodation. This addendum was authorised by the Supervisory Board in its meeting of 08 March 2018.

Reason justifying the benefits of the agreement for the Company

This agreement allows CNIM to reward and retain members of the Management Board.

• AGREEMENTS AND COMMITMENTS ALREADY APPROVED BY THE ANNUAL GENERAL MEETING

Agreements and commitments approved during previous financial years

a) performance of which continued during the financial year last ended

In accordance with Article R. 225-57 of the French Commercial Code, we have been informed that performance of the following agreements and commitments, approved by the Annual General Meeting in previous years, continued during the financial year last ended.

1. Sales assistance agreement with LAB S.A. and addendum

Persons concerned:

Nicolas Dmitrieff, Christophe Favrelle and Stanislas Ancel (members of the Management Board) / François Canellas (member of the Supervisory Board)

Nature, purpose and conditions

In consideration of the sales assistance provided by the Company and the exclusive rights granted by the Company to LAB S.A. for the treatment of smoke generated by new plants built by the Company, it was agreed that LAB S.A. would pay the Company a fee amounting to 6% of revenues for compliance procedures for existing plants and 3% of revenues for new plants.

This agreement was authorised by the Supervisory Board on 27 October 2005.

Subsequent to the signing of this agreement, it became apparent that LAB S.A. might have some of the procedures covered by the agreement carried out by its subsidiary LAB GmbH. In such a case, CNIM and LAB S.A. wished to specify in an amendment to the sales assistance agreement that the fees paid to CNIM under this agreement would be paid directly by the subsidiary concerned.

The signing of this amendment was authorised by the Supervisory Board on 24 November 2011.

Pursuant to this agreement and its amendment, CNIM received the following fees in 2017:

- in respect of sales assistance to LAB S.A.
- revenue recorded (excl. VAT) during the year: €549,000
- cash receipts (excl. VAT) during the year: €0;
- in respect of sales assistance to LAB GmbH:
- revenue recorded (excl. VAT) during the year: €0
- cash receipts (excl. VAT) during the year: €0.

Reason justifying the benefits of the agreement for the Company:

This agreement allows CNIM's subsidiaries to benefit from CNIM's commercial expertise to develop and contribute to Group results.

2. Unemployment – loss of corporate office insurance contract entered into by the Company in favour of Mr Nicolas Dmitrieff

Persons concerned:

Nicolas Dmitrieff (Chairman and member of the Management Board)

Nature, purpose and conditions

In order for Mr Nicolas Dmitrieff, Chairman of the Management Board, to benefit from unemployment – loss of corporate office insurance in the event of his removal, the Company has entered into an insurance contract in favour of Mr Nicolas Dmitrieff to enable him to benefit from the necessary coverage in such an event.

The signing of this insurance contract was authorised by the Supervisory Board on 27 October 2005 in favour of the former CEO then in office.

The continuation of this insurance contract in favour of Mr Nicolas Dmitrieff was authorised by the Supervisory Board on 22 October 2009.

This agreement remained in force in 2018; the amount recognised by the Company and paid during the year was €10,876.54.

Reason justifying the benefits of the agreement for the Company

This agreement allows CNIM to reward and retain members of the Management Board.

3. Defined contribution and defined benefit pension plans established by the Company in favour of certain "non-classified" executives

Persons concerned:

Managers concerned: Nicolas Dmitrieff and Philippe Demigné (members of the Management Board)

Nature, purpose and conditions

In 1987, CNIM set up a defined benefit plan for "non-classified" senior executives and salaried managers, as defined by the National Collective Bargaining Agreement for the metal industry, as well as for corporate officers.

- This defined benefit plan was modified by removing the benchmark remuneration ceiling and by allowing the retiring employee to choose, at the retirement date, the percentage of the pension to be granted to the surviving spouse.
- A supplementary defined contribution plan was subscribed to with an insurance company. This plan was fully financed by the employer with an 8% contribution based on gross annual remuneration, capped at eight times the French annual social security ceiling.
- The total amount of the general and specific pension of "non-classified" personnel may not exceed 65% of the benchmark remuneration.

These supplementary retirement plans for "non-classified" executives and corporate officers were authorised in their entirety by the Supervisory Board on 27 October 2005.

These retirement plans remained in force in 2018.

Payments made in respect of the defined benefit plan totalled €0.00 in 2018.

No payments were made in respect of the defined contribution plan in 2018.

Reason justifying the benefits of the agreement for the Company

This agreement allows CNIM to reward and retain members of the Management Board.

4. Cooperation agreement with Martin GmbH für Umwelt- und Energietechnik

Persons concerned:

Martin GmbH and Johannes Martin (members of the Supervisory Board)

Nature, purpose and conditions

Since 1970, CNIM has been working with Martin GmbH in the area of household waste incineration plants. The combustion system is provided by Martin GmbH and the rest of the plant by CNIM (including energy recovery, power generation, electrical installation and the control system, as well as the lead contractor services).

A new cooperation agreement was signed on 9 June 2005. It specifies the territories covered under the agreement and the respective responsibilities of CNIM and Martin GmbH (remuneration for engineering and provision of the Martin combustion system).

This new agreement was previously authorised by the Supervisory Board on 27 January 2005.

This agreement remained in force in 2018. In respect of this agreement, the Company recognised expenses of €10,829,929 (excl. VAT) and paid a total amount of €10,069,059 (excl. VAT) during the year.

Reason justifying the benefits of the agreement for the Company

This agreement allows CNIM to technically ensure its installations' uniform quality thanks to Martin technology.

5. Remuneration paid to members of the Strategic and Audit Committees

Persons concerned:

Managers concerned: François Canellas, FREL (represented by Agnès Herlicq), Johannes Martin, Stéphane Herlicq, André Herlicq, Lucile Dmitrieff, Sophie Dmitrieff, Christiane Dmitrieff, Sigrid Duhamel, Louis-Roch Burgard (members of the Supervisory Board)

Nature, purpose and conditions

The principle that remuneration be paid to members of the Strategic and Audit Committees was approved by the Supervisory Board in its meeting of 28 October 2004.

This resolution remained in force in 2018. During 2018 overall gross remuneration totalling €305,000 was paid in this respect.

Reason justifying the benefits of the agreement for the Company

The agreement allows CNIM to reward and retain members of its Strategy and Audit Committees.

6. Cross-licensing patent agreements between the Company and LAB S.A.

Persons concerned:

Nicolas Dmitrieff, Christophe Favrelle and Stanislas Ancel (members of the Management Board) / François Canellas (member of the Supervisory Board)

Nature, purpose and conditions

Since CNIM and LAB S.A. each have a certain number of patents and related trademarks, it seemed a good idea from a sales point of view for each company to be able to promote and propose to its customers the patents belonging to the other company. Accordingly, CNIM and LAB S.A. decided to sign cross-licensing patent agreements. These agreements also provide for the consequences of a reduction in the Company's shareholding in LAB S.A. to less than 50%.

These agreements were authorised by the Supervisory Board on 7 April 2011.

No fees are due by either company under these agreements.

Reason justifying the benefits of the agreement for the Company

This agreement allows CNIM to market technologies developed by its subsidiary (and vice versa), thereby extending the Group's commercial reach.

7. Terms of tax and social security exemptions for the defined contribution and defined benefit pension plans established by the Company in favour of certain "non-classified" executives

Persons concerned:

Nicolas Dmitrieff (Chairman and member of the Management Board)

Nature, purpose and conditions

In order to comply with the circular of 25 September 2013 issued by the Ministry of Social Affairs and Health, it was necessary to reconfirm by way of a resolution of the Supervisory Board that the Board authorised the corporate officer, Mr Nicolas Dmitrieff, to benefit from providence, pension and health insurance schemes in the "non-classified" category to which he belongs, in order for the Company to benefit from the tax and social security exemptions applicable to those pension, providence and health insurance plans.

All supplementary retirement plans (defined benefit and defined contribution) for "non classified" managerial staff and corporate officers were authorised by the Supervisory Board in its meeting of 27 October 2005.

In its meeting of 28 November 2013, the Supervisory Board therefore authorised the corporate officer Mr Nicolas Dmitrieff to benefit from providence, pension and health insurance plans in the "non-classified" category to which he belongs, and authorised the corresponding signing of amendments to the existing policies with the insurance company, Generali.

Reason justifying the benefits of the agreement for the Company

This agreement allows CNIM to reward and retain members of the Management Board.

8. Agreement between the Company and CNIM Singapore Private Ltd.

Persons concerned:

Nicolas Dmitrieff, Philippe Demigné and Christophe Favrelle (members of the Management Board)

Nature, purpose and conditions

The aim is to develop the marketing of the Innovation and Systems Sector's product range in the ASEAN region. In

this regard the Company wishes to rely on a regional hub, in particular to provide sales assistance and promote the Innovation & Systems sector product range in the ASEAN region. The Company therefore decided to entrust this task to its subsidiary CNIM Singapore Private Ltd and therefore entered into a service agreement and subsequent addendum under the terms of which the Company will pay its subsidiary in consideration for the expenses incurred and services rendered to secure contracts signed by the Company. The amount paid will be equal to 9% of the value of the contracts secured.

The signing of this agreement was authorised by the Supervisory Board on 20 March 2014.

This agreement continued in force in 2018, and CNIM Singapore Private Ltd's remuneration was €30,4600.

Reason justifying the benefits of the agreement for the Company

This agreement allows CNIM to develop its business in Asia.

9. Amendment to an agreement between the Company and SCI du 35 Rue de Bassano for current account advances

Persons concerned:

Nicolas Dmitrieff (Chairman and member of the Management Board)

Nature, purpose and conditions

Under an agreement dated 30 December 1994, the Company granted SCI du 35 Rue de Bassano ("the SCI") a current account advance of €6,402,858.72 to acquire the building located at 35, Rue de Bassano, 75008 Paris. Under the terms of an addendum dated 13 July 2007, the parties agreed to modify the repayment methods of the current account advance.

Following a new loan taken out by the SCI to finance the renovation of the building located at 35, Rue de Bassano, 75008 Paris, the Company and the SCI decided to convert the current account advance balance to a €4 million medium-term loan paying a fixed rate of 2.21%, repayable over 18 years with a grace period of 29 months, i.e. with effect from 30 September 2016.

The signing of this amendment was authorised by the Supervisory Board on 20 March 2014.

Capitalised interest paid in respect of 2018 amounted to €177,358.

Reason justifying the benefits of the agreement for the Company

This agreement funds the renovation of CNIM's headquarters.

10. Group central services agreement with Soluni

Persons concerned:

Nicolas Dmitrieff (member of the Management Board), Christiane Dmitrieff, Lucile Dmitrieff and Sophie Dmitrieff (members of the Supervisory Board)

Nature, purpose and conditions

The purpose of the agreement is to provide Soluni with bookkeeping and cash management services. In consideration of these services, CNIM is paid fees that consist of the rebilling of internal and, if applicable, external costs incurred to carry out said services. Internal costs are billed on a pro rata basis according to time spent plus a 5% service and handling fee. The signing of this agreement was authorised by the Supervisory Board in its meeting of 19 March 2015. This agreement remained in force in 2018 and CNIM received remuneration of €62,685.22.

Reason justifying the benefits of the agreement for the Company

This agreement allows CNIM to share administrative resources with its parent company.

11. Verification of compliance with the performance conditions subordinating the benefit of the defined benefits pension scheme for which Mr Nicolas Dmitrieff is eligible and determining the increase if any in such rights in respect of the past year.

Persons concerned:

Nicolas Dmitrieff (Chairman and member of the Management Board)

Nature, purpose and conditions

In the context of Law No. 2015-990 of 6 August 2015 (the "Macron Law"), the Company's General Meeting of Shareholders held on 24 May 2016 approved the decision to make the future conditional rights of Mr Nicolas Dmitrieff under the Company's defined benefits pension scheme further conditional upon certain performance requirements and subject to a cap. Each year the Supervisory Board checks compliance with the performance conditions subordinating the benefit of the defined benefits pension scheme for which Mr Nicolas Dmitrieff is eligible and determines the increase if any in such rights in respect of the past year.

Reason justifying the benefits of the agreement for the Company

This agreement allows CNIM to reward and retain members of the Management Board.

12. Verification of compliance with the performance conditions subordinating the benefit of the defined benefits pension scheme for which Mr Philippe Demigné is eligible and determining the increase if any in such rights in respect of the past year.

Persons concerned:

Philippe Demigné (member of the Management Board)

Nature, purpose and conditions

In the context of Law No. 2015-990 of 6 August 2015 (the "Macron Law"), the Company's General Meeting of Shareholders held on 24 May 2016 approved the decision to make the future conditional rights of Mr Philippe Demigné under the Company's defined benefits pension scheme further conditional upon certain performance requirements and subject to a cap. Each year the Supervisory Board checks compliance with the performance conditions subordinating the benefit of the defined benefits pension scheme for which Mr Philippe Demigné is eligible and determines the increase if any in such rights in respect of the past year.

Reason justifying the benefits of the agreement for the Company

This agreement allows CNIM to reward and retain members of the Management Board.

Neuilly-sur-Seine, 19 March 2019
The Statutory Auditors

PricewaterhouseCoopers Audit
Edouard DEMARCQ

Deloitte & Associés
Philippe BATTISTI

8 ADDITIONAL INFORMATION

8.1 General information

8.1.1 Legal and commercial name of the issuer

Company name: Constructions Industrielles de la Méditerranée (CNIM).

8.1.2 Place of registration and registration number of the issuer

The Company is registered in the Paris Trade and Companies Register under number B 662 043 595. The APE code (principal activity code) of the Company is: 2821Z.

8.1.3 Date of incorporation and lifetime of the issuer

The lifetime of the Company shall be ninety-nine years from July 20, 1966, the date of its incorporation, except in the event of early dissolution or extension.

The Company was registered on October 4, 1966 in the Paris Trade and Companies Register.

8.1.4 Domicile and legal form of the issuer, legislation governing its activities, country

The Company is a société anonyme [French corporation] with a Management Board and Supervisory Board under French law, governed by the French Commercial Code (Code de commerce).

Its registered office is located at 35 rue de Bassano, 75008 Paris. The Company's telephone number is as follows: +33 (0)1 44 31 11 00.

8.1.5 Supplementary information in relation to Section 21 of the AMF Regulation

Please refer to 8.2 below.

8.1.6 Details of the auditors

A. Statutory auditors

a. PricewaterhouseCoopers Audit

63 rue de Villiers 92200 Neuilly-sur-Seine (France).
Member of the Versailles Regional Association of Statutory Auditors.
Appointed by the General Meeting of May 29, 2013.
Expiry date of current engagement: at the end of the General Meeting called to rule on the 2018 financial statements.
Signatory: Édouard Demarcq

b. Deloitte & Associés

185 avenue Charles de Gaulle 92200 Neuilly-sur-Seine cedex (France).
Member of the Versailles Regional Association of Statutory Auditors.
Appointed by the General Meeting of May 29, 2013.
Expiry date of current engagement: at the end of the General Meeting called to rule on the 2018 financial statements.
Signatory: Philippe Battisti

B. Alternate auditors

a. PricewaterhouseCoopers Entreprises

63 rue de Villiers 92200 Neuilly-sur-Seine (France).

Member of the Versailles Regional Association of Statutory Auditors.

Appointed by the General Meeting of May 29, 2013.

Expiry date of current engagement: at the end of the General Meeting called to rule on the 2018 financial statements.

b. BEAS

7-9 Villa Houssay 92524 Neuilly-sur-Seine cedex (France).

Member of the Versailles Regional Association of Statutory Auditors.

Appointed by the General Meeting of May 29, 2013.

Expiry date of current engagement: at the end of the General Meeting called to rule on the 2018 financial statements.

8.2 Bylaws

The Company's bylaws are available on its website (www.cnim.com) and have been updated pursuant to the resolutions of the General Meeting of Shareholders of May 24, 2016.

8.2.1 Object of the Company (Article 2 of the bylaws)

The object of the Company, in France and abroad, comprises:

- the performance of studies, the provision of know-how, and the design, manufacturing, construction, assembly, installation, commissioning, operation and maintenance of equipment, systems and industrial facilities in the fields of the Environment, Energy, Defense and Industry;
- the supply of all services associated with the above types of facilities, equipment and systems;
- the taking of interests, in whatsoever form, in all companies or enterprises with a similar or related object or which are of such a nature as to promote or develop, directly or indirectly, the activities forming the object of the Company;
- and, more generally, the performance of any civil, industrial, commercial or financial transactions or transactions relating to movable property or real estate that are directly or indirectly linked, wholly or partially, to any of the aforesaid activities, or to any similar or related activities that may prove useful to them or likely to facilitate their performance, expansion or development.

8.2.2 Provisions of the bylaws concerning the supervisory and management bodies of the Company (Articles 13-17 of the bylaws)

Article 13 of the bylaws

1. The Company shall be managed by a Management Board which shall perform its duties under the supervision of the Supervisory Board.

2. The Management Board shall comprise a minimum of two and a maximum of seven members, all of them physical persons.

3. The Management Board shall be appointed for a term of four years by the Supervisory Board, which shall appoint the Chairman of the Management Board from among the members of the Management Board and which may also confer the power to represent the Company on one or more other members of the Management Board, who shall then bear the title of Chief Executive Officers. Their remuneration shall be determined by the Supervisory Board. The duties of the Management Board shall end at the close of the General Meeting of shareholders called to rule on the financial statements of the previous financial year and held in the year in which its term of office expires.

4. The age limit for performing the duties of a member of the Management Board shall be seventy years. When a member of the Management Board reaches this age, he is deemed to have resigned.

5. The Management Board shall meet whenever the interests of the Company so require.

Members of the Management Board may be called to board meetings by any means.

6. Decisions of the Management Board shall be taken by a simple majority of its members.

7. Members of the Management Board may be removed from office by the General Meeting or by the Supervisory Board.

Article 14 of the bylaws

The Management Board shall be invested with the most extensive powers to act in the name of the Company in all circumstances; it shall exercise them within the limits of the Company's object and subject to those powers expressly attributed by law or the bylaws to the Supervisory Board and to Shareholders' Meetings.

The Chairman of the Management Board shall represent the Company in its relations with third parties. He shall have the most extensive powers to act in the name of the Company, subject to compliance with the Company's object and to those powers which the law expressly reserves for the Supervisory Board and Shareholders' Meetings.

The Supervisory Board may also confer the same power of representation on one or more other members of the Management Board, who shall then bear the title of Chief Executive Officers.

The Chairman of the Management Board and the Chief Executive Officer(s) shall be authorized to appoint any special representatives they shall deem appropriate to replace them as regards some of their powers.

The Management Board shall present a report to the Supervisory Board at least once every quarter.

Article 15 of the bylaws

1. The Supervisory Board shall comprise a minimum of three and a maximum of eighteen members, who shall be appointed in Ordinary General Meeting.

2. A legal entity may be appointed as a member of the Supervisory Board. Upon its appointment or co-optation, it shall be obliged to appoint a permanent representative who shall be subject to the same terms and obligations and who shall bear the same civil and criminal liability as he would if he were a member of the Supervisory Board in his own name, without prejudice to the joint and several liability of the legal entity he represents.

3. Each member of the Supervisory Board must be the owner of at least one share throughout his term of office.

4. The term of office of members of the Supervisory Board shall be four years.

5. Any member of the Supervisory Board appointed as a replacement for another shall remain in position throughout the remainder of the term of office of his predecessor.

6. Any member is eligible for re-election on expiry of his term of office.

7. At any annual Ordinary General Meeting, no more than half the members of the Supervisory Board may have reached the age of seventy during the financial year on the financial statements of which the Meeting has been called to rule. If this proportion of one half needs to be re-established, the oldest member or members of the Supervisory Board shall be deemed to have resigned from office, such resignation taking effect at the end of the meeting ruling on the financial statements of the financial year during which the proportion was exceeded, unless the proportion of one half has already been re-established. Notwithstanding the above, if the oldest member or members of the Supervisory Board hold(s) or has/have held the position of Chairman of the Board of Directors or of the Supervisory Board in the Company, they shall remain in position and the next oldest member or members of the Supervisory Board shall be deemed to have resigned from office. These provisions shall also apply to the permanent representatives of legal entities that are members of the Supervisory Board, without ending their term of office but instead obliging them immediately to appoint a new permanent representative.

8. Where, at the end of a financial year, the proportion of the share capital held – within the context set out under the provisions of Article L. 225-102 of the Commercial Code – by the staff of the Company and of related companies within the meaning of Article L. 225-180 of the said Code exceeds 3%, a member of the Supervisory Board shall be appointed in Ordinary General Meeting as a representative of the employee shareholders, in the manner prescribed by current regulations and by these bylaws.

9. Candidates for the position of employee shareholder member of the Supervisory Board shall be nominated in accordance with the following terms:

a) Where the right to vote attaching to the shares held by the employees or by the collective investment schemes of which they are members is exercised by the members of the supervisory board of those collective investment schemes, the candidates shall be nominated by the board from among the schemes' members.

b) Where the right to vote attaching to the shares held by the employees (or by the collective investment schemes of which they are members) is exercised by the employees directly, candidates shall be nominated at the consultative meeting provided for under Article L. 225-106 of the Commercial Code, either by the employee shareholders meeting specifically for that purpose or via a written consultation. Only candidates presented by a group of shareholders representing at least 5% of the shares held by those employees who exercise their right to vote individually shall be admitted.

10. The procedures for nominating candidates, to the extent that they are not defined in the legal and regulatory provisions in force or in these bylaws, shall be decreed by the Chairman of the Supervisory Board, in particular as concerns the timetable for the nomination of candidates.

11. A list of all validly nominated candidates shall be drawn up. This must contain at least two candidates and indicate for each candidate the name of his substitute in the event that he should vacate his office for any reason. The list of candidates shall be appended to the notice convening the General Meeting of shareholders called to nominate the member of the Supervisory Board representing employee shareholders.

12. The member of the Supervisory Board representing employee shareholders shall be appointed in Ordinary General Meeting in accordance with the terms applying to all appointments of members of the Supervisory Board. The Supervisory Board shall present the list of candidates to the General Meeting. Whichever of the aforesaid candidates receives the largest number of votes from the shareholders present or represented at the Ordinary General Meeting shall be appointed as the member of the Supervisory Board representing employee shareholders.

13. This member shall not be taken into account when determining the minimum or maximum number of members of the Supervisory Board as prescribed under Article L. 225-69 of the Commercial Code.

14. The term of office of the member of the Supervisory Board representing employee shareholders shall be six years. Nevertheless, his term of office shall end automatically and the member of the Supervisory Board representing employee shareholders shall be deemed to have resigned from office in the event that he ceases to be an employee of the Company (or of a related company or economic interest group as defined under Article L. 225-180 of the Commercial Code) or to be a member of a collective investment scheme at least 90% of whose assets are composed of shares in the Company. The Supervisory Board may validly meet and deliberate prior to the date of the appointment or replacement of the member of the Supervisory Board representing employee shareholders.

15. Should the member of the Supervisory Board representing employee shareholders vacate his position for any reason, his substitute shall immediately assume office for the remainder of his predecessor's term of office.

16. The provisions under paragraph 8 of this Article shall not apply where, at the end of a financial year, the percentage of share capital held by the staff of the Company and of related companies as defined under Article L. 225-180 above, in the context set out in the provisions of Article L. 225-102 above, represents less than 3% of the share capital, it being specified that the term of office of any member of the Supervisory Board representing employee shareholders who was appointed pursuant to paragraph 8 shall expire on its normal date.

17. The provisions of paragraph 3 of this Article shall not apply to the member of the Supervisory Board representing employee shareholders.

18. The Supervisory Board shall appoint from among its members a Chairman and Deputy Chairman, who must be physical persons and who shall remain in office until expiry of their membership of the Supervisory Board.

19. Members of the Supervisory Board shall be called to meetings of the Board by any means, including orally, by the Chairman or Deputy Chairman.

20. Decisions shall be taken subject to the rules prescribed by law regarding quorum and majority.

21. An internal rule may provide that members of the Supervisory Board participating in a Board meeting by a means of video conferencing or telecommunication that allows them to be identified and enables them to participate effectively be deemed present for the calculation of quorum and majority, subject to compliance with the regulations in force.

Article 16 of the bylaws

The Supervisory Board shall, on an ongoing basis, oversee the Management Board's management of the Company. In this regard, it may at any time of year conduct checks and controls that it deems appropriate and have documents communicated to it that it considers necessary for the accomplishment of its task.

In addition to the sale of real estate, the full or partial sale of holdings in other enterprises and the establishment of sureties and charges, pledges or guarantees, which shall be subject to authorization by the Supervisory Board under the terms set by the Commercial Code, the following transactions may only be carried out by the Management Board with the prior consent of the Supervisory Board:

- the issue of securities, of whatsoever kind, liable to entail a change to the share capital;
- material transactions liable to affect the strategy of CNIM or the CNIM Group or to change its financial structure or its sphere of activity, the Management Board carrying out and being fully responsible for assessing the materiality of said transactions;
- transactions exceeding an amount set each year by the Supervisory Board regarding:
- any capital spending decisions affecting fixed assets as recorded in the balance sheet;
- any barter or part-exchange transactions relating to goods, stocks or securities;
- involvement in the establishment of any company and subscription to any issue of shares, stocks or bonds, excluding treasury transactions;
- the grant or acceptance of any loans, borrowings, credit or advances.

The Management Board may delegate the powers it has received from the Supervisory Board within the limits permitted by law and regulations.

The Supervisory Board may confer special authorities of any kind for one or more defined purposes upon one or more of its members.

It may resolve to create subcommittees, the composition and powers of which it shall determine and which shall perform their activities under its responsibility.

Article 17 of the bylaws

Any agreement made directly or via an intermediary between the Company and a member of the Management Board or Supervisory Board, a shareholder holding over 10% of the voting rights or, in the case of a shareholder which is a company, its controlling company as defined in Article L. 233-3 of the Commercial Code must be submitted for prior approval to the Supervisory Board.

The same shall apply to agreements in which one of the persons referred to above has an indirect interest.

Agreements between the Company and an enterprise shall also be subject to prior approval if a member of the Management Board or Supervisory Board of the Company is the owner, general partner, executive manager, director, member of the supervisory board or, more generally, a manager of that enterprise.

Nevertheless, the foregoing measures do not apply to agreements concluded under normal terms in respect of ongoing transactions.

8.2.3 Rights, privileges and restrictions associated with shares (Articles 8-11 of the bylaws)

Article 8 of the bylaws

Shares shall be either registered or bearer shares, at the election of the shareholder.

They confer the right to registration under the conditions and in the manner prescribed by law.

The Company or its authorized representative may at any time request any body or intermediary, insofar as permitted by laws and regulations in force, to reveal the identity of the holders of shares conferring the immediate or eventual right to vote at its General Meetings, as well as the number of shares held by each holder and, where applicable, any constraints as may attach to the shares.

Article 9 of the bylaws

Shares may be freely sold and transferred in accordance with the legislative and regulatory provisions.

Article 10 of the bylaws

Each share confers a right in the profits and assets, and in the surplus on liquidation, in proportion to the fraction of the share capital it represents.

It confers the right to participate, to the extent permitted by law and by the bylaws, in General Meetings of the shareholders and to vote on resolutions.

All shareholders have the right to be informed about the progress of the Company and to obtain communication of certain Company documents at the times and to the extent provided for by law and by the bylaws.

Possession of a share automatically entails adherence to the bylaws of the Company and to resolutions passed in General Meeting.

Shareholders are liable for the Company's liabilities up to the nominal value of the shares they possess.

The rights and obligations attaching to shares follow the share as it passes from hand to hand, and sale or assignment shall encompass all dividends not yet payable or due but unpaid, as well as, where applicable, the share in the reserves.

The heirs, creditors or legal beneficiaries of a shareholder may not demand the assets of the Company be placed under seal, request their division or sale by auction, or intervene in any way in the Company's administration. They may, in order to exercise their rights, have reliance on the Company's accounts and on resolutions passed in General Meeting.

Whenever it is necessary to possess a certain number of shares in order to exercise a right, it shall be incumbent on owners not in possession of this number to arrange the grouping of the required shares.

Article 11 of the bylaws

The shares are indivisible from the point of view of the Company.

Nevertheless, where a share is subject to a usufruct, the right to vote attached to that share shall belong to the holder of the usufruct in Ordinary General Meetings and to the bare owner in Extraordinary General Meetings.

Co-owners of undivided shares shall be represented at General Meetings by one of their number or by a sole proxy; in the event of disagreement, the proxy shall be designated by the President of the Commercial Court provisionally ruling on the request of the first co-owner to submit an application.

Where shares have been pledged, the right to vote shall be exercised by the owner.

The right of the shareholder to obtain communication of company documents belongs equally to each of the co-owners of undivided shares, and both to the bare owner and the holder of the usufruct.

8.2.4 Actions required to change shareholders' rights

None.

8.2.5 General meetings (Article 19 of the bylaws)

Article 19 of the bylaws

1. General Meetings shall be called in accordance with the terms, forms and notice periods prescribed by law.

2. Meetings shall take place at the registered office or at any other location in the same département specified in the invitation.

All shareholders have the right to attend General Meetings and to participate in the deliberations, under the terms prescribed by law.

If the Management Board so resolves at the time of calling a General Meeting, shareholders may participate in that meeting by video conferencing or by any other means of telecommunication (including the internet) enabling them to be identified, insofar as permitted by the applicable regulations. Where applicable, this option shall be mentioned in the notice of the meeting and the invitation.

Shareholders participating in the meeting by video conferencing or by electronic means of communication that enable them to be identified shall be deemed present for the purpose of calculating the quorum and majority.

Any shareholder who fulfils the conditions required to participate in a meeting may have himself represented by a proxy insofar as permitted by law.

Shareholders may also vote by post or, if the Management Board so decides, remotely by electronic means, insofar as permitted and in the manner determined by law and regulations, by sending in their voting and proxy forms for any General Meeting either in paper form or, if the Management Board has so decided, by electronic means of communication, it being specified that this option shall be, where applicable, mentioned in the notice of the meeting and the invitation.

The voting right attaching to the shares is proportional to the share capital the shares represent. Nevertheless, a double voting right is conferred on all fully paid-up shares which are shown to have been registered in the name of the same shareholder for at least two years, insofar as permitted by law.

Meetings shall be chaired by the Chairman of the Supervisory Board or, in his absence, by a member of the Supervisory Board specially nominated for this purpose by the Board.

The duties of scrutineers shall be fulfilled by the two members of the meeting having the largest number of votes and accepting that duty.

The meeting committee shall designate the meeting secretary, who does not need to be a shareholder.

An attendance list shall be maintained as prescribed by law.

Copies or extracts of the minutes of the Meetings shall be certified, in accordance with the law.

8.2.6 Provisions liable to affect control

None.

8.2.7 Crossing thresholds (Article 12 of the bylaws)

Article 12 of the bylaws

Any individual or legal entity acting alone or in concert with others who comes to possess a number of shares representing more than 2.5% of the share capital or voting rights of the Company or more than any multiple from 1 to 13 of this percentage (the obligation ceases to apply beyond the threshold of 32.5% of the share capital or voting rights) shall be bound to declare it to the Company by registered letter with advice of receipt sent to the registered office and informing it of the total number of shares and voting rights he possesses, within fifteen stock-market trading days of the registration in his account of the shares enabling him to cross the threshold in question.

This declaration must be made in accordance with the above terms on every occasion that the aforementioned thresholds are crossed, whether upwards or downwards.

Non-compliance with this obligation is punishable by the withdrawal of voting rights from those shares exceeding the percentage that was not duly declared for all shareholders' meetings until the expiry of a period of two years from the date on which the due notification was received, it being specified that this sanction shall only apply in the event of a request, recorded in the minutes of the General Meeting, by one or more shareholders holding at least 2.5% of the Company's share capital or voting rights.

8.2.8 Changes to the share capital (Article 7 of the bylaws)

Article 7 of the bylaws

The share capital may be increased, reduced or redeemed insofar as permitted by law and regulations.

8.3 Documents on display

Information published or made public over the last twelve months.

a. Regulatory information

All regulatory information is published by CNIM Group via a distributor as part of its financial communication and is available on its website, www.cnim.com.

This includes all mandatory financial documents filed with the AMF in accordance with Article L. 451-1-2 (revised) of the Monetary and Financial Code, as resulting from the transposition into national law of the European Transparency Directive (Directive 2004/109/EC):

- Monthly information on the total number of voting rights and shares comprising the Company's share capital;
- Information on operations affecting the Company's securities;
- Information on Auditors' fees;
- Monthly declarations of transactions in own shares;

b. Financial press releases

- Quarterly revenues;
- Half-yearly financial statements;
- Annual financial statements;
- Backlog for the financial year;

c. Financial publications and information

- Registration document;
- Annual financial report;
- Half-yearly financial report;
- Quarterly information;
- Financial calendar.

d. Other documents

- Description of share repurchase programs;
- Means used to distribute or make available documents issued in advance of General Meetings.

The Company's bylaws are available on its website (www.cnim.com) and have been updated pursuant to the resolutions of the General Meeting of Shareholders of May 24, 2016.

During the period of validity of this registration document, the following documents (or copies thereof) may be consulted at the Company's registered office, 35 rue de Bassano, 75008 Paris:

- the deed of incorporation and the bylaws of the Company;
- all reports, letters and other documents, historical financial information, valuations and opinions issued by an expert at the request of the Company of which any part is included in or referred to in this registration document;
- the historical financial information of the Company and its subsidiaries for each of the two financial years preceding the publication of this registration document.

8.4 Responsible person(AFR)

8.4.1 Person responsible for the registration document

Mr. Nicolas Dmitrieff, Chairman of the Management Board.

8.4.2 Declaration by the person responsible for the registration document

I declare, having taken all reasonable steps for this purpose, that the information contained in this registration document is true and accurate to the best of my knowledge and contains no omissions that would alter its meaning.

I declare, to the best of my knowledge, that the financial statements have been prepared in accordance with the applicable accounting standards and provide a true and fair view of the assets and liabilities, the financial position and the income of the Company and of all of the entities included within the consolidation, and that the Management Board's report featuring in Section 2 provides an accurate reflection of the changes in the business, income and financial position of the Company and of all of the entities included within the consolidation, as well as a description of the principal risks and uncertainties with which they are faced.

I have obtained an assignment completion letter from the statutory auditors of the financial statements, in which they state that they have verified the information on the financial position and the financial statements disclosed in this document and that they have read the document in its entirety.

The historical financial information presented in this registration document is the subject of a report by the statutory auditors, featuring in the financial section of this document.

Paris, 28 March, 2019

Nicolas Dmitrieff

Chairman of the Management Board

9 HISTORY

CNIM Group has been forged over the course of a long history, which began with the foundation of Forges et chantiers de la méditerranée (FCM) in 1856. This history is testimony to the Group's ability to evolve in order to continue to achieve its ambitions without neglecting its long-term commitments.

The various technological, industrial and human milestones in the Group's history are shown below:

1856

Founding of the shipyard at La-Seyne-sur-Mer in the Var. Throughout its existence, the shipyard was to remain at the forefront of shipbuilding techniques, building not only warships and liners for France, Japan and many other countries, but also the first submarine. La-Seyne-sur-Mer is still the Group's main industrial site.

1917

The first tanks rolled out of the La-Seyne-sur-Mer plant and the Renault works at the same time.

1961/1965

CNIM played a part in the construction of the first serially produced missile launch tubes for France's nuclear-powered ballistic missile submarines.

The Group still remains actively involved in this field, and plays a vital role in the modernization of these missile launch systems.

1966

As orders for new ships declined, FCM was taken over by the Herlicq industrial equipment group, and changed its name to Constructions navales et industrielles de la méditerranée, or CNIM for short. Activity levels were restored with the construction of specialized vessels such as methane carriers and offshore drilling platforms. The Company continued its diversification into other industrial sectors, which had been ongoing for several years.

1982/1986

The French government merged the shipyards at Dunkirk, La Ciotat and La-Seyne-sur-Mer to form Normed. CNIM, now known as Constructions industrielles de la méditerranée, opted to grow its business in energy (waste-to-energy plants and boilers) and mechanical engineering (submarine missile launch systems for the Strategic Ocean Force, pontoon bridging systems for the Engineering Corps, components for the nuclear industry, and escalators for subways, rail stations and airports).

1987

On June 30, CNIM was listed on the Second Market of the Paris Stock Exchange.

It was at that time that CNIM began development work on the new M51 missile launch system and invested a large portion of its equity in equipping itself with the resources needed to work with the new materials used.

1989/1990

CNIM acquired two companies specializing in industrial boilers: Babcock Entreprise (1989) and Wanson (1990), merging them to form Babcock Wanson.

2001/2002/2003

CNIM purchased LAB SA, a European leader in flue-gas treatment, in 2001 and took over Alstom's waste-to-energy business in 2002.

In 2000, France took sole charge of the European assault bridge project, based on a vehicle-mounted bridge developed by CNIM's Eurobridge subsidiary. In 2003, CNIM built three bridges, each with a twelve-meter span, at its own expense to demonstrate the viability and reliability of the project.

In mid-2002, the consortium formed by Thales and CNIM won the general contract to supply and fit equipment to the Megajoule Laser chamber.

2005

CNIM laid the foundation stone of a new 20,000 m2 factory in Gaoming, China, near Foshan in the province of Canton.

2008/2009

CNIM acquired Bertin Technologies together with its subsidiaries, as well as healthcare firms Biotec Centre and IDPS. The Group also purchased a shareholding in Technoplus Industries, a subsidiary of Areva TA.

The Group refocused on its core activities and closed the Transport Division, which specialized in escalators and moving walkways.

2010/2011

Ellipse, Spi-Bio, Biotec Centre and IDPS, the four Bertin Technologies subsidiaries specializing in pharmaceutical R&D, merged to form Bertin Pharma. Bertin Technologies purchased Vecsys, a company specializing in automated speech processing with expertise in voice-stream processing, on-board software and industrial IT.

CNIM inaugurated its pilot concentrated solar power plant at the La-Seyne-sur-Mer site.

2012

CNIM was selected as Intermediate-Size Enterprise of the Year for 2012. This award, conferred by l'Usine Nouvelle magazine at the Assises de l'Industrie conference, was given in honor of our "tenacity, innovation, youthfulness of spirit and successful model of diversification".

In 2012, CNIM completed its 160th waste-to-energy plant. The 160 installations boast a total of 280 thermal waste processing lines.

2013

The Group's Stuttgart-based subsidiary LAB GmbH agreed to purchase a portfolio of ongoing projects, technologies and assets from the Swiss company Geodur Recycling AG. The move enabled LAB to expand its technological portfolio and offer new solutions and services in relation to the stabilization and solidification of fly ash and particulates, bottom ash treatment and the recovery of non-ferrous metals.

2014

The Dmitrieff family’s holding company, Soluni S.A., assumed control of CNIM in July 2014 by purchasing the entire shareholdings of CNN and Martin GmbH. This transaction caused Soluni's shareholding to rise from 27.40% at December 31, 2013 to 56.43% at December 31, 2014. CNIM thus now has a strong and stable shareholder base, which will further bolster the implementation of the Group’s long-term development strategy. This consolidation is proof of the Dmitrieff family's belief in CNIM.

Bertin Pharma acquired the Aquitaine site of Johnson & Johnson Health & Beauty France (JJHBF), which specializes in the formulation and production of clinical batches of over-the-counter drugs. A partnership agreement was drawn up covering this acquisition, providing for Bertin Pharma to conduct R&D work on behalf of JJHBF. Bertin Pharma thus gained access to a fast-growing market, namely that of over-the-counter drugs.

CNIM acquired the cooling units and absorption heat pumps business of the German company INVEN. This acquisition facilitated the development of a new business centered on the design, production and supply of innovative turnkey systems for recovering heat and energy. INVEN's technology uses low-temperature discharges in order to extract heat from them and produce cold or heat, thereby reducing its users' reliance on fossils fuels.

Negotiations were held concerning the acquisition of Saphymo by Bertin Technologies, which had become the only French industrial company to offer a complete range encompassing not only equipment for detecting and identifying nuclear, radiological, biological and chemical (NRBC) threats for the defense and security industries, but also equipment for monitoring levels of ionizing radiation for the nuclear industry. This transaction was finalized on January 1, 2015.

2015

The SPI (“Sociétés de projets industriels” - Industrial Joint Ventures) fund, financed by the Investments for the Future program and run by Bpifrance, announced its first investment, alongside CNIM, in the company SUNCNIM in June 2015. SUNCNIM, which is majority-owned by CNIM, develops and builds turnkey thermodynamic solar power plants for export.

Bertin Technologies acquired GO Albert France and its AMI Software brand in May 2015. The company was incorporated into the Bertin IT division. With the digital monitoring and cyber intelligence specialists of both entities joining forces, a major player in the field of open-source data processing (in particular Internet monitoring) was created, with its international ambitions supported by the whole CNIM Group.

2016

Seeking to refocus on its core business as a supplier of industrial equipment to major public and private-sector customers in France and worldwide, in July 2016, CNIM sold its Babcock Wanson subsidiaries (excluding CNIM Babcock

Maroc) to the FCDE (Fonds de Consolidation et de Développement des Entreprises). The transaction enabled Babcock Wanson to continue its international expansion with the support of a new owner who respects its industrial heritage.

2017

In 2017, the CNIM and Martin Groups announced the creation of a waste and biomass processing and energy recovery company to serve the Southern and Southeast Asia market. The new entity, based in Chennai in the Indian state of Tamil Nadu, will be operated jointly by CNIM and Martin. It will provide the full spectrum of CNIM and Martin expertise covering the design, construction and turnkey supply of waste-to-energy and biomass-to-energy centres, combustion and flue gas treatment technologies, renovation services and energy and environmental performance upgrades.

Bertin Pharma sold its pharmaceutical and biotech services businesses. The activities relating to the supply of bioanalysis tools and biological reagents for Defense and Life Sciences were retained and integrated into Bertin Technologies.

Bertin Technologies acquired the Swedish company Exensor, the world leader in the supply of sensors and protection networks for sensitive zones and infrastructure. This transaction is an aspect of accelerating Bertin Technologies' development strategy on the global instrumentation and surveillance market for defense and security applications.

Bertin Technologies acquired the French company Winlight, which specializes in the design and manufacture of components and systems in the high-performance optics sector. This transaction strengthens CNIM and Bertin Technologies' offering in supplying high-performance optical and mechanical systems for applications such as research reactors, synchrotrons, telescopes and large defense and space programmes.

2018

In 2018, Bertin Technologies, a CNIM subsidiary, disposed of two entities:

- Bertin Ergonomie Facteur Humain (digital transformation of business lines and structures, ergonomics for complex systems with risk management linked to human factors);
- Bertin Modélisation et Informatique Scientifique (modelling and simulation for nuclear energy, development and maintenance of scientific software for the aviation and space industries).

CNIM also disposed of its indirect interest in SELCHP. SELCHP owns a domestic waste-to-energy plant located in London (United Kingdom). The company operates a domestic waste-to-energy plant built by CNIM in 1994.

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Incorporation by reference

Incorporation by reference

In accordance with Article 28 of Regulation (EC) No. 809/2004, the following information is incorporated by reference into this registration document:

- the consolidated financial statements and annual financial statements for the years ended 31 December 2017 and 31 December 2016, and the Statutory Auditors' reports in relation thereto as included respectively in registration document No. D.18-0190 and registration document No. D.17-0224, filed with the Autorité des marchés financiers on 27 March 2018 and 24 March 2017, respectively;
- the commentary on activities during the years ended 31 December 2017 and 31 December 2016, as included respectively in section 1 of registration document No. D.18-0190 and registration document No. D.17-0224, filed with the Autorité des marchés financiers on 27 March 2018 and 24 March 2017, respectively.

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