CNIM GROUPE (CNIM)

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

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Universal Registration Document

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

2019

This Universal Registration Document was filed with the Autorité des marchés financiers (French Financial Markets Regulator - AMF) on 29 June 2020 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.

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1 ABOUT US

1.1 Profile

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

1.1.1 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 rich technological content for large private and public companies as well as State actors, and provides expertise, services and operating capabilities in the environmental services, energy, defence and industrial fields. Technological innovation is at the heart of the equipment and services designed and produced by the Group. Applications include producing cleaner and more competitive energy, reducing the environmental impact of industrial activities, securing sensitive facilities and infrastructure and protecting people and States. The Group, listed on the Euronext Paris stock exchange, has a stable, majority family-shareholder base, committed to its development. At 31 December 2019, CNIM had 2,792 employees generating revenue of €588.4 million, 48.2 % of which in export sales.

CNIM belongs to the "midcap" category of companies, characterized by their performance in the international arena, their entrepreneurial capacity and their commercial agility, enabling them to make a notable contribution to the growth and competitiveness of the French economy.

The Group is structured in two Sectors; the table below provides a brief overview of each.

The Group has first-rate industrial facilities, including a flagship plant located in La Seyne-sur-Mer in France's Var department, and seven other specialized facilities around the world (see § 1.1.1.3).

Environment & Energy	Innovation & Systems
ORGANISATION, PRODUCTS AND SERVICES	
- Turnkey design, construction and commissioning of waste-to-energy (W2E) and biomass-to-energy plants. - Operation and maintenance of waste-to-energy and biomass-to-energy centres, as well as the solar power plant in Llo (France). - Services (optimization, rehabilitation, revamping and maintenance) for waste-to-energy and biomass-to-energy centres and large combustion plants. Design, construction, installation and commissioning of condensing flue gas treatment and heat recovery systems for waste-to-energy and biomass-to-energy plants, slurry treatment facilities and industrial boiler plants.	The Innovation & Systems Sector comprises: - CNIM Industrial Systems Division, made up of CNIM Industrial Systems, based in La Seyne-sur-Mer, together with the operational subsidiaries CTE in China, CNIM Singapore and CNIM Air Space; - Bertin Technologies and its subsidiaries. The Industrial Systems division provides a unique offer for 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 the energy and environmental sectors.
MARKETS	
Clients: local authorities, facility operators, public service contractors, private investors, energy producers and public or private service companies (especially in the chemicals, petrochemicals, agri-food, paper and pharmaceuticals sectors, together with 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 decrease atmospheric emissions.	Clients: large French and international contracting authorities Markets: Systems and instrumentation: Equipment, systems and services for critical applications: - Defence & security - Nuclear power & radiation protection - Space and large scientific instruments - Life sciences - Clinical waste management Information technology: State-of-the-art software publisher: - Cybersecurity - Cyber intelligence - Speech intelligence Energy & environment: Innovative solutions for the energy and environmental sectors, industry and communities: - Engineering, consulting & innovation - Industrial risk management & operating safety - Positive-energy/zero-carbon solutions

OUTLOOK	
- Ongoing strategy of commercial development in countries that are actively pursuing policies to build up their waste-to-energy strategies: > primarily in the United Kingdom and Europe; > to a lesser extent in the Gulf states and Southeast Asia. - Services: CNIM is positioned as a major player in the French plant modernization market. CNIM Babcock Services implements a strategy of supporting industrial partners with their energy transition and efficiency initiatives. LAB continues to defend and 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 (i.e. Germany, Scandinavia and western and southern Europe). Offshore applications are another source of development opportunities.	**Defense**: 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 focus on projects to develop or modernize large scientific facilities devoted to 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. Information technology: Bertin IT continued to develop its activities relating to cybersecurity, cyber intelligence, strategic intelligence and automatic speech processing for private and public sector customers in fields such as defence and security industries, banking, transport, energy, telecommunications, manufacturing and services. **Innovative solutions for the energy and environmental sectors, industry and communities:** In 2019, Bertin Energie Environnement continued its strategy of rolling out decentralised energy solutions, both in France and on a number of iconic export projects. In 2020, this subsidiary is focussing on delivering major achievements in terms of the operational performance of its industrial customers.

1.1.1.1 Strategy and outlook

CNIM is an independent midcap enterprise that covers the full life cycle of high-added-value technical and industrial facilities.

The Group's strategy is supported by:

- a diverse range of specialisms and a presence in the environmental services, energy, defence and security markets, decreasing sensitivity to the business cycle;
- 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 enabling selectivity in capital spending;
- growth of recurring business over the long term;
- improving competitiveness and profitability to ensure that financing needs are met.

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

1.1.1.2 Research and development costs

Innovation-rich projects

For CNIM, innovation offers solutions to the technological challenges faced by its public and private sector customers. It is the keystone of its technological leadership, competitiveness and development. Many of the Group's achievements are world firsts.

The CNIM Group conducts 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, as described for each Sector.

For CNIM Group, innovation involves:

- continuous improvement with the aim of optimizing existing facilities;
- development of new products, designed and built with unmatched ingenuity;
- The CNIM Group holds a portfolio of 142 groups of patents, 102 of which are extended internationally, as well as 106 trademarks.
- development of civil applications arising from defence projects;
- partnerships with research organizations in France and internationally;
- solid commitment to the development of major competitiveness clusters in France;
- development of services to optimize customers' facilities, enabling them to improve equipment uptime and control their operating costs and environmental impact.

R&D programmes are implemented by the two Sectors, which determine what action needs to be taken for their respective technological fields, as part of the Group's overall innovation strategy. These actions are described in the sector overviews.

1.1.1.3 First-rate industrial facilities

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

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 staff 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.

The full range of professions associated with the Environment & Energy and Innovation & Systems Sectors are carried out at CNIM's main industrial site at La Seyne-sur-Mer in France's Var department:

- 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.

In 2019, CNIM continued developing its precision machining facilities for large components, including commissioning two new five-axis machining centres and a large-capacity 3D inspection system, as well as making progress on a planned clean room to be used for product finishing operations.

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 play an important role in ensuring that facilities and personnel remain competitive and able to develop into new industries.

Bertin Technologies' research laboratories and multidisciplinary capabilities round out the Group's industrial innovation capabilities.

1.1.1.4 Key success factors

Both Sectors benefit from:

- mechanical and thermal engineering capabilities, which form the historical basis of our activities and are supported by first-rate industrial facilities;
- the experience and capacity to lead complex projects;
- opportunities in high-technology industries (with significant quantitative and qualitative design requirements).

Furthermore, the Group maintains an activity mix enabling it to cover the full value chain (including R&D, design, equipment manufacturing, installation, maintenance and services).

1.1.1.5 Sector-specific information

This information can be found in Section 2.8 “Group results”.

Information required under IFRS is presented in the notes to the 2019 consolidated accounts (Note 5, Section 6.1 "Consolidated financial statements at 31 December 2019").

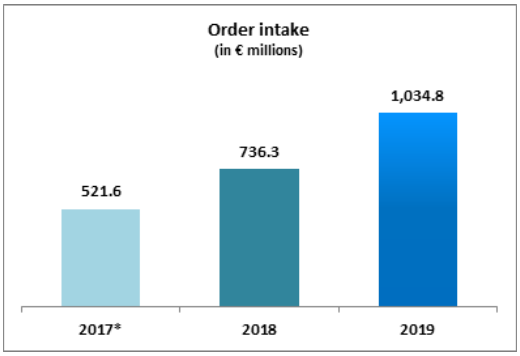
Comprehensive information on subsidiaries and other holdings is provided in this document in:

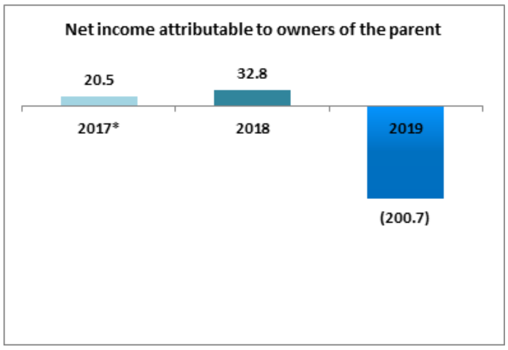
- Section 6.2 of the financial statements (Note 24 to the 2019 CNIM SA Financial Statements);
- Note 4 "Scope of consolidation" to the 2019 consolidated financial statements;
- Structure of the main Group companies, § 2.6.

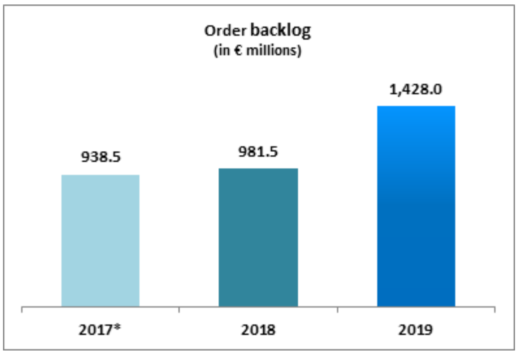
1.2 Key figures

Stated figures are in € millions.

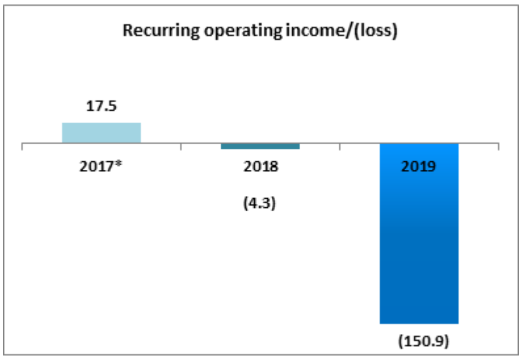
The alternative performance measures (APMs) are defined in § 2.8.4.

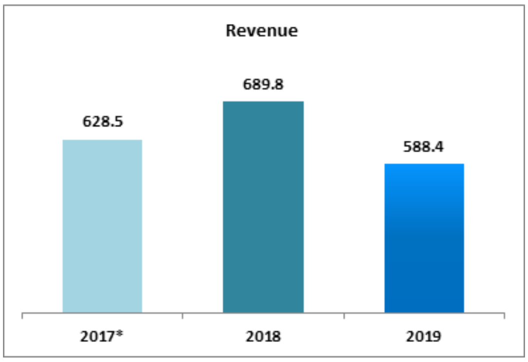


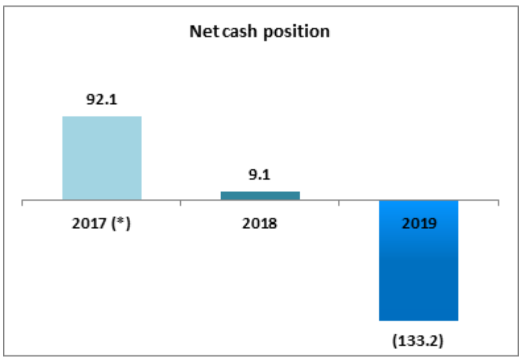


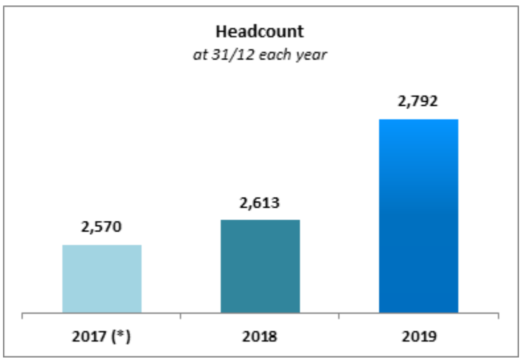


In 2019, export sales accounted for 48.2% of Group revenues.
A breakdown of revenues by Sector and by region is provided in § 2.8.3.









(*) adjusted for the impact of the IFRS15 standard

Detailed information relating to all key figures is presented in Sections 2.8 to 2.10.

1.3 Our business model

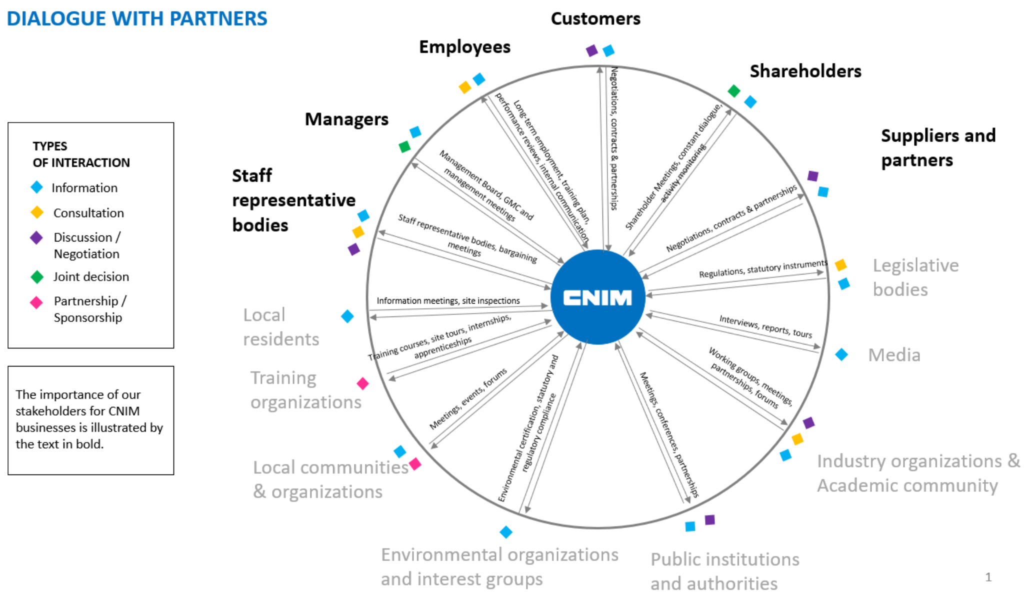
1.3.1 Partners

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.



1.3.2 Our business model

OUR BUSINESS MODEL

RESOURCES

Financial
. Stable family share ownership since 1966

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

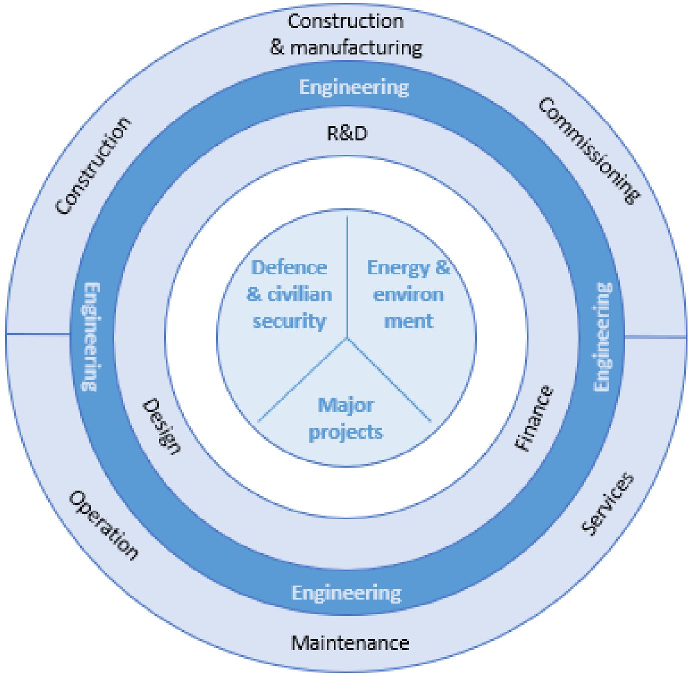
Intellectual
. R&D
. Patent portfolio
. Proprietary technologies

Human
. 2,800 employees carrying out projects in around 100 countries worldwide

Relational
. Long-term relationships with our partners and customers
. A major partner of defense since 1856
. 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
. More than half of revenues from export markets

Industrial
Delivery of high quality equipment
.for energy production,
.energy efficiency,
.environmental impact reduction,
.data security, security for sensitive facilities,
.technological support for armed forces

Intellectual
. New patents
. Innovation: new equipment and processes
. Academic partnerships: participation in PhD projects, etc.

Human
. Employee training
. Shared business culture
. Continued Internationalization

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.

Founded in 1856, CNIM is a French equipment manufacturer and industrial contractor operating on a worldwide basis.

The Group supplies products and services to major public and private sector organizations, local authorities and national governments in the Environment, Energy, Defense, and high technology markets.

Technological innovation is at the heart of the equipment and services designed and produced by the Group. They contribute to the production of cleaner and more competitive energy, to limiting the environmental impacts of industrial activities, to making sensitive facilities and infrastructures safer and protecting individuals and nation states.

The Group is listed on the Euronext exchange in Paris. It relies on a stable family-based majority shareholding structure committed to its development.

Trends and principal factors that may have an impact on developments to the Group's commercial environment.

Several major trends are crossing borders and having an impact on companies, including geopolitical changes, technological revolutions and changing mindsets.

CNIM has acted on several of these trends, which provide structure to its development strategy.

- **Heightened awareness of the need to limit the environmental impact of business activities:**

People the world over have become gripped by environmental issues and are now putting pressure on States and companies to accelerate environmental transition. The need to optimize the energy performance of facilities while, at the same time, reducing their environmental impact is no longer a matter of debate.

Through its innovations in the production of renewable energy, waste recovery, flue gas treatment, energy recovery and the control of industrial risks, CNIM is meeting these challenges, by helping to limit the environmental impact of human and industrial activities.

- **Growing energy needs:**

With 8.3 billion people worldwide in 2030 and growing energy needs, the construction of the tomorrow's energy industry is one of the great challenges of the future.

CNIM is meeting this challenge by offering a comprehensive service involving the design and manufacture of equipment and the provision of services for all types of energy - fossil fuel, nuclear or renewable. The expertise developed by the Group includes waste sorting and processing, the recovery of unavoidable energy, contributing to major energy-related scientific research programmes and developing equipment for decarbonizing the shipping industry, and it continually aims to improve energy efficiency and optimize resources.

- **An unstable world faced with growing threats:**

Globalization and digitization require States and companies to rethink their approach to security.

CNIM is providing a solution to the physical and digital security issues faced by States, local authorities, citizens and critically important stakeholders, companies and institutions. This involves ensuring people's security, as part of a stable society, by preserving infrastructure and protecting exchanges.

To meet these major challenges, CNIM has significant research and development expertise together with market-leading industrial capabilities. Innovation and the solidity of its industrial projects are at the heart of the solutions offered by CNIM to its clients. Its historic expertise (thermal and mechanical engineering, expertise as a lead contractor) and its mastery of new technologies make CNIM a preferred partner of international energy and environment, defense and security operators.

1.3.3 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 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

Group income and cash consumption were severely impacted by losses incurred in relation to E&E EPC contracts (see § 2.8.1), prompting the decision to undertake - in close cooperation with the various banking partners and credit insurers (which underwrite bank loans) - a financial restructuring operation (described in § 2.11) to secure the Group's activities for the medium term.

The Group's financial situation is described in detail in § 2.10.

All press releases and financial disclosures are available on the Group's website (https://cnim.com/finance/informations-financieres).

Legal reorganization of the Group's activities

From an operational perspective, the Group's activity was until recently structured as two Sectors, the Environment and Energy (E&E) sector and the Innovation & Systems (I&S) sector, each sub-divided into the following Divisions:

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

a. E&E EPC Division;

b. E&E Flue Gas Treatment Division (LAB);

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 generates almost half of the Group's revenue through activities a, c, d and e above. The remainder of the Group's revenue is accounted for by Group subsidiaries with no legal framework that clearly distinguishes between the various businesses.

This situation resulted 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 implemented in the various subsidiaries.

Consequently, in 2018, 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 were to:

- spin off by means of partial contributions of capital and then reclassify, on the one hand, all of the Parent Company'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;
- 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 the Parent Company;
- strengthen corporate governance across all Group entities.

The proposed measures were all approved at the Shareholders' Meeting on 26 June 2019, and by the sole shareholder of each company receiving a contribution. These capital contribution transactions were subject to a number of conditions precedent.

Upon clearing the conditions precedent, the Group finalised the capital contributions at midnight on 31 December 2019, except for the transaction involving the E&E EPC division, which was not approved in time by an adequate number of co-contractors. Nevertheless, due diligence activities aimed at obtaining their approval continued, with a view to completing the transaction in FY 2020.

In summary, the Group spun off the various subsidiaries by means of partial contributions of tangible and intangible assets, with the exception of the E&E EPC division, postponed until 2020. The transactions consisting in the Parent Company contributing the shares in the division-level holding companies to two intermediate holding companies placed at the head of the two sectors were also deferred until 2020.

The Group also reclassified certain participating interests held indirectly by the Parent Company, via CNIM Netherlands BV, lodged in an intermediate sub-holding company (CNIM Environnement & Energie Participations) by means of the contribution by the Parent Company of the shares in CNIM Netherlands BV, at midnight on 31 December 2019.

The resulting organizational structure is shown in § 2.6. 'Principal companies in the CNIM Group at 31 December 2019.

The Group implemented enhanced governance procedures across all entities, resulting in significant involvement by the Parent Company's Management Board and its Chairman in the management of the subsidiaries, thereby ensuring consistency throughout the Group.

Lastly, the Parent Company was renamed 'CNIM Groupe', further to a resolution approved at its Shareholders' Meeting on 26 June 2019.

In 2019, CNIM acquired:

- COMETAL France: COMETAL, established in 2000, specialises in the production and maintenance of combustion grates for biomass-fired cogeneration plants and waste-to-energy centres. The company also sells replacement parts. COMETAL's activities offer an excellent fit with those of CNIM Environment & Energy. This acquisition expands and enhances CNIM's offering in the area of spare parts and retrofit services for its core markets.
- 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 StratobusTM stratospheric airship programme. Airstar Aerospace was renamed CNIM Air Space.

B. CNIM Environment & Energy

- **New orders for turnkey waste-to-energy (W2E) plants**

Lostock, UK

- Client: LSEP (Lostock Sustainable energy centre) = SPV: 60% CIP Copenhagen Infrastructure Partners + 40% FCC Environment
- Features: The March 2019 contract concerns a plant with two 43.2 t/h processing lines providing an annual capacity of 728,000 tonnes of waste. The facility will have an installed capacity of 76.9MWe. The SecoLAB™ flue gas treatment system will be supplied by LAB (a CNIM subsidiary). FCC will be responsible for plant operation and maintenance throughout the facility's service life. The project features a substantial phase of enabling works, consisting in removing existing utilities (whether or not they are currently in service) from the area of the site that will be occupied by the new plant.
- Handover is scheduled for mid 2023.

Rambervillers, France

- Client: SUEZ RV ENERGIE (client and operator)
- Features: Agreement signed in 2019. The contract, divided into work packages, concerns the modernization of an existing plant. CNIM's work package centres on the installation of a 10.8 t/h incineration line designed to process up to 88,000 tonnes of waste per year. The line will have a heating capacity of 28 MW, producing superheated steam at 400°C/60 bars to power a turbine system that generates electric power and supplies a district heating system. A FAM + SCR flue gas treatment system will be supplied by LAB (a CNIM subsidiary). The project consists in designing and building a new incineration line and fume treatment system to replace three existing lines. The service includes compressed air production and instrumentation and control systems for the

entire plant. Construction work will commence in January 2020, with the Client continuing to operate an existing line. Assembly work is slated for completion in late 2020.

- Handover is scheduled for late 2021.

- **Construction of waste-to-energy centres**

In Serbia, Beo Čista Energija gave CNIM the go-ahead to break ground on the W2E plant in Belgrade, which is the first of its kind in the Balkans

Client: Beo Čista Energija (BCE), an SPV set up by a consortium between Suez, Itochu and Marguerite.

Features: In 2017, the SPV awarded CNIM a turnkey contract for a waste-to-energy centre featuring a production line designed to operate at 43.5 t/h (max. capacity: 49t/h) with a 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 in issuing the works service order due to a longer-than-expected planning application process.

- **Construction of waste sorting plants**

Inauguration of the new Syctom selective sorting centre in Paris (17th arrondissement) on 6 June 2019

Client: Syctom.

Operating in a consortium, CNIM is responsible for the design, construction and subsequent operation by its subsidiary CNIM Paris Batignolles (for a period of two years from completion of construction in May 2019) of this waste sorting centre in central Paris. The fully automated facility recovers waste from more than a million residents. With its 13 optical sorting machines, this cutting-edge, high-performance plant is able to process up to 15 tonnes of waste per hour. The facility is well suited to sorting new types of plastic collected under expanded recycling guidelines, taking household packaging recycling to the next level.

- **LAB subsidiary: pollutant emissions control**

MHKW Stapelfeld (Germany)

Dual dry + SCR fume treatment system for a new waste-to-energy line built for EEW in Hamburg.

Tersa Barcelona (Spain)

Compliance and retrofit works at three 15 t/h domestic waste processing lines, including the installation of three tail-end SCR deNOx units

GNV/CNM for MSC

Supply of eight marine scrubbers for installation on GNV ferries.

C. Innovation & Systems sector

CNIM continues to develop its land, sea and, most recently, air defense activities for the French armed forces

The addition of a range of tethered balloons resulting from the acquisition of Airstar Aerospace in March 2019 has expanded CNIM's Defense and Security offer.

After securing the contract for 14 EDA-S landing craft in 2018, CNIM successfully developed the new craft, enabling production to begin at the SOCARENAM shipyard in September, for delivery to the French government in summer 2020.

The qualification process for the gap crossing aspect of the new PFM F2 floating bridge system continued, in preparation for its entry into service with the French armed forces during the second half of 2020. CNIM also initiated a development programme for a new floating bridge to fulfil NATO requirements, for which French and European calls for tenders are expected to be issued in 2020/21.

CNIM is diversifying into mechanical engineering for the semiconductor industry, and upgrading its industrial facilities

CNIM won a contract to fabricate large, precision-manufactured frames for the semiconductor industry using an electron-beam welding process. The first-off part was successfully produced in 2019. Accordingly, CNIM continued developing its precision machining facilities for large components, including commissioning two new five-axis machining centres and a large-capacity 3D inspection system, as well as making progress on a planned clean room for product finishing operations. In addition to the industrial development projects associated with this contract, CNIM's Lagoubran plant has installed a new flow-forming machine (the only one of its kind in Europe), as well as a new heat treatment furnace for cost-effective production of nozzle casings for the Ariane 6 launcher.

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. In 2019, the first two units produced at CNIM's plant in La Seyne-sur-Mer were fitted aboard Energy Observer, which is the world's first hydrogen-powered vessel designed to operate autonomously. The two wingails mounted aboard the Energy Observer enabled the vessel to complete a journey from France to Spitzberg, crossing the Baltic Sea, and return via the United Kingdom. The crew praised the performance, reliability and ease of use of the rigid wingsail concept.

Exensor, a Bertin subsidiary, and its partner Siltec agree a major contract in Poland

This contract concerns the supply of 116 autonomous sensor networks, together with logistics and training services. These systems will support critical missions by Polish intelligence and reconnaissance units.

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. Waste recovery involves:

- 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:

- domestic, industrial and biomass waste-to-energy recovery;
- flue-gas and ash treatment;
- conventional energy production by combustion plants.

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

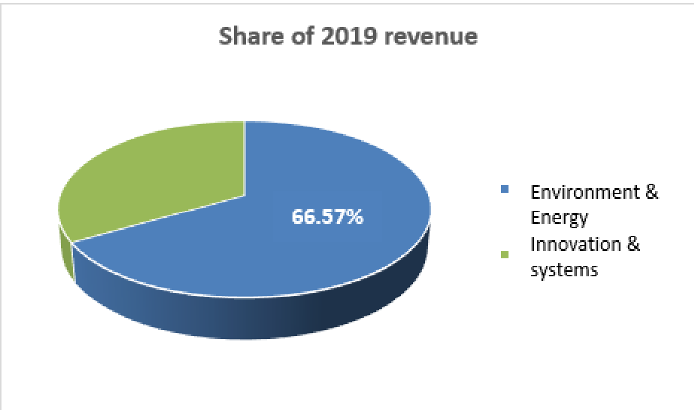
CNIM also offers an extensive range of equipment, systems, expertise and services for rational energy management. CNIM applies an all-round approach encompassing energy efficiency and reducing the environmental impact of its clients. The Group's teams have expertise with all types of fuel, including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

Customers include energy producers, local authorities and industries of all kinds, especially chemicals, petrochemicals, agri-food, paper and pharmaceutical companies, plant operators and major service providers.

To date, CNIM has designed and built 173 turnkey waste-to-energy centres (with a total of 292 lines), processing the waste produced by more than 110 million people worldwide.

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

CNIM Environment & Energy revenues (in € millions)		
2017	2018	2019
416.7	493.3	391.7



2.2.2 Products and services

A. Construction of waste-to-energy centres

CNIM designs, builds and commissions turnkey waste-to-energy and biomass-to-energy centres. CNIM uses proprietary technologies that meet the most stringent standards in terms of performance and control of environmental impacts, with a multi-process approach.

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, green algae processing facilities and a landfill centre);
- two sorting centres in the Paris region (including one in the 18th arrondissement);
- a waste disposal centre;
- three facilities that recover metals from clinker;
- two biomass-fuelled power plants.

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

C. Services (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).

CNIM addresses market and customer segments that use the heat cycle (from fuel to flue gas treatment) and technologies mastered by the Group:

- 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. Reducing polluting emissions

The LAB subsidiary designs, builds, installs and commissions condensing flue gas treatment and heat recovery systems for waste-to-energy and biomass-to-energy centres, slurry treatment facilities and industrial boiler plants. LAB also supplies fume treatment systems and solutions for the offshore industry, including:

- a comprehensive range of flue gas desulphurization solutions for cruise liners, ferries, container ships and other cargo vessels;
- an SCR DeNOx range for all types of ships and diesel engines.

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

2.2.3 2019 market overview

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

In 2019, a series of new orders consolidated CNIM's status as a European market leader:

- In the United Kingdom, a contract to build a waste-to-energy centre will bring the total number of UK plants built by CNIM over the past decade to 16;
- In France, the Group will build a W2E centre in Rambervilliers;
- In Serbia, CNIM won an order to build a W2E centre in Belgrade;

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 construction companies, local authorities and industrial customers.

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

A CNIM E&E offering encompassing the construction and operation of a waste-to-energy centre appeals in particular to certain customers such as local waste management stakeholders and investors that do not operate waste-to-energy centres. In these specific cases, CNIM E&E is able to act as both construction contractor and operator, minimizing the cost of the interface between construction and operation of the W2E facility and ensuring superior performance.

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

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 works contracts, enabling CNIM Environment & Energy Services to offer its proprietary, differentiating equipment and technical solutions to large operators and concession holders.

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 centre operators, as well as more conventional utility operators.

D. Reducing polluting emissions

In 2019, LAB reasserted its status as a major provider of flue gas treatment solutions for waste-to-energy facilities, winning an order in Germany and a contract to renovate and upgrade an existing plant in Spain. LAB was also chosen to install an extremely sophisticated flue treatment system for a W2E centre in Switzerland.

It was also a busy year for solutions for the offshore industry, including an order for DeSox scrubbers for eight ships owned by a ferry company.

Lastly, the DeNOx business also secured several contracts for marine and onshore applications.

2.2.4 Market position (internal sources)

A. Construction of waste-to-energy centres

The Group's main competitors in the market for waste-to-energy centres 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.

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

CNIM Babcock Services competes in the market for large combustion installations against manufacturers (CMI, Ansaldo, Babcock Borsig) large general-purpose maintenance contractors (Endel, Camom etc.) and manufacturers' subcontractors. Regarding waste-to-energy and biomass-to-energy centres, the diversified competitive landscape includes EPC contractors (e.g. HZI, Vinci and Tiru), equipment manufacturers (e.g. Leroux & Lotz, Area Impianti, ATS, AIT/Stein and Hamon) and large operators (for example Suez, Veolia and Tiru).

D. Reducing polluting emissions

Competitors of various types exist:

- Firms specializing in flue gas treatment solutions for waste-to-energy and biomass-to-energy centres and slurry treatment facilities: Hitachi Zosen Inova, Valmet, General Electric, Lühr, Area Impianti, ATS, Vinci Environnement and Envirotherm;
- Firms specializing in flue gas treatment systems for marine applications: Ecospray, Wartsila, 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:

- Abundant feedback:
    - regarding new facilities, in the UK, where the Group has completed numerous plants in recent years and where several projects are currently under construction, with a high standard of quality and performance;
    - regarding existing facilities, where E&E is present in the field, working closely with customers via its facility operation and services entities and through its local sales representations, enabling it to anticipate their needs for processes, products and services to maximize their plants' economic and environmental performance.
- E&E uses this feedback to optimize its industrial processes, including enhancing the yield achieved by the waste-to-energy process (by simplifying boilers and improving energy and steam production performance) and increasing the efficiency of flue gas and nitrogen oxide treatments;
- 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 2019, work continued on several major waste-to-energy and biomass-to-energy developments, including CNIMCLEAN and TERMINOx High Dust:

- CNIMCLEAN: Trials are underway on line 2 at the Bruxelles Énergie plant in Brussels, following modifications to the boiler. This patented physicochemical boiler cleaning process supplements the existing cleaning systems, increasing the availability and processing capacity of waste incinerators;
- TERMINOx High Dust: Following the pilot project in Colmar, this process was installed in Monaco and then Vaux-le-Pénil, with a project in La Rochelle to follow soon. This patented nitrogen 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 is currently operating in Monaco (WTE) and will soon be installed at the Le Moule 3 biomass-fuelled cogeneration plant in Guadeloupe. This system enables the plant operation strategy (covering boiler duty and cleaning aspects) to be optimized in order to maximize energy output and plant availability;
- The patented CNIM Combustion Control System (C3S) developed by CNIM to enhance biomass combustion in the context of coal-to-biomass conversion projects will also be installed and tested at Le Moule 3 during the first half of 2020.

Over the coming years, as in 2018 and 2019, coal-to-biomass conversion solutions will be developed for use at plants that currently burn coal but must be modified within five years to operate exclusively using biomass. This transition poses a number of challenges relating to fuel transportation and injection, combustion, boiler compatibility (in terms of thermal performance, fouling, corrosion, etc.), ash, dust removal and flue gas and process water treatment. CNIM R&D provides solutions to these challenges, for example developing and deploying corrosion probes to enable new materials and coatings to be tested in actual service conditions, with the aim of enhancing plant performance by introducing high-efficiency steam cycles and/or achieving higher availability rates.

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 centres in Nesle and Estrées-Mons), the transfer of its W2E and polluting emissions process expertise, and the use of new technologies, solutions and services. This development positions CNIM not only as an industry leader in coal plant modernization but also as an expert in new facilities.

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, with effect from 2019, R&D projects are managed at Environment & Energy Sector level, with inputs from all constituent entities.

CNIM strengthens its portfolio of proprietary products by patenting the innovations developed by its R&D teams, which are tested at operational facilities, industrialised and sold via the Services unit, before being commercialised by all Group entities.

B. Improved energy recovery and polluting emissions performance

The Environment & Energy sector is developing its own catalogue of processes.

Since 2016, CNIM has been ramping up its innovation effort via a dedicated cross-functional unit serving all constituent entities of the Environment & Energy Sector.

This three-pronged innovation strategy focuses on:

- Improving plant profitability, developing digital products and services, and reducing polluting emissions.
- Improving plant profitability: CNIM has developed products to improve combustion (C3S) and waste-to-energy performance at plants, and is stepping up its operator training activities via CNIM Academy.
- The Group is developing digital products and services, including creating comprehensive digital models for plants under construction, in order to validate the functions of machine and worker protection systems at the design stage. During the commissioning and operating phases, the development of the CNIM Digital Twin provides operators with the assurance that their facility is operating in its design conditions, and enables malfunctions to be detected by comparing the data continuously collected by the instrumentation and control system against the benchmark values returned by the digital model for the same operating conditions.

Industrialization work for CNIM He continued with the production of a prototype in late 2019. The system devised by CNIM will enable more reliable in-line heat exchanger cleaning, thereby maintaining combustion system efficiency over longer operating periods.

In order to comply with new regulatory requirements relating to polluting emissions, CNIM SNCR+ was optimised and combined with the 6RS combustion air staging system; trials conducted at Parc Adfer (UK) demonstrated the solution's ability to drastically reduce nitrogen oxide emissions and satisfy the incoming environmental requirements.

LAB holds 44 groups of active patents, 34 of which with international extensions, mainly in Europe, and 30 trademarks, 28 of which with international extensions. LAB files an average of five patents per year, more than two thirds of which are immediately put to use in its construction projects and offerings. As a result, LAB is not dependent on third-party technologies and is able to offer a range of processes that can be implemented in standard and customized configurations.

LAB has developed a DeNOX and 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 need to minimize power consumption. Following the development of "offline" plastic scrubbing systems, LAB has expanded its range of marine processes to include "inline" scrubbing systems made from corrosion- and heat-resistant metal alloys, which are installed in place of mufflers. To do this, LAB has had to design scrubbers that deliver equivalent noise reduction performance to mufflers. LAB has also developed an innovative new scrubber solution featuring a rectangular profile, to address space restrictions on board container ships.

In 2019, LAB focussed its R&D efforts on incoming regulations applicable to waste-to-energy centres (BATAELs), developing and optimizing existing process patents (relating to SecoLAB and VapoLAB) to enable compliance with the new lower emissions limits for new and existing plants.

Synergy between CNIM and LAB R&D resources

Experts at 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 Centre 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 business 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 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.

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

CNIM's strengths in the service sector 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;
- unmatched process expertise covering the full heating cycle of waste-to-energy/biomass-to-energy centres and facilities that must manage an energy transition;
- partnerships that supplement the Group's fields of expertise and extend its international reach;
- differentiating proprietary technologies, facilities, solutions, patents and expertise;
- construction, operation and maintenance know-how.

B. Reducing polluting emissions

LAB's strengths include:

- lengthy experience in many different countries;
- 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 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. Customers are typically local authorities seeking to keep older facilities running over the long term.

CNIM has continued to expand its activities 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:

- primarily in Europe, particularly the UK and the Rest of Europe, in order to meet the target of landfill dumping no more than 10% of waste by 2035. For example, Suez estimates that meeting this target will require current waste-to-energy capacity to be increased by 45%;
- to a lesser extent, in the Gulf states and Southeast Asia.

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

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

Plant operation is a strategic development focus for CNIM.

CNIM Environment & Energy Operations & Maintenance is developing its waste recovery activity exclusively by extending the Group's waste-to-energy centre 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 in monitoring plants in operation. When the plant operation business was launched (more than 40 years ago), CNIM opted for a highly centralized approach to supervising waste-to-energy centres, wherever they may be located, to give all plants access to our precious specialist expertise.

This offer has proved particularly popular with:

- local waste management operators, unfamiliar with waste-to-energy processes. Such operators partner with CNIM, in some cases participating in plant operation activities. This enables the local partner to defend its 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.

Contract bidding activities were therefore stepped up and opportunities started to materialize.

CNIM continues to develop its activities 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 positioned 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 in the construction, repair and operation of 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. Reducing polluting emissions

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

LAB is studying growth opportunities in markets further afield - particularly in China and Southeast Asia, 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 deNox and other technologies.

2.2.8 2019 activity review

A. Construction of waste-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. Viridor has been operating it since 30/06/2019. The Independent Certifier and Viridor officially signed off on the takeover on 15/11/2019.

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 is designed to generate 60 MWe. VapoLAB™ flue gas treatment is provided by LAB (a CNIM subsidiary). Delivery is scheduled for mid-2020.

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 electricity to 30,000 households and industrial customers.
- Plant acceptance was completed on 20 December 2019.

Thiverval, France

- Client: SIDOMPE.
- Features: In late 2016, CNIM won a call for tender covering “design, works, operation, maintenance and energy optimization of the waste-to-energy plant”. The contract covered works to improve energy efficiency and flue gas treatment, as well as the operation of the plant for a period of ten years. The work included replacing the first two lines with a new line, modernizing Line 3, replacing the turbo generator and modernizing the existing flue gas treatment facilities with VapoLAB™, using quicklime and SNCR/TermiNOxLABTM. Upon completion of the works, the plant would have a total power output of 17 MWe. It would supply electricity to 15,000 homes (compared with 6,000 before the work).
- The 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 the modified installation was accepted on 9 December 2019.

Avonmouth, UK

- Client: Viridor (Pennon Group)
- Features: This waste-to-energy centre 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 is scheduled for mid-2020.

Belgrade, Serbia

- Client: Beo Čista Energija (BCE), an SPV set up by a consortium between Suez, Itochu and Marguerite.
- Features: In 2017, the SPV awarded CNIM a turnkey contract for a waste-to-energy centre 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 in issuing the works service order due to 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 centre 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 centre 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 October 2018, upon obtaining planning consent, and handover is scheduled for 2021.

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 300,000 tonnes of municipal waste. It will supply 227 GWh of electricity to the grid each year. 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.
- Handover 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 25-year period. The plant will have two 33.75 t/h processing lines with an annual capacity of 216,000 tonnes of waste. In addition to injecting 21.5 MWe to the network, the plant will export thermal energy, in the form of steam, to the nearby Calachem plant. VapoLAB™ flue gas treatment is provided by LAB (a CNIM subsidiary).
- Handover is scheduled for late 2021.

Pierrefonds, Reunion Island

- Client: Syndicat mixte de traitement des déchets des microrégions Sud et Ouest de La Réunion: ILEVA, formed to pool resources spanning three intercommunal entities: Communauté d'Agglomération du Sud (CASUD), Communauté Intercommunales des Villes Solidaires (CIVIS), Communauté Intercommunale d'Agglomération du Sud (TCO), as well as Reunion Island's Regional Authority.
- Features: In late 2018, CNIM was notified of a constract to build a 'Southern waste management facility', to comprise a 140,000 t/year solid recovered fuel (SRF) preparation facility, a 30,000 t/year SRF reception unit, a 10,000 t/year green waste reception unit and a 15,000 t/year biowaste reception unit. This centre will be equipped with an anaerobic digestion unit and a waste-to-energy centre designed to process up to 13 t/h of SRF produced onsite or offsite, generating 110,000 MWh/year of electricity for 60,000 residents. CNIM, working with a local partner, will also operate the centre for a 10-year period. This contract included an initial phase covering design studies relating to the planning application and operating license application process. The second phase, effective when planning permission and the operating licence have been granted, is expected to be confirmed in Q4 2020.
- Handover is scheduled for Q1 2023.

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

Lostock, UK

- Client: LSEP (Lostock Sustainable energy centre) = SPV: 60% CIP Copenhagen Infrastructure Partners + 40% FCC Environment
- Features: The March 2019 contract concerns a plant with two 43.2 t/h processing lines with an annual capacity of 728,000 tonnes of waste. The facility will have an installed capacity of 76.9MWe. The SecoLAB™ flue gas treatment system will be supplied by LAB (a CNIM subsidiary). FCC will be responsible for plant operation and maintenance throughout the facility's service life. The project features a substantial phase of enabling works, consisting in removing existing utilities (whether or not they are currently in service) from the area of the site that will be occupied by the new plant.
- Handover is scheduled for mid 2023.

- **New order for upgrade works at waste-to-energy centres**

Rambervillers, France

- Client: SUEZ RV ENERGIE (client and operator)
- Features: Agreement signed in 2019. The contract, divided into work packages, concerns the modernization of an existing plant. CNIM's work package centres on the installation of a 10.8 t/h incineration line designed to process up to 88,000 tonnes of waste per year. The line will have a heating capacity of 28 MW, producing superheated steam at 400°C/60 bars to power a turbine system that generates electric power and supplies a district heating system. A FAM + SCR flue gas treatment system will be supplied by LAB (a CNIM subsidiary). The project consists in designing and building a new incineration line and fume treatment system to replace three existing lines. The service includes compressed air production and instrumentation and control systems for the entire plant. Construction work will commence in January 2020, with the Client continuing to operate an existing line. Assembly work is slated for completion in late 2020. Acceptance is scheduled for October 2021.
- Handover is scheduled for late 2021.

- **Construction of solar power plants**

In 2019, SUNCNIM completed construction of the world's first Fresnel concentrating solar power plant with integrated energy storage, in Llo in southwest France. The facility will be operated by SUNCNIM for a 20-year period.

The Llo plant has a power generating capacity of 9 MWe (covering the consumption requirements of more than 6,000 households) and incorporates a thermal energy storage system enabling to produce electricity not only by day but also during part of the night.

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 2019 with a significant increase in the tonnage processed and power generated.
- 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 (with a heating value of 8,500 MJ/t of waste) is designed to export 231,500 MWh of electricity per annum to the grid, which corresponds to the electricity consumed by 50,000 homes. As the plant replaces the use of landfill, more than 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 of electricity 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 CO2 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: Auray Quiberon Terre Atlantique (AQTA).
- 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 2019 as a result.
- Features: The incinerator, which processes 31,500 tonnes of waste annually, was built in the early 1970s and does not have a waste-to-energy system. 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, via its subsidiary CNIM Centre France, 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 m3 of water saved annually).
- Features: The facility, which is able to treat up to 70,000 tonnes of waste per annum, was built in the early 1970s. It is equipped with three lines with energy recovery systems, which supply energy to an industrial company and heat to municipal greenhouses. A new dry-process flue-gas treatment system was put into service (following work carried out in late 2013), cutting Nox emissions from 200 mg/Nm3 to 80 mg/Nm3, resulting in an 'R1' energy efficiency rating. In 2014, CNIM was awarded the contract to build and operate an electricity generation unit supplementing the plant's existing waste-to-heat energy system (work carried out in 2014). This system has been in production since early 2015.
- In late 2017, the client and a consortium consisting of CNIM Centre France and CNIM (with a heat-pump supplied by CNIM Industrial Systems) agreed a contract to build a system to recover trapped energy. Design and construction work began in 2018. The installation was completed but handover was postponed until early 2020, as the heat recovery network (outside CNIM's scope of supply) was not finished.

Thiverval Grignon, Yvelines, France

- Client: SIDOMPE.
- Features: In late 2016, CNIM won a call for tender covering “design, works, operation, maintenance and energy optimization of the waste-to-energy centre”. The contract covered works to improve energy efficiency and flue gas treatment, as well as the operation of the plant for a period of ten years. The work included replacing the first two lines with a new line, modernizing Line 3, replacing the turbo generator and modernizing the existing flue gas treatment facilities with VapoLAB™, using quicklime and SNCR/TermiNOxLABTM. Following completion of the works, the plant has a total power output of 17 MWe. It supplies electricity to 15,000 homes (compared with 6,000 before the work).
- The plant was officially handed over on 9 December 2019, and the 10-year operating period by the CNIM Thiverval Grignon subsidiary began on 1 September 2019. The work undertaken in 2019 consisted in demolishing the second hot water supply line and the legacy turbine generator, completing commissioning tasks for the new W2E line, the related flue gas treatment system and the new turbine generator, replacing the old line's flue gas treatment system and conducting extensive related renovation works.

Thiverval Grignon, Yvelines, France – Waste sorting centre

- Client: SIDOMPE.
- CNIM has been operating the waste sorting plant since 1 July 2008, via its subsidiary CNIM Thiverval Grignon.
- Features: The plant has an annual processing capacity of 30,000 tonnes.

Pluzunet, Côtes d’Armor, France

- Client: SMITRED.

- CNIM has been operating the waste-to-energy centre since 2007 through its subsidiary CNIM Ouest Armor. In 2016, CNIM won the call for tender for renewal of the operating contract for a 12-year period with effect from June 2017.
- Features: The waste-to-energy centre, which processes 57,000 tonnes of waste annually, was commissioned in 1997. This facility is equipped with a boiler and a turbine generator capable of generating approximately 17 GWh of electricity annually, as well as heat energy used for heating horticultural and vegetable greenhouses.

Lantic, Côtes d'Armor, France

- Client: KERVAL.
- CNIM has been operating the waste-to-energy centre since 2009 through its subsidiary CNIM Ouest Armor. 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. The contract was extended first for a six-month period in 2019 and then again in December 2019, for a period of up to six months, pending the award of another contract planned in the first half of 2020.
- Features: the waste-to-energy centre, which takes in around 35,000 tonnes of waste annually, 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 year) is approved for use in organic agriculture.

Stoke-on-Trent, Midlands, UK

- Client: Hanford Waste Services.
- CNIM built the waste-to-energy centre and has been operating it since 1999 through its subsidiary MES Environmental Ltd. The operating contract has been extended for a five-year period ending in March 2025.
- Features: 210,000 tonnes of household waste are treated annually, by two 12 t/h lines, generating 98,000 MWh of electricity per year.

Stoke-on-Trent, Midlands, UK

- Client: Stoke City.
- CNIM has been operating the waste disposal centre since 1999, through its subsidiary MES Environmental Ltd. The client confirmed that the operating contract would be allowed to lapse upon expiring in March 2020, with the facility closing over the ensuing months.
- 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 centre and has been operating it since 1999 through its subsidiary MES Environmental Ltd.
- Features: 120,000 tonnes of household waste are treated annually, by two 7 t/h lines, generating 45,000 MWh of electricity per year.

Dudley, Midlands, UK

- Client: Dudley Waste Services.
- CNIM built the waste-to-energy centre and has been operating it since 1999 through its subsidiary MES Environmental Ltd.
- Features: 100,000 tonnes of household waste are treated annually, by two 6 t/h lines, generating 37,000 MWh of electricity per year.

Paris 17th arrondissement, France – Waste sorting centre

- Client: Syctom.
- Operating in a consortium, CNIM is responsible for the design, construction and subsequent operation by its subsidiary CNIM Paris Batignolles (for a period of two years from completion of construction in May 2019) of this waste sorting centre in central Paris. The fully automated facility recovers waste from more than a million residents. With its 13 optical sorting machines, this cutting-edge, high-performance plant is able to process up to 15 tonnes of waste per hour. The facility is well suited to sorting new types of plastic collected under expanded recycling guidelines, taking household packaging recycling to the next level.

- **Construction and operation of incinerator plants designed to extract metals from combustion ash**

- CNIM has built and currently operates a number of facilities that extract ferrous and non-ferrous metals from incinerator clinker:

- Roosevelt, USA: ash treatment (180,000 tonnes/year). Commissioned in 2017.
- Red Wing, USA: ash treatment (120,000 tonnes/year). Commissioned in 2018.
- Hoffman, USA: ash treatment (60,000 tonnes/year). Commissioning work was halted in 2019 and this facility was dismantled, as the clinker was of poorer quality than initially anticipated.
- La Vraie Croix, France: commissioned in 2014.

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

- **Principal orders and achievements in 2019**

Waste-to-energy centres

- **Monaco (Société Monégasque d'Assainissement):** The upgrade works recommended for 2019 arising out of the criticality study conducted in 2017/2018 were completed, including in particular the installation of a TERMINOx High Dust system and the first CNIM Boiler Monitoring System (CBMS). The customer is totally satisfied with both systems. Human Design Group (ex-Bertin Ergonomie) is preparing the control room renovation project, which will be implemented in 2020.
- **Schweighouse, France (Suez):** The flue gas treatment system upgrade and waste-to-energy process optimization works were completed in December 2019.
- **Vaux-le-Penil, France (SMITOM):** The flue gas treatment system upgrade and waste-to-energy process optimization works were completed in December 2019. The combination of TERMINOx High Dust and VAPOLAB+ enables the lowest BREF thresholds to be achieved, with particularly low consumption of reagents and electric power.
- **Brussels, Belgium (Bruxelles Énergie):** Following the successful installation of a radiating heater for the second run in boiler 2, Bruxelles Energie contracted CNIM Babcock Services to also install a "shock pulse generator" boiler cleaning system in addition to the CNIMCLEAN physicochemical boiler cleaning reagent injection solution.
- **La Rochelle, France (Veolia):** Concomitantly with the renewal of the operating contract at the plant in La Rochelle, Veolia awarded CNIM Babcock Services a contract for upgrade works on the nitrogen oxide treatment system (TERMINOx High Dust), flue gas treatment system (VAPOLAB+) and waste-to-energy process. The basic design studies were conducted in 2019, with the service order scheduled for January 2020.
- **Briec, France (Veolia):** Veolia was renewed as the operator of the Briec plant, using the TERMINOx High Dust nitrogen oxide treatment technology, among others.
- **Boiler cleaning:** Explosion Power awarded CNIM Babcock Services the contract to install and maintain its "Shock Pulse Generator" gas explosion-based boiler and heat exchanger cleaning systems. Following a successful operation in Colmar in 2017, CNIM installed such machines at plants in Monthyon, Vaux-le-Pénil and Brussels in 2019, and the outlook for the coming years is encouraging.
- **CNIM Boiler Monitoring System (CBMS):** The prototype installed in Monaco has been industrialised, and CBMS is now commercially available to supplement the SPG and CNIMCLEAN boiler cleaning systems.
- **EVERE, CCIAG, SERTRID, SAVOIE DECHETS & VALINEA:** Scheduled and unscheduled maintenance services.

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). The by-pass system was started in October 2019, and the complete installation will begin operating in early January 2020.
- **Le Moule 3, Guadeloupe – Caraïbes Énergie (Albioma):** Albioma placed another order with CNIM Babcock Services, for works relating to the first of nine coal-to-biomass plant conversion projects, at Le Moule 3. This work, to be carried out in 2020, consists in adapting the plant, which currently burns coal, to operate using biomass. The order concerns the fuel transfer and combustion processes, as well as adaptations to the boiler. The CNIM Boiler Monitoring System (CBMS, see § 2.2.5.A) is to be installed for the first time at a biomass-to-energy centre. We will also be deploying patented CNIM Combustion Control System (C3S) technologies developed by our R&D teams.
- **CPCU Saint-Ouen:** CPCU carried out a new campaign of biomass combustion trials on its line equipped with an IGNIFLUID combustion grate. These trials were overseen by CNIM Environment & Energy R&D personnel, with process support from CNIM W2E and B2E specialists, and from CNIM Babcock Services regarding the necessary plant adaptation works. This third series of trials, for which operational services were provided to assist with

managing the new fuels, will provide a basis enabling CPCU to define its coal-to-biomass conversion strategy. This conversion to wood fuel will yield significant reductions in NOx, sulphur and particulate emissions.
- **Suez Roussillon:** Partial revamp of the steam generator.

Steelmaking

- **Fos-sur-Mer, France:** CNIM Babcock Services is providing through-life maintenance for the various boiler installations at the steelworks.
- **Morocco:** CNIM Babcock Maroc supplied a 20 kW fuel heater with pressure relief valve.

Agri-food/Sugar refining

- **Tereos Group:** CNIM Babcock Services carried out major works on steam lines.
- **Gargill Group:** CNIM Babcock Services is providing through-life maintenance for the various boiler installations at a plant in Haubourdin.
- **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 two sites in Africa (in Congo and Gabon);
        - Supply of pressure components for sugar refineries operated by Saris and Sucaf.
    - **CSS (Senegal):**
        - Design, supply and assembly of an economizer;
        - Supply and assembly of tubesheet components for a biomass boiler.
    - **Finasucre (Congo):** supply of screen tubes for a biomass boiler.

Thermal power plants

- **Gazel Energie, Gardanne:**
    - Renovation of the low-temperature heater and through-life maintenance of the circulating fluidized bed.
    - In-depth audit of the PRO4 biomass steam system, with the aim of extending the residual service life and producing a CAPEX plan.
- **Engie Montoir-de-Bretagne:** Through-life maintenance of the steam generator.
- **Niger**: CNIM Babcock Maroc supplied an economizer tubesheet in 2019, and will install the tubesheet and superheater for Unit 2 in 2020.

Chemicals

- **Yara Montoir-de-Bretagne:** Boiler repairs.
- **Borealis Nangis:** Boiler repairs and combustion optimization.
- **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:**
    - CNIM Babcock Maroc manufactured 64 sulphur melting heat exchangers and heating coils for the sulphur melters at a new molten sulphur unit for Office Chérifien des Phosphates (OCP).
    - CNIM Babcock Maroc was awarded a contract covering the design, supply and assembly of a superheater, including a ducts and lines work package, for a sulphuric acid unit operated by Office Chérifien des Phosphates (OCP).
    - CNIM Babcock Maroc won a contract to manufacture and supply three combustion chambers on behalf of Fives Pillard, for a project to build three DAP fertilizer units for Office Chérifien des Phosphates (OCP).
- **Gabès, Tunisia:** After delivering the pressure equipment in 2018, CNIM Babcock Maroc carried out in situ renovation works on the first boiler. The renovated system was successfully commissioned in September 2019. Work on the second boiler began in November 2019, and are scheduled for completion in February 2020.
- **Safi, Morocco:** CNIM Babcock Maroc was awarded a contract covering the design, supply and assembly of two superheaters, including a ducts work package, for a sulphuric acid unit for Office Chérifien des Phosphates (OCP) in Safi.

Mines

- **Benguerir, Morocco:** CNIM Babcock Maroc carried out maintenance on a drying boiler, in a service that also included supplying and replacing a burner unit.

Concentrated Solar Power

- **Ouarzazate, Morocco:** CNIM Babcock Maroc regularly carries out onsite maintenance and works.

Metalworking

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

Papermaking

- **France**: Blue Paper, Fibre Excellence, Gascogne Paper and International Paper: revamping and through-life maintenance services.

Petrochemicals

- **France**:
    - CNIM Babcock Services totally overhauled a process boiler plant at a French petrochemicals' facility.
    - The company also supplied equipment for potentially recurrent heavy maintenance operations.
- **Russia**: CNIM Babcock Services was selected to supply equipment for potentially recurrent major maintenance on power boilers at petrochemical plants.
- **Senegal**: Order to supply replacement parts for a fire-tube boiler, including assembly and training services.

Utilities / Power generation / District heating

- **France:**
    - Gardanne / Saint Ouen: CNIM Babcock Services provides preventive maintenance services at France's most powerful biomass-to-energy centres (Uniper Gardanne and CPCU Saint Ouen).
    - Gardanne: CNIM Babcock Services carried out 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.
    - District heating network boiler plants: boiler maintenance for large heating network operators.
- **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. Reducing polluting emissions

- **Major orders and ongoing contracts in 2019 for the LAB subsidiary, 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 system with injection of slaked lime and activated carbon. Commissioning.
- **Kemsley, United Kingdom:** VapoLAB™ flue gas treatment with injection of slaked lime and activated carbon. Under construction.
- **Parc Adfer, United Kingdom:** VapoLAB™ flue gas treatment system with injection of slaked lime and activated carbon. Assembly in progress.
- **Avonmouth, United Kingdom:** SecoLAB™ flue gas treatment with slaked lime injection 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/TermiNOxLABTM. Commissioning.
- **Belgrade, Serbia:** SecoLAB™ with a maturation silo. Design phase.
- **Troyes, France:** flue gas treatment: electrostatic precipitator + bag filter, VapoLABTM process (using slaked lime and activated carbon).
- **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 2019**

Waste treatment

- **Tersa Barcelona (Spain):** Compliance and performance upgrade works at three existing waste processing lines, including the installation of tail-end SCR deNOx units. Engineering phase in 2019.
- **ARC - Amagerforbraending, Denmark:** GraniLABTM flue gas treatment installation with condenser, water treatment system and heat pumps. Warranty phase.
- **Gloucester EfW – UBB Gloucestershire Construction JV, UK:** SecoLAB™ flue gas treatment. Acceptance.
- **Kaunas, Lithuania:** Fortum domestic waste processing plant – turnkey flue gas treatment solution based on the SecoLAB™ process with a flue gas condensing installation. Assembly and commissioning.
- **Högdalen Stockholm, Sweden:** VapoLABTM flue gas treatment system for a new line, acting as a subcontractor of Martin GmbH. Assembly.
- **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 and delivery of core process equipment.
- **EEW Stapelfeld, Germany:** Two-stage dry-process system + SCR flue gas treatment installation. Design phase.

Conventional power generation

- **CEH - Paroseni, Romania:** Limestone flue-gas desulphurization (FGD) process with a wet scrubber. Acceptance.

Biomass energy generation

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

Marine scrubbers

- **CDA/MSC:** Two systems in operation and one system currently being installed in cruise liners.
- **Two German shipping lines:**
    - Order and design studies for 10 systems for container ships: two for delivery in 2019 and eight in 2020;
    - Order for four systems for container ships, for handover in 2020.
- **Hammonia**: Order for two systems for container ships, for handover in 2020.
- **GNV / MSC:** Order for eight systems for cruise liners; handover scheduled for 2020.

2.3 Innovation & Systems Sector

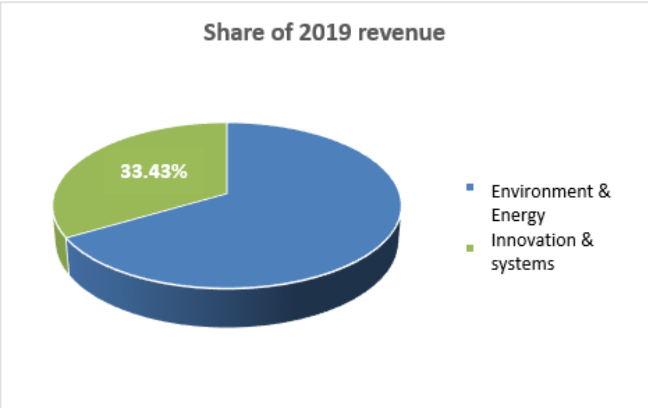
2.3.1 Profile

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), CNIM Singapore and CNIM Air Space (Ayguesvives, France);
- 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.

CNIM Innovation & Systems sector revenues (in € millions)		
2017	2018	2019
218.3	196.5	196.7



2.3.2 Products and services

A. CNIM Industrial Systems Division

The Industrial Systems division provides a unique offer for 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 backed by multidisciplinary technical expertise and first-rate manufacturing and integration resources.

The Division's main markets 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 wet and dry gap crossing systems for military forces worldwide for many years. The Group supplies 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 client armed forces with a comprehensive range of technical support, maintenance, training and modernization services for this equipment.

- **Maritime force projection and naval equipment**

CNIM has developed a range of innovative amphibious landing craft that address the full spectrum of military requirements. The range includes L-CAT ship-to-shore and shore-to-shore fast catamarans, as well as the LCA and LCX vessels designed for projection of ground forces.

The L-CAT is already in service with the French and Egyptian navies, and the LCA is currently under development for the French military procurement agency, DGA.

Harnessing its expertise in naval environments, CNIM is developing a naval equipment product line with the aim of supplying high added-value critical equipment and subassemblies to French and European naval shipyards. For example, CNIM is a direct supplier of subassemblies for the FTI frigate (torpedo launch doors, sonar systems and radar interface) and the Gowind corvette (torpedo launch doors, sonar systems and weapon handling systems).

- **Air defense and security**

Following the March 2019 acquisition of Airstar Aerospace, henceforth renamed CNIM Air Space, CNIM is organizing its activities relating to the development and production of tethered balloons for defense and security missions through its contracts with Thales, in addition to producing stratospheric balloons for CNES and satellite heat shielding solutions for Airbus D&S and Thales Alenia Space.

This acquisition is also enabling CNIM to develop its activities for the Stratobus stratospheric airship programme, alongside its partner Thales Alenia Space.

b. Nuclear Power, Large Scientific Instruments, Thermal Engineering

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. Industrial solutions

The industrial facility at La Seyne-sur-Mer (Var, France) serves the energy, space and semiconductors industries, in particular through contracts for the manufacture of high added-value components.

The Chinese subsidiary CTE provides high-quality, competitive production services to the Chinese and international markets, as well as supporting operations at the La Seyne-sur-Mer plant.

B. Bertin and subsidiaries

Bertin Technologies and its subsidiaries have 630 employees, two-thirds of whom are engineers or accomplished managers. Operations focus on three business lines:

- Systems and instrumentation:
    - instrumentation equipment
    - special systems and technological development projects for third parties
- Information technology:
    - cybersecurity
    - data intelligence, including cyber intelligence and speech processing
- Consulting, engineering and innovative solutions for the energy and environmental sectors.

2.3.3 2019 market overview

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**

The main features of this market include:

- in France, an ongoing modernization programme for gap crossing systems, which will be completed in 2020;
- a revival in the European market for gap crossing solutions, under the impetus of recent geopolitical developments (involving NATO, Russia, etc.), reflected in the issue of calls for tender;
- new gap crossing systems designed to cope with the increased weight of next-generation combat tanks.

- **Maritime force projection**

Regarding naval activities, the market for landing craft and coastal patrol boats (principally for defense and civil defense use cases) presents sales opportunities in various countries around the world. CNIM's expanded range of vessels opens the door to a larger market.

- **Naval equipment**

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

- **Air defense and security**

Following the March 2019 acquisition of Airstar Aerospace, since renamed CNIM Air Space, CNIM is organizing its activities relating to the development and production of tethered balloons for defence and security missions through its contracts with Thales, in addition to producing stratospheric balloons for CNES and satellite heat shielding solutions for Airbus and Thales.

b. Nuclear Power, Large Scientific Instruments, Thermal Engineering

- **Nuclear power**

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

- nuclear power plants, whether under construction or in operation, principally in Europe (including Hinkley Point C in the UK), for the supply of fuel handling solutions and the manufacture of classified nuclear equipment;
- facilities for upstream/downstream fuel processing, including storage and disposal facilities;
- support for the CEA with major projects relating to nuclear power (Jules Horowitz Reactor (JHR)) and military applications (CEA Valduc).

- **Large scientific instruments**

- Megajoule Laser (LMJ): this CEA (French Atomic Energy and Alternative Energies Commission) programme, with a strong technology focus, is a long-term endeavour (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;
- ITER nuclear fusion reactor: CNIM is currently a strategic partner of the ITER project, supporting ITER Organisation and F4E. The Group's contribution is another long-term effort, extending to 2025 and beyond, principally in the form of two types of services: the manufacture of large components and the design and production of complex systems.

c. Industrial solutions

- **Space flight**

CNIM is industrializing the nozzle housings for the Ariane 6 programme, using a large-dimension flow-forming 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 and 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 design, manufacture and market advanced instruments and systems worldwide, and to develop technologies for customers.

This unit is structured around five main 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 process potentially infectious medical waste.

b. Information technology

Bertin IT publishes cybersecurity, cyber intelligence, strategic intelligence 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, banking compliance and voice-oriented IA for contact centres.

c. Energy & Environment

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:

- innovation-focussed engineering & consulting;
- safety and environmental issues (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.

A. CNIM Industrial Systems Division

a. Defense

- **Bridging systems**

Present in this field are the major land armament systems manufacturers (e.g. General Dynamics and KMW) as well as SMEs/midcap companies specializing in mechanical engineering.

- **Maritime force projection**

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

- **Naval equipment**

This segment is served by the major naval systems manufacturers (such as L3 Harris and McGregor) as well as local small/midcap companies (e.g. Meunier, Exo and Reel).

- **Defense and security balloons**

The main players in this space are American (T-Com and Lockeed Martin) and israeli (RT LTA), along with one French company (A-NSE).

b. Nuclear Power, Large Scientific Instruments, Thermal Engineering

Principal competitors and partners:

- in nuclear energy: large customers and large industrial prime contractors in the field, systems integrators and SMEs and midcap 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 midcap companies.

c. Industrial solutions

European industrial SMEs and midcap companies manufacturing high added-value mechanical components.

B. Bertin and subsidiaries

Operators vary significantly between sectors:

- in defense and security: the large industrial prime contractors and international equipment manufacturers such as Brücker and Smith Engineering;
- in equipment for life sciences: competition in this field is international (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 research in the following areas:

- systems for maritime force projection: naval architecture and designs derived from the L-CAT®;
- offshore wind farm support boats: WindKeeper®;
- bridging systems: innovative wet gap crossing systems featuring improvements to the motorized floating bridge (PFM) products;
- nuclear energy: development of the design of systems for the handling of fuel, transportation and storage of spent fuel, special heat exchangers, anti-seismic composite blocks and innovative production techniques (e.g. HIP);
- 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 tethered 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 and 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;
- a 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 institutions, 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 an artificial intelligence laboratory operated jointly with the University of Pau and Pays de l'Adour. The Winlight subsidiary maintains a 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, including 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 (relating to aeronautics, space, technological, industrial and environmental risks).

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

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. Illustrating this desire to contribute to the RDI ecosystem, we are members of the Carnot Institutes evaluation committee.

Protecting intellectual and industrial property is an integral aspect of Bertin Technologies innovation policy. In 2019, Bertin Technologies was granted eight patents protecting its potentially infectious waste processing products, digital microscopes, particle and micro-organism collection systems and multispectral image processing software. Our software is systematically registered with the French software protection agency, APP (Agence pour la Protection des Programmes). In 2019, patent applications were filed for new sensors to detect radioactivity against powerful background noise, and for extremely stable infrared imaging processes.

2.3.6 Strengths

- International growth, drawing on all the CNIM Group's core skills;
- Expertise in leading-edge technology and large-scale project management, together with an ability to adapt to the varying needs of our customers;
- expanding portfolio of proprietary technologies;
- development of or support for original concepts such as:
    - L-CAT®, which is already in service with the French Navy and export customers;
    - 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;
    - The purpose of the renovation work at the manufacturing plant in La Seyne-sur-Mer is to ensure industrial excellence for our customers (machining of large components, electron beam welding, 3D inspection of large components, clean rooms and auxiliaries, flow-formed rotating parts, heat treatment oven) and enable skills transfer between the Group's businesses.

2.3.7 Strategy and outlook

A. Acquisitions in 2019

In 2019, CNIM announced the acquisition of an 85% equity interest in Airstar Aerospace, previously owned by the Airstar group. Thales Alenia Space remains a minority shareholder, alongside CNIM, and a key industrial partner, in particular for the StratobusTM stratospheric airship programme. Through this acquisition, CNIM aims to become the European leader in balloon and airship platforms for the defense, security, inspection and space industries.

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 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.

C. Nuclear Power, Large Scientific Instruments, Thermal Engineering

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. Industrial solutions

CNIM continued manufacturing bespoke equipment for various SMEs, midcap 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. Energy & Environment

In 2019, Bertin Energie Environnement rolled out its strategy for decentralised energy solutions, both in France and for a number of iconic export projects. In 2020, this subsidiary is focussing on delivering major achievements in terms of the operational performance of its industrial customers.

F. Developing synergies

CNIM's and Bertin Technologies' joint sales, marketing and technical teams and the multidisciplinary capabilities of their staff enable the Group to offer differentiating design services for the nuclear power, large scientific instruments and defense markets, 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 2019 Activity Review

A. CNIM Industrial Systems Division

a. Defense

- **Deterrence**

In 2019, CNIM continued work designing, manufacturing and integrating missile launcher systems for current and next-generation ballistic nuclear submarines.

- **Bridging systems, maritime force projection and naval equipment**

Renovated motorized floating bridge (PFM)

In 2019, the various activities resulting in qualification of the modernized floating bridges (PFM F2) were successfully completed, enabling the materiel to be delivered in 2020.

In parallel to these activities, development of a new generation of floating bridge, the PFM F3, was initiated in 2019. Even the heaviest existing and future tanks will be able to use this next-generation gap crossing system which is designed to have a very compact logistics footprint (in terms of vehicles and personnel) and be easier to deploy. This new version of the motorized floating bridge addresses the requirements of NATO forces, as articulated in a number of current requests for tenders.

Amphibious landing craft

Construction of the first two EDA-S standard landing craft began at the SOCARENAM shipyard in 2019, following completion of the design phase during the first half of the year. The first two vessels are to be delivered to DGA for assessment in September 2020.

Naval equipment

2019 was a busy year for the naval equipment business, with highlights including the delivery of the first subassemblies for the Barracuda submarine (solid doors, sump flaps and torpedo containers) and the completion of development work for the torpedo launch doors and sonar systems for the FTI frigate and the diver holding tank for the SNA submarine.

b. Nuclear power, Large Scientific Instruments, Thermal Engineering

- **Nuclear power**

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.

- **Nuclear industry manufacturing activities**

Jules Horowitz Reactor (JHR) project

In 2019, 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 JHR 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.

- **Large scientific instruments**

Regarding large scientific instruments, CNIM's activities in 2019 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 2019, the main focus of activity was on the ITER and Megajoule Laser projects.

Nuclear fusion - ITER experimental reactor

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 2019:

- design and production of special-purpose and high-precision handling equipment required for assembling key components of the "Tokamak" (CPRHS), 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 (PCR));
- 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 facility developed for the CEA's 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 known industrial laser.

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 robotic systems for setting up such components in the facility.

c. Industrial solutions

France: In 2019, CNIM invested in new industrial equipment (including large-capacity machine-tools) and obtained new orders for the space and semiconductor industries.

Space industry: Nozzle housings for Ariane launchers

In parallel with the manufacturing work on the Ariane 5 launcher, CNIM produced and delivered the first nozzle housings 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 semiconductors

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 provided 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 were fitted 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 (in nuclear energy, medical solutions, infrastructure, etc.).

In 2019, 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 2019.

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

In 2019, CTE invested in dedicated machining equipment (three machining centres) and finishing equipment (plasma cutting and rolling systems) to insource added value on our proprietary products (such as Sterilwave, machine enclosures and marine scrubbers).

B. Bertin and subsidiaries

a. Systems and instrumentation

- **Defense / NRBC equipment**

Notification of conditional tranche 1 under the DORA radiation detector programme

Under this contract, Bertin will equip the French armed forces with complete radiation counting kits consisting of a DOM 420 measuring instrument (sold under the SaphyRAD MS brand name) and a set of alpha, gamma, beta, X-ray and wound probe sensors for the French military health service (SSA). Conditional Tranche 1 concerns industrialization activities and the production of 1,250 kits, for delivery within 22 months.

Exensor and its partner Siltec signed a major contract in Poland

This contract concerns the supply of 116 autonomous sensor networks, as well as logistics and training services. These systems will be support critical missions by Polish intelligence and reconnaissance units.

- **Nuclear/environmental monitoring equipment**

Delivery of environmental radiation monitoring stations for Saudi Arabia

Bertin Instruments delivered gamma and spectometric radiological monitoring stations to Saudi Arabia, to upgrade the country's existing environmental radioactivity detection network. These stations are fitted with Bertin GammaTRACER and SpectroTRACER sensors.

- **Laboratory / Life Sciences equipment**

Laboratory equipment

Bertin now sells more than 500 products in the Precellys range each year, consolidating its status as a leading supplier of automated sample preparation solutions for proteomics and genetics laboratories.

Hospital waste conversion equipment

Bertin supplied its Sterilwave 100 hospital waste conversion solution to 27 hospitals in Cambodia, as part of a programme funded by the Asian Development Bank (ADB).

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

Delivery of plasma diagnostics systems 5 and 7 for the Megajoule Laser

Plasma diagnostics will be used to study the materials in the core targeted by the Megajoule Laser, where they are subjected to extreme temperature and pressure conditions. Bertin has developed an instrumentation system featuring very high-performance interferometers that are able to characterise deformations and measure temperatures in targeted specimens at the Megajoule Laser facility in Bordeaux. Bertin is a longstanding partner in this project, contributing its expertise in opto-mechanical systems and metrology in synergy with its subsidiary Winlight, which specialises in the design and manufacture of high-performance optical components and systems.

Winlight produced 10 spectrographs for the Lawrence Berkeley National Laboratory

DESI is a spectroscopic instrument designed to measure dark energy. It will be used to produce a three-dimensional map of 35 million galaxies. The Lawrence Berkeley National Laboratory chose Winlight, a CNIM subsidiary, to build this instrument, which is the result of a collaborative effort by 500 scientists from 75 institutions in 13 different countries. Winlight partnered with CNRS and CEA to supply a turnkey solution to the consortium. An initial prototype was produced and approved, following which another nine instruments were built, qualified and delivered directly to the site of the telescope in Arizona. DESI saw its "first light" in October 2019. The tenth and final spectograph is in the process of being delivered. Following this success story, Winlight has since been notified of an order for a further six identical spectrographs for another telescope.

b. Information technology

- **Cybersecurity**

Bertin IT announced major partnerships relating to its CrossinG gateway for strategic operators and essential service providers

Partnering with leading privileged access management (PAM) and virtual workstation software publishers such as Cyberark and Systancia, Bertin IT provides a comprehensive solution for implementing compliant, effective and easy to use administration, security incident detection and maintenance and security information systems.

- **Cyber Intelligence**

Bertin IT selected following the 2019 ASTRID call for projects

Bertin IT has been chosen for the ASTRID programme that seeks to support exploratory and innovative defense projects. Working in partnership with the universities of Nanterre and Toulouse, Bertin IT proposed the FLYER project, which uses artificial intelligence to analyze extremist content on the Internet.

Bertin IT won a contract from a French bank

A French bank awarded Bertin IT a contract for natural language call routing to its contact centres (with more than 2,500 employees). The solution is used to transcribe calls, thereby enhancing the customer experience while optimizing operational profitability.

c. Energy & Environment

- **Consulting and engineering solutions for the energy and environmental sectors**

Bertin Energie Environnement is researching power supply solutions for the giant SKA telescope array

Bertin Energie Environnement received a subsidy from the private sector research and assistance fund, FASEP, to research possible power supply solutions for the South African part of the sprawling Square Kilometre Array telescope. The company will submit scenarios enabling a cost-effective, reliable and environmentally friendly energy supply to the SKA Organization (SKAO) and the South African Radio Astronomy Observatory (SARAO). This comparative study will inform the design of a renewable energy-based solution that overcomes the technical challenges associated with the project.

Bertin Energie Environnement supports a capital-raising venture by ADV Tech

Bertin Energie Environnement's innovation-focussed engineering & consulting arm has expanded its services to include fund-raising support for high-tech startups. The first such service is being provided to ADV Tech, a Bordeaux-based startup that is developing a potentially disruptive, bioinspired rotor for boat and ship propulsion systems.

Bertin Energie Environnement has also chosen to back another company, Hevatech, by providing technical support. Hevatech has been developing innovative technologies and processes to store heat and convert it to electricity since 2010.

Bertin Energie Environnement introduces Enersquid, a multi-energy project sizing software application

Enersquid is a software application developed by Bertin Energie Environnement's "positive-energy systems, blocks and communities" team. This online simulation and evaluation tool for multi-energy projects is aimed at local and regional authorities and industrial customers. In just a few clicks, the application identifies technological solutions able to cut energy costs, reduce carbon impacts and enhance a system's availability and energy performance.

Enerbird equips France's largest photovoltaic power plant

In late November 2019, Total Quadran inaugurated the Boulouparis 2 power plant in New Caledonia. It has 16 Mwp of solar panels and a 10 MW storage system. Bertin Energie Environnement supplied its Enerbird solution designed to control, optimize and monitor hybrid power plants. Enerbird determines the plant's optimal production programme based on meteorological forecasts. The aim is to maximize the producer's income while minimizing battery damage.

2.4 Principal changes since year end

COVID19 epidemic

The Covid-19 epidemic took hold during the early months of 2020, prompting many countries in which the Group operates to implement strict measures in an effort to slow the rate of spread. The related risks to which the Group is exposed are described in § 2.12.

Memorandum of Understanding regarding new credit lines and a global restructuring and refinancing agreement for the CNIM Group

On 29 April 2020, the Group finalised a memorandum of understanding with all of its banking and credit insurance partners (which play a role in underwriting bank guarantees) regarding a financial restructuring operation (described in § 2.11) to sustain the Group's activities over the medium term.

CNIM Transport Equipement (Foshan) Co LRT (China)

To ensure that this subsidiary's name accurately reflects its activities in China, the decision was made to change its name to CNIM Industrial Systems China.

CNIM Clugston (Earls Gate) Limited (UK)

CNIM Clugston (Earls Gate) Limited (UK), a subsidiary of CNIM, was renamed "CNIM (Earls Gate) Limited" in Q1 2020, to reflect the fact that CNIM is henceforth the sole shareholder following the entry into receivership of Clugston Construction Limited.

Sale of the head office building located at 35 Rue de Bassano (Paris 8th arrondissement)

On 17 April 2020, SCI Bassano exchanged contracts on the sale of the property located at no. 35, Rue de Bassano, 75008 Paris. A concessionary lease agreed by the new owner and CNIM entered into effect on 17 April 2020.

Arbitration in Bahrein

Under the terms of a binding arbitration decision issued by the International Chamber of Commerce on 7 January 2020, CNIM's claim against the Kingdom of Bahrain was dismissed and the company was ordered to pay the defendant the sum of USD 5,443,238.97 to cover its costs incurred in the course of the arbitration process.

2.5 Patents, licenses and trademarks

The CNIM Group holds a portfolio of 142 groups of patents, 102 of which are extended internationally, as well as 106 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 Group's portfolio is divided between the parent company and the various Group subsidiaries, as specified below:

- At midnight on 31 December 2019, following the entry into effect of the simplified legal structure of the Group's activities (see § 2.1 of this Universal Registration Document), the parent company, which owns 42 groups of patents and 28 trademarks, contributed 30 patents and five trademarks to its subsidiary CNIM Industrial Systems, and eight patents and one trademark to its subsidiary CNIM Environment & Energy Services, by means of partial contributions of capital;
- SUNCNIM, in which the Group holds a majority interest, owns eight groups of patents and three trademarks;
- LAB, wholly owned by CNIM, owns 44 groups of patents and 30 trademarks;
- Bertin and its subsidiaries own 48 groups of patents and 45 trademarks.

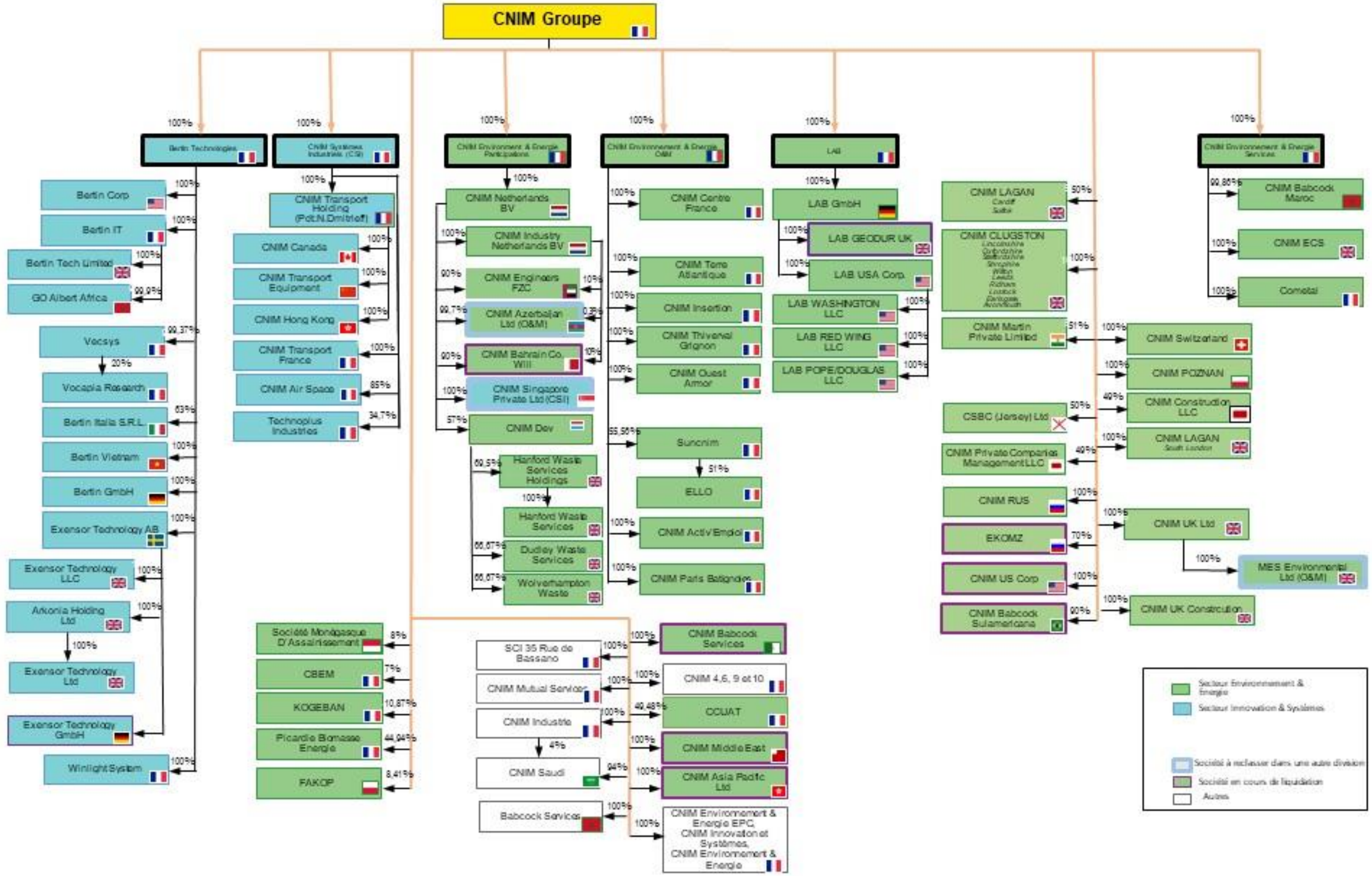
The Group does not earn any significant revenues using patents owned by third parties.

2.6 Principal companies in the CNIM Group at 31 December 2019

The Group's subsidiaries are listed by Sector in Note 4 to the 2019 Consolidated Financial Statements.

Environment & Energy Sector
Innovation & Systems Sector
Property companies
In liquidation

CNIM Organizational chart as at 31 December 2019



Financial information on the Group's main companies is provided mainly in:
- Note 15 to the 2019 Consolidated Financial Statements (equity affiliates);
- Note 25 to the 2019 CNIM SA Financial Statements (parent company's subsidiaries and other holdings).

Principal jointly owned companies:

Environment & Energy Sector:

- joint ventures established to execute waste-to-energy centre contracts in partnership with a civil engineering firm, Lagan, which transfer the respective shares of the contract to each partner (the relevant contracts are currently in their construction warranty phase);
- company under joint control with the investment firm ICON Infrastructure: CNIM Development, which holds investments in SPVs in the UK;
- company under joint control with Novergie: CCUAT (operation of a waste-to-energy centre in France), dormant company;
- company controlled by the parent company, established with the fund Sociétés de Projets Industriels (SPI): SUNCNIM S.A.S. (turnkey construction of concentrated solar power plants);
- company under joint control with Caisse des Dépôts et Consignations: 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 centre in France);
- company under joint control with Martin GmbH, a longstanding CNIM partner: CNIM Martin Private Limited (development of waste-to-energy and biomass-to-energy projects in the Southern and Southeast Asian markets).

Innovation & Systems Sector:

- company majority-owned by AVA Conseil: Technoplus Industries;
- company controlled by the parent company, with Thales Alenia Space: CNIM Air Space (specializing in the design and manufacture of tethered balloons, stratospheric balloons, airships and heat shielding for satellites).

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

2.7 Principal risks and opportunities

2.7.1 Overall risk management strategy

The overall risk management strategy is based on a process for (1) identifying, (2) assessing and (3) ranking the group's major risks.

1. Risks were identified on the basis of individual interviews with members of the Management Board and the Group's departmental Managers. A risk sheet has been produced for each identified risk, describing:

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

2. Risk assessment:

The gross risk takes account of both the following factors:

- the financial and/or human and/or reputational impacts;
- the probability of occurrence within 5 years;

The net risk takes account of the gross risk plus the effectiveness of the existing risk control system.

Once the net risks have been identified, those for which significant areas for improvement have been identified result in actions coordinated by a member of the Group's Managers' Committee (CDG). Where the area for improvement is more limited, the risk remains under review, but the action plan is monitored not by the CDG but by the operational managers.

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, human or reputational impact.

3. Ranking: On completion of the assessment process, only high (significant or material) critical (serious and recurrent) risks and/or risks for which the risk control system is the subject of a material improvement plan are categorized as priority major risks.

Each of these risks is the subject of an action plan monitored by the Group's Management Board and Managers' Committee.

For each major risk, a member of the Management Board or a Group Operational Manager is assigned to:

- define and supervise the action plan;
- define and monitor related risk and performance indicators;
- appoint (a) dedicated coordinator(s) to manage these actions.

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

Using this methodology, the Group determined the principal risk factors to which it was exposed, and implemented the associated action plans.

As part of the periodic update, the Group's risk mapping was updated in 2019 using the approach described above.

The priority major risks that were revealed by this process are set out in the following table:

Risk	Category	Description/ Example of scenario	Existing management measures	Areas for improvement
Risk of inefficiency in the process for monitoring project implementation	Operational	Defective process for monitoring project implementation that may lead to deviations that are detected late (delay, non-compliance, non-performance, breaches by subcontractors) in one or more projects, exposing CNIM to increased costs and penalties.	The project organization and the monitoring and auditing process put in place serve to identify and mitigate these risks at quarterly reviews attended by the Project Lead/Manager and the relevant operational Departments.	CNIM proposes strengthening the resources allocated to the project management process, reinforcing schedules and contract management.
Risk of inefficiency in managing projects at the bid stage	Operational	Defective process for selecting and managing projects at the bid stage, which may lead to significantly increased costs on one or more major projects, owing to the risk of: penalties, make good costs, contract termination or the impact on the Group's reputation or financial situation.	The bid review procedure in place reviews the commercial, technical, contractual and financial (costs and margin) risks.	CNIM proposes strengthening the bid management process (including increasing the selectivity and analysis of technical, completion, financial and legal risks).
Risk of default of a key co-contractor or sub-contractor	Operational	Risk of a key co-contractor or sub-contractor defaulting during execution of one of more major contracts, involving significant contractual commitments in terms of timeframe and/or performance.	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; - 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.	CNIM proposes strengthening its monitoring of the financial situation (due diligence then periodic monitoring), technical situation (monitoring of performance) and contractual situation (contract management). CNIM also proposes expanding its panel of key partners, factoring in their financial standing.
Risk of industrial accidents	Operational	Serious fire at La Seyne-sur-Mer causing the site to be unusable for an extended period.	On-site audits are carried out periodically at the La Seyne-sur-Mer sites with insurers and a specialist company to analyze and prevent the risk of fire. Their recommendations are taken into account by CNIM.	Based on the audits and complementary internal risk analysis, CNIM will draw up a crisis management plan and a business continuity plan for the industrial sites in La Seyne-sur-Mer.

Risk	Category	Description/ Example of scenario	Existing management measures	Areas for improvement
Liquidity risk	Finance	Risk of being unable to cope with a significant rise in WCR for E&E EPC	Four times a year, the Group, at the level of Group Executive Management, carries out a review of the consolidated profit/cash flow forecasts for the "year in progress and the following year", based, for the E&E EPC division, on a detailed monthly contract-by-contract analysis of forecast inflows at each contractual billing milestone and forecast outflows and, for all Divisions, forecast cash flows including EBITDA analyses, working capital requirements and investments. Financing requirements are deducted from this Group cash flow forecast. The sizeable loss recognised in 2019 has led to the implementation of a financial restructuring plan described in paragraph 2.11 that seeks, in time, to rebuild the Group's financial capacity.	Significant operational measures have been put in place to reduce the Group's "Civil Engineering" risk under E&E EPC contracts, including strengthening dedicated structures and redefining the industrial structure. The assessment - particularly at the "bid" stage" - of the cash curve under contracts is the subject of particular attention.
Defective crisis management	Strategic	Defective management of a crisis affecting business continuity potentially causing long-term damage to the Group's reputation. Operational crisis (industrial accident, environmental damage, malfunction on a key project, cyber attack, etc.) Financial crisis (defective communication, etc.).	CNIM has put in place: - an internal network of communication and marketing officers, which has been in place for a number of years; - a multi-year contract with a major media relations agency; - a media and social network monitoring tool.	CNIM proposes to continue with the crisis management and communication system, including for financial communications.

Note - COVID-19:

As a result of the COVID-19 epidemic, CNIM has identified the principal risks to which it is exposed and has implemented management measures.

In view of the epidemic's development over time and its consequences, this process will be regularly updated.

This analysis was carried out based on the principal geographic regions in which CNIM operates.

The following principal risks have been identified:

- *the health of its employees (risk of contagion);*
- *absenteeism among CNIM employees and its on-site sub-contractors;*
- *restrictions on the movement of CNIM employees, hindering the completion of contracts;*
- *stoppages (plants/sites/factories);*
- *requests from customers to close sites or suspend operations;*
- *the failure of sub-contractors/suppliers;*
- *delays in the delivery of equipment or key products;*

- *reduced productivity due to employees working from home;*
- *the cancellation or postponement of orders or potential amendments to contracts.*

On this basis, CNIM has implemented the following principal management measures:

- *Crisis cells: Management Board, Group Managers' Committee, Business Line, HR and health;*
- *Business continuity plan specific for COVID-19 compliant with employee health and safety rules. Plans drawn up by HR managers alongside operational managers establishing working conditions as a result of COVID-19 and reduced activity procedures;*
- *Internal communications to managers and employers by: the Management Board, the Human Resources Department and the Information Systems Department;*
- *Human resources:*
    - *monitoring of confirmed and suspected cases;*
    - *communications and regular health information for employees, in particular on protective measures;*
    - *implementation of the recommendations made by the various State Ministries and bodies;*
    - *organisation and management: of remote working, short-time working, working conditions at sites, plants and factories;*
    - *providing information to and consulting with employee representative bodies.*
- *Legal:*
    - *analysis of contractual clauses;*
    - *notification of legal consequences and contractual discussions with clients.*
- *Financial:*
    - *use of government support measures available to companies: short-time working, postponement of tax and social security payments deadlines, etc.*
    - *financial assessment of the impacts of COVID-19: cash flow, revenue and margins.*

These risks and management measures are assessed at the levels of the Group, business sectors, the divisions of each of the two sectors, and principal projects/business of each Division.

A summary presentation is given to the Management Board at least once a week, depending on developments to the situation and its impacts.

2.7.2 Materiality of non-financial considerations

In parallel with the high-priority major risks monitored by the Group Managers' Committee, the risks identified include non-financial risks considered as major risks, within the meaning of Article L225-102-1 of the French Commercial Code. In order to identify its major non-financial risks, the Group has analyzed their materiality.

The purpose of this step was to:

1. ensure that all non-financial information referred to in Decree no. 2012-557 of 24 April 2012 on transparency by companies in employment and environmental matters was properly 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.

Note on methodology:

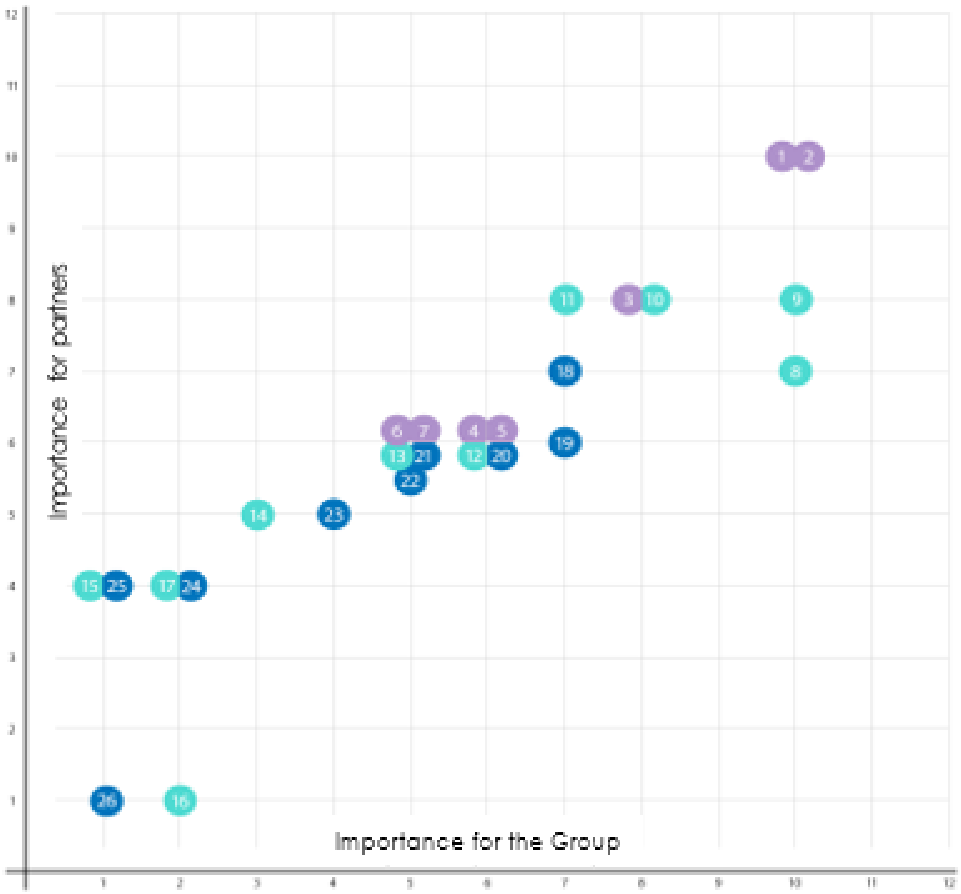
- Materiality is assessed based on the potential economic, human, environmental and reputational impacts;
- Only the principal risks are monitored at Group level:
- Depending on their significance, the other issues may be monitoring at division, site or subsidiary level; where this is the case, the risk scale has been adapted to the relevant structure.

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 Group companies' certifications in these areas.

	SOCIETES	SOCIETES FILIALES / *Business Units*	SITES / ACTIVITES	CERTIFICATS							
				QUALITE	SANTE & SECURITE				ENVIRONNEMENT		
				ISO 9001	OHSAS 18001	ISO 45001	MASE	Autres	ISO 14001	ISO 50001	Autres
GROUPE CNIM SECTEUR E&E	CNIM Groupe	*BU EPC*	Paris, La Seyne sur mer, Saint Aubin	o	o				o		
		CPCM	Sharjah (EAU)	o							
	CNIM E&E Services	*BU Proximité et Industrie*	La Plaine Saint Denis, Gardanne, Villepinte	o			o				
			La Plaine Saint Denis, Gardanne, Villepinte, Saint Herblain, Saint Avold, Le Barp, Illzach, Maromme, Chassieu, Wattrelos	o							
		BU WTE Biomasse	La Seyne sur mer	o		o			o		
		CNIM Babcock Maroc	Mohammedia (Maroc)	o							
	LAB SA		Lyon	o		o	o		o		
		LAB GmBH	Stuttgart, Coburg	o		o			o		
	CNIM E&E O&M	CNIM THIVERVAL GRIGNON	Unité de Valorisation Energétique de Thiverval Grignon		o				o	o	
			Centre De Tri de Thiverval Grignon		o				o	o	
		CNIM OUEST ARMOR	Unité de Valorisation Energétique de Pluzunet		o				o	o	
			Centre de compostage des déchets et de traitement des algues vertes de Lantic		o				o		
		CNIM CENTRE France	Unité de Valorisation Energétique de Saint Pantaléon de Larche		o				o	o	
		CNIM TERRE ATLANTIQUE	Usine d'Incinération d'Ordures ménagères de Plouharnel		o				o	o	
		CNIM Paris Batignolles	Centre De Tri de Paris Batignolles			o			o	o	
		SUNCNIM	La Seyne sur mer	o							
		MES ENVIRONMENTAL LTD	Unité de Valorisation Energétique de Dudley (GB)	o	o				o		
			Unité de Valorisation Energétique de Stoke on Trent (GB)	o	o				o		
			Unité de Valorisation Energétique de Wolverhampton (GB)	o	o				o		
		CNIM AZ	Unité de Valorisation Energétique de Baku (Azerbaïdjan)		o				o		
GROUPE CNIM SECTEUR I&S	CNIM Systèmes Industriels		La Seyne sur mer	o		o		CEFRI			
		CNIM China	Foshan (Chine)	o	o				o		
		CNIM Singapour	Singapour	o	o				o		
		CNIM Air Space	Ayguesvives	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, Saint Aubin	o	o		o		o		OPQIBI
		Winlight	Pertuis	o							

**Note: the new certifications achieved in 2019 are highlighted in yellow*

Materiality matrix of the CNIM Group's non-financial risks for 2019:



SOCIAL
1 Hiring and compensation
2 Occupational health and safety
3 Training policies implemented
4 Industrial relations: organization and assessment of collective agreements
5 Health and safety - Certification procedures
6 Organization of working time
7 Equal treatment: anti-discrimination policy

ENVIRONMENTAL
8 Energy consumption and efficiency
9 Recycling and recovery of waste
10 GHGs and GHG reduction
11 Prevention, reduction of releases to air, water and land
12 Environmental risk prevention - Certification procedures
13 Water consumption
14 Adapting to the consequences of climate change
15 Protection of biodiversity
16 Consumption of raw materials
17 Land use

LABOUR RELATED
18 Actions taken to prevent corruption
19 Taking social and environmental issues into account in the purchasing policy
20 Impact on riparian populations
21 Involvement in civil society and local development
22 Consumer health and safety
23 Human rights
24 Respect for human rights in the supply chain
25 Partnership or sponsorship
26 Combating food waste

The materiality matrix above is used to rank the CNIM Group's major non-financial challenges based on net risk i.e. factoring in the risk control and continuous improvement systems already put in place. Consequently, it should be stressed that certain strategic areas for the Group are unable to be included in this matrix.

Following this analysis, the CNIM Group's principal non-financial considerations, which were monitored as required by French law (Article L.225-102-1), were identified as follows:

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

These principal non-financial considerations have been factored into the overall risk management strategy, as described in chapter 2.7.1.

2.7.3 Insurance

To ensure that certain information cannot be used to the detriment of the interests of the Group and its shareholders, for example in the event of a dispute, the Group keeps insurance premiums and guarantee details strictly confidential, particularly those regarding civil liability insurance policies.

The main branches of insurance cover contracted by the Group are as follows:

- Property damage and lost production: the level of cover for damage insurance policies is determined according to the capital value that must be guaranteed, or failing that, a ceiling value corresponding to the "worst-case claim", subject to the customary conditions and limits;
- Comprehensive worksite insurance: cover amounts typically correspond to the amount of the works, subject to the customary conditions and limits;
- Civil liability: this type of policy covers the financial consequences of damage caused to third parties for which Group companies may be held liable. Cover amounts are determined according to the assessed legal risks and resultant financial impacts.

The Group considers its existing policies to be appropriate to its exposure profile, considering the conditions available on the insurance market in terms of capacity, scope of cover and contractual terms. The aforementioned insurance policies are subject to standard restrictions, exclusions and/or limitations of cover, which are subject to change in the event of modifications to insurers' terms and conditions, and/or changes to the risks to which the Group is exposed.

2.8 Group results

2.8.1 Highlights of the period under review

Operating losses in the Environment and Energy Sector

The Environment & Energy Sector generated recurring operating losses of €158.2 million during the year, due mainly to the difficulties experienced in the execution of several construction contracts in the E&E EPC Division[1].

The difficulties experienced concerning the E&E EPC contracts, announced on 16 May 2019, related to the "Civil Engineering" scope of work of waste-to-energy plant contracts: four in the UK and one in the Middle East.

In the UK, these difficulties related mainly to the failure of Clugston, CNIM Group's civil engineering partner for several waste-to-energy plant contracts, which announced it had gone into administration on 6 December 2019. As the Group was obliged to assume responsibility for the completion of all of the Clugston scope projects to honour its contractual commitments, it mobilised additional resources and negotiated or renegotiated several dozens of purchase or subcontracting contracts under unfavourable emergency terms. This takeover is now under control but generated significant additional costs focusing on purchases and penalties for late delivery related provisions.

In the Middle East, the Group also suffered significant additional costs on the civil engineering scope of the Sharjah contract. The Sharjah plant will be the first waste-to-energy facility in the United Arab Emirates and represents a key business reference for the Group.

The Group has consequently strongly reinforced its supply chain management strategy in particular with regard to civil engineering, for the whole of its Environment & Energy-EPC activity.

The Environment and Energy Sector's income was also adversely affected by certain asset impairment provisions detailed in Note 8 to the 2019 consolidated financial statements entitled "Non-recurring operating income (expense)".

Financial restructuring

Due to the significant impact of the losses suffered during the year and the resulting cash consumption, in July 2019, the Group increased the drawdown level of its syndicated credit line to its maximum level (see Note 22 to the 2019 consolidated financial statements entitled "Loans and borrowings") and initiated a financial restructuring process in close collaboration with all of its partners including the banking pool and the credit insurers (who were involved in the issues of bank guarantees), as well as Martin GmBH (CNIM's long-standing industrial partner).

This process was concluded in June 2020 by the approval of a conciliation protocol, the main terms of which are described in paragraph 2.11 and in paragraph B. "Going concern" of Note 1 to the 2019 consolidated financial statements entitled "Basis of preparation and significant accounting policies".

Acquisition of Airstar Aerospace

On 22 March 2019, CNIM S.A. acquired 85% of Airstar Aerospace from the Airstar group. Thales Alenia Space remains a minority shareholder alongside CNIM and a key industrial partner, particularly for the StratobusTM stratospheric airship program.

Airstar Aerospace is a leading designer and manufacturer of tethered aerostats, stratospheric balloons (aerostats capable of ascending to and travelling in the stratosphere), airships and thermal insulation for satellites.

Through this acquisition, CNIM aims to become the European leader in balloon- and airship-based platforms for defense, security, inspection and space applications. Airstar Aerospace's name has been changed to CNIM Air Space.

Acquisition of Cométal France

On 29 May 2019, CNIM S.A. acquired 100% of Cométal France.

This French industrial company, which was incorporated in 2000, specializes in the production and maintenance of combustion grates for biomass cogeneration plants and waste-to-energy plants.

With this acquisition, CNIM has expanded and strengthened its service offering, retrofit activity and spare parts supply in its preferred markets.

[1] The E&E EPC Division ("Engineering, Procurement, Construction" Division within the "Environment & Energy" Sector) holds the contracts for the construction of waste-to-energy processing plants for household waste and biomass. It constitutes one of the Group's six operating divisions).

Note:

. The 2019 financial statements as presented reflect the application of IFRS 16, the main impacts of which are detailed in Note 2 to the 2019 consolidated financial statements.

. Note 13 to the 2019 consolidated financial statements explains the financial impacts of the aforementioned acquisitions.

Throughout the document, references to the 2017 financial statements mean the 2017 financial statements restated to reflect the reclassification of CNIM Babcock Services from the I&S Sector to the E&E Sector and the impact of IFRS 15.

2.8.2 Business in 2019

2.8.2.1 Order intake

The following table provides a breakdown of order intake by Sector for the 2017, 2018 and 2019 financial years:

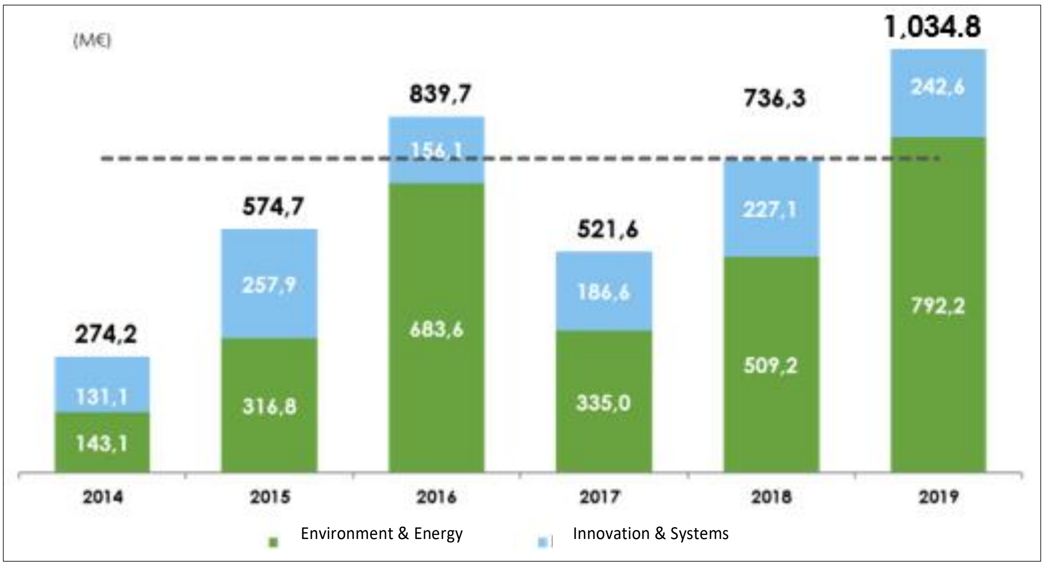
(in € millions)

	2019	2018	2017
Environment & Energy	792.2	509.2	335.0
Innovation & Systems	242.6	227.1	186.6
Group total	**1,034.8**	**736.3**	**521.6**

Order intake in 2019 was higher than in 2018. The increase breaks down as follows:

- Group: +40.5%
- Environment & Energy Sector: +55.6%
- Innovation & Systems Sector: +6.8%

The level of orders in 2019 was 140% of the annual average for the last five years:



a. Environment & Energy

(in € millions)

	2019	2018[1]	2017[1]
E&E - EPC	581.3	325.0	145.5
E&E - LAB[1]	33.9	52.5	39.2
E&E - Operation[1]	116.7	48.4	56.1
E&E - Services	60.3	83.3	94.2
Environment & Energy total	**792.2**	**509.2**	**335.0**

(1) Reclassification of orders for ash treatment activities from the "LAB" Business Division to the "Operation" Business Division. The orders concerned totalled €3.1 million in 2018 and €2.0 million in 2017.

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

- EPC: construction of turnkey waste-to-energy and biomass-to-energy plants;
- LAB: flue gas treatment solutions for household waste-to-energy processing plants, flue-gas scrubbing systems for merchant ship engines, and related services;
- O&M: operation and maintenance of household and biomass waste-to-energy processing plants as well as systems for the removal and recovery of heavy metals from incinerator ash residues;
- Services: optimization, rehabilitation, revamping and maintenance for waste-to-energy and biomass-to-energy centres and large combustion plants.

E&E turnkey plants (EPC): €581.3 million

In 2019, the Group recorded orders for the construction of waste-to-energy plants in Lostock (UK), Rambervillers (France) and Belgrade (Serbia).

E&E flue gas treatment systems (LAB): €33.9 million

Against a backdrop of a decrease, across the market, in orders for flue gas treatment solutions for household waste-to-energy processing plants, the Division recorded a good level of orders in the recently-developed marine scrubbers activity, which accounted for 71% of 2019 orders.

The Division recorded in total, including intra-Group orders from the parent company CNIM relating to turnkey design and production of waste-to-energy and biomass recycling plants, €67 million of orders.

E&E Plant operation (O&M): €116.7 million

The increase in orders in the E&E O&M (plant operation) Division in 2019 (+141.1%) was due to the renewal of the operating contract for the Thiverval waste-to-energy plant and the five-year extension of the operating concession contract for a plant in the UK in which the Group holds a minority interest.

The Operating Division operated the same number of sites in 2019 as in 2018. 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 2019 financial year in respect of operating contracts in progress. As of 31 December 2019, 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) and Plouharnel (56);
- UK: Stoke-on-Trent, Wolverhampton and Dudley;
- Azerbaidjan: Baku.

In 2019, ash treatment activities were reclassified from the "LAB" Business Division to the "O&M" Business Division. The orders concerned totalled €2.5 million.

E&E Services: €60.3 million

Within the "Services" Business Division, the Environment & Energy Sector received orders to replace, optimize and modify the flue treatment systems for the plants at Le Moule (Guadeloupe) for Albioma, La Rochelle (France) for Veolia and Berre l'Etang for LyondellBasell.

b. Innovation & Systems

(in € millions)

	2019	2018	2017
Industrial Systems Division	129.5	125.2	92.0
Bertin subsidiaries	113.1	102.0	94.6
Innovation & Systems total	**242.6**	**227.1**	**186.6**

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 high-tech 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: €129.5 million

The Industrial Systems Division generated orders of €129.5 million in 2019, representing a 3.4% increase over 2018. These orders break down as follows:

- Defense and Maritime: €39.4 million in the following activities: Deterrence, Systems for the projection of force, and equipment for airships (in connection with the acquisition of Airstar Aerospace);
- Electronuclear and Large Scientific Instruments: €29.1 million, with supplementary orders in the nuclear energy field for EPR projects, the Onkalo geological repository in Finland and the Jules Horowitz Reactor (RJH) project as well as the ITER and Megajoule Laser (LMJ) scientific projects;
- Other industries: €61.0 million, including orders for the Budapest contract (escalators), orders for the supply of fabricated frames for the semiconductor industry and housing nozzles in connection with the various Ariane Group programmes.

Bertin: €113.1 million

2019 orders were 10.9 % higher than in 2018. They break down by activity as follows:

- Systems and instrumentation: 82%
- Information technology: 13%
- Consultancy: 5%

The changes between 2018 and 2019 break down by activity as follows:

- Systems and instrumentation: +22.0%
- Information technology: +19.4%
- Consultancy: -59.3%, due to the sale in 2018 of the Ergonomics and Modelling businesses

2.8.2.2 Order backlog

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

(in € millions)

	Backlog at 01.01.2019	Orders	Revenues	Backlog at 31.12.2019
Environment & Energy	712.8	792.2	391.7	1,113.2
Innovation & Systems	268.8	242.6	196.7	314.7
Group total	**981.5**	**1,034.8**	**588.4**	**1,428.0**

The order backlog increased by 45.5% during the financial year: +56.2% for the Environment & Energy Sector and +17.1% for the Innovation & Systems sector.

2.8.3 Consolidated results

The consolidated income statement for the Group for 2019 and 2018 is set out below:

(in € millions)

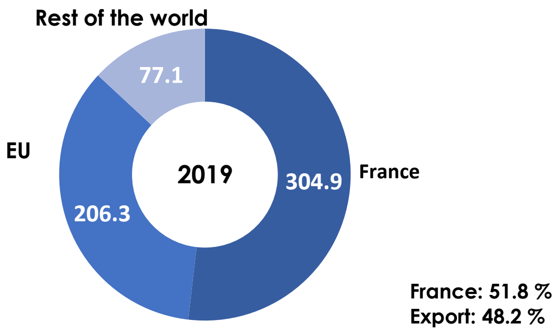
	2019	2018
Revenue	**588.4**	**689.8**
EBITDA	**(130.3)**	**14.5**
Recurring operating income/(loss)	(150.9)	(4.3)
Non-recurring operating income/(loss)	(30.8)	6.8
Operating income/(loss)	**(181.7)**	**2.6**
Share of net income of equity-accounted associates	2.2	25.4
Operating income/(loss) after share of net income of equity-accounted associates	(179.5)	27.9
Financial income/(expense)	**(6.1)**	**0.8**
Pre-tax income	**(185.6)**	**28.7**
Income tax expense	(16.5)	(0.9)
Net income/(loss) for the year	**(202.1)**	**27.9**
Income/(loss) attributable to non-controlling interests	(1.4)	(5.0)
Net income/(loss) attributable to owners of the parent	**(200.7)**	**32.8**

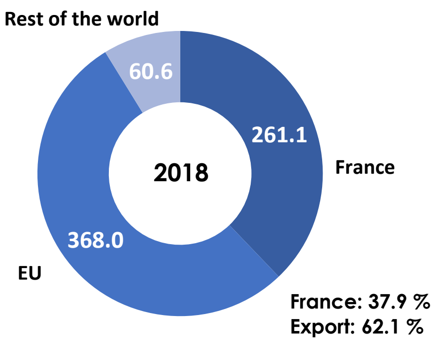
The 2019 financial year was characterized by:

- A significant increase in order intake, notably for the Environment & Energy Sector;
- A 14.7% decrease in revenue;
- A significant recurring operating loss, due mainly to a civil engineering co-contractor failing to meet its obligations in respect of several major UK contracts in the Environment & Energy Sector;
- A significant deterioration in net income/(loss), including the following non-recurring items:
    - The impairment of assets used in the activity involving the extraction of non-ferrous metals from incinerator ash residues in the United States),
    - A specific charge relating to the non-recognition as an asset of the French tax group's tax loss.

2.8.3.1 Revenues and recurring operating income

A. Revenues by geographical region





Exports continue to remain important to the Group, with revenues from outside France, principally in Europe, representing 48.2% of the total.

B. Revenue, recurring operating income and EBITDA

(in € millions)

	2019					2018				
	Revenues	EBITDA	/Revenues	me/(loss)	/Revenues	Revenues	EBITDA	/Revenues	me/(loss)	/Revenues
Environment & Energy	391.7	(149.7)	-38.2%	(158.2)	-40.4%	493.3	(8.4)	-1.7%	(14.9)	-3.0%
Innovation & Systems	196.7	19.4	9.9%	7.3	3.7%	196.5	22.9	11.7%	10.7	5.4%
Group total	**588.4**	**(130.3)**	**-22.1%**	**(150.9)**	**-25.6%**	**689.8**	**14.5**	**2.1%**	**(4.3)**	**-0.6%**

The Group's total revenues were down 14.7% relative to 2018:

- Environment & Energy Sector: -20.6%
- Innovation & Systems Sector: +0.1 %

The Group made a recurring operating loss of €150.9 million and a negative EBITDA of €130.3 million.

a. Environment & Energy (E&E) Sector

The revenues of the Environment and Energy Sector were 20.6% lower in 2019 than in 2018. The expected additional costs due to difficulties in completing E&E EPC contracts, mainly due to civil works activities, have had a negative impact on revenue, which is recognized using the cost-to-cost percentage-of-completion method.

E&E turnkey plants (EPC):

The recurring operating income/(loss) of the E&E EPC Division was significantly impacted by the losses recognized on the Sharjah (United Arab Emirates) and South London (UK) contracts as well as on the Avonmouth, Earls Gate and Kemsley (UK) projects, which were adversely affected by the failure of the civil engineering company Clugston in December 2019.

CNIM took over responsibility for the civil engineering scope of these three contracts, which generated the need, to ensure CNIM's ability to continue as a going concern, to immediately enter into contractual arrangements with all Clugston's subcontractors, leading to costs greatly in excess of the "civil engineering" section remaining to be received on these contracts and significant additional penalties for late delivery.

The increase in the Group's order intake in 2019 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 Division generated more than half of its 2019 revenues in the Marine Scrubbers activity.

E&E O&M:

The O&M (Operation) Division consistently makes a positive contribution to income.

The Division is closely associated with the "New plant construction" activity: several EPC contracts (Earls Gate, Sharjah and 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 this Sector requires little investment in property, plant and equipment, EBITDA is close to operating income.

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.

The "Services" Division generated a loss in 2019 due to insufficient profitability of the "Local services" business and an increase in the costs at completion for two plant refurbishment contracts.

b. Innovation & Systems sector

The Innovation & Systems (I&S) Sector generated revenues in 2019 (€196.7 million) of a level similar to that in 2018 (€196.5 million).

The changes between 2018 and 2019 break down by Division as follows:

- Industrial Systems Division: +8.3%
- Bertin: -8.0%.

The Innovation & Systems Sector posted recurring operating income of €7.3 million in 2019, as compared to €10.7 million in 2018, giving an operating margin of 3.7% in 2019 compared with 5.4% in 2018.

Both Divisions (Industrial Systems Division and Bertin) generated good levels of orders in 2019 (see section 2.8.2.1.b), which were higher than in the previous year.

Industrial Systems Division:

The Division's revenues were 8.3% higher than in 2018 across all of its activities. The contribution to recurring operating income was, however, lower than in 2018 due to a less favourable contract mix and non-recurring elements in 2018.

Bertin Division:

The Division significantly improved its contribution to the Group's recurring operating income, due mainly to improved margins in the "Systems and Instrumentation" Business Unit.

Bertin IT's revenues were 14.6% higher than in 2018 and it made a modest positive contribution to recurring operating income.

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 €19.4 million, the Sector's 2019 EBITDA represented 9.9% of revenues.

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)

In accordance with Note 8 to the 2019 consolidated financial statements, the Group has classified under "Other operating income" and "Other operating expenses" all non-recurring transactions of a significant amount that could hinder the clarity of recurring operating performance. They may include:

Gains or losses on disposals of businesses or groups of assets;

Acquisition and integration costs relating to business combinations;

Restructuring costs resulting from restructuring plans whose unusual and significant nature may hinder the clarity of recurring operating income;

Provisions and impairment of property, plant and equipment or intangible assets of material amounts;

Estimated or actually incurred costs relating to external factors independent of operating effectiveness such as political decisions.

In the year ended 31 December 2019, the Group recognized the following items under "Non-recurring income (expense)":

- The €15.1 million impairment provision which wrote off in full the Geodur assets (plants dedicated to the extraction of metals from incinerator ash residues) due, in particular, to the unfavourable movement in the non-ferrous metals index.
- A €9.1 million impairment provision relating to the cost of setting up and pre-executing a contract previously awarded to the Group, but subject to final approval by a local political body. Notice to proceed has again been postponed, raising uncertainty as to whether the contract will be implemented;
- A €4.8 million expense resulting from an unfavourable sentence in connection with an arbitration procedure;
- Costs associated with the Group's financial restructuring (advisory services) and legal reorganization: €2.5 million.

2.8.3.3 Share in net income from associates

(in € millions)

	2019	2018
Share of net income of equity-accounted associates	2.2	25.4

Income from associates in 2019 consisted of recurring income from companies operating mainly in the Environment & Energy Sector: €2.2 million.

In 2018, the Group sold its stake in SELCHP for €22 million. This stake was held by CNIM Development, a company jointly owned by CNIM Group and an investment fund (Cube before the sale, Icon after the sale).

2.8.3.4 Financial income (expense)

(in € millions)

	2019	2018
Net financial income/(loss)	(2.1)	(0.7)
Foreign exchange gains/(losses)	(4.1)	0.3
Other	0.1	1.2
Financial income (expense)	**(6.1)**	**0.8**

The net financial expense for 2019 comprised:

- net financial loss: (€2.1) million due to the increase in outstanding borrowings and the financing cost
- net foreign exchange loss: (€4.1) million including (€1.9) million related to the remeasurement at fair value of the currency risk hedging instruments
- other: €0.1 million.

2.8.3.5 Income tax

(in € millions)

	2019	2018
Income tax expense	(16.5)	(0.9)

€12 million of the income tax expense represents the reversal in the income statement of the tax asset recognized at 31 December 2018 in respect of the French Group's tax loss.

2.8.3.6 Net income / (loss)

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

(in € millions)

	2019	2018
Net income/(loss) attributable to owners of the parent	(200.7)	32.8

As regards net income/(loss), the situation deteriorated significantly compared to 2018: the Group made a net loss which represented -34.1% of revenue.

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:

- Recurring operating income;
- excluding depreciation.

“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 2.10.6. It corresponds to the net total of the following items:

- gross cash;
- current financial liabilities (see Note 22 to the 2019 consolidated financial statements);
- loans and borrowings (see Note 22 to the 2019 consolidated financial statements);
- and, since 1 January 2019, the application of IFRS 16 “Leases”.

The Group uses the term “Net cash” or “Net debt” according to the net balance between its cash assets and financial liabilities.

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		Total	
	2019	2018	2019	2018	2019	2018
Intangible assets	2.1	2.7	21.8	20.2	23.9	22.9
Goodwill	31.7	31.2	41.0	39.6	72.8	70.8
Property, plant and equipment	15.0	35.9	37.1	33.7	52.2	69.6
Financial assets	15.8	14.3	1.8	1.6	17.6	15.9

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 2018 are commented on in paragraph 2.9.2.

2.9.1.1 Environment & Energy sector

The main components of the €17.4 million net decrease in property, plant and equipment during the year were:

- Gross capital expenditure of €13.4 million
- Depreciation and impairment charges totalling €23.9 million, including the impairment provisions in respect of Geodur’s property, plant and equipment, corresponding mainly to 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 the Group 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 Note 15 to the 2019 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 CNIM Air Space and Cométal France.

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 2019 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 m2. The rights under the lease are recorded as an intangible asset with a net book value of CNY 7 million at 31 December 2019.

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 4 to the 2019 consolidated financial statements.

2.9.2 Group capital expenditure

(in € millions)

	Environment & Energy		Innovation & Systems		Total	
	2019	2018	2019	2018	2019	2018
Intangible assets	0.6	1.0	7.2	7.1	7.8	8.2
Property, plant and equipment	3.9	6.5	9.7	7.7	13.4	14.3
Financial assets	1.5	0.7	0.3	-	1.8	0.7
Total	**6.0**	**8.2**	**17.3**	**14.9**	**23.1**	**23.1**

Capital expenditure on intangible assets in 2019 related mainly to research and development and software licenses whilst capital expenditure on property, plant and equipment in 2019 related mainly to industrial equipment (Industrial Systems and Bertin Divisions) and building renovations (La Seyne-sur-Mer).

The impact of changes in the consolidation scope (acquisition of Airstar Aerospace and Cométal France) was €2.6 million.

2.9.3 Capital expenditure programme

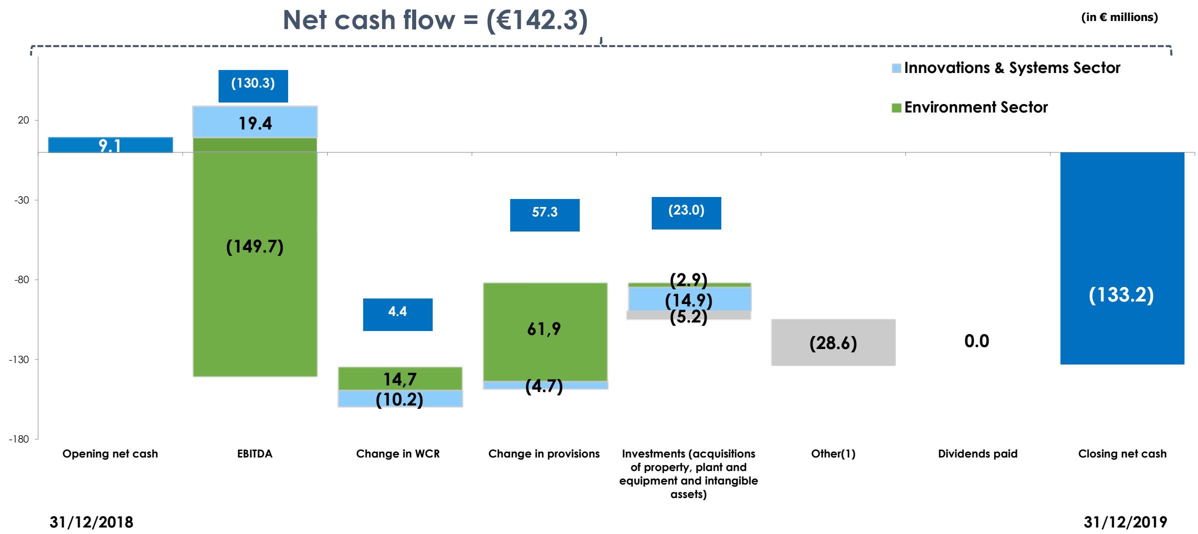
At 31 December 2019, the Group was engaged in the following capital expenditure programmes:

- 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 (2019 and 2020), 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.

2.10 Group financing - Cash

The Group's cash flows in 2019 are summarized as follows:

(in € millions)



*(1) Other: mainly two negative changes: lease liabilities in accordance with IFRS 16 totalling €22.1 million at 1 January 2019 and changes in consolidation scope totalling €5 million.

2.10.1 EBITDA

The Group’s EBITDA was a negative €130.3 million. EBITDA is broken down by Sector in paragraph 2.8.3.1.

2.10.2 Change in working capital

Working capital requirements are detailed below for 31 December 2018 and 2019.

(in € millions)

	2019	2018	Change in working capital (balance sheet items)*	Change in working capital (cash flow)
Inventories and work-in-progress	22.9	21.9	1.0	(0.2)
Advances and down payments on orders to suppliers	9.2	8.0	1.2	1.2
Trade and other receivables	134.6	101.2	33.4	(15.3)
Accrued income from contracts in progress	162.4	137.0	25.4	72.6
Tax and social security receivables	80.2	74.9	5.3	4.3
Other current operating assets	16.1	12.7	3.4	5.0
Sub-total	**425.4**	**355.7**	**69.8**	**67.8**
Advances and down payments received from customers	(33.1)	(2.2)	(31.0)	(30.7)
Trade payables	(156.6)	(186.1)	29.5	31.7
Deferred income from contracts	(108.1)	(57.2)	(50.9)	(50.9)
Social security and tax payables	(82.9)	(70.4)	(12.5)	(11.4)
Other current operating liabilities	(23.8)	(11.3)	(12.5)	(10.9)
Sub-total	**(404.6)**	**(327.3)**	**(77.3)**	**(72.2)**
Working capital	**20.9**	**28.4**	**(7.6)**	**(4.4)**

*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 increased slightly in 2019, due mainly to the time lag concerning certain E&E EPC contracts which, given the cost-to-cost percentage-of-completion method and the extension of the payment terms on acceptance of contracts, generated an increase in accrued income from contracts in progress, which was insufficiently offset by down payments received on new contracts 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 Provisions

2019 was characterized by a very significant increase in provisions for losses at completion, which related to forecast costs impacting subsequent financial years.

2.10.4 Investments

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

2.10.5 Dividends

As decided at the General Meeting of 26 June 2019, all income for the year ended 31 December 2018 was allocated to “Retained earnings” and therefore no dividends were paid for the 2018 financial year.

2.10.6 Group cash position

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

(in € millions)

	2019	2018
Cash equivalents	10.1	17.0
Cash position	90.5	68.9
Gross cash	**100.5**	**86.0**
Non-current financial liabilities	(45.3)	(63.1)
Current financial liabilities	(188.4)	(13.8)
dont concours bancaires courants, comptes courants	*(5.7)*	*(1.5)*
Passif financier courant et non courant	**(233.7)**	**(76.8)**
Net cash position	**(133.2)**	**9.1**

2.10.7 Debt

(in € millions)

	2019			2018		
	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	**24.0**	24.0	6.0	30.0
Loan to finance work at SCI Bassano	-	1.1	**1.1**	1.1	1.1	2.3
Amount drawn down of revolving credit facility	-	120.0	**120.0**	30.0	-	30.0
Loans to finance R&D projects	1.4	0.8	**2.2**	2.0	0.5	2.5
Other loans and borrowings	0.9	20.0	**20.9**	0.1	0.1	0.2
Total loans and borrowings	2.4	165.9	**168.2**	57.2	7.8	65.0
Lease liabilities	16.1	4.5	**20.7**	-	-	-
Repayable advances	6.2	0.6	**6.8**	5.7	0.3	6.0
Assignments of receivables	20.4	11.4	**31.8**	-	3.4	3.4
Other financial liabilities	0.3	0.4	**0.6**	0.2	0.7	0.9
GROSS FINANCIAL LIABILITIES	**45.3**	**182.7**	**228.0**	**63.1**	**12.2**	**75.3**
Bank overdrafts, current accounts	-	5.7	**5.7**	-	1.5	1.5
NET FINANCIAL LIABILITIES	**45.3**	**188.4**	**233.7**	**63.1**	**13.8**	**76.8**

The Group had debt of €233.7 million at 31 December 2019, up by €156.9 million from 31 December 2018, mainly as a result of the €90 million additional draw down in respect of the syndicated (multi-currency) loan of €120 million, renewed in December 2017 for a term of five years. In 2019, 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 2019 consolidated financial statements.

Covenants:

- 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: net debt to EBITDA ratio of less than or equal to 2.5;
- These covenants were not met at the end of the 2019 financial year;
- Given the limitations included in the waiver obtained as at 31 December 2019, the total value of the three borrowings was classified as a current financial liability as the Group did not at 31 December 2019 have an unconditional right to extend their repayment beyond one year.

Associates carrying debts, set out in detail in Note 15 to the 2019 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)

	2019	2018
Gross cash	100.5	86.0
Medium-term credit facility	120.0	120.0
Amount of facility drawn down	(120.0)	(30.0)
Total liquidity	**100.5**	**176.0**

The full amount of the medium-term credit facility made available to the Group had been drawn down at 31 December 2019.

2.10.8 Equity

Movements in Group equity were as follows:

(in € millions)

	2019	2018
As at 1 January*	**186.3**	**176.6**
Net income/(loss) for the year	(200.7)	32.8
Dividends paid	-	(14.8)
Other: currency translation differences, changes in sc	(4.3)	(8.2)
As at 31 December	**(18.8)**	**186.3**

The change in the "Others" item is mainly the result of currency translation differences on the one hand and actuarial gains and losses on pension commitments and the impacts of hedging on the other hand.

2.10.9 Other elements

The contract bank guarantees listed in Note 27 to the 2019 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.

2.11 Financial restructuring of the Group

The losses suffered on the E&E EPC contracts have had a significant impact on the Group's earnings and cash consumption.

At 31 December 2019,

- the Group had net debt of €133 million (compared with net cash of €9 million at 31 December 2018);
- The Group's liquidity position (cash and cash equivalents and additional possible drawdowns net of cash held by subsidiaries excluded from the cash pool set up by the Group) amounted to €86 million at 31 December 2019 (compared with €156 million at 31 December 2018).

The Group initiated a financial restructuring process in close collaboration with all of its partners including the banking pool and the credit insurers (who were involved in the issues of bank guarantees), as well as Martin GmBH (CNIM's long-standing industrial partner).

This process, which caused the Commercial Court to appoint a special purpose trustee on 12 November 2019 to assist the Group in its discussions and the initiation of conciliation proceedings confirmed by the Order of 2 January 2020, resulted in the parties signing an initial agreement in March 2020 before finalizing a conciliation protocol in April 2020 that should secure the Group's business over the medium term.

This protocol was approved by a judgement of the Paris Commercial Court dated 23 June 2020.

The following table provides details of the measures associated with this financial restructuring:

		Nature	Nominal (in € millions)	Interest	Maturity	Counterparty
Initial agreement signed on 16 March 2020						
Bridging loan backed by the sale of the head office	(2)	Financing	30.6	Euribor +5%	-	
			27.5			*Banking pool*
			3.1			*French state (FDES)*
Line of bank guarantees	(1)	Guarantee	88.4	-	31/03/2020	Banking pool
Conciliation protocol signed on 29 April 2020						
Bond issue		Financing	45.0	5%	31/12/2025	Martin GmbH
MT financing		Financing	43.8	Euribor +6%	30/04/2021	
			35.0			*Banking pool*
			8.8			*French state (FDES)*
New line of bank guarantees	(1)	Guarantee	170.8	-	31/03/2021	Banking pool
Sharjah line of bank guarantees		Guarantee	18.2	-	-	First Abu Dhabi Bank

(1) These lines cover, in particular, the performance guarantees the Group must issue for the purposes of signing the construction contracts as well as the advance payments bonds enabling accelerated payments to be obtained from some customers (these accelerated payments total €63 million and in effect constitute advances).
The new line of banking guarantees supplements the line of banking guarantees granted under the initial agreement of 16 March 2020. The unused portion of the line covered by the initial agreement, i.e. €51.7 million, has been included in the conciliation protocol, resulting in a new total confirmed line of €222.5 million.
A significant portion of these lines benefits from a counter-guarantee from BPI Assurance Export (benefit limited to 50% of the guarantee given). This counter-guarantee, totalling €134 million, was implemented during the second half of 2019 to facilitate the granting of new guarantees by the banking pool.
The maturity date indicated corresponds to the date on which the line is available for drawdown.
(2) On 17 April 2020, the Group sold its Paris head office for €41.3 million and repaid the bridging loan associated with this sale.

These measures are accompanied by the following commitments provided by the CNIM Group:

- Securing the commitments of Martin Gmbh, the banking partners and credit insurers and the French state by pledging the securities of all the Group's subsidiaries and by putting into trust the subsidiaries in France giving their beneficiaries (i) rights of scrutiny or veto over certain decisions likely to affect their rights or interests and (ii) the ability to take control of them if certain adverse events occur or at the end of a 12-month period. The Company does, however, retain operating control of facts or circumstances existing at the date such trusts come into force;

- The Group's commitment to carry out an affiliation programme in respect of all of its activities (Environment and Energy and Innovation & Systems Sectors) vis-à-vis one or more partners enabling its businesses to continue operating over the long term. The primary objective of this programme is the global affiliation of the Group, which will involve the search for one or more third parties to acquire all of the shares or, failing that, a majority stake in CNIM Groupe SA; however, the procedures for carrying out this programme may vary depending on the circumstances (acquisitions carried out cumulatively at the level of the main subsidiaries or partial affiliation at the level of a sector, for example) and may include the sale of certain individual assets. Execution of this programme is likely to cause the Company to deconsolidate the equity investments or assets concerned or to group them together within "assets held for sale".

The Group also benefited from a moratorium granted by the *Commission départementale des Chefs des Services Financiers (CCSF)* enabling it to defer payment of tax and social security charges of up to €13 million (progressive payments over one year as from May 2020).

Lastly, the long-standing loan facilities (revolving credit facility and the loan facility for the investment in the Exensor group) are no longer subject to any covenant ratios non-compliance with which would enable the lenders to require repayment.

The Group believes that, given the measures described above, it is able to ensure that all of its businesses will continue to operate as going concerns. In addition to the effects of the financial restructuring described above, the Group's management has based its going concern assumption on the drawing up of a business plan and cash flow forecasts for 2020 and 2021 updated in parallel with the accounts closing process.

The cash flow forecasts updated in this way result notably from a contract-by-contract analysis of the scheduling of the key payment milestones (customers and suppliers) for contracts in progress and an assumption concerning new orders. The positioning of these cash flows over time was carried out on a prudent basis but comprises an inherent risk of a cash inflow not crystallizing on a given date or the under-estimation of cash outflows.

Before factoring in the problems posed by the health crisis caused by the COVID-19 pandemic, these cash flow projections, with regard to the existing financing means and those to be put in place under the terms of the two aforementioned protocols, show that the Group will generate surplus cash.

The Group has also assessed the impact on its cash of the reduced level of business caused by the COVID-19 crisis.

2.12 COVID-19 impact on the Group's business

The COVID-19 pandemic, which spread during the early months of 2020, led numerous countries to take increasingly stringent measures to slow down the rate of infection.

The main resulting risks identified to date that the Group has had to cope with are as follows:

- Employee health (risk of infection);
- Absenteeism of CNIM personnel or sub-contractors on worksites;
- Restrictions on travel for CNIM employees, hindering progress on certain contracts;
- Business disruption (plants/offices/worksites);
- Requests from customers to shut down certain worksites or cease contract work;
- Contract breaches by sub-contractors/suppliers;
- Delayed delivery of key equipment or products;
- Lower productivity due to teleworking;
- Cancellation or deferral of new orders or potential contract amendments.

Since the start of the pandemic, the Group has been closely monitoring its developments in order to take appropriate action, as a priority to protect the health of its employees, customers and all third parties working with the Group, and also to maintain its ability to continue as a going concern.

To date, the main impacts of the pandemic for the Group have been the following:

- Operations have continued at most of the Group's plants, workshops and customer worksites. However, working conditions have had to be adapted leading to slowdowns;
- The vast majority of the Group's administrative sites in France have been closed since the start of the lockdown (as of March 17, 2020) and employees have been asked to work from home whenever possible;
- The Group has already implemented some government measures to provide financial support to French and UK companies, including part-time activity and deferred payment of tax and social security contributions.

Given the major uncertainty regarding the duration, extent and location of the rapidly developing COVID-19 pandemic, the Group is unable to make a reliable assessment of the financial impact of the current health crisis.

With all the restrictions imposed by the lockdown, the Group has nevertheless estimated the impact the COVID-19 pandemic might have on its future cash flows, by applying, amongst others, the following assumptions:

- Extension of contracts planning, resulting notably in increased site costs and deferrals of residual incoming payments, over a period of time corresponding to the duration of the lockdown imposed locally (between one and two months depending on the contract/country);
- Postponement of contracts signing, for some of its activities.

After taking into account the state support measures (excluding the use of the guarantee scheme for bank loans in France), and although this does not constitute a forecast as such, the Group estimates that the negative impact of the COVID-19 pandemic (a maximum cumulative expense of around €50 million by October 2020) is compatible with maintaining a positive cash position.

2.13 Financial statements of CNIM SA

2.13.1 Results

The principal items in the 2019 income statement are shown below:

(in € millions)	2019	2018
Revenues	**398.0**	**457.3**
Operating income/(loss)	(190.7)	(12.2)
Financial income/(expense)	37.0	2.0
Exceptional income/(expense)	(8.7)	0.1
Income/(loss) before tax and profit-sharing	(162.3)	(10.1)
Profit-sharing	0.0	0.0
Income tax expense/(income)	5.5	8.1
Net income/(loss)	**(156.8)**	**(2.0)**
Net income margin	***-39.4%***	***-0.4%***

The transfers of businesses to the companies CNIM Industrial Systems – E&E Services – E&E O&M – and E&E Participations, specified in connection with the planned legal reorganization of the Group (detailed in paragraph 2.13.3) were carried out on 31 December 2019.

The CNIM Groupe's 2019 income statement therefore includes all of the businesses of these Divisions, as well as the business of the E&E EPC Division, which has not been the subject of a business transfer to the new entity.

The changes in revenue and operating income are principally the result of changes to this E&E EPC business, together with the problems hindering progress on several contracts in the "civil engineering" scope.

2019 net financial income was very favourably impacted by the distribution of dividends by the Group company that had sold the stake in Selchp in 2018.

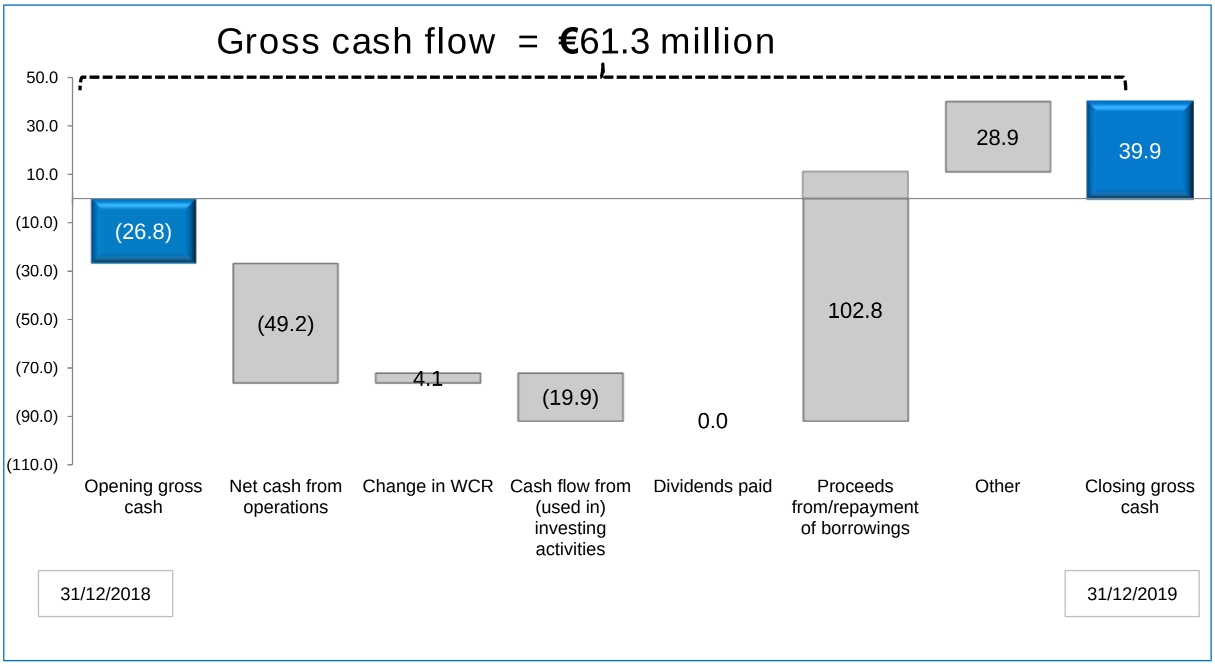
The "income tax" line item includes the savings derived from the tax consolidation of the French companies.

The 2019 net loss of €156.8 million represented -39.4% of revenues.

2.13.2 Cash position

The Company's cash flows are summarized below:

(in € millions)



The change in the Company's cash flow was the result of:

a. negative cash flow from operations,

b. the level of capital expenditure being maintained,

c. the cash transferred on 31 December 2019 to those companies that were the subject of the business transfers detailed in paragraph 2.13.3,

d. the coverage of requirements a and b above by an increase in debt: draw down of €120 million (compared with €30 million at 31 December 2018), and the assignment of tax receivables totalling €31 million.

2.13.3 Proposed legal reorganization of CNIM SA's activities

The CNIM Group's activities are structured, for operational purposes, around two business 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 LAB Division;

c. E&E Services Division;

d. E&E O&M (Operation) Division

• Innovation & Systems (I&S) Sector

a. Industrial Systems Division;

b. Bertin Division.

In 2018, the Group launched the project to reorganize its legal structure, 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 project were to:

- Spin off by means of partial contributions of assets 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.

The reorganization began with an information and consultation procedure involving the employee representative bodies, who gave a favourable opinion. There followed the Ordinary and Extraordinary General Meetings of CNIM SA (on 26 June 2019) and the other companies in question which ruled on the implementation of the aforementioned transactions, i.e. (i) the partial contribution of assets to the "Division head" Companies, and (ii) the contribution of the shares of the "Division head" companies to the Intermediate Holding Companies.

As at 31 December 2019, some of the stages of the reorganization had been completed:

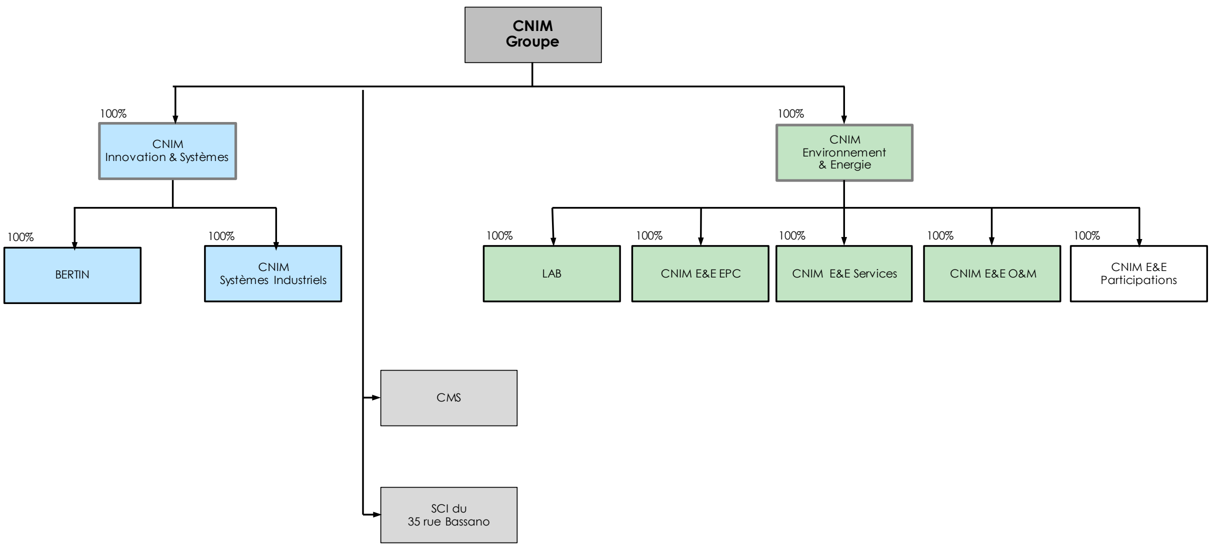
- the spin off by means of partial contributions of assets was completed for the following Divisions: I&S CSI, E&E Services and E&E O&M, as well as for "CNIM Mutual Services", the entity which provides intra-Group IT, accounting and payroll services;
- the assets transfer to the E&E EPC Division had not been completed at 31 December 2019 as an insufficient number of customers had agreed to contracts being transferred to the new legal entity.

By way of reminder, the E&E Lab and I&S Bertin Divisions had already been spun off.

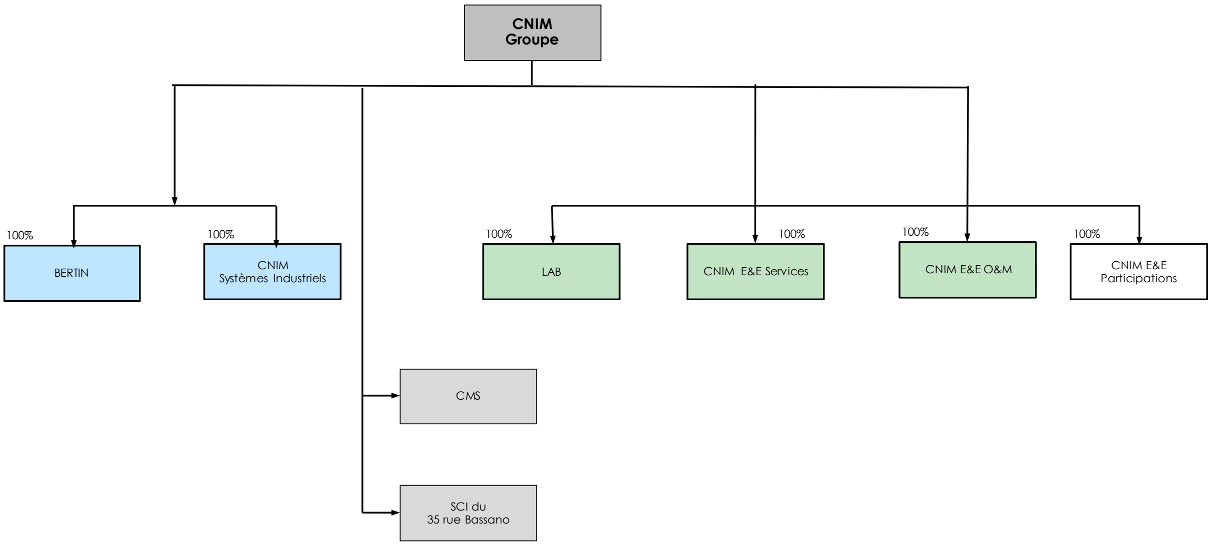
As at 31 December 2019, it had not been possible to complete the contributions of shares of the (aforementioned) Division holding companies within a particular Sector under an Intermediate Holding company placed at the head of the Sector in question and owned by CNIM SA.

CNIM SA was renamed "CNIM Groupe" and it ceased to carry out operating activities for any Divisions other than the E&E EPC Division. Instead, it has a holding company role, involving managing the Group and providing cross-functional services to its subsidiaries, for the purposes of which it groups together within it all of the members of the Group Managers' Committee and the employees of the Corporate cross-functional support functions. In addition, CNIM Groupe holds the Group's real estate assets and some brands and other intellectual property rights, which are made available to its subsidiaries.

Target simplified legal structure:



Simplified legal structure in place as at 1 January 2020:



The contributions were carried out on 31 December 2019. As a result, all of the 2019 results of the Divisions involved in the contributions were consolidated within CNIM Groupe SA.

The following table details the impact of the contributions as a 31 December 2019:

31.12.2019 Financial aggregates (in € millions)	Carrying amount before contributions	Contributions to subsidiaries CNIM Industrial Systems	E&E Services	E&E O&M	E&E Participations	CNIM Mutual Services	Remuneration for the contributions	Carrying amount after contributions
Intangible assets	38.4	(9.4)	(12.1)	-	-	(2.5)	-	**14.5**
Property, plant and equipment	30.9	(10.9)	(0.9)	(0.5)	-	(2.7)	-	**15.9**
Non-current financial assets	156.7	(11.8)	(2.9)	(4.5)	(31.0)	-	109.4	**215.8**
TOTAL NON-CURRENT ASSETS	**225.9**	**(32.1)**	**(15.9)**	**(5.0)**	**(31.0)**	**(5.2)**	**109.4**	**246.2**
Inventories and work in progress	2.5	(1.6)	(0.1)	-	-	-	-	**0.7**
Advances and down payments made	5.3	(2.1)	(0.3)	(0.0)	-	(0.0)		**2.8**
Trade and other receivables	256.1	(82.2)	(11.7)	(6.0)	-	(4.1)		**152.0**
Other receivables[(1)]	182.7	(19.4)	(4.2)	(0.8)	-	(0.4)		**157.8**
Marketable securities	0.4	-	-	-	-	-		**0.4**
Cash	63.9	-	-	-	-	-		**63.9**
Prepaid expenses	10.3	(0.1)	(0.4)	(0.1)	-	(0.0)		**9.6**
TOTAL CURRENT ASSETS	**521.1**	**(105.5)**	**(16.8)**	**(7.0)**	-	**(4.6)**		**387.3**
Expenses to be allocated to future reporting pe	0.6	-	-	-	-	-		**0.6**
Unrealized exchange losses	0.4	(0.0)	(0.0)	(0.0)	-	-		**0.4**
TOTAL ASSETS	**748.0**	**(137.6)**	**(32.7)**	**(12.0)**	**(31.0)**	**(9.8)**	**109.4**	**634.4**
(1) Of which cash contributed via current account		*(6.7)*	*(3.5)*	*(0.4)*	-	*(0.2)*		

31.12.2019 Financial aggregates (in € millions)	Carrying amount before contributions	Contributions to subsidiaries CNIM Industrial Systems	E&E Services	E&E O&M	E&E Participations	CNIM Mutual Services	Remuneration for the contributions	Carrying amount after contributions
EQUITY [(1)]	**(50.7)**	**(63.0)**	**(6.8)**	**(5.2)**	**(31.0)**	**(6.7)**	**109.4**	**(54.1)**
PROVISIONS FOR CONTINGENCIES AND LIABILIT	**89.6**	**(4.0)**	**(3.1)**	**(0.0)**	-	**(0.0)**		**82.5**
Bank borrowings and debt	150.2	-	-	-	-	-		150.2
Other borrowings and debt	220.4	(6.9)	(1.2)	(0.5)	-	(0.4)		211.4
TOTAL BORROWINGS AND DEBT	**370.5**	**(6.9)**	**(1.2)**	**(0.5)**	-	**(0.4)**		**361.6**
Advances and down payments received	33.1	(27.3)	(2.0)	-	-	-		3.8
Trade accounts payable	165.5	(11.2)	(11.7)	(4.4)	-	(1.6)		136.6
Social security and tax payables	51.5	(7.0)	(2.9)	(1.2)	-	(1.1)		39.3
Other liabilities	5.9	(0.0)	-	-	-	-		5.9
TOTAL LIABILITIES	**256.0**	**(45.6)**	**(16.5)**	**(5.6)**	-	**(2.7)**		**185.6**
Deferred income	81.9	(18.1)	(5.0)	(0.6)	-	-		58.3
Unrealized exchange gains	0.7	(0.0)	(0.0)	-	-	-		0.6
TOTAL EQUITY AND LIABILITIES	**748.0**	**(137.6)**	**(32.7)**	**(12.0)**	**(31.0)**	**(9.8)**	**109.4**	**634.4**

(1) The change in equity before and after the contributions corresponds to the contributions of investment grants

2.13.4 Other items

- **Client payment terms**

At 31 December 2019

31.12.2019	Art. D 441-I.2: invoices issued and due but not paid by the end of the financial year					
(in € thousands for monetary data)	0 days	1-30 days	31-90 days	90-180 days	181 days or more	Total
(A) Late payment bracket						
Number of invoices in question	111	28	95	49	133	416
Total value (excluding tax) of the invoices in question	22,683	3,864	8,617	2,376	4,146	41,686
Percentage of the total amount (excluding tax) of the balance	54%	9%	21%	6%	10%	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%	1%	2%	1%	1%	10%
(B) Invoices excluded from (A) relating to those debts and receivables in dispute or unrecognized						
Number of excluded invoices			2		17	19
Total value (excluding tax) of the excluded invoices			1500		864	2,364
(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 2019

31.12.2019	Art. D 441-I.1: invoices received and due but not paid by the end of the financial year					
(in € thousands for monetary data)	0 days	1-30 days	31-90 days	90-180 days	181 days or more	Total
(A) Late payment bracket						
Number of invoices in question	682	281	381	297	387	2,028
Total value (excluding tax) of the invoices in question	18,503	4,214	6,444	6,171	7,457	42,789
Percentage of the total amount (excluding tax) of the balance	43%	10%	15%	14%	17%	100%
Percentage of the total amount of purchases (excluding tax) for the financial year	5%	1%	2%	2%	2%	11%
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)	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	2019 financial year (52nd 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	541,507	384,717	319,832	377,521	457,288	398,032
Profit before tax, profit-sharing, depreciation and provisions	23,523	49,337	28,285	23,593	(8,450)	(51,326)
Income tax	(2,257)	4,063	5,627	3,377	8,099	5,465
Profit-sharing	(285)	(205)	23	(390)	(19)	-
Profit after tax, profit-sharing, depreciation and provisions	23,621	51,742	19,214	39,084	(1,992)	(156,848)
Distributed earnings	16,200	17,866	20,288	15,898	-	-
3. Earnings per share						
Profit after tax and profit-sharing but before depreciation and provisions	7	19	11	(0)	(0)	(0)
Profit after tax, profit-sharing, depreciation and provisions	8	17	6	13	(1)	(52)
Dividend	5.35	5.90	6.70	5.25	-	-
4. Staff						
Average workforce of the period under review	1,096	1,026	997	974	1,143	1,236
Total payroll	59,852	56,619	56,007	58,509	63,726	73,995
Amounts paid in respect of social benefits (social security, social welfare, etc.)	27,435	25,153	25,569	27,777	29,021	32,020

- ## Proposed appropriation of net income/(loss)

The annual financial statements, balance sheet and income statement as presented show a loss of €156,847,511.07. We propose that this loss be allocated in full to the "Retained earnings" account, which would then have a negative balance of €149,150,380.06.

As a result of this allocation, the Company would have negative equity of €54,073,755.32, which would be less than one half of the share capital.

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 2019.

3.1.1.2 Shares not representing capital

At the date of filing of this 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 26 June 2019 (ninth 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 French Financial Markets Authority (Autorité des Marchés Financiers - AMF) 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 2019 consolidated financial statements.

In addition, at the Ordinary and Extraordinary General Meeting of 26 June 2019 (thirteenth 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 thirteenth 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 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 26 June 2019.

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 2019 shows that on that date the Company's largest shareholder was:

At 31.12.2018	No. of shares	%	Number of voting rights	% Theoretical	% Exercisable
Soluni SA	1,708,633	56.43%	3,417,266	62.95%	65.40%
Total	1,708,633	56.43%	3,417,266	62.95%	65.40%

As at 31 December 2019, the grouping made up of Soluni SA, Ms. Christiane Dmitrieff and the other members of the Dmitrieff family (including Mr. Nicolas Dmitrieff) held 1,712,739 shares representing 56.56% of the share capital and 65.55% of the exercisable voting rights (63.10% of the theoretical voting rights).

On the basis of the information available to the Company, the share capital and voting rights at 31 December 2018 and 31 December 2019 were held as follows:

CNIM shareholder base at 31 December 2018						
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%	62.79%	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 (3)	**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 (4)	**465,205**	**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%**	**3.68%**	**-**
Liquidity contract (Exane BNP Paribas)	11,634	11,634	-	0.38%	0.21%	-
Treasury shares (held by subsidiary)	**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%**

(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 French 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, 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 31 December 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%	62.95%	65.40%
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]	2,811	5,618	5,618	0.09%	0.10%	0.11%
Dmitrieff family group	**1,712,739**	**3,425,474**	**3,425,474**	**56.56%**	**63.10%**	**65.55%**
Franeli S.A.	452,750	905,500	905,500	14.95%	16.68%	17.33%
Frel S.A.	1,700	3,400	3,400	0.06%	0.06%	0.07%
Mr. François Herlicq	12,985	25,050	25,050	0.43%	0.46%	0.48%
Herlicq family group	**467,355**	**933,950**	**933,950**	**15.44%**	**17.21%**	**17.87%**
CNIM Participation (employee shareholders)	71,294	142,588	142,588	2.35%	2.63%	2.73%
Treasury shares	188,449	188,449	-	6.22%	3.47%	-
Liquidity contract (Exane BNP Paribas)	14,297	14,297	-	0.47%	0.26%	-
Sub-total	**202,746**	**202,746**	**-**	**6.70%**	**3.73%**	**-**
Public	573,896	723,540	723,540	18.95%	13.33%	13.85%
TOTAL	**3,028,110**	**5,428,298**	**5,225,552**	**100.00%**	**100.00%**	**100.00%**

(ii) Employees

Under the Company Savings Plan, 71,294 shares in the Company (2.35% of the share capital) at 31 December 2019 were held by staff via FCPE CNIM Participation (the employee shareholding fund).

CNIM shareholder base at 20 March 2020						
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%	62.95%	65.40%
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, Sophie Dmitrieff, Romy Dmitrieff, Apollonia Dmitrieff and Arcadi Dmitrieff]	2,811	5,618	5,618	0.09%	0.10%	0.11%
Dmitrieff family group	**1,712,739**	**3,425,474**	**3,425,474**	**56.56%**	**63.10%**	**65.55%**
Franeli S.A.	452,750	905,500	905,500	14.95%	16.68%	17.33%
Frel S.A.	1,700	3,400	3,400	0.06%	0.06%	0.07%
Mr. François Herlicq	12,985	25,050	25,050	0.43%	0.46%	0.48%
Herlicq family group	**467,435**	**933,950**	**933,950**	**15.44%**	**17.21%**	**17.87%**
CNIM Participation (employee shareholders)	71,294	142,588	142,588	2.35%	2.63%	2.73%
Treasury shares	188,449	188,449	-	6.22%	3.47%	-
Liquidity contract (Exane BNP Paribas)	14,316	14,316	-	0.47%	0.26%	-
Sub-total	**202,765**	**202,765**	**-**	**6.70%**	**3.74%**	**-**
Public	573,877	723,521	723,521	18.95%	13.33%	13.85%
TOTAL	**3,028,110**	**5,428,298**	**5,225,533**	**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 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 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

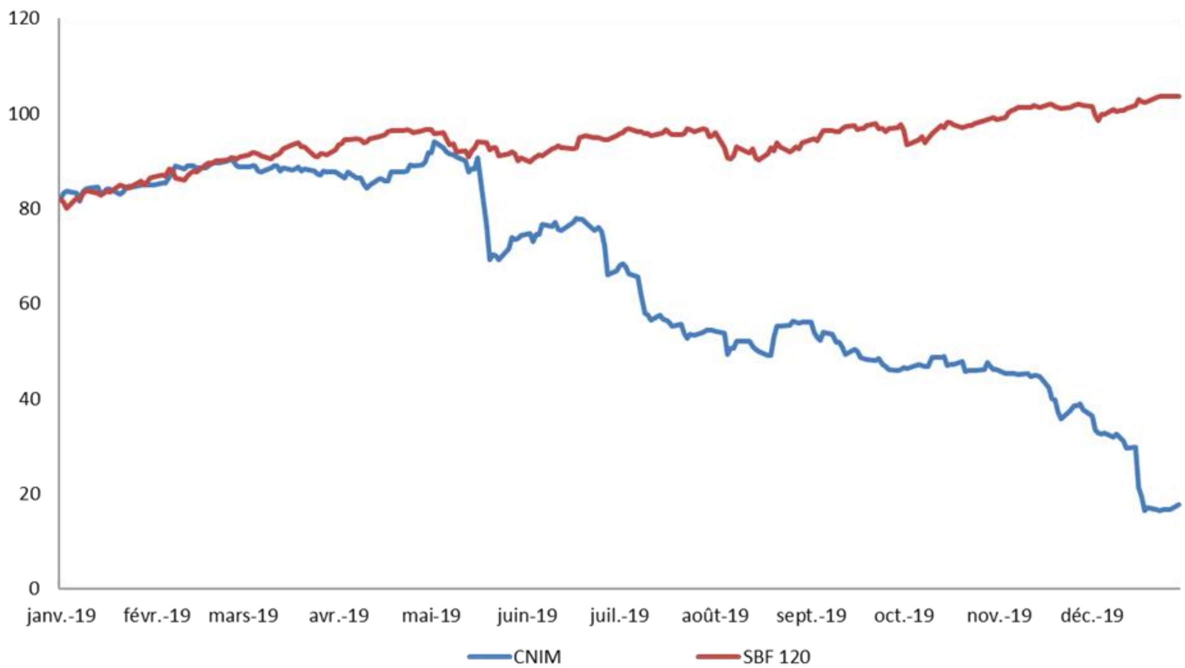
CNIM shares are listed on a single regulated market: Euronext Paris.

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

Change in CNIM share price and SBF 120 in 2019



Price:

- At 31 December 2018: 82
- At 31 December 2019: 20

Annual extremes in 2019:

- Highest closing price on 2 May 2019: 94
- Lowest closing price on 23 December 2019: 16.45

Movement from 12/29/2018 to 12/31/2019:

- CNIM share: -75.61%
- SBF 120: +25.24%
- CAC 40: +26.37%

3.3 Dividends: policy and distribution record

Following the profit warning issued on 16 May 2019, CNIM S.A. has obtained in advance the agreement of the majority of its financing banks not to apply its covenants as of 30 June 2019, provided, amongst other things, that no dividends are distributed for the year ended 31 December 2018.

Therefore, the Annual General Meeting of shareholders of 26 June 2019, having taken note of the management report and noting that the legal reserve is fully constituted, decided to allocate the loss for the year to the "Retained earnings" heading and, due to the loss, not to pay dividends to the shareholders in respect of the year ended 31 December 2018.

The Group will not propose the payment of dividends in respect of the year ended 31 December 2019.

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 €)	2018	2017	2016
No. of shares	3,028,110	3,028,110	3,028,110
Dividend	0	5.25	6.70

4 DECLARATION OF EXTRA-FINANCIAL PERFORMANCE

Introduction

Since 2012, the CNIM Group has provided, in addition to its management reports, a corporate social responsibility (CSR) report or declaration of non-financial performance, which aims to set out information on the way in which deals with the social and environmental consequences of its activities.

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 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 its partners and stakeholders.

CNIM's CSR performance recognized by Gaïa-Index

For the fifth 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 2019, Gaïa-Index awarded CNIM a score of 81/100 for its CSR policy, i.e. 27 points higher than the average score for industrial companies. Ranked 17th out of 86 companies reporting revenues in excess of €500 million, 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 2019. 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.

4.1 Our business model

See Section 1.3 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 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 based on his/her expectations, planning for future projects and matching resources with the needs of the business. CNIM's ambition is to position itself as a Group that offers its current and future employees a working environment that is fulfilling, empowering and caring, in which they are able to express their inventiveness, potential and talent and in which the pride at overcoming challenges and the pleasure of working together give, for all employees, meaning to collective action.

Recruitment initiatives and relationships with higher education

The appeal of the CNIM Group derives from certain specific strengths, including our size, which makes for great agility, our independence, our creativity, innovation and our ability to 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.

Initiatives are undertaken in schools to explain and present our activities and businesses and attract young future talents. Apprenticeships and professional development contracts are particularly sought after and a growing area.

Employee recruitment and capacity building by transmission constitute a major challenge for the CNIM Group's future success.

Mobility

CNIM's history, the continuity of its businesses and the Group's extensive network of locations enable its 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 accessible.

Diversity in action

Female members represent 45% 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 are set out in a 2016 agreement.

During 2016, management met on several occasions with trade union representatives in order to discuss observations, issues and actions aimed at underpinning the CNIM Group'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 program contains a specific module that raises managers' awareness of the various forms of discrimination that must be eradicated in the Group. Establishments' internal rules, which apply to all employees, contain a number of provisions on combating discrimination and prohibited behaviour.

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 Action plans

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 appraisals;
- 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

In 2019, the Group organized a CNIM Day event, at which the Management Board spent the morning discussing the Group's enterprise project, ambition and strategy with all employees. All 2,500 employees were given the opportunity to attend, either in a physical meeting with the Management Board or via a webinar, and were invited to ask questions that were answered by the Management Board during the event.

The Group's Executive Management has put together a managerial community, named WeCNIM, made up of the top 160 leaders and managers, and disseminates its guidelines and decisions via the Group Managers' Committee.

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;
- the recruitment of 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.

Such employees may arrange for their workstations to be adapted and benefit from specific attention in respect of their working hours.

4.3.1.3 Performance indicators and policy results

Performance indicators

Our KPIs:

• Employee departure rate target[2]: ≤ 15% by 2023

Scope: Group.

Reporting standard: GRI G4-LA1.

• Target internal mobility rate (percentage of positions filled through internal mobility): 30% by 2023

Scope: Group.

Status in 2019:

• Staff turnover rate: 12%.

This rate was a significant improvement on the 2018 rate and is already in line with the target rate for 2023.

• Internal mobility rate: 25%.

There were 223 internal movements in the Group in 2019; these involved employees who had either changed roles within the same company or changed roles and/or company within the Group.

CNIM received HappyIndex®/Trainees label from ChooseMyCompany

In 2019, CNIM was awarded the HappyIndex® /Trainees label for the first time by ChooseMyCompany. Almost 80% of CNIM's trainees, interns and volunteers who participated in the survey carried out by ChooseMyCompany recommended the Group.

The "Choosemycompany/HappyTrainees" label is based on the answers of almost 55,000 students, interns and trainees at 3,200 businesses. The young people answered the questionnaire anonymously, spontaneously or at their employer's invitation. The questionnaire contains 18 questions organized into 6 sections: career progression, stimulating environment, management, motivation, pride and job satisfaction.

Other indicators

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	722	708	505	415	100	0	**501**	**608**
25-29 years	781	799	560	510	149	NS	**711**	**763**
30-34 years	901	905	570	559	490	0	**769**	**810**
35-39 years	1,039	1,031	536	611	165	273	**836**	**909**
40-44 years	1,134	1,077	625	651	382	NS	**918**	**877**
45-49 years	1,297	1,141	629	630	563	0	**904**	**824**
50-54 years	1,361	1,237	669	611	580	NS	**994**	**774**
55-59 years	1,430	1,318	707	617	611	471	**935**	**697**
> 60 years	1,707	1,549	671	570	748	NS	**1,143**	**688**
TOTAL	**1,094**	**965**	**595**	**595**	**521**	**465**	**823**	**794**

The lowest median value by category and gender is the 100 index and all other median values were then correlated to that 100 index.

Age groups containing fewer than three employees are considered to be not significant and marked "NS".

The gender wage gap at the CNIM Group is 3.7%. This compares to a wage gap of 16% between men and women in the EU as a whole (Source: ILO, data for 2016). It should be noted that, for all age groups taken together, there is no gender wage gap for employees, technicians and supervisors.

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.

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

In order to prevent gender discrimination, the Group takes part in regular 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.

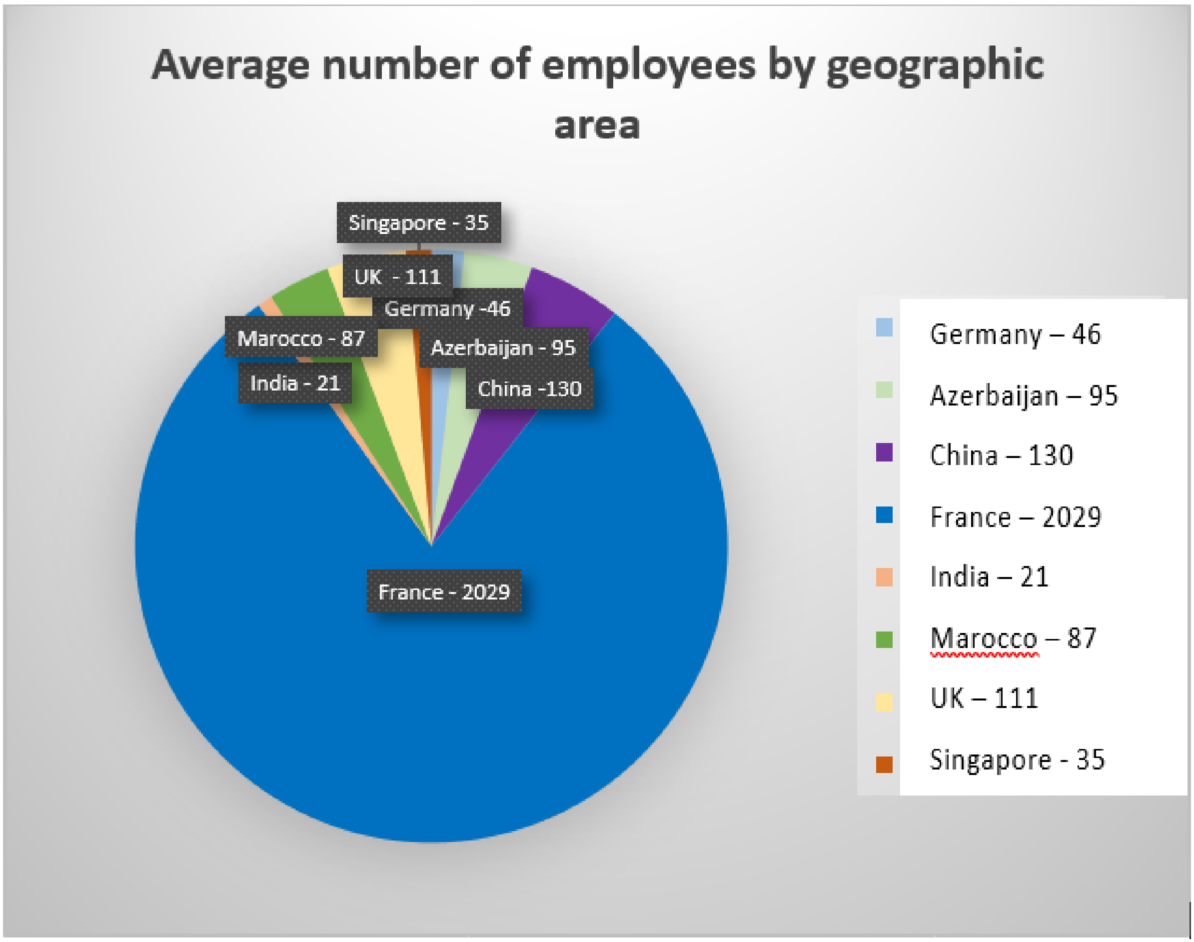
4.3.1.4 CNIM Group employees

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

		Men	Women	TOTAL	
BERTIN TECHNOLOGIES	France	70%	30%	380	15%
CNIM Ouest Armor	France	90%	10%	31	1%
CNIM S.A.	France	79%	21%	1,220	48%
CNIM Thiverval Grignon	France	88%	12%	17	1%
CNIM Centre France	France	100%	0%	23	1%
BERTIN IT	France	79%	21%	88	3%
CNIM Terre Atlantique	France	100%	0%	17	1%
SUNCNIM	France	91%	9%	23	1%
LAB S.A.	France	76%	24%	100	4%
CNIM INSERTION	France	64%	36%	29	1%
CNIM Paris Batignolles	France	80%	20%	11	0%
CNIM Activ'emploi	France	75%	25%	5	0%
CNIM AIRSPACE	France	50%	50%	43	2%
BERTIN GmBH	Germany	80%	20%	27	1%
CNIM Babcock Maroc	Morocco	89%	11%	87	3%
CNIM Martin Private Ltd	India	95%	5%	21	1%
CNIM AZ	Azerbaijan	92%	8%	95	4%
CNIM China	China	88%	12%	130	5%
CNIM SINGAPORE	Singapore	86%	14%	35	1%
LAB GmBH	Germany	65%	35%	19	1%
MES Environmental Ltd	United Kingdom	92%	8%	111	4%
WINLIGHT	France	82%	18%	43	2%
Combined total		**79%**	**21%**	**2,553**	**100%**

Based on the same companies taken into account in the 2018 report, the number of employees was slightly lower, down by less than 1%:

- More than 91% of the Group's total workforce is covered by the declaration of non-financial performance;
- 79 % of the staff covered are based in France, with the rest distributed evenly between the UK, Germany, Morocco and Asia;
- 21% of the Group's employees are women, but it should be noted that this figure is skewed by the subsidiaries that operate waste recovery sites, which practically only employ men.


Average number of employees by geographic area
Singapore - 35
UK - 111
Germany -46
Marocco - 87
Azerbaijan - 95
India - 21
China -130
France - 2029
Germany – 46
Azerbaijan – 95
China – 130
France – 2029
India – 21
Marocco – 87
UK – 111
Singapore - 35

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 TECHNOLOGIES	67%	33%	0%
CNIM Ouest Armor	20%	80%	0%
CNIM S.A.	64%	24%	12%
CNIM Thiverval Grignon	12%	88%	0%
CNIM Centre France	18%	82%	0%
BERTIN IT	90%	10%	0%
CNIM Terre Atlantique	10%	90%	0%
SUNCNIM	51%	41%	8%
LAB S.A.	88%	12%	0%
CNIM INSERTION	3%	97%	0%
CNIM Paris Batignolles	13%	87%	0%
CNIM Activ'emploi	0%	100%	0%
CNIM AIRSPACE	55%	22%	23%
BERTIN GmBH	31%	40%	28%
CNIM Babcock Maroc	15%	33%	52%
CNIM Martin Private Ltd	43%	57%	0%
CNIM AZ	25%	17%	58%
CNIM China	27%	18%	55%
CNIM SINGAPORE	17%	13%	70%
LAB GmBH	64%	36%	0%
MES Environmental Ltd	13%	11%	76%
WINLIGHT	46%	54%	0%
Combined total	**55%**	**28%**	**18%**

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

- Certain subsidiaries, such as LAB SA and Bertin IT are engineering companies and therefore have a high proportion of engineers and executives.
- Most employees of subsidiaries that operate waste processing plants (e.g. CNIM Terre Atlantique and CNIM Ouest Armor) are employees and supervisors.
- Almost 70% of the workforce at manufacturing subsidiaries such as CNIM Babcock Maroc and CNIM China are blue-collar workers and supervisors.
- Almost one employee in six is a manual worker, which demonstrates the importance of industrial activities to the Group.

Proportion of staff employed under fixed-term/permanent contracts

	TYPE OF CONTRACT	
	CDI	CDD
BERTIN TECHNOLOGIES	95%	5%
CNIM Ouest Armor	94%	6%
CNIM S.A.	96%	4%
CNIM Thiverval Grignon	86%	14%
CNIM Centre France	99%	1%
BERTIN IT	94%	6%
CNIM Terre Atlantique	96%	4%
SUNCNIM	81%	19%
LAB S.A.	97%	3%
CNIM INSERTION	3%	97%
CNIM Paris Batignolles	39%	61%
CNIM Activ'emploi	13%	87%
CNIM AIRSPACE	98%	2%
BERTIN GmBH	96%	4%
CNIM Babock Maroc	90%	10%
CNIM Martin Private Ltd	100%	0%
CNIM AZ	87%	13%
CNIM China	35%	65%
CNIM SINGAPORE	100%	0%
LAB GmBH	100%	0%
MES Environmental Ltd	95%	5%
WINLIGHT	100%	0%
Combined total	**91%**	**9%**

9% of the Group's employees are employed on fixed-term contracts.

Most of these employees work for CNIM China and the French companies that manage employees under reintegration contracts, CNIM Insertion et CNIM ACTV'EMPLOI, whose purpose is to offer fixed-term reintegration contracts.

Breakdown of contracts: full-time and part-time

	Part-time	Full-time
BERTIN TECHNOLOGIES	6%	94%
CNIM Ouest Armor	3%	97%
CNIM	3%	97%
CNIM Thiverval Grignon	0%	100%
CNIM Centre France	0%	100%
BERTIN IT	9%	91%
CNIM Terre Atlantique	0%	100%
SUNCNIM	4%	96%
LAB S.A.	5%	95%
CNIM INSERTION	0%	100%
CNIM Paris Batignolles	0%	100%
CNIM Activ'emploi	0%	100%
CNIM AIRSTAR	5%	95%
BERTIN GmBH	14%	86%

CNIM AZ	2%	98%
CNIM Babock Maroc	0%	100%
CNIM Martin Private Ltd	0%	100%
CNIM CHINA	0%	100%
CNIM Singapore	0%	100%
LAB GmBH	16%	84%
MES Environmental Ltd	7%	93%
WINLIGHT	0%	100%
Combined total	**4%**	**96%**

4% of the group's employees work part-time, a figure than is unchanged from previous years. A significant majority of such employees have chosen to be on part-time contracts.

Employees are generally hired on full-time contracts.

Hiring

	Men	Women	Total	
< 25 years	81%	19%	111	17%
25-29 years	71%	29%	134	20%
30-34 years	74%	26%	142	21%
35-39 years	77%	23%	92	14%
40-44 years	86%	14%	65	10%
45-49 years	80%	20%	65	10%
50-54 years	69%	31%	35	5%
55-59 years	94%	6%	17	3%
> 60 years	83%	17%	6	1%
TOTAL	**77%**	**23%**	**667**	**100%**

Reporting standard: GRI G4-LA1

In 2019, more than half of new recruits were less than 35 years of age and also one in every four people hired was female, which shows how the proportion of woman employed by the Group has increased. It should also be noted that the CNIM Group is attentive to skills and expertise, and does not discriminate on the basis of age: 9% of staff recruited in 2019 were aged 50 or above.

Departures

	Men	Women	Total		Turnover rate
< 25 years	79%	21%	66	13%	**3%**
25-29 years	73%	27%	86	17%	**3%**
30-34 years	69%	31%	78	16%	**3%**
35-39 years	79%	21%	66	13%	**3%**
40-44 years	82%	18%	50	10%	**2%**
45-49 years	85%	15%	46	9%	**2%**
50-54 years	78%	22%	45	9%	**2%**
55-59 years	93%	7%	27	5%	**1%**
> 60 years	83%	17%	30	6%	**1%**
Total	**78%**	**22%**	**494**	**100%**	**19%**

The overall departure rate fell by 5 percentage points compared to 2018, which is consistent with the objective of the Human Resources department to attract and retain talent.

Reasons for departures

	Men	Women	Total		Turnover rate
Involuntary departures	80%	20%	55	11%	**2%**
Voluntary departures	80%	20%	252	51%	**10%**
Retirement	80%	20%	25	5%	**1%**
End of contract	74%	26%	162	33%	**6%**
Total	**78%**	**22%**	**494**	**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 2019, including wages and social security contributions, as recorded in the accounts of the 23 companies covered by the report, was €183 million. Based on the same companies taken into account in the 2018 report, the annual payroll increased by 7.4% compared with 2018.

4.3.2 Development and skills management

4.3.2.1 Development and skills management policy

Commitments:

The CNIM Group's capacity building 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.
    - A training session designed to improve the skills of new managers was given over two days.
    - A multi-modal training session was put in place for managers, involving three days of face-to-face training, one day of practical case studies interspersed with videos and three hours of personal coaching per person.
    - Two other programs, addressing topics such as complex sales and project management, have also been organized for sales personnel, project leaders or staff interacting with customers.
- Varied teaching approaches are used, with an emphasis placed on webinars (live group online training sessions).

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 capacity building plans.

The Group's Human Resources Department is responsible for developing and managing employees’ skills and places specific emphasis on the development of managers. It coordinates the network of Human Resources Managers to ensure that capacity building plans are consistent with the Group's growth strategy.

4.3.2.2 Action plans

Process for developing individual capacity building plans:

In order to provide support for the challenges faced by the Group and with a view to continually improving the managerial function, the decision was taken in 2019 to alter the appraisal and capacity building process.

The developments were communicated to all employees at the end of 2019 before the annual review and professional development process, which began in early 2020.

Individual capacity building will, from now on, be included within the annual review meeting, rather than being discussed in advance.

The manager completes the employee’s capacity building plan in the annual review meeting, taking account of the needs of the department/business, with a view to developing the organization's collective expertise and the employee’s professional aspirations.

Scope: Group companies in France.

Optimization of capacity building development 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 capacity building 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 employees 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, in the future, to implement a computerized training platform known as the “Learning Management System”. 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 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. The mapping of businesses, jobs and skills is reviewed each year in line with developments thereto.

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

4.3.2.3 Performance indicators and policy results

Our KPIs:

- Number of training hours per employee: target of 28 hours.
- Scope: Group.
- Reporting standard: GRI G4-LA9.
- Number of employees who took part in one or more training initiatives over the course of the year: target of 80%.
- Number of employees who received an annual performance review and career assessment over the course of the year: target of 98%.

Scope: Group.

Reporting standard: GRI G4-LA11.

Status in 2019:

21 hours of training per employee, on average.

81% of all employees took part in one or more training initiatives over the course of the year.

78% of all employees received an annual performance review and career assessment over the course of the year.

Although the number of training hours per employee is stable, the percentage of employees who attended at least one training session during the year was up significantly from 2018, and surpassed the target figure. It should be noted that, for CNIM SA, 25% of training hours are linked to professional development contracts, which illustrates the Group's ambition to both develop this method of recruitment and its cooperation with higher education bodies.

However, the percentage of employees who received an annual performance review fell compared to previous years. That can be partly explained by the fact that headcount grew over the year, with annual performance reviews taking place at the beginning of the year, and that new companies, like CNIM Airspace, were integrated during the year, and by the commissioning of new facilities over the year such as SUNCNIM, CNIM Paris Batignolles and CNIM Activ'Emploi.

Other 2019 training results:

- 49 managers took a leadership course than extended over several months.
- 41 internal trainers gave training sessions in 2019, and the aim is to increase this figure in 2020.

4.3.3 Health and safety

4.3.3.1 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;
- 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.

4.3.3.2 Action plans

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 enroll in a safety training program 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, falls, handling and road hazards.

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

4.3.3.3 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 G4-LA6.

Status in 2019:

- Accident frequency rate: 9.85

As an illustration of the importance placed by the Management Board on employee health and safety, the frequency rate of accidents at work improved markedly from 2018. This is the result of daily accident prevention efforts made by everyone involved in accident prevention and the continuous improvement made in obtaining health and safety certifications for Group companies (see Chapter 2.7.2).

- Accident severity rate: 0.26

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

Work-related illness performance

No recognized work-related illness was recorded by the Group in 2019[3].

Parc Adfer Energy Recovery Facility achieves five-star grading in the British Safety Council's Occupational Health and Safety Audit

CNIM, the engineering, procurement and construction contractor at Wheelabrator Technologies' Parc Adfer Energy Recovery Facility, has successfully completed a best practice Five Star Occupational Health and Safety Audit conducted by the British Safety Council. The audit demonstrates the company's commitment to the continual improvement of its health and safety management systems and associated arrangements. This five-star grading is testament to the quality of the initiative introduced by CNIM.

[3] Work-related illnesses reported by individuals employed during the period.

In addition, the construction work sites at the Parc Adfer and Avonmouth energy recovery facilities (in the United Kingdom) were also awarded a certificate of excellence and the “Sword of Honour”, the highest possible level of health and safety performance.

1,200 accident-free days at La Seyne-sur-Mer Lagoubran

In 2019, no accidents requiring an employee to take time off work were recorded at the Lagoubran manufacturing site in La Seyne-sur-mer. To mark 1,000 accident-free days, this performance was celebrated over the summer. At the end of 2019, the site had recorded 1,200 accident-free days.

Several Group companies also obtain ISO 45001 certification in 2019, demonstrating the Group’s commitment to involving all employees in risk prevention. The reporting and handling of dangerous situations notified by employees is a case in point.

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 the CNIM E&E EPC division, which designs, builds and commissions turnkey waste-to-energy plants.

Commitments:

CNIM E&E EPC aims to provide waste-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, depending on the project, 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 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 Action plans

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 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:
    - 1,308,836 tons of input waste processed, up by 2.6%,
    - resulting in 366,580 tons of output waste,
    - of which 87% was converted to energy, recycled or recovered as materials.
- Activities at the Group's industrial and tertiary facilities generated:
    - 2443 tons of non-dangerous waste, of which 95% was recycled, recovered as materials or converted to energy;
    - 253 tons of dangerous waste, of which 22% was recycled, recovered as materials or converted to energy.
- construction activities generated 1,302 tons of non-dangerous waste, of which 79% was recycled, recovered as materials or converted to energy;

Reporting standard: GRI G4-EN23.

4.3.5 Energy consumption and energy efficiency

4.3.5.1 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.

4.3.5.2 Action plans

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.

4.3.5.3 Performance indicators and policy results

Our KPIs:

- Waste processing and waste-to-energy plants currently operated by the CNIM Group in France holding ISO 50 001 certification: target of 100%.
- Waste processing and waste-to-energy plants currently operated by the CNIM Group outside France holding ISO 50 001 certification: target of 100% by 2025.
- Availability rate of waste-to-energy facilities: target of 90%.

Status in 2019:

- All waste-to-energy plants in France are ISO 50 001-certified (see table of certifications in Chapter 2.7);
- No overseas waste-to-energy plants currently hold ISO 50 001 certification.
- Plant availability rate: 87.5%, due to the renovation works carried out at the Thiverval Grignon site.

Energy consumption in 2019 for all sites owned or operated by the CNIM Group:

Data	Unit	Quantity
City gas for heating and processes	MWh	60,881
Ordinary domestic fuel	L	910,250
Mobile sources of petrol fuel (light and heavy vehicles)	L	471,519
Non-road diesel	L	215,763
Mobile sources of petrol fuel	L	87,105
Forklift gas (propane)	kg	5,712
Process gases (acetylene)	m^3	934
Electricity	MWh	113,789
Heating network	MWh	219

SUNCNIM and Banque des Territoires inaugurate the world's first Fresnel type thermodynamic solar energy plant with energy storage in Llo, Occitania

On 20 September 2019, SUNCNIM and Banque des Territoires, shareholders in the ELLO project company, inaugurated the Llo thermodynamic solar power plant with energy storage in Cerdagne (Pyrénées-Orientales). It is the first thermodynamic Fresnel solar energy concentrator with energy storage in the world. Built and operated by SUNCNIM, a subsidiary of the CNIM Group, it will contribute to the energy independence of Cerdan region and reduce the use of fossil fuels. With a power output of 9 MWe and thermal energy storage, i.e. the electricity consumption of more than 6,000 homes, the Llo power plant produces electricity both during the day and part of the night.

CNIM optimizes renewable heat production for Nantes' district heating network

CNIM entered into an agreement concerning the energy efficiency optimization at the waste-to-energy plant serving the cities of Nantes and Saint Nazaire. Under the terms of this agreement, CNIM will install an absorption heat pump to boost the supply of hot water to Nantes. The new system has been designed to inject 3.1 MW of heat energy into Nantes' district heating system. This project consolidates CNIM's status as a major player in district heating system optimization using heat pumps connected to waste to energy plants.

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.

Bertin Energy & Environment looks for green energy supply solutions for the giant SKA radio telescope

Bertin Energie Environnement has received a grant from the French private sector research and assistance fund (FASEP) to study possible energy supply solutions for the South African part of the SKA giant telescope. The company will thus offer SKAO (SKA Organization) and SARAO (South African Radio Astronomy Observatory) scenarios for an economical, reliable and environmentally friendly energy supply. This comparative study will allow it to design an energy supply solution that is based on renewable energies and that deals with the project's technical challenges.

The Ninh Thuan solar energy plant is now operational

Developed in Vietnam, this 50MW solar energy plant is located in a region that enjoys plenty of sunshine and a favourable regulatory framework. The feasibility study, design and drafting of the technical specifications were entrusted to Bertin Energie Environnement with the support of SUNCNIM in the exploratory phase. Based on these documents, the client, MSHLV, was then able to engage a contractor and build its power plant within the prescribed timeframe.

Enerbird equips France's largest solar power energy facility

At the end of November 2019, Total Quadran inaugurated the Boulouparis 2 power plant in New Caledonia. It has 16Mwp of solar panels and a 10MW storage system. Bertin Energie Environnement supplied its ENERBIRD solution, which controls, optimizes and monitors hybrid power plants. It determines the plant's optimal production program based on meteorological forecasts. The objective is to maximize the producer's revenue while minimizing battery degradation.

An absorption heat pump for the world's leading brick manufacturer

The world's largest brickmaker and Europe's leading supplier of tiles, the Austrian group Wienerberger sought to reduce gas consumption in its complex, energy-intensive product manufacturing processes. In its plant in the Linz region of Austria, CNIM has developed a complete heat recovery system consisting of an absorption heat pump, a scrubber and 14 air-to-water heat exchangers. Previously purely and simply wasted, the heat produced by the dryer is now recovered and re-injected into the process.

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.

4.3.6 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 (E&E) sector:

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

Policy, commitments and organization of LAB:

LAB 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 its 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 covers the full spectrum of these 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, ISO 45001, ISO 14001 and MASE certified, enabling it to commit to the highest performance standards required by the market or required 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.

In view of the environmental impact of the construction, commissioning and service businesses, LAB endeavours to apply its expertise and best practices to satisfy the requirements of its 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 its customers and the environment alike.

4.3.6.2 Action plans

Achieving our goals requires us to continuously improve our technologies. LAB must not only retain its status as a technological leader, but also ensure that the supply, construction and commissioning of its polluting emissions reduction systems are carried out to the highest standards. All tasks contributing to these objectives are integrated into LAB's employees' work processes and its long-term business plan.

The key features of this action plan are as follows:

- carry out Research and Development activities so as to remain the leader in the current technologies, and develop new technologies that address customer expectations and environmental necessities.
- deliver cutting-edge operational excellence, constantly optimizing processes and providing the necessary support to customers to ensure that the systems perform at maximum efficiency.
- develop our talents and teams, so that our organization is always developing skills, ready to tackle new challenges and able to achieve our shared goals with flying colours.

Implementing this action plan will ensure that LAB is ready to rise to future challenges, just as it has achieved its goals in past years.

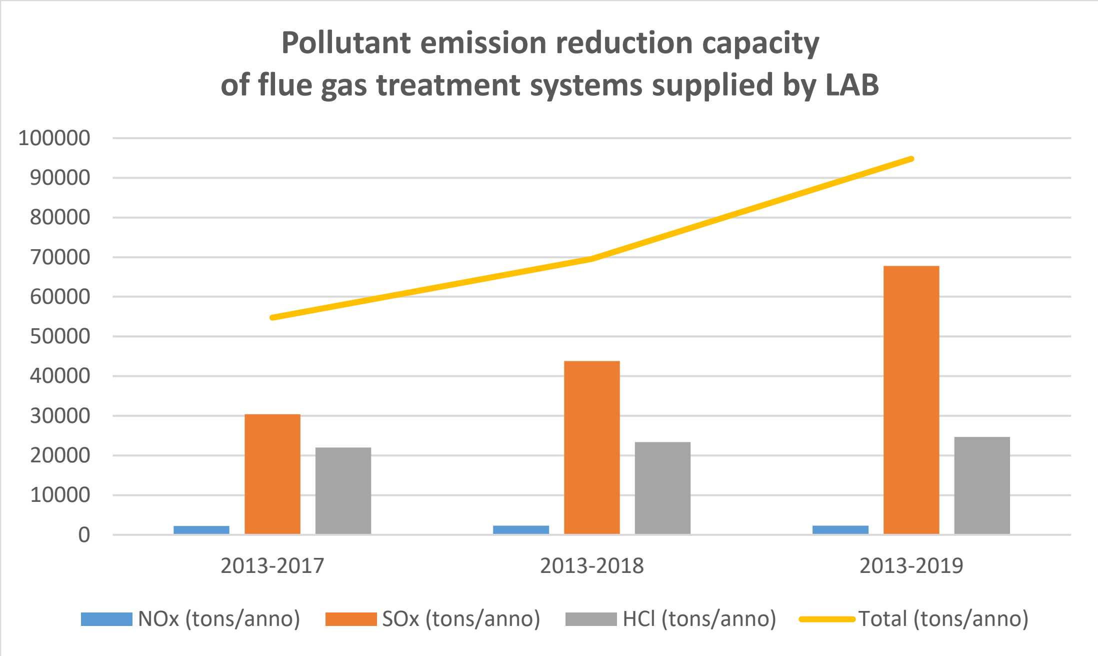
4.3.6.3 Performance indicators and policy results

LAB activities:

Using state-of-the-art technologies, LAB strives to reduce the environmental impact of combustion systems by supplying the most efficient atmospheric emission reduction systems possible. 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 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 the efforts made in terms of quality and environmental impact have yielded significant reductions in atmospheric emissions. In this respect, LAB is a major contributor to improvements in the environmental footprints and operating conditions of its clients, partners and stakeholders.



Reporting standard: GRI G4-EN19.

The chart above measures the cumulative annual reduction since 2013 of NOx, SOx and HCl emissions achieved by the flue gas treatment systems delivered by LAB to its clients.

It should be noted that LAB's ability to reduce polluting emissions partly depends on the choices made by its clients, who may opt for:

- a solution that complies with their legal obligations; or
- a solution that goes beyond their legal obligations, and choose a solution that uses the best available techniques.

An illustration of LAB's work is its marine scrubber for the shipping industry. These systems help to significantly reduce sulphur dioxide (SOx) emissions into the atmosphere. LAB installed and commissioned a number of systems in 2019 for well-known shipping companies. After these systems were commissioned, the level of emissions measured by independent inspection bodies were lower than those required by its clients and to which LAB had committed.

CNIM Group greenhouse gas performance:

In 2019, aggregated greenhouse gas emissions for the CNIM Group were 515,333 tCO2e, with uncertainty of almost 42%:

- Direct emissions from non-energy processes (waste processing) represent more than 87% of emissions;
- The 42% uncertainty rating is largely attributable to the significant waste incineration business, as the incineration emission factor has an uncertainty of 50%.

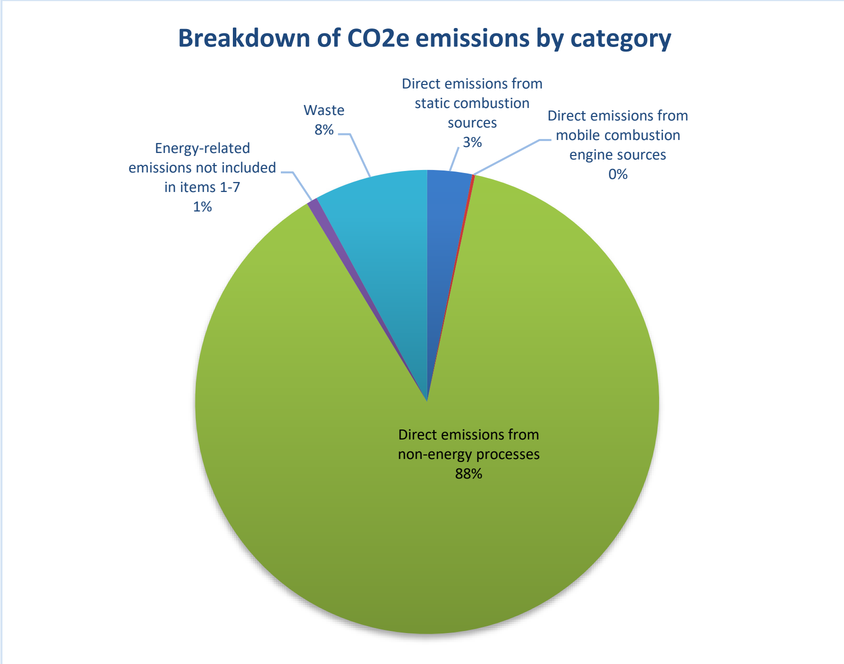
			Greenhouse gas emissions							Emissions avoided
Emissions categories	**Numbers**	**Emission items**	CO2 (t CO2e)	CH4 (t CO2e)	N2O (t CO2e)	Other gases (t CO2e)	**Total (t CO2e)**	CO2 b (t CO2e)	Uncertainty (t CO2e)	**Total (t CO2e)**
Direct greenhouse gas emissions	1	Stationary combustion emissions	15,744	35	161	0	15,940	31	516	0
	2	Mobile emissions	1,052	1	10	0	1,063	189	25	0
	3	Emissions from non-energy processes	412,207	46	0	580	449,444	0	207,928	174
	4	Fugitive emissions	1	0	0	0	1	0	0	0
	5	Biomass emissions (soils and forests)	0	0	0	0	0	0	0	0
	Sub-total		**429,004**	**82**	**170**	**580**	**466,448**	**220**	**208,469**	**174**
Indirect emissions associated with energy	6	Indirect emissions associated with electricity consumption	4,541	0	0	0	4,541	0	155	149,528
	7	Indirect emissions associated with steam, heat or cold energy consumption	36	0	0	0	36	0	6	27,622
	Sub-total		**4,577**	**0**	**0**	**0**	**4,577**	**0**	**161**	**177,151**
Other indirect greenhouse gas emissions	8	Energy-related emissions not included in items 1-7	2,999	883	43	0	3,926	-220	99	56,765
	9	Purchased goods and services	0	0	0	0	0	0	0	0
	10	Capital property	0	0	0	0	0	0	2	0
	11	Waste	34,799	3,754	1,829	0	40,382	20,632	9,995	67
	12	Upstream goods transport	0	0	0	0	0	0	0	0
	13	Business travel	0	0	0	0	0	0	0	0
	14	Upstream leasing	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 products sold	0	0	0	0	0	0	0	0
	19	End-of-life of products sold	0	0	0	0	0	0	0	0
	20	Downstream tax exemption	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		**37,799**	**4,637**	**1,872**	**0**	**44,308**	**20,411**	**10,097**	**56,832**
TOTAUX			**471,380**	**4,719**	**2,042**	**580**	**515,333**	**20,632**	**218,726**	**234,157**

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).

Reporting standard: GRI G4-EN15/EN16/EN17.

Breakdown of CO2e emissions by category:

- The item 'Direct emissions from non-energy processes' represents 88% of the CNIM Group's CO2 emissions. These emissions are related to waste-to-energy operations, which also make a very important contribution to avoided emissions.
- The item 'Waste', which accounts for 8% of the Group's CO2 emissions, is also linked to the sorting and processing of waste.
- The other greenhouse gas emissions, amounting to approximately 4%, are due to energy consumption (gas, electricity and diesel, etc.) by the Group's vehicles and buildings.



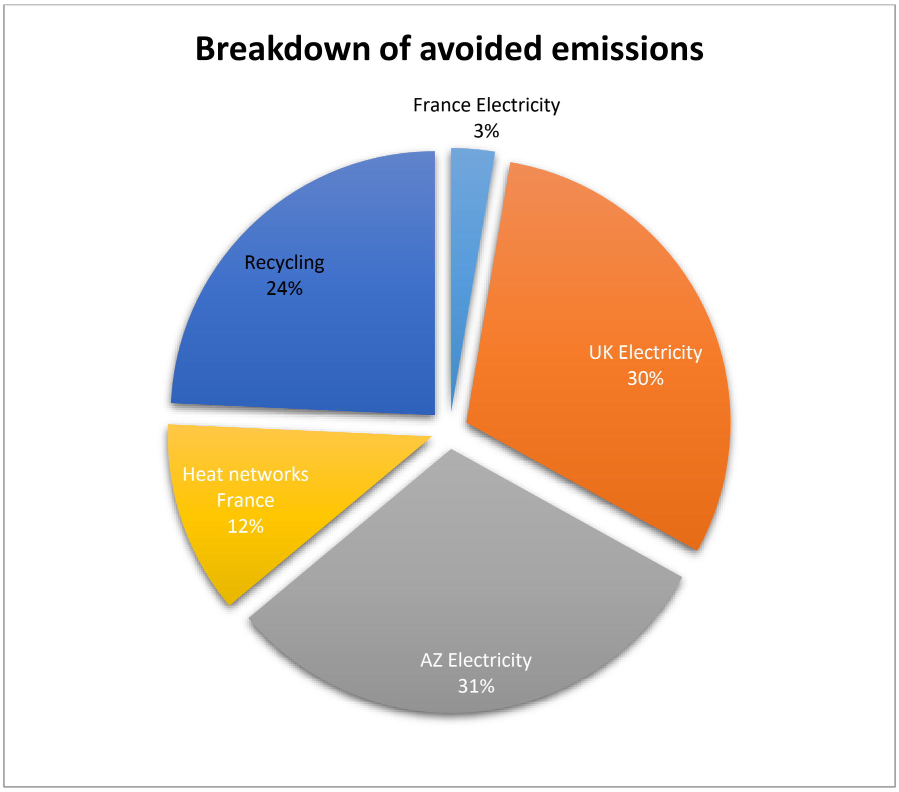
CNIM Group avoided-emissions performance:

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.

In 2019, CNIM Group sites enabled 206,362 tCO2e of emissions to be avoided, representing 45% of total emissions.

	Emissions factor	Emissions avoided
	$kgCO_2e/MWh$	tCO2e
Electricity in the UK	457	71,118
Electricity in Azerbaijan	439	72,170
Electricity in France	40*	6,241
Heat in France	279	27,622
Recycling of materials		56,764

*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 carrying out its business, 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.

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. Acknowledging incoming French legislation (i.e. the Sapin II law on transparency, anti-corruption measures and modernizing economic life), the Group updated and enhanced its corruption risk management system, applicable to CNIM and to all companies controlled by CNIM.

With reference to the eight measures highlighted by the Agence Française Anti-corruption, the principal documents on which this system is based are:

- an Ethical Charter;
- an Anti-Corruption Code of Conduct;
- a Purchasing Code of Conduct;
- a stock market and confidentiality charter;
- a sales agent selection and monitoring procedure;
- a corruption risk management procedure for partnerships;
- a gifts and invitations management procedure;
- a whistleblowing procedure covering recording and processing aspects.

Reporting standard: GRI G4-56 and G4-58.

Structure of the Compliance function in the CNIM group

The Compliance function is run by the Group Head of Legal, the de facto Chief Compliance Officer, who reports to the Chairman.

Following on from the action taken to enhance the anti-corruption mechanism, and in line with the recommendations of the Agence Française Anti-corruption, at the end of 2019, the Group decided to create a Compliance network, the operations of which are described below. This 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.

In addition, the Compliance function and the internal control function operate separately for the purposes of the anti-corruption mechanism.

The Group Chief Compliance Officer (CCO):

- Reports to the Chairman of the Management Board on these issues;
- Sits on the steering committee;
- Defines and organizes the Compliance function and ensures that its work is implemented in the Group;
- Is the principal contact of the supervisory authorities, with the ability to intervene in compliance matters, in the broadest sense of the term;
- Is responsible for compliance issues before the various governance bodies (Management Board, Supervisory Board, Audit Committee).

The Group Compliance Officer:

- Reports to the Group CCO;
- Designs the compliance program and, first and foremost, the anti-corruption system;
- Coordinates and oversees the deployment, implementation and updating of the system, and leads the Compliance network within the Group;
- Monitors regulatory changes and best practices;
- Organizes, leads or co-leads training within the Group;
- Is the point of contact for operational functions;
- Organizes meetings of the Compliance steering committee and reports to the Group's executive bodies on the implementation and effectiveness of the program;
- Contributes to any internal or external investigations into the program, or any that may be launched in the event that the internal alert system is used.

Compliance Officers:

- Distributed across the Group's various sectors, divisions and companies, they assist in deploying the compliance program and, in particular, ensure that anti-corruption procedures are properly applied;
- Work as separately and independently as possible from the Group's operational activities;
- Report on the deployment and implementation of the Group Compliance Officer's program;
- Alert the Group Compliance Officer and their managers if they become suspicious or in the event of conduct or situations that breach applicable charters, codes and procedures;
- Participate in and contribute to the Compliance network;
- Functionally report to the Group Compliance Officer in respect of Compliance activities.

4.3.7.2 Action plans

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.

This procedure mainly concerns the following functions: Sales managers, Group Compliance Officer, 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 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 principally involves:

- the employees responsible for identifying, selecting, approving and monitoring partners;
- the employees responsible for drafting, negotiating and approving partnership agreements;
- employees representing the interests of CNIM or one 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 invitations

The "gifts and privileges" management procedure specifies the conditions for accepting and registering gifts and invitations 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 an area of priority in the anti-corruption initiative put in place by the Group.

Accordingly, following on from the training and awareness initiatives implemented since 2013, a new wide-ranging training and awareness plan was launched in 2019.

4.3.7.3 Performance indicators and policy results

Performance indicators:

Our KPIs:

- CNIM Group employees most exposed to corruption and influence-peddling risks: target of 100% trained or made aware of the risks by 2021.
- New hires to positions exposed to corruption and influence-peddling risks: target of 100% trained or made aware of the risks within one year of induction (with effect from 2020).

Scope: Group.

Reporting standard: GRI G4-S04.

2019 roadmap:

Special training for all the following employees and functions:

- Management Board members, Supervisory 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.

Status in 2019:

- 665 Group employees have been identified as being exposed to the risk of corruption and influence peddling.
- Out of these 665 people, 438 were invited to a face-to-face training session on the Group's anti-corruption mechanism, and 295 actually participated in the session, resulting in:
    - 66% of exposed employees being invited to the sessions;
    - 67% of exposed employees invited to the sessions attending the sessions.
    - In addition, 162 employees of foreign subsidiaries attended a training program on raising awareness of anti-corruption issues.

- The percentage of 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 will only be able to be calculated from the 2020 declaration of non-financial performance.

Training of employees whose role is identified as risky:

	Attendance rate[4]
Supervisory Board	81.8%
CDG	100.0%
Bertin Management Committee	100.0%
CSI Management Committee	90.9%
E&E Management Committee	66.7%
CEOs of Subsidiaries	100.0%
Operational Management	93.3%
Sales	85.0%
Buyers	43.0%
Project managers	58.2%

2020 roadmap:

The training initiative launched in 2019 will continue in 2010, in particular with:

- all employees in functions identified as the most exposed being invited to training,
- international deployment.

The growth in the training rate is monitored by the Group's Managers' Committee.

Performance in terms of confirmed cases of corruption:

During the 2019 financial year:

- 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 conviction was imposed on the CNIM Group or any of its subsidiaries or employees.

Reporting standard: GRI G4-S05.

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;
- compliance with schedules;

[4] These rates show the participation rate of employees invited to a face-to-face training sessions; an additional 219 are still to be invited to such sessions.

- 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 Action plans

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, division 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 on-site 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, division 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 procurement 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.

4.3.8.3 Performance indicators and policy results

KPIs relating to the new supplier qualification process:

Products and services that have an impact on subsequent production of a product, on the quality of an end service or on safety: target of 80% of new suppliers assessed using employment-related and environmental criteria.

Reporting standard: GRI G4-EN32 and G4-LA14.

Scope:

- For 2019: 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 2019:

- Percentage of Group Purchasing expenditure covered: 68%
- Percentage of suppliers analyzed 73%

Social and/or environmental impact-focussed supplier assessment:

The aim is to ensure that, in respect of fundamental rights and work and the health and safety of employees, the CNIM Group’s suppliers and subcontractors comply with legal requirements and, at the very least, those of the International Labour Organization, as stated in the General Procurement Terms & Conditions.

As a result of:

- the stability of the business relationships between the CNIM Group and its suppliers and subcontractors, which have, in many cases, been in place for a number of years,
- the presence of the CNIM Group’s employees on the sites of those suppliers and subcontractors, for the purpose of making progress with implementation or the schedule,

this process is limited to “high-risk” suppliers, based on criteria relating to country risk (Global Slavery Index), criticality (strategic suppliers) or risk to personal health and/or safety (manufacturing and/or worksites). In carrying out these audits, the CNIM Group engages an external organization that uses an international auditing framework adapted to the specific nature of the Group's business activities.

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 G4-HR10.

Status in 2019:

- Since the system was introduced a year ago, 10 audits of this type have been carried out.

Although discrepancies have been detected, the audits have shown that none of the audited suppliers presented a significant social/health & safety/environmental risk. They were asked to introduce corrective measures to deal with the discrepancies.

4.3.9 Summary of performance indicators and results

	2018	2019	2020	Target	References	
HR: attracting and retaining talent						
Employee departure rate (voluntary departure rate, excluding employees who retire or leave upon contract expiry).	23.70%	12%		≤15% by 2023	GRI G4-LA1	
Internal mobility rate (percentage of positions filled through internal mobility)	not available	25%		≥30% by 2023	Company	SDG 4.4
HR: Training and skills management						
Number of training hours/employee	22	21		28	GRI G4-LA9	SDG 4.4
Proportion of employees who have received at least one training session	74%	81%		80%		
Proportion of employees who have received an annual appraisal	97%	78%		98%	GRI G4-LA11	
Health and safety						
Frequency rate of occupational accidents:	15.59	9.85		<10 by 2024	GRI G4-LA6	SDG 8.8
Severity rate of occupational accidents:	0.29	0.26		<0.20 by 2024		

Energy consumption and energy efficiency (O&M)						
ISO 50 001 certification for waste-to-energy plants in France	100%	100%		100%	Company	SDG 7.3
ISO 50 001 certification for waste-to-energy plants outside France	0%	0%		100% by 2025		
Plant availability rate	90%	87.5%		90%		
Waste recovery						
Share of the European waste-to-energy market.	Confidential			CNIM to be European leader	Company	SDG 12.5
Prevention and reduction of atmospheric emissions (Lab)						
Pollutant emission reduction capacity of our completed projects	70,000 tons	94,800 tons		tons/year (depending on facilities)	Company	SDG 12.4
Ethics and anti-corruption measures						
Proportion of the most exposed employees that have been trained or made aware	0%	67%		100% by 2021	GRI G4-S04	SDG 16.5
Proportion of new hires to exposed positions trained or made aware				100% from 2020		
Subcontracting and suppliers						
Proportion of new suppliers analyzed using social and environmental criteria	not available	73%		80%	GRI G4-EN32 GRI G4-LA14	SDG 8.7

4.4 Other areas referred to in Article L225-102-1 of the French Commercial Code

4.4.1 Social commitments to sustainable development and the circular economy

Waste sorting centers: contributing to waste recycling and social inclusion

CNIM Insertion

Since 2009 and the creation of the Thiverval Grignon (Yvelines, France) sorting center, 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 team members 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 2019, 58 people benefited from a contract with CNIM Insertion. Ten of these went on to obtain either a permanent position, with a six-month or longer fixed-term contract or a place on a training course leading to a qualification.

Inauguration of the new Syctom selective sorting center in Paris (17th arrondissement)

The new selective sorting center in the 17th arrondissement of Paris was opened in June 2019 by Jacques Gautier, Chairman of Syctom, and Brune Poirson, Secretary of State attached to the Minister of State, Minister of Ecological and Inclusive Transition, with Nicolas Dmitrieff, Chairman of CNIM's Management Board, in attendance. The consortium led by CNIM was engaged by Syctom to build this center in 2015. The sorting center, which has a capacity of 45,000 tons/year will recycle the waste of 900,000 residents of Paris and the surrounding areas. It will eventually employ 80 staff, of whom 35 will be employed under reintegration contracts, almost twice as many than at Thiverval-Grignon. The process incorporates 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.

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 2019, the partnership on the management of the Group’s end-of-life IT equipment collected 4.6 tons of equipment, with a reuse rate exceeding 65%. 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.

4.4.2 Collective labour agreements

Collective labour agreements and their impact on the company's economic performance and on employees' working conditions

The number and the diversity of the agreements that have been signed reflects the importance placed by the Group on employment relations.

Type of agreement	Company	Nature of the agreement
Agreements affecting remuneration	CNIM Airspace	Profit-sharing agreement
		Agreement on Annual Mandatory Negotiations
	CNIM SA	Agreement documenting the Annual Mandatory Negotiations
		Overriding Amendment 1 to the Profit-sharing Agreement
		Amendment 1 to the profit-sharing agreement
	Bertin Technologies	Employee profit-sharing agreement for 2019, 2020 and 2021
	SUNCNIM	Agreement on Annual Mandatory Negotiations
	CNIM Terre Atlantique	Profit-sharing agreement
	CNIM Ouest Armor	Profit-sharing agreement
	CNIM Centre France	Agreement on Annual Mandatory Negotiations
	LAB SA	Agreement on Annual Mandatory Negotiations
Agreements affecting working conditions	CNIM Airspace	Agreement on the organization of working time
	CNIM SA	Agreement on paid holiday
	Bertin Technologies	Revision of the agreement on the on-call regime
		Revision of the agreement on giving away days off in lieu
	Bertin IT	Agreement on remote working methods
	SUNCNIM	Company agreement on on-call work
		Company agreement on teamwork
Other agreements	CNIM Babcock Maroc	Signature of the accession agreement to the collective bargaining agreement
		Internal rules of procedure
	CNIM SA	Agreement on the recognition of the economic and social unit (ESU) and on the introduction and operations of the Social and Economic Committee (CSE) signed on 1 July 2019
		Pre-electoral agreement relating to the elections for the CSE of the CNIM ESU.
	Bertin Technologies	Agreement on electronic voting
		Agreement on the introduction of the CSE
		Pre-electoral agreement on the introduction of the CSE
	Bertin IT	Agreement on the PERCO rules
		Agreement on giving away days off in lieu
		Agreement on the right of expression
	SUNCNIM	Amendment 2 to the substitution and adaptation agreement at SUNCNIM.
	CNIM Ouest Armor	Agreement on the company savings plan

4.4.3 Respect for human rights

Bearing in mind its aim of growing its business outside Europe, as well as the passing of the UK's Modern Slavery Act in 2015, a specific action plan has been implemented in the various Procurement Departments of the Group's main companies that aims specifically to ensure that suppliers and subcontractors show respect for human rights.

This action plan underlines the Group's commitment to honour the principles and rights proclaimed under the 1998 Declaration of the International Labour Organization, which promotes dignity in labour and fundamental conventions worldwide, and ensure that its subsidiaries and business partners do the same. The action plan is made up as follows:

- undertaking by the Management Board;
- Group Purchasing Policy describing the Group's CSR commitments and the expectations we have of our business partners;
- inclusion of a clause on respect for human rights in our General Procurement Terms & Conditions;
- inclusion of an undertaking to respect human rights in our supplier approval questionnaire;
- duty of care with regard to the payment of social security contributions by suppliers and subcontractors;

In addition, the CNIM Group's commitments to health and safety conditions at work, training, employment relations and combating discrimination are described in Chapters 4.3.1, 4.3.2 and 4.3.5 of this report.

4.4.4 Measures taken to reduce food waste and insecurity

In response to the Law of 11 February 2016 on combating food waste, the CNIM Group does not buy, process, distribute or sell foodstuffs in the course of its business. In addition, only two Group companies have their own company restaurant. 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.

4.4.5 Effects of climate change

In response to the law of 17 August 2015 on energy transition for green growth, the materiality analysis set out in Chapter 2.7 shows that adapting to the consequences of climate change is not a major challenge for the CNIM Group.

In addition, the strategy put in place by the CNIM Group, that seeks to reduce its environmental impact and that of its customers, as well as the consequences of its business activity and the use of the goods and services that it produces on climate change are discussed in Chapters 4.3.4, 4.3.5 and 4.3.6.

4.4.6 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 2019

The format of this report is a declaration of non-financial performance, required pursuant to Decree no. 2017-1265 of 9 August 2017, implementing order no. 2017-1180 of 19 July 2017 that transposed European directive 2014/95/EU. However, in the interests of continuity and information transparency, and with a view to meeting the expectations of certain stakeholders, certain employment, environmental and societal information has been retained.

The scope is fixed as at December 31 of the financial year.

4.5.1 Consolidation scope

The list of entities to be covered by the Group CSR Report is put forward by the Group CSR Manager and approved by the members of the Management Board and the General Management of the subsidiaries concerned.

The Group CSR manager is responsible for collecting and consolidating data and producing the corresponding report. To that end, the manager relies on a network of contacts in the Group’s various companies and provides them with a table for collecting data and characterization sheets that seek to ensure that the information is consistent and to limit the risk of error.

The data is archived from year to year, with a view to carrying out checks on consistency and ensuring the reliable collection of data. For the waste-to-energy and sorting sites operated by the Group, the environmental data provided by Operational Managers is checked by Site Managers, then audited by clients.

The process follows a defined schedule, sent at the end of each year to all contributors.

In producing this report, the data of 23 companies has been consolidated (the white area shows how the consolidation scope has increased each year):

	2012	2013	2014	2015	2016	2017	2018	2019
BERTIN IT					o	o	o	o
BERTIN GmBH						o	o	o
Bertin Technologies	o	o	o	o	o	o	o	o
CNIM Activ Emploi								o
CNIM Airspace								o
CNIM AZERBAIJAN				o	o	o	o	o
CNIM Babcock Maroc				o	o	o	o	o
CNIM Centre France		o	o	o	o	o	o	o
CNIM China			o	o	o	o	o	o
CNIM Groupe	o	o	o	o	o	o	o	o
CNIM Insertion			o	o	o	o	o	o
CNIM Martin Pvt. Ltd.							o	o
CNIM Ouest Armor	o	o	o	o	o	o	o	o
CNIM Paris Batignolles								o
CNIM Singapore			o	o	o	o	o	o
CNIM Terre Atlantique				o	o	o	o	o
CNIM Thiverval Grignon	o	o	o	o	o	o	o	o
Lab GmBH								o
Lab SA	o	o	o	o	o	o	o	o
Lab WASHINGTON*					o	o	o	o
MES Environmental Ltd		o	o	o	o	o	o	o
SUNCNIM					o	o	o	o
Winlight								o

* The indicators presented in this report cover all companies other than Lab Washington, for which only the environmental scope is taken into account, since the other data is insignificant.

As shown by the table above, the Group mobilizes new subsidiaries each year in order to extend the range of the report to all companies controlled by the Group within the consolidation scope.

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 more than 91% of its headcount over 42 sites.

Certain Group companies are not consolidated, for the following reasons:

- entity with fewer than 20 employees;

- recently-acquired entity in the process of integration into the Group;
- no physical, financial and/or non-financial challenges.

In environmental terms, the scope covers all waste sorting, treatment and recovery center operating business throughout the world.

4.5.2 Note on methodology

This report contains information based on the Global Reporting Index (GRI) sustainability reporting guidelines. This information is identified using references to the GRI standards (GRI xxx).

With regard to the employment data published in this report, the following facts should be noted:

- Headcount: headcount includes employees with an employment contract with the Group during the year to which the report relates, irrespective of the type of contract (permanent, fixed-term or training). Interns, apprentices and temporary employees are not taken into account.
- Health and safety: the frequency and severity of accidents that required an employee to take time off work are taken into account.
- Training: all categories of training are taken into account; this may include training on regulations or on adapting workstations or training that seeks to develop employees' skills.

With regard to the environmental data published in this report, the following facts should be noted:

- For 2019, 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 and workforce. 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. eq. 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.
- The activities of the waste treatment plants operated by CNIM enable energy to be produced (electricity and heat) and materials to be recycled (sorting centres). These activities lead to the avoidance of emissions.
- When calculating its direct greenhouse gas emissions, the CNIM Group includes the CO_2 from the vehicles owned, leased or hired by the Group and used within the context of its industrial and business activities.

4.5.3 Cross-reference tables

2019 Universal Registration Document (URD)		Chapters	Pages
Declaration of non-financial performance		4	88-127
	Business Model	1.4 - 1.5	11-13
	Principal risks and opportunities	2.7	52-58
	Policies, action plans, performance indicators and results	4.3	89-117
Other matters covered by Article L.225-102-1			
	Action taken to combat discrimination, to promote diversity and measures taken in favour of disabled people	4.3.1	89-90
	Anti-corruption measures	4.3.7	110-113
	Consequences of the business activity and the use of goods and services on climate change	4.3.4 - 4.3.5 - 4.3.6 4.4.5	118
	Social commitments to sustainable development and the circular economy	4.4.1	120
	Social commitments to combat food waste and insecurity	4.4.4	120
	Social commitments to promote sustainable, fair trade and responsibly produced food, and animal welfare	4.4.4	120
	Collective bargaining agreements and their impact on economic performance and on employees’ working conditions	4.4.2	119
	Respect for human rights	4.4.3	120
	Measures taken to combat tax evasion	4.4.6	120

4.6 Opinion of the independent third party

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).

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cofrac INSPECTION

Accréditation n°3-1051
Portée disponible sur www.cofrac.fr

Avis motivé de conformité et de sincérité de la déclaration de performance extra-financière

Réf : 20001

Aux actionnaires

À la suite de la demande qui nous a été faite par la société CNIM, nous vous présentons notre rapport sur la déclaration consolidée de performance extra-financière relative à l'exercice clos le 31 décembre 2019 (ci-après la « Déclaration »), présentée dans le rapport de gestion du groupe en application des dispositions légales et réglementaires des articles L. 225-102-1, R. 225-105 et R. 225-105-1 du code de commerce. RSE France a la qualité d'Organisme Tiers Indépendant (OTI) accrédité par le Cofrac sous le n°3-1051 (portée disponible sur www.cofrac.fr).

Responsabilité de la Société

Il appartient au Directoire d'établir une Déclaration conforme aux dispositions légales et réglementaires, incluant une présentation du modèle d'affaires, une description des principaux risques extra-financiers, une présentation des politiques appliquées au regard de ces risques ainsi que les résultats de ces politiques, incluant des indicateurs clés de performance.

Indépendance et système de management de la qualité

Notre indépendance est définie par les textes réglementaires, notre code de déontologie ainsi que les dispositions prévues dans la norme ISO 17020. Par ailleurs, nous avons mis en place un système de management de la qualité qui comprend des politiques et des procédures documentées visant à assurer la conformité avec les règles déontologiques, les textes légaux et réglementaires applicables et la norme ISO17020.

Responsabilité de l'Organisme Tiers Indépendant

Il nous appartient, sur la base de nos travaux, de formuler un avis motivé exprimant une conclusion d'assurance modérée sur :

- la conformité de la Déclaration aux dispositions prévues à l'article R. 225-105 du code de commerce ;
- la sincérité des informations fournies en application du 3° du I et du II de l'article R. 225-105 du code de commerce, à savoir les plans actions, les résultats des politiques incluant les indicateurs clés de performance relatifs aux principaux risques, ci-après les « Informations ».

Il ne nous appartient pas en revanche de nous prononcer sur :

- le respect par la société des autres dispositions légales applicables le cas échéant, [en particulier celles prévues par la loi n° 2016-1691 du 9 décembre 2016 dite Sapin 2 (lutte contre la corruption)] ;
- la conformité des produits et services aux réglementations applicables

Nature et étendue des travaux

Nos travaux décrits ci-après ont été effectués conformément à l'arrêté du 14 septembre 2018 déterminant les modalités dans lesquelles l'organisme tiers indépendant conduit sa mission.

Nous avons mené des travaux nous permettant d'apprécier la conformité de la Déclaration aux dispositions légales et réglementaires et la sincérité des Informations :

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- Nous avons pris connaissance de l'activité de l'ensemble des entités incluses dans le périmètre de consolidation, de l'exposé des principaux risques sociaux et environnementaux liés à cette activité, et de ses effets quant au respect des droits de l'homme et à la lutte contre la corruption ainsi que des politiques qui en découlent et de leurs résultats ;
- Nous avons apprécié le caractère approprié du Référentiel au regard de sa pertinence, son exhaustivité, sa fiabilité, sa neutralité et son caractère compréhensible ;
- Nous avons vérifié que la Déclaration couvre chaque catégorie d'information prévue au III de l'article L. 225-102-1 en matière sociale et environnementale ainsi que de respect des droits de l'homme et de lutte contre la corruption ;
- Nous avons vérifié que la Déclaration présente, le modèle d'affaires et les principaux risques liés à l'activité de l'ensemble des entités, y compris, lorsque cela s'avère pertinent et proportionné, les risques créés par ses relations d'affaires, ses produits ou ses services, au regard des informations prévues au I de l'article R. 225-105, ainsi que les politiques, les actions et les résultats, incluant les indicateurs clés de performance ;
- Nous avons vérifié, lorsqu'elles sont pertinentes au regard des principaux risques ou des politiques présentés, que la Déclaration présente les informations prévues au II de l'article R. 225-105 ;
- Nous avons apprécié le processus d'identification, de hiérarchisation et de validation des principaux risques ;
- Nous avons vérifié que la Déclaration couvre le périmètre consolidé, à savoir l'ensemble des entités incluses dans le périmètre de consolidation conformément à l'article L. 233-16. Certaines sociétés n'ont pas été intégrées du fait d'un effectif inférieur à 20 personnes, d'une intégration dans le groupe en cours d'année, ou d'un impact faible. Le périmètre pris en compte représente 95% du chiffres d'affaires du Groupe et 91% des effectifs répartis sur 42 sites.
- Nous avons apprécié le processus de collecte mis en place par l'entité visant à l'exhaustivité et à la sincérité des résultats des politiques et des indicateurs clés de performance devant être mentionnés dans la Déclaration ;
- Nous avons mis en œuvre sur les indicateurs clés de performance liés aux risques principaux (attirer et conserver les talents, santé et sécurité, consommation d'énergie et efficacité énergétique, valorisation de déchets, formation et compétences, prévention et réduction des rejets atmosphériques, éthique et lutte contre la corruption, sous-traitance et fournisseurs), et sur une sélection d'autres résultats que nous avons considérés les plus importants (effectifs, volume des déchets, émissions de gaz à effet de serre) :
  - des procédures analytiques consistant à vérifier la correcte consolidation des données collectées ainsi que la cohérence de leurs évolutions ;
  - des tests de détail sur la base d'échantillonnages, consistant à vérifier la correcte application des définitions et procédures et à rapprocher les données des pièces justificatives. Ces travaux ont été menés auprès d'une sélection d'entités contributrices (Paris, Seyne-sur-Mer, Paris-Batignolles) et couvrent entre 79% et 100% des données consolidées des indicateurs et résultats sélectionnés pour ces tests ;
- Nous avons consulté les sources documentaires et mené des entretiens pour corroborer les informations qualitatives (organisation, politiques, actions, résultats) liées aux principaux risques ;
- Nous avons apprécié la cohérence d'ensemble de la Déclaration par rapport à notre connaissance de la société.

Nous estimons que les méthodes d'échantillonnage que nous avons retenues en exerçant notre jugement professionnel nous permettent de formuler une conclusion d'assurance modérée ; une assurance de niveau supérieur aurait nécessité des travaux de vérification plus étendus.

Du fait du recours à l'utilisation de techniques d'échantillonnage ainsi que des autres limites inhérentes au fonctionnement de tout système d'information et de contrôle interne, le risque de non-détection d'une anomalie significative dans la Déclaration ne peut être totalement éliminé.

Moyens et ressources

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Nous avons mené seize entretiens avec les personnes responsables de la préparation de la Déclaration, représentant notamment les directions générales, administration et finances, gestion des risques, conformité, ressources humaines, santé et sécurité, formation, environnement, exploitation, RSE et achats. La mission a été effectuée en janvier et février 2020 et a mobilisé sept jours/hommes. Nous estimons que nos travaux fournissent une base suffisante à la conclusion exprimée ci-après.

Conclusion

Sur la base de nos travaux, nous n'avons pas relevé d'anomalie significative de nature à remettre en cause le fait que la Déclaration est conforme aux dispositions réglementaires applicables et que les Informations, prises dans leur ensemble, sont présentées de manière sincère.

Paris, le 27 février 2020

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 25 June 2020, after consulting the Audit Committee on the same date.

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 was enlarged and renamed the "Group Managers' Committee". It is composed of Management Board members, of Ms. Virginie Munch (Human Resources and Communication Manager), Mr. Frédérick Favre (Group Counsel, Compliance, Risks & Insurance and CSR Director), several Company and Group managers (Messrs. Claude Boutin, Deputy CEO of CNIM Environment & Energy EPC, Christophe Hamon, Director of Information Systems and Philippe Lazare, Deputy Chief Executive of CNIM Industrial Systems Division), Jean Roch and Bruno Vallayer, Deputy Chief Executives of Bertin Technologies and François Darpas, Deputy Chief Executive of CNIM Environment & Energy Services. 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.

All of the Universal Registration Document, comprising the Declaration of Non-Financial Performance, has been approved by the Group Management Board.

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	2021	No	Audit and Strategic
François Canellas	2006	2019	No	Audit and Strategic
Lucile Dmitrieff	2009	2021	No	Audit and Strategic
Sophie Dmitrieff	2015	2022	No	Audit and Strategic
Sigrid Duhamel	2016	2019	Yes	Audit and Strategic
Frel S.A., represented 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 represented by Ulrich Martin	2004	2021	No	-
Alain Sonnette	2015	2022	No	-

B. Choice of corporate governance code

The Supervisory Board, in its meeting of 28 March 2013, 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. Indeed, these independent Supervisory Board members reminded the Board that their close connection had not hindered their freedom of judgement and that they would, if necessary, resist or withdraw from any situation that might hinder their freedom of judgement. In addition, their independence is reinforced by objective evidence such as their qualifications, the extent of their managerial experience and the size and status of the companies that they manage or have managed, all of which, in addition to their reputation, prevents them from being suspected of dependency.

However, to comply with the recommendations of the French Financial Markets Authority (Autorité des marchés financiers - AMF) relating to the number of independent directors, the Company began the search for a third independent Supervisory Board member with the aim of presenting his nomination to the General Meeting of the Company approving the financial statements for the year ended 31 December 2019. In order to comply with the AMF's recommendations, said nominee could, subject to being able to demonstrate the required skills, be nominated for the role of Chairman of the Audit Committee.

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;
- the Statutory Auditor's performance of their assignment to certify the financial statements;
- 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 6 March 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 2019 financial year: 12 March 2019, 18 June 2019, 29 August 2019 and 9 October 2019. Some or all of the Statutory Auditors attended each meeting.

The following subjects were placed on the agendas of those meetings:

- review of the annual financial statements and consolidated financial statements for the 2018 financial year and the summary consolidated financial statements for the first half of 2019, 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 2018 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 2019;
- presentation of the main findings of the assignments carried out in the context of the annual internal audit plan for 2018/2019;
- presentation of the annual internal audit plan for 2019/2020;
- presentation of the Group's Information System Security Policy;
- reviewing ongoing litigation;
- progress on the "CNIM 2019" project to adapt the Group's legal structure in line with its operating structure;
- presentation of the main litigation and disputes;
- update on the RPC contracts - Environment and Energy Sector;
- management analysis and action plan for the CNIM Group's major projects.

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:

- creation 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, as regards the key findings of 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 and Sigrid Duhamel and Messrs. François Canellas, Johannes Martin, André Herlicq and Stéphane Herlicq. The Strategic Committee met twice during the 2019 financial year.

c. Remuneration Committee

The Group is currently working on the setting up of a Remuneration Committee to be responsible for reviewing the remuneration paid to its managerial staff, including that paid to Management Board members. Its role will also involve ensuring that the remuneration and changes thereto are in line with the shareholders' interests and the Company's performance.

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 2019 the Supervisory Board met nine times, on 19 March, 25 March, 16 May, 25 June, 30 August, 14 October, 13 November and 12 December. Six members of the Supervisory Board had 100% attendance rates; two had attendance rates of 89%, three had attendance rates of 78% and one had an attendance rate of 44%.

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;
- the plan to simplify the Group's legal structure, which aims to align said structure with the existing operating structure through the implementation of legally separate business divisions;
- review of the AMSL and NEU CP capital expenditure programme;
- raising awareness of the Sapin II Law and monitoring the implementation of the corruption prevention programme;
- asset disposals;

- request to appoint a special purpose trustee to assist the CNIM Groupe in its negotiations with its financial partners.

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 seven meetings of the Board held during the financial year ended 31 December 2019.

The Supervisory Board may grant special powers of any kind to one or more of its members for one or more specific matters.

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 are subject to authorization by the Supervisory Board on the terms set by the French Commercial Code or the Company's bylaws.

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:

- the issue of securities, of whatsoever kind, liable to entail a change to 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.

Members of the Supervisory Board receive remuneration, 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 said remuneration is fixed, where appropriate, by the General Meeting of Shareholders, and then distributed by the Board among the members of the Supervisory Board in accordance with Board members' level of attendance at these various meetings and the time that they devote to their duties.

As a reminder, the General Meeting of Shareholders held on 26 June 2019 set the budgetary amount of the remuneration for the activities of Supervisory Board members to be distributed for the 2019 financial year at €550,000.

In application of the provisions of its internal regulations (Article 4), in its meeting of 25 June 2020, the Supervisory Board resolved to pay remuneration for the activities of the Supervisory Board members in respect of the 2019 financial year of (i) €48,000 gross to Ms. Christiane Dmitrieff, Ms. Sophie Dmitrieff, Ms. Lucile Dmitrieff and Mr. François Canellas, (ii) €42,111 gross to Ms. Sigrid Duhamel, (iii) €38,555 gross to Mr. Louis-Roch Burgard, (iv) €28,000 gross to Mr. Johannes Martin, (v) €27,111 gross to Mr. Stéphane Herlicq, (vi) €26,222 gross to Mr. André Herlicq and to Frel S.A., (vii) €8,000 gross to Martin GmBH and (viii) €6,222 to Mr. Alain Sonnette. Mr. Alain Sonnette had informed the Board of his decision to waive his remuneration, which totals €388,221.

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. Such was the case for General Meetings held during the COVID-19 health crisis: shareholders were not physically present, in accordance with the provisions of Order no. 2020-321 of 25 March 2020.

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 2019

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 of CNIM Transport Holding SAS, CNIM Transport France SAS, CNIM Environment & Energy EPC SAS, CNIM Environment & Energy O&M SAS, CNIM Innovation & Systems SAS, CNIM Environment & Energy SAS, CNIM Environment & Energy Participations SAS, CNIM Environment & Energy Services SAS, CNIM Mutual Services SAS and CNIM Industrial Systems SAS.

Director of Bertin Technologies SAS

CNIM Representative, Manager SCI du 35 rue de Bassano

Representative of CNIM, Chairman of the simplified joint stock companies CNIM1 (now CNIM Mutual Services), CNIM2 (now CNIM Innovation & Systems), CNIM3 (now CNIM Environment & Energy), CNIM4, CNIM6 and CNIM 7 (now CNIM Environment & Energy O&M), CNIM 8 (now CNIM Industrial Systems), CNIM9, CNIM 10 and CNIM 11 (now CNIM Environment & Energy Participations), CNIM 12 (now CNIM Environment & Energy Services) and CNIM 13 (now CNIM Environment & Energy EPC)

Representative of CNIM and Director of LAB SA

Abroad

Chief Executive Officer of CNIM Middle East

Chairman of Exensor Security International AB (taken over by Exensor Technology AB on 14 May 2019)

Director of CNIM Hong Kong Ltd, CNIM Transport Equipment, CNIM Singapore Private Ltd, CNIM Engineers FZC, CNIM Bahrain Co. WLL and CNIM Asia Pacific Ltd

Manager of Arnina (non-Group)

Permanent CNIM Representative and Member of CNIM Saudi

Permanent CNIM Representative and Director of SMA (non-Group)

Terms of office that have expired over the last five years

France

Director of Babcock Wanson France

CNIM Representative and Chairman of CNIM 5

Director of Bertin Pharma SAS

- **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

France

Chairman of CNIM Air Space SAS

Chief Executive Officer of CNIM Transport France SAS, CNIM Industrial Systems SAS and CNIM Innovation & Systems SAS

Chairman and Director of Bertin Technologies SAS and Bertin IT SAS

Chairman and Chief Executive Officer of Vecsys SA and Chairman of Verbalys SA (deregistered on 4 April 2019)

Vice-Chairman of the Supervisory Board of Sitia SAS (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 (until 20 June 2019), Exensor Technology AB and Bertin Corp.

Chairman of the Board of Directors and Chairman of CNIM Canada Inc.

Director of CNIM Middle East, CNIM Hong Kong, CNIM Singapore Private Ltd, Bertin Tech Ltd (formerly 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 SAS and Go Albert France SAS

Chairman and Director of Bertin Pharma SAS

Abroad

Chairman and Director of Go Albert Africa, 9215-7775 Québec Inc. and Chairman and Director of CNIM Babcock Maroc SA

- **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

France

Chairman of ELlo SAS

Chairman and Director of LAB SA and SUNCNIM SAS

Director of Compagnie de Chauffage Urbain de l'Aire Toulonnaise (CCUAT) SA (until 15 April 2019)

Chief Executive Officer of CNIM Environment & Energy SAS, CNIM Environment & Energy O&M SAS, CNIM Environment & Energy EPC SAS, CNIM Environment & Energy Services SAS and CNIM Environment & Energy Participations SAS.

Abroad

Director of CNIM Asia Pacific, CNIM US Corp., CNIM Middle East, LAB USA Corp, CNIM Azerbaijan, LAB GmbH, Wolverhampton Waste Services Limited, Hanford Waste Services Limited, Hanford Waste Services Holdings Limited, Dudley Waste Services Limited, CNIM UK Limited, CNIM UK Construction Limited and MES Environmental Limited

Chairman and Director of CNIM Babcock Maroc SA

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

France

Chairman of CNIM Industrie SAS

Director of LAB SA, SUNCNIM SAS, Bertin Technologies SAS, Bertin IT SAS and Winlight System Finance SAS and Chief Executive Officer of CNIM Mutual Services SAS

Permanent Representative of Bertin Technologies acting as Director of Verbalys SA (deregistered on 4 April 2019) and Vecsys SA

Abroad

Manager, Babcock Services

Director of 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., CNIM Hong Kong and 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 of Babcock Wanson UK, Babcock Wanson España, Babcock Wanson Italia, Babcock Wanson Polska, Babcock Wanson Caldeiras and 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 expires on the date of the General Meeting approving the 2021 financial statements.

Other offices

France

Chairwoman & CEO of Soluni SA (non-Group)

Abroad

Co-manager, SCI Socilas (non-Group), SCI Sonathan (non-Group) and 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

France

Director of LAB SA

Abroad

Director of CNIM Hong Kong Ltd

Terms of office that have expired over the last five years

France

Director of Babcock Wanson SA

Abroad

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

France

Chairman of Blue Green European Holdings (BGEH) (until 18 December 2019), CISE TP (until 18 December 2019), SAUR International (until 18 December 2019), STEREAU (until 18 December 2019), Holding d'Infrastructures des Métiers de l'Environnement (HIME) (until 18 December 2019), SAUR (until 18 December 2019), CISE TP REUNION (until 18 December 2019), CISE REUNION (until 18 December 2019), Compagnie Guadeloupéenne de Services Publics (until 18

December 2019), Société Martiniquaise de Distribution et de Services (until 18 December 2019), SUDEAU (until 18 December 2019) and Terre des Trois Frères (until 18 December 2019).

Permanent representative of Holding Infrastructure des Métiers de l'Environnement (HIME) for the chairmanship of FINASAUR (until 18 December 2019) and NOVASAUR (until 18 December 2019).

Manager, SAUR Loisirs (until 18 December 2019).

Director of APRR (until June 2017), AREA (until June 2017), EIFFARIE (until June 2017), MACQUARIE Autoroutes de France (until June 2017), ADELAC (until June 2017) and Member of the Supervisory Board and Audit Committee of Edmond de Rothschild.

All other offices held are non-Group offices.

Abroad

None

Terms of office that have expired over the last five years

France

Chairman of Vinci Concessions (non-Group) and Collectes Valorisation Énergie Déchets (COVED) (non-Group)

CEO of Holding Infrastructure des Métiers de l'Environnement (HIME) (non-Group) and SAUR (non-Group)

Abroad

Director of Marafiq SAUR Operation & Maintenance Co (MASA) (non-Group) and 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 expires on the date of the General Meeting approving the 2021 financial statements

Other offices

France

Director of 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 2022 financial statements

Other offices

France

Director of 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

France

Chairwoman of the Management Board of BNP Paribas REIM France

Independent Director and member of the Audit Committee of Covivo (formerly Foncière des Régions) (non-Group)

Abroad

Governing Trustee of Urban Land Institute (ULI) (non-Group)

Member of the Board of Directors of BNP Paribas REIM Italy (non-Group)

Terms of office that have expired over the last five years

France

Chairwoman of Urban Land Institute France (non-Group) and Chairwoman of CBRE Global Investors France (non-Group)

Director of Association des Directeurs Immobiliers (ADI) (non-Group)

Member of the Supervisory Board of 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

None

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 expires on the date of the General Meeting approving the 2021 financial statements

Other offices

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 expires on the date of the General Meeting approving the 2021 financial statements

Other offices

France

Chairman, Pliq-One SAS

Representative of Pliq-One SAS, Chairman of Sanitval SAS

Manager, Nelo SARL

Abroad

None

Terms of office that have expired over the last five years

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

Other offices

France

None

Abroad

CEO, Ituma GmbH (non-Group) and Martin Vermögenswerwaltungs GbR (non-Group)

Director of Martin AG für Umwelt – und Energietechnik (non-Group)

Terms of office that have expired over the last five years

France

None

Abroad

Chairman and manager of Martin GmbH für Umwelt – und Energietechnik (non-Group)

Chairman of the Board of Directors of Martin AG für Umwelt- und Energietechnik (non-Group)

CEO of 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 expires on the date of the General Meeting approving the 2021 financial statements

Other offices held by Mr. Ulrich Martin in a personal capacity

France

None

Abroad

Chief Executive Officer of Martin GmbH für Umwelt- und Energietechnik and Josef Martin Feuerungsbau GmbH

Member of the Supervisory Board of Martin AG für Umwelt- und Energietechnik and Explo Engineering AG

Manager, Martin biopower Pty Ltd and Martin WtE Australia Pty Ltd

Offices held by Mr. Ulrich Martin in a personal capacity that have expired over the last five years

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 2022 financial statements

Other offices

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 was Executive Chairman of the SAUR Group from 1 January 2017 to 18 December 2019.

- **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 this 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.

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 2019 (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 kinds paid by the Company to its Corporate Officers during the year ended 31 December 2019, 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 the remuneration, indemnities and benefits of each Management Board member**

Nicolas Dmitrieff (Chairman of the Management Board) Start/end of term of office: 27/07/2009/AGM approving the financial statements for the year ended 31 Dec. 2019	For the 2017 financial year		For the 2018 financial year		For the 2019 financial year	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration(1)	-	€448,380	-	€460,479	-	€471,955
Annual variable remuneration(1)(2)	-	€440,420	-	€656,500	-	-
Benefits in kind(3)	-	€10,739	-	€10,877	-	€11,093
Total	-	**€899,539**		**€1,127,856**		**€483,048**

(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. It is paid during the following financial year.
(3) Contributions for Corporate Officer's insurance and pensions.

Philippe Demigné (member of the Management Board) Start/end of term of office: 1/09/2009/AGM approving the financial statements for the year ended 31 Dec. 2019	For the 2017 financial year		For the 2018 financial year		For the 2019 financial year	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration(1)	-	€305,396	-	€311,824	-	€318,653
Annual variable remuneration(1)(2)	-	€226,020	-	€245,000	-	-
Benefits in kind(3)	-	None	-	None	-	€7,026
Total		**€531 416**		**€556,824**		**€325,679**

(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. As from the 2019 financial year, the criteria are: qualitative criteria (taking into account the challenge of the Group's transformation, the results of the Innovation & Systems Sector for which he is responsible and the annual consolidated net income attributable to owners of the parent). It is paid during the following financial year.
(3) Company car.

Stanislas Ancel (member of the Management Board) Start/end of term of office: 10/03/2016/AGM approving the financial statements for the year ended 31 Dec. 2019	For the 2017 financial year		For the 2018 financial year		For the 2019 financial year	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration(1)	-	€254,501	-	€259,954	-	€265,694
Annual variable remuneration(1)(2)	-	€221,400	-	€221,400	-	-
Benefits in kind(3)	-	€17,745	-	(€623)	-	€4,855
Total		**€493,646**		**€480,731**		**€270,549**

(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. As from the 2019 financial year, the criteria are: qualitative criteria (taking into account the challenge of the Group's transformation, the results of the Environment & Energy Sector for which he is responsible and the annual consolidated net income attributable to owners of the parent). It is paid during the following financial year.
(3) Company vehicle and apartment for which adjustments are made (on a calendar year basis).

Christophe Favrelle (member of the Management Board) Start/end of term of office: 10/03/2016/AGM approving the financial statements for the year ended 31 Dec. 2019	For the 2017 financial year		For the 2018 financial year		For the 2019 financial year	
	Amounts due	Amounts paid	Amounts due	Amounts paid	Amounts due	Amounts paid
Fixed remuneration(1)	-	€220,012	-	€242,638	-	€259,916
Annual variable remuneration(1)(2)	-	€52,803	-	€45,000	-	-
Benefits in kind(3)	-	€8,765	-	€8,851	-	€8,966
Total		**€281,580**		**€296,489**		**€268,882**

(1) Gross before tax.
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. As from the 2019 financial year, the criteria are: qualitative criteria (taking into account the challenge of the Group's transformation, the carrying out of specific financial transactions for which he is responsible and the annual consolidated net income attributable to owners of the parent). It is paid during the following financial year.
(3) Company apartment.

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.

As a result of a decision of the Chairman of the Management Board, Mr. Nicolas Dmitrieff, the supplementary defined benefit pension plan (Article 39), implemented by a unilateral decision made by the employer on 1 January 1987, and most recently replaced by the regulation of 15 June 2009, was permanently closed on 31 December 2019 and the potential rights under the regulation were cancelled.

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.

- **Changes in the annual remuneration paid to members of the Management Board and to the Chairwoman of the Supervisory Board and the equity ratios during the last five financial years**

In accordance with Article L. 225-37-3 of the French Commercial Code, we present to you the ratio of the level of the total remuneration of the Corporate Officers to

- The median remuneration paid on a full-time equivalent basis of the employees of CNIM Groupe SA other than executives: ratio A;
- The average remuneration paid on a full-time equivalent basis of the employees of CNIM Groupe SA other than executives: ratio B;

N.B.: We are not able to disclose the equity ratios for the 2015 to 2018 financial years or the annual change, during the last five years, of these ratios, and of the average remuneration on a full-time equivalent basis of the Company's employees other than executives, specified by Article L. 225-37-3, I, 6e and 7e of the French Commercial Code due to technical problems with our payroll management system.

The median remuneration, paid on a full-time equivalent basis of the employees of CNIM Groupe SA other than executives, was €41,344 for 2019.

The average remuneration, paid on a full-time equivalent basis of the employees of CNIM Groupe SA other than executives, was €44,579.

Nicolas Dmitrieff	2015	2016	2017	2018	2019
Fixed remuneration(1)	393,039.04	431,472.00	448,380.00	460,479.00	471,954.00
Annual variable remuneration(1)(2)	648,400.00	715,820.00	440,420.00	656,500.00	
Benefits in kind(3)	10,413.45	10,571.13	10,739.00	10,876.64	11,093.00
Total	**1,051,852.49**	**1,157,863.13**	**899,539.00**	**1,127,855.64**	**483,047.00**
Ratio A					**11.68**
Ratio B					**10.84**

(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. It is paid during the following financial year.
(3) Contributions for Corporate Officer's insurance and pensions.

Philippe Demigné	2015	2016	2017	2018	2019
Fixed remuneration(1)	270,010.00	300,001.00	305,396.00	311,824.40	318,653.01
Annual variable remuneration(1)(2)	175,000.00	200,000.00	200,000.00	226,020.00	
Benefits in kind(3)	14,894.00				7,026.00
Total	**459,904.00**	**500,001.00**	**505,396.00**	**537,844.40**	**325,679.01**
Ratio A					**7.87**
Ratio B					**7.30**

(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. As from the 2019 financial year, the criteria are: qualitative criteria (taking into account the challenge of the Group's transformation, the results of the Innovation & Systems Sector for which he is responsible and the annual consolidated net income attributable to owners of the parent). It is paid during the following financial year.
(3) Company car.

Stanislas Ancel	2015	2016	2017	2018	2019
Fixed remuneration(1)		250,003.00	254,501.00	259,954.40	265,594.00
Annual variable remuneration(1)(2)		150,000.00	221,400.00	221,400.00	
Benefits in kind(3)		13,619.00	17,745.36	623.00	4,855.08
Total		**413,622.00**	**493,646.36**	**481,977.40**	**270,449.08**
Ratio A					**6.54**
Ratio B					**6.07**

(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. As from the 2019 financial year, the criteria are: qualitative criteria (taking into account the challenge of the Group's transformation, the results of the Environment & Energy Sector for which he is responsible and the annual consolidated net income attributable to owners of the parent). It is paid during the following financial year.
(3) Company vehicle and apartment for which adjustments are made (on a calendar year basis).

Christophe Favrelle	2015	2016	2017	2018	2019
Fixed remuneration(1)		200,005.00	220,012.00	242,638.40	259,916.02
Annual variable remuneration(1)(2)		50,000.00	52,803.00	45,000.00	
Benefits in kind(3)		6,523.20	8,765.00	8,851.20	8,966.40
Total		256,528.20	281,580.00	296,489.60	268,882.42
Ratio A					6.50
Ratio B					6.03

(1) Gross before tax.
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. As from the 2019 financial year, the criteria are: qualitative criteria (taking into account the

challenge of the Group's transformation, the carrying out of specific financial transactions for which he is responsible and the annual consolidated net income attributable to owners of the parent). It is paid during the following financial year.
(3) Company apartment.

Stefano Costa	2015	2016	2017	2018	2019
Fixed remuneration(1)	270,100.00	270,100.00			
Annual variable remuneration(1)(2)	800,000.00	100,000.00			
Benefits in kind	14,894.00	6,523.00			
Total	**1,095,132.00**	**376,533.00**			
Ratio A					
Ratio B					

(1) Gross before tax.
(2) Variable remuneration granted by the Supervisory Board and linked to the overall performance of the Environment Sector (such as growth in order intake, growth in revenues and growth in operating income).

Christiane Dmitrieff	2015	2016	2017	2018	2019
Attendance fees	8,000	8,000	8,000	48,000	48,000
Other remuneration(1)		185,838	290,000	250,000	250,000
Benefits in kind					
Total	**8,000**	**193,838**	**298,000**	**298,000**	**298,000**
Ratio A					7.20
Ratio B					6.68

(1) Fixed annual remuneration, gross before tax, for her duties as Chairwoman of the Supervisory Board.

- **Change in the key indicator used to analyse performance**

Among its key indicators, the Group monitors in particular recurring operating income/(loss) and net income/(loss).

The change in consolidated net income attributable to owners of the parent over the last five years is as follows:

In € thousands	2015	2016	2017	2018	2019
Net income/(loss) attributable to owners of the parent	35,791	49,742	22,021	32,825	(200,702)

- **Supervisory Board members: remuneration for their duties (and other remuneration)**

Members of the Supervisory Board	Amounts in respect of 2017 paid in 2018	Amounts in respect of 2018 paid in 2019	Amounts in respect of 2019 to be paid in 2020
François Canellas			
Remuneration for duties as Supervisory Board member	€48,000 (of which €40,000 for participation in Committees)	€48,000 (of which €40,000 for participation in Committees)	€48,000 (of which €40,000 for participation in Committees)
Other remuneration (for duties as Vice-Chairman, paid monthly during the year)	€150,000	€150,000	€150,000
Total	€198,000	€198,000	€198,000
Christiane Dmitrieff			
Remuneration for duties as Supervisory Board member	€48,000 (of which €40,000 for participation in Committees)	€48,000 (of which €40,000 for participation in Committees)	€48,000 (of which €40,000 for participation in Committees)
Other remuneration (for duties as Chairwoman, paid monthly during the year)	€250,000	€250,000	€250,000
Total	€298,000	€298,000	€298,000
Lucile Dmitrieff			
Remuneration for duties as Supervisory Board member	€48,000 (of which €40,000 for participation in Committees)	€48,000 (of which €40,000 for participation in Committees)	€48,000 (of which €40,000 for participation in Committees)
Other remuneration	None	None	None
Total	€48,000	€48,000	€48,000

Sophie Dmitrieff			
Remuneration for duties as Supervisory Board member	€48,000 (of which €40,000 for participation in Committees)	€48,000 (of which €40,000 for participation in Committees)	€48,000 (of which €40,000 for participation in Committees)
Other remuneration	None	None	None
Total	€48,000	€48,000	€48,000
André Herlicq			
Remuneration for duties as Supervisory Board member	€28,000 (of which €20,000 for participation in Committees)	€28,000 (of which €20,000 for participation in Committees)	€26,222 (of which €20,000 for participation in Committees)
Other remuneration	None	None	None
Total	€28,000	€28,000	€26,222
Stéphane Herlicq			
Remuneration for duties as Supervisory Board member	€28,000 (of which €20,000 for participation in the Strategic Committee)	€28,000 (of which €20,000 for participation in the Strategic Committee)	€27,111 (of which €20,000 for participation in the Strategic Committee)
Other remuneration	None	None	None
Total	€28,000	€28,000	€27,111
Frel S.A.			
Remuneration for duties as Supervisory Board member	€28,000 (of which €20,000 for participation in the Audit Committee)	€26,000 (of which €20,000 for participation in the Audit Committee)	€26,222 (of which €20,000 for participation in the Audit Committee)
Other remuneration	None	None	None
Total	€28,000	€26,000	€26,222
Johannes Martin			
Remuneration for duties as Supervisory Board member	€23,000 (of which €15,000 for participation in the Strategic Committee)	€21,000 (of which €15,000 for participation in the Strategic Committee)	€28,000 (of which €20,000 for participation in the Strategic Committee)
Other remuneration	None	None	None
Total	€23,000	€21,000	€28,000
Martin GmbH für Umwelt – und Energietechnik			
Remuneration for duties as Supervisory Board member	€8,000	€8,000	€8,000
Other remuneration	None	None	None
Total	€8,000	€8,000	€8,000
Sigrid Duhamel			
Remuneration for duties as Supervisory Board member	€41,000 (of which €35,000 for participation in Committees)	€43,000 (of which €35,000 for participation in Committees)	€42,111 (of which €35,000 for participation in Committees)
Other remuneration	None	None	None
Total	€41,000	€43,000	€42,111
Louis-Roch Burgard			
Remuneration for duties as Supervisory Board member	€46,000 (of which €40,000 for participation in Committees)	€48,000 (of which €40,000 for participation in Committees)	€38,555 (of which €35,000 for participation in Committees)
Other remuneration	None	None	None
Total	€46,000	€48,000	€38,555
Alain Sonnette			
Remuneration for duties as Supervisory Board member	None	None	None
Other remuneration	(1)	(1)	(1)

Total			
TOTAL	**€794,000**	**€ 794,000**	**€788,221**

(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.

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 II 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 31 July 2020.

It should be noted that the policy thus established complies with the Company's interests and thus contributes to its commercial strategy and long-term survival. In addition, it incorporates the remuneration and employment terms of the Company's employees, notably as regards the criteria defined for calculating the increase in the variable portion of some members' remuneration.

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, any amendments to their employment contracts (notably those concerning their remuneration terms) must be approved in advance by the Supervisory Board, in accordance with Article 17 of the Company's bylaws and Article L. 225-86 of the French Commercial Code.

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 attributable to owners of the parent for the 2019 financial year. Payment of the variable components of remuneration described in the remuneration policy submitted for the approval of the General Meeting in 2019 by ex-ante vote will be subject to the approval of the Ordinary Annual General Meeting of the shareholders to be held in 2020.

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 the basis of your Statutory Auditor's special report pursuant to Article L. 225-86 of the French Commercial Code.

Defined contribution pension plan

The Chairman of the Management Board also benefited from a defined contribution pension scheme (Article 83 of the General Tax Code). Membership of the plan has been suspended and no contributions have been paid since 2014. Nevertheless, the Chairman retains entitlement to the amounts invested.

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 II law"), these policies will be submitted for the approval of the Ordinary General Meeting of Shareholders to be held on 31 July 2020.

- **Remuneration for duties as Supervisory Board member**

The General Meeting of Shareholders can allocate remuneration to members of the Supervisory Board for the performance of their duties.

The Supervisory Board distributes said remuneration among the Board members.

The total allocation for remuneration for their duties as Supervisory Board members is voted on each year by the Ordinary General Meeting of Shareholders. The annual amount of said remuneration 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.

The remuneration paid to Supervisory Board members for the performance of their duties in respect of a particular financial year is paid during the following financial year.

The members of the Supervisory Board each receive an overall sum of €8,000 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 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 Chairwoman and Vice-Chairman of the Supervisory Board**

The Chairwoman 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 “nonclassified” 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 2019

In application of Article L. 225-100 of the French Commercial Code, and in view of the resolution of the AGM of 26 May 2019 on the remuneration policy envisaged for the year ended 31 December 2019, 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 2019, 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 2019 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 2019 *(Article R. 225-56-1 Com. Code)*	Amounts	Remarks
Annual fixed remuneration	€471,955	
Annual variable remuneration	None	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	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	

- **Ms. Christiane Dmitrieff, Chairwoman of the Supervisory Board**

Items of remuneration attributed in respect of the year ended 31 December 2019 *(Article 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	
Remuneration for duties as Supervisory Board member 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 this 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 this 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 this 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 this 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 increase 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 2019 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 25 June 2020, 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. The overall risk management strategy is described in 2.7.1.

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:

- identification of the main internal or external risks that may constitute an obstacle to reaching the Group's goals;
- assessment and ranking of risks on the basis of three cumulative criteria: financial, human or reputational impact; probability of occurrence within 5 years; and margin for improving control of the risk.
- 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:

- operational/general business risks;
- strategic risks;
- financial risks;
- risks associated with business ethics and regulatory compliance;
- risks relating to the physical and digital security of the information systems.
- If one or more of these risks should materialize, this could affect the business, the financial situation, the results 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;
- 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 level, etc.);
- 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.

All of the Universal Registration Document, comprising the Declaration of Non-Financial Performance, has been approved by the Group Management Board.

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 enable it to implement this control, the Supervisory 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, 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;
- ensures the adequacy of the process for selecting the Statutory Auditors, in particular as regards their competence and independence;
- is informed of material events occurring in connection with the business and its cash position;
- is informed of any major plans for capital expenditure or investment, disposal or financing;
- the Supervisory Board receives assurance from the Statutory Auditors;
- is informed of the manner in which the Statutory Auditors performed their work and of the conclusions of that work and receives assurance from them that:
    - they have had access to all information necessary for the fulfilment of their duties;
    - 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 (i) the physical security of assets, (ii) the authorization or approval of transactions affecting the assets and (iii) the execution and accounting recognition of such transactions;
- 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 correctly defined in the Information System whenever applicable 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 publishing the financial statements of the parent company and of the Group;
    - 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.

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, etc.);
- 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 on the basis of the allocation of productive hours to each contract.

- **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 as 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 Legal Department relies on external counsel whenever it considers it to be appropriate.

Each half year and prior to the finalization of the financial statements, the Group Legal Department organizes a meeting to review the claims, litigation and pre-litigation, after which (i) the amounts of the provisions to be recognized or adjusted are set, and (ii) the preventive or corrective measures to be carried out are defined. This meeting is organized by Business Sector and is attended by: The Sector's financial controller, the Sector's lawyer(s), the Group Risk and Insurance manager, the Group Legal Director and the Chief Executive of the Sector and/or Divisions concerned.

The Group 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 document.

6 FINANCIAL STATEMENTS

All amounts shown are in thousands of euros

6.1 Consolidated financial statements at December 31, 2019(AFR)

6.1.1 Consolidated Balance Sheet

6.1.1.1 ASSETS

(in € thousands)	Note	Dec. 31, 2019	Dec. 31, 2018*
Intangible assets	12	23,889	22,874
Goodwill	13	72,752	70,795
Property, plant and equipment	14	52,180	69,591
Right-of-use assets	26	22,382	-
Equity-accounted investments	15	25,491	24,022
Other non-financial assets	16	17,647	15,903
Deferred tax assets	10	6,492	17,835
NON-CURRENT ASSETS		**220,833**	**221,020**
Inventories and work in progress	17	22,923	21,876
Advances and down payments made on orders		9,202	7,977
Trade and other receivables	18	134,603	101,237
Accrued income from contracts in progress	19	162,422	137,024
Social security and tax receivables	20	81,254	78,988
Other current assets	20	16,081	12,875
Cash and cash equivalents		100,546	85,978
CURRENT ASSETS		**527,031**	**445,954**
Assets held for sale	14	8,574	-
TOTAL CONSOLIDATED ASSETS		**756,438**	**666,974**

* Amounts not restated to account for the effects of IFRS 16, as mentioned in Note 2.

6.1.1.2 EQUITY AND LIABILITIES

(in € thousands)	Note	Dec. 31, 2019	Dec. 31, 2018*
Share capital	21	6,056	6,056
Additional paid-in capital		7,237	7,237
Retained earnings		168,657	140,180
Net income for the period		(200,702)	32,825
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT		**(18,752)**	**186,298**
Non-controlling interests - Retained earnings		3,555	8,736
Non-controlling interests - Net income/(loss)		(1,368)	(4,966)
NON-CONTROLLING INTERESTS		**2,187**	**3,770**
Borrowings and debt	22	29,165	63,083
Non-current lease liabilities	22, 26	16,142	-
Provisions for retirement and other employee benefits	23	20,976	26,312
Other non-current provisions	24	13,255	16,972
Deferred tax liabilities	10	714	704
NON-CURRENT LIABILITIES		**80,251**	**107,071**
Other current financial liabilities	22	183,888	13,758
Current lease liabilities	22, 26	4,539	-
Current provisions	24	97,710	27,748
Trade accounts payable		156,814	186,327
Deferred income from contracts in progress	19	141,295	59,384
Social security and tax payables	20	84,737	71,355
Other current operating liabilities	20	23,768	11,262
CURRENT LIABILITIES		**692,752**	**369,834**
Liabilities held for sale		-	-
TOTAL CONSOLIDATED EQUITY AND LIABILITIES		**756,438**	**666,974**

* Amounts not restated to account for the effects of IFRS 16, as mentioned in Note 2.

6.1.2 Consolidated Income Statement

(in € thousands)	Note	Dec. 31, 2019	Dec. 31, 2018*
Revenues	5, 6	**588,388**	**689,769**
Increase in semi-finished and finished goods		969	(957)
Operating grants		15,275	17,163
Other operating income		11,938	8,948
Purchases and change in inventories		(382,598)	(421,935)
Other external expenses		(99,573)	(104,738)
Taxes other than income taxes		(6,533)	(7,515)
Personnel expenses		(193,795)	(179,693)
Depreciation and amortization expense		(20,572)	(18,807)
Change in provisions		(57,246)	21,502
Other operating expenses		(7,117)	(7,996)
RECURRING OPERATING INCOME (EXPENSE)	5	**(150,864)**	**(4,259)**
Non-recurring operating income (loss)	8	(30,832)	6,819
OPERATING INCOME		**(181,696)**	**2,560**
Share of net income of equity-accounted investments	15	2,219	25,372
OPERATING INCOME AFTER SHARE OF NET INCOME OF EQUITY-ACCOUNTED ASSOCIATES	5	**(179,477)**	**27,932**
Cost of net debt	9	(2,091)	(656)
Foreign exchange gains (losses)	9	(4,127)	268
Other financial income (expense)	9	129	1,176
FINANCIAL INCOME (EXPENSE)	9	**(6,089)**	**789**
PRETAX INCOME		**(185,566)**	**28,721**
Income tax expense	10	(16,503)	(861)
NET INCOME FROM CONTINUING OPERATIONS		**(202,069)**	**27,860**
TOTAL NET INCOME		**(202,069)**	**27,860**
Attributable to:			
. Owners of the parent		(200,702)	32,825
. Non-controlling interests		(1,368)	(4,966)
Earnings per share (in €)			
Basic earnings per share attributable to owners of the parent		(71.00)	11.56
Diluted earnings per share attributable to owners of the parent		(71.00)	11.56
Net earnings per share from continuing operations		(71.48)	9.81

* Amounts not restated to account for the effects of IFRS 16, as mentioned in Note 2.

6.1.3 Consolidated Statement of Comprehensive Income

(in € thousands)	Note	Dec. 31, 2019	Dec. 31, 2018*
TOTAL NET INCOME (LOSS)		**(202,069)**	**27,860**
Net actuarial gains and losses on retirement benefits	23	(3,072)	1,645
Income tax relating to other comprehensive income that may not be reclassified to net income		(310)	(856)
Other comprehensive income items that may not be reclassified		**(3,382)**	**789**
Currency translation differences		1,543	(4,461)
Changes in fair values of heding instruments		(1,297)	(3,001)
Income tax relating to items that may be reclassified to net income		(145)	1,033
Equity-accounted investments - share of items that may be reclassified to net income	15	(1,837)	(208)
Items that may reclassified to net income		**(1,737)**	**(6,637)**
OTHER COMPREHENSIVE INCOME		**(5,119)**	**(5,848)**
TOTAL COMPREHENSIVE INCOME		**(207,188)**	**22,011**
Attributable to:			
. Owners of the parent		(204,987)	27,092
. Non-controlling interests		(2,201)	(5,080)

* Amounts not restated to account for the effects of IFRS 16, as mentioned 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 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							(14,849)	(14,849)	(18)	(14,867)
Change in consolidation scope (1)							1,043	1,043	4,551	5,595
Treasury share transactions							(3,144)	(3,144)	-	(3,144)
Other		-	(0)			-	(397)	(397)	-	(397)
At Dec. 31, 2018		**6,056**	**7,237**	**(9,352)**	**(1,038)**	**(10,352)**	**193,746**	**186,298**	**3,770**	**190,069**

* Amounts restated to account for the effect of IFRS 9.
(1) In 2018, the change in consolidation scope related to SUNCNIM (capital contribution from the French Public Investment Bank (BPI)) and CNIM Martin Private Limited (partnership with Martin Gmbh).

(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 Dec. 31, 2018 publié		**6,056**	**7,237**	**(9,352)**	**(1,038)**	**(10,352)**	**193,746**	**186,298**	**3,770**	**190,069**
IFRS 16 impacts*	2						-	-	-	-
At Jan. 1, 2019		**6,056**	**7,237**	**(9,352)**	**(1,038)**	**(10,352)**	**193,746**	**186,298**	**3,770**	**190,069**
Net income for the period							(200,702)	(200,702)	(1,368)	(202,070)
Other comprehensive income				(3,383)	(2,455)	1,553	-	(4,285)	(834)	(5,119)
Comprehensive income		**-**	**-**	**(3,383)**	**(2,455)**	**1,553**	**(200,702)**	**(204,987)**	**(2,201)**	**(207,188)**
Dividend distribution	21						(0)	(0)	(0)	(0)
Change in consolidation scope(1)							-	-	619	619
Treasury share transactions							(145)	(145)	-	(145)
Other(2)		(0)	(0)	6,654	-	-	(6,572)	82	(1)	81
At Dec. 31, 2019		**6,056**	**7,237**	**(6,081)**	**(3,493)**	**(8,799)**	**(13,673)**	**(18,752)**	**2,187**	**(16,565)**

* Effects of IFRS 16, as mentioned in Note 2.
(1) In 2019, the change in consolidation scope related to CNIM Martin Private Limited (partnership with Martin Gmbh).
(2) Reclassification of €6,654 thousand to other reserves, following the liquidation of the complementary defined benefit pension scheme (see Note 23 and Note 29).

6.1.5 Consolidated Statement of Cash Flows

(in € thousands)	Note	Dec. 31, 2019	Dec. 31, 2018
Net income		**(202,069)**	**27,860**
Net income from continuing operations		**(202,069)**	**27,860**
Share of net income of equity-accounted associates	15	(2,219)	(25,372)
Depreciation, amortization and provisions		92,721	7,086
Gains or losses on disposals		(373)	(19,897)
Income from dividends		(78)	(58)
Net cash from operations before changes in working capital and after cost of debt and income tax		**(112,018)**	**(10,382)**
Income tax expense	10	16,503	861
Cost of net debt	9	2,091	656
Net cash from operations before changes in working capital and before cost of debt and income tax		**(93,424)**	**(8,865)**
Total change in working capital requirements		4,446	(81,270)
Income tax paid (incl. French value-added business tax (CVAE))		(711)	(7,023)
Net cash flow from (used in) operating activities (A)		**(89,689)**	**(97,158)**
Acquisition (disposals) of companies/operations net of cash acquired		(2,192)	6,688
Acquisition of property, plant and equipment and intangible assets		(22,988)	(22,414)
Acquisition of financial assets		(1,617)	(733)
Disposal of financial assets		15	-
Net change in advances and loans granted		(759)	9,252
Disposal of property, plant and equipment and intangible assets		743	11,840
Dividends received from equity-accounted investments and unconsolidated entities		685	31,311
Net cash flow from (used in) investing activities (B)		**(26,114)**	**35,944**
Dividends paid by the parent company		(0)	(14,849)
Dividends paid to minority shareholders		(0)	(18)
Proceeds (payments) arising from the sale (purchase) of treasury shares		362	(3,333)
Proceeds from borrowings	22	112,957	30,852
Repayment of borrowings	22	(13,446)	(3,599)
Interest paid		(2,106)	(662)
Other financing transactions	22	28,259	(5,142)
Net cash flow from (used in) financing activities (C)		**126,026**	**3,249**
Effect of movements in exchange rates (D)		200	(2,325)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS A+B+C+D		**10,424**	**(60,289)**

Opening cash and cash equivalents		**84,435**	**144,725**
Cash equivalents		10,061	17,047
Cash		90,485	68,931
Cash and cash equivalents		100,546	85,978
Bank overdrafts	22	(5,687)	(1,543)
Closing cash and cash equivalents		**94,859**	**84,435**
of which continuing operations		94,859	84,435
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**10,424**	**(60,289)**

*Amounts not restated to account for the effects of IFRS 16, as mentioned in Note 2.

6.1.6 Notes to the consolidated financial statements

On June 24, 2020, the Management Board approved and authorized the publication of the consolidated financial statements of CNIM Group for the year ended December 31, 2019. 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 July 31, 2020.

CNIM Groupe SA (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, 2019.

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NOTE 1 Basis of preparation and significant accounting policies

A. Applicable standards

CNIM's consolidated financial statements for the year ended December 31, 2019 have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union at December 31, 2019.

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, 2019 have been prepared on the same basis as at December 31, 2018 with the exception of the newly-adopted standards, amendments and interpretations that are mandatory for accounting periods beginning on or after January 1, 2019, which are described below in section a).

a. New standards applicable as of January 1, 2019

As of January 1, 2019, 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, 2019.

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.

Changes and impacts resulting from the application of IFRS 16 are described in Note 2, "Changes in accounting policies".

Other standards

The following standards, mandatory for accounting periods beginning on or after January 1, 2019, have no impact on the Group's consolidated financial statements:

- Annual improvements, 2015-2017 cycle;
- Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement";
- Amendment to IAS 28 "Long-term Interests in Associates and Joint Ventures";
- IFRIC 23 "Uncertainty over Income Tax Treatments";
- Amendment to IFRS 9 "Prepayment Features with Negative Compensation".

b. New IFRS adopted by the European Union but not yet applicable

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 as o January 1, 2019:

- Amendments to IAS 1 and IAS 8 "Definition of Material";
- Revised IFRS Conceptual Framework.

The Group is not expecting the implementation of these standards to have a material impact on the consolidated financial statements.

However, the Group has opted for the early implementation of the amendment to IFRS 9/IAS 39 adopted by the European Union on January 15, 2020, enabling the assumption that hedging relationships are not directly affected by the interest rate benchmark reform. As at December 31, 2019, the Group had hedged the floating interest rate (Euribor) on a €24 million loan maturing in December 2023. Its other financial liabilities, which mainly bear floating rate interest (Euribor or Libor), are not hedged. Some of the Group's equity-accounted investments also hedge their floating rate financial liabilities, to a limited extent.

c. Standards not yet adopted by the European Union

The following standards have not yet been adopted by the European Union:

- Amendments to IFRS 3 "Definition of a Business";

The Group does not expect the implementation of these standards to have a material impact on the consolidated financial statements.

B. Going concern

Management has prepared and approved the Group's consolidated financial statements on a going concern basis for a minimum period of twelve months from the date of the financial statements.

Note 3 to the consolidated financial statements outlines the significant events of the period that led to material losses during the reporting period and generated increasing financing requirements.

As a result, at December 31, 2019:

- the Group's net debt amounted to €133 million (compared with €9 million in net cash at December 31, 2018);
- the Group's cash flow level (cash and cash equivalents and additional drawdown capacity net of cash held by subsidiaries excluding the cash pool set up by the Group) amounted to €86 million at December 31, 2019 (compared with €156 million at December 31, 2018);
- Most financial liabilities were classified as current, given the breach of the banking covenants and the limitations included in the waiver obtained (see Note 22).

Given the circumstances, Management has based its assumption of going concern on:

- The financial restructuring confirmed subsequent to the reporting date through the approval of the protocol,
- Cash projections for financial years 2020 and 2021, based on a business plan and cash flow projections updated along the year-end reporting process
- Consideration of uncertainties related to to the sanitary crisis generated by the Covid-19 epidemic.

With regard to the financial restructuring

The Group has begun a financial restructuring process in close collaboration with all its financial partners, including the banking consortium and credit insurers (which issue bank guarantees) as well as Martin GmbH (CNIM's longstanding industrial partner).

The process led to the appointment by the French Commercial Court (Tribunal de Commerce) of an ad hoc receiver on November 12, 2019 to assist the Group in its discussions, and the initiation of a conciliation procedure, confirmed by a court ruling on January 2, 2020. As a result, the parties signed an initial agreement in March 2020 before finalizing a conciliation protocol in April 2020, which should enable the Group to continue operating in the medium term.

This protocol has been approved by a ruling of the Paris Commercial Court on June 23, 2020.

The financial restructuring measures are as follows:

		Type	Principal amount (in € millions)	Interest rate	Maturity/effective date	Counterparty
Initial agreement signed on March 16, 2020						
Bridge loan backed by sale of registered office	(2)	Financing	30.6	Eurib+5%	-	
			27.5			*Banking consortium*
			3.1			*Government (development fund)*
Bank guarantee	(1)	Guarantee	88.4	-	March 31, 2020	Banking consortium
Conciliation protocol signed on April 29, 2020						
Bond		Financing	45.0	5%	Dec. 31, 2025	Martin GmbH
MT financing		Financing	43.8	Eurib+6%	April 30, 2021	
			35.0			*Banking consortium*
			8.8			*Government (development fund)*
New bank guarantee	(1)	Guarantee	169.8	-	March 31, 2021	Banking consortium
Sharjah bank guarantee		Guarantee	18.2	-	-	First Abu Dhabi Bank

(1) These bank guarantees cover the performance bonds that the Group is required to provide to enter into construction contracts as well as the advance payment guarantees required to obtain advances from certain customers (representing €63 million).
The new bank guarantee supplements the bank guarantee granted in the initial agreement dated March 16, 2020. The unused amount of the bank guarantees line set in the initial agreement, that is € 51,7 million, has been included in the conciliation protocol, then resulting in the provision of a new confirmed line of bank guarantees for a maximum amount of € 222,5 million.

A significant portion of these bank guarantees is covered by a counter-guarantee from BPI Assurance Export (up to 50% of the guarantee given). The counter-guarantee, amounting to €134 million, was obtained during the second half of 2019 to facilitate the issue of new guarantees by the banking consortium.
The effective date indicated in the table above refers to the date the guarantee may be called.
(2) On April 17, 2020, the Group sold its registered office in Paris for €41.3 million, and repaid the bridge loan associated with the sale.

Alongside these measures CNIM Group made the following commitments:

- to secure the commitments of Martin Gmbh, the banking partners, credit insurers and the government by pledging the securities of all Group subsidiaries and placing the French subsidiaries in trust, entitling the beneficiaries (i) to scrutinize or veto decisions that could affect their rights or interests, (ii) to take the control of the subsidiaries in case of adverse events or following a period of 12 months. Based on the facts and circumstances existing at the coming into force of the placement of the French subsidiaries in trust, CNIM Groupe however keeps controlling them.
- to obtain backing from one or several partners for all of its business activities (Environment & Energy and Innovation & Systems operating segments) to enable it to continue operating. The main objective is to provide overall backing for the Group consisting in seeking one or purchasers acquiring a major stake or the whole of CNIM Goupe SA shares. However, the practical details may vary depending on the circumstances (equity investments in the main subsidiaries or partial backing for a particular operating segment for instance) and may include the sale of individual assets. The implementation of this program is likely to conduct the Group to deconsolidate the concerned equity investments or assets or to proceed with some grouping within the assets held for sale caption of the balance sheet.In addition, the French government commission set up to assist companies in financial difficulty (Commission départementale des Chefs des Services Financiers), which comprises the heads of the main French tax and social security entities, has granted the Group a moratorium on the payment of social security contributions and tax amounting to €13 million (payments to be made progressively over one year from May 2020).

Eventually the historic credit facilities (revolving credit facility and loan to finance the acquisition of Exensor) are no longer subject to any covenant ratio which, if not complied with, would trigger the early repayment of such credit facilities upon lenders request.

With regard to cash flow projections for financial years 2020 and 2021

In addition to the results of financial restructuring, Management has based its assumption of going concern on the business plan and cash flow projections prepared for financial years 2020 and 2021, which were updated during the year-end reporting process.

The updated cash flow projections were based on a contract-by-contract analysis of key payment milestones (both for trade receivables and trade accounts payable) for contracts in progress and assumptions of new order intake. The timing of cash flows was determined based on the conservatism principle but includes the inherent risk of cash inflows not taking place on a given date, or cash outflows being underestimated.

Before factoring in the issues arising from the COVID-19 health crisis, given the financial resources already available and those generated under the two protocols discussed above, the cash flow projections showed a cash surplus.

With regard to uncertainties arising from the health crisis caused by the COVID-19 pandemic

The COVID-19 crisis is a subsequent event that does not require an adjustment to the Group’s accounting position at December 31, 2019 (value of assets and liabilities). However, the Group is required to report on the effect of the pandemic on its ability to continue as a going concern.

The COVID-19 pandemic, which spread during the first months of 2020, led numerous countries to take increasingly stringent measures to slow down the rate of infection.

The main risks for the Group identified to date are as follows:

- Employee health and safety (risk of infection);
- Absenteeism of CNIM personnel or sub-contractors on worksites;
- Restrictions on travel for CNIM employees, hindering progress on certain contracts;
- Business disruption (plants/offices/worksites);
- Requests from customers to shut down certain worksites or cease contract work;
- Contract breaches by sub-contractors/suppliers;
- Delayed delivery of key equipment or products;
- Lower productivity due to teleworking;

- Cancellation or deferral of new orders or postponements of potential amendments to existing contracts.

Since the start of the pandemic, the Group has been closely monitoring developments in order to take appropriate action, as a priority to protect the health of its employees, customers and all third parties working with the Group, and also to maintain its ability to continue as a going concern.

To date, the main impacts of the pandemic for the Group are as follows:

- Operations have continued at most of the Group's plants, workshops and customer worksites. However, working conditions have had to be adapted leading to slowdowns;
- The vast majority of the Group's administrative sites in France have been closed since the start of the lockdown (as of March 17, 2020) and employees have been asked to work from home whenever possible;
- The Group has already implemented some government measures to provide financial support to French and UK companies, including part-time activity and deferred payment of tax and social security contributions;

Given the major uncertainty regarding the duration, extent and location of the rapidly developing COVID-19 pandemic, the Group is unable to make a reliable assessment of the financial impact of the current health crisis. With all the restrictions imposed by the lockdown, the Group has nevertheless estimated the impact the COVID-19 pandemic might have on its future cash flows, by applying, amongst others, the following assumptions:

- Extension of contracts planning, resulting notably in increased site costs and deferrals of residual incoming payments, over a period of time corresponding to the duration of the lockdown imposed locally (between one and two months depending on the contract/country);
- Postponement of contracts signing, for some of its activities.

Taking into account the French government's initiatives to support businesses (excluding the guarantee scheme for bank loans), the negative impact on the Group's cash flow by October 2020 is estimated, in cumulative maximum value terms, at approximately -€50 million. This estimate (while not a forecast) is compatible with maintaining a positive cash position for the Group.

Consequently, Management has concluded that the going concern assumption is not called into question.

C. 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, 2019.

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:

- the fair value of the consideration transferred by the acquirer;
- the 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
- the 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.

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.

The main useful lives are:

	Useful Life (in years)
Buildings and roads	20 - 30
Fixtures, large plant and equipment	10
Small plant and equipment, furniture and other	2 - 10

An impairment test is performed whenever there is an indication of impairment. It is generally based on the estimated market value of the asset or its recoverable value, determined in the same way as values used for annual goodwill impairment testing.

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.

An impairment test is performed whenever there is an indication of impairment. It is generally based on the estimated market value of the asset or its recoverable value, determined in the same way as values used for annual goodwill impairment testing.

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:

	Durées (en années)
Concessions, patents and licenses	5 - 10
Software	3 - 5
Development costs	5

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.

IFRS 9 sets out the requirements for recognizing and measuring financial assets.

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, 2019 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, 2019 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.

The Group's revenue recognition principles have been defined as follows in accordance with IFRS 15:

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 perform, 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

Backlog 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 in progress' 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.

IFRS 9 sets out the requirements for recognizing and measuring financial assets.

Financial assets are classified and measured on the basis of the Group's business model and their contractual cash flow characteristics (see section 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 (or €STR).

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 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. Right-of-use assets and lease liabilities

Since the effective date of IFRS 16, the Group has recognized lease liabilities reflecting the present value of outstanding lease payments, and a right-of-use asset for the underlying asset.

Lease liabilitiies

At the commencement date of the lease, the liability is measured as the present value of lease payments that have not been paid at that date, which comprise:

- fixed payments, less any lease incentives receivable;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term was determined assuming that the lessee would exercise the option to terminate the lease.

The discount rate used to measure the lease liability is usually the lessee’s incremental borrowing rate. It takes into account the weighted average term of payments, country risk, risk specific to the subsidiary and the incremental borrowing rate of the parent company since the centralization of financing by the latter.

The lease term is the period for which the contract is enforceable on legal grounds or based on economic considerations that make it highly probable that the lease will be renewed or terminated.

After the commencement date, the lease liability is amortized using the lease discount rate and may be remeasured in the following situations: change in lease term; change in the assessment of whether the entity is reasonably certain to exercise an option; remeasurement of residual value guarantees; change in a rate or index used to determine lease payments when an adjustment in lease payments occurs.

Right-of-use assets

At the commencement date of the lease, the carrying amount of right-of-use assets equals the amount recognized for the lease liability (in some cases adjusted for lease payments made in advance or that have not yet been paid).

After the commencement date, the right-of-use assets are depreciated on a straight-line basis over the lease term and are adjusted whenever the lease liability is remeasured.

x. 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.

y. 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.

z. 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 the component relating to quantities processed over the minimum tonnage is recognized as 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.

D. 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 other non-current assets,
- the assessment of deferred tax assets arising from tax losses carried forward, and
- the measurement of right-of-use assets and the associated lease liabilities.

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. This estimate is particularly sensitive for the four projects for which CNIM Group took over the civil engineering scope after its partner Clugston filed for administration.

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. A similar method is used for other intangible assets and property, plant and equipment when there is an indication of impairment, particularly if they are part of a CGU which has no goodwill and is therefore not annually tested for impairment.

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. This estimate is particularly sensitive given the scale of losses reported for 2019.

For right-of-use assets and the associated lease liabilities, assumptions and estimates are particularly used to determine discount rates and lease terms, as described in paragraph B. w) of Note 1.

NOTE 2 Change in accounting policies

First time application of IFRS 16 "Leases"

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 was recognized in equity at the date of initial application (January 1, 2019) and 2018 comparative information was not restated in the 2019 financial statements.

In accordance with the practical expedients available under the standard, the Group has chosen to:

- Not restate short-term leases;
- Not restate leases of low-value assets;
- Not separate services components of leases, including those relating to passenger vehicles;
- Not restate leases for which the lease term ends within 12 months of the date of initial application;
- Not take into account initial direct costs to measure right-of-use assets at the date of initial application;
- Use the experience effect to determine, at the date of initial application, the lease term where the lessee has the option to extend or terminate the lease.

The Group considers that right-of-use assets and lease liabilities relate to the same lease and should be treated together with regard to deferred taxes. Deferred taxes are consistently recognized for temporary differences in accordance with the approach adopted under IAS 17 (recognition of deferred taxes for temporary differences relating to finance leases).

To apply the standard, the Group inventoried all its leases that fall within the scope of IFRS 16. Property leases represent the bulk of the Group's lease commitments and account for most of the restated leases.

The lease terms used include the irrevocable terms specified in the lease contract and any potential renewal periods. In France, most often a nine-year term was applied to property leases. In other countries, lease terms were measured in line with local law and the expected use of the property.

The Group may have to reassess some lease terms. However, this is not expected to have a material effect.

Due to difficulties in determining the interest rates implicit in the Group's leases (limited information regarding the fair value of leased assets or their expected residual value at the end of the lease term), the Group primarily used the subsidiary's (lessee's) incremental borrowing rates, estimated using CNIM Groupe SA's incremental borrowing rate, adjusted to take into account the subsidiary's specific circumstances/risk profile and whether or not the liabilities are backed by assets, since financing is centralized at parent company level. In the eurozone, where the impacts are most significant, discount rates as at January 1, 2019 were between 1.00% and 1.95%, depending on the lease term.

At January 1, 2019, application of IFRS 16 led to the recognition of an additional lease liability for operating leases of €22 million and an equal amount of right-of-use assets, while accruals were immaterial (see Note 26).

When applying IFRS 16, the Group considered that the temporary occupation permit for part of the public port domain of La-Seyne-sur-mer (Var, France), in force since 1976 and formally renewed during the first half of 2020, was valid at January 1, 2019. This 35-year lease represented a lease liability of €6.1 million at January 1, 2019 and is the main reconciling item between the amount of lease debts as estimated as of January 1, 2019 and the amount of lease off balance sheet commitments as reported as of December 31, 2018.

Application of IFRS 16 at January 1, 2019 had no impact on Group equity. The only impacts of IFRS 16 at January 1, 2019 were as follows:

RESTATED CONSOLIDATED BALANCE SHEET

	Jan. 1, 2019		
(in € thousands)	**Reported**	**IFRS 16 Impacts**	**Restated**
Intangible assets	22.9	-	22.9
Goodwill	70.8	-	70.8
Property, plant and equipment	69.6	(2.0)	67.6
Right-of-use assets	-	24.4	24.4
Equity-accounted investments	24.0	-	24.0
Other non-financial assets	15.9	-	15.9
Deferred tax assets	17.8	-	17.8
NON-CURRENT ASSETS	**221.0**	**22.4**	**243.4**
Inventories and work in progress	21.9	-	21.9
Advances and down payments made	8.0	-	8.0
Trade and other receivables	101.2	-	101.2
Accrued income from contracts in progress	137.0	-	137.0
Social security and tax receivables	79.0	-	79.0
Other curent assets	12.9	-	12.9
Cash and cash equivalents	86.0	-	86.0
CURRENT ASSETS	**446.0**	**-**	**446.0**
TOTAL CONSOLIDATED ASSETS	**667.0**	**22.4**	**689.4**

	Jan. 1, 2019		
(in € thousands)	**Reported**	**IFRS 16 Impacts**	**Restated**
Share capital	6.1	-	6.1
Additional paid-in capital	7.2	-	7.2
Retained earnings	140.2	-	140.2
Net income for the period	32.8	-	32.8
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT	**186.3**	**-**	**186.3**
Non-controlling interests - Retained earnings	8.7	-	8.7
Non-controlling interests - Net income/(loss)	(5.0)	-	(5.0)
NON-CONTROLLING INTERESTS	**3.8**	**-**	**3.8**
Borrowings and debt	63.1	(0.2)	62.9
Non-current lease liabilities	-	17.9	17.9
Provisions for retirement and other employee benefits	26.3	-	26.3
Other non-current provisions	17.0	-	17.0
Deferred tax liabilities	0.7	-	0.7
NON-CURRENT LIABILITIES	**107.1**	**17.7**	**124.7**
Other current financial liabilities	13.8	(0.4)	13.4
Current lease liabilities	-	4.9	4.9
Current provisions	27.7	-	27.7
Trade accounts payable	186.3	-	186.3
Deferred income from contracts in progress	59.4	-	59.4
Social security annd tax payables	71.4	-	71.4
Other current operating liabilities	11.3	0.2	11.5
CURRENT LIABILITIES	**369.8**	**4.7**	**374.6**
TOTAL CONSOLIDATED EQUITY AND LIABILITIES	**667.0**	**22.4**	**689.4**

In accordance with the provisions of IFRS 16, the Group has modified the presentation of its cash flow statement. For financial year 2019, the Group expects an approximately €5 million improvement in net cash from operating activities due to the cancellation of lease expenses, and a corresponding increase in net cash used in financing activities reflecting the repayment of lease liabilities.

For financial year 2019, IFRS 16 also resulted in an increase in EBITDA due to the cancellation of lease expenses, with no material effect on operating income, which included the depreciation of right-of-use assets (see Note 26).

NOTE 3 Significant events of the period

Operating losses for the Environment & Energy segment

The Environment & Energy segment reports current operating losses of € -158.2 millions over the period, notably due to the difficulties encountered on the execution of several construction contracts of the E&E EPC business Division[5].

The difficulties encountered on the E&E EPC contracts, which were disclosed as early as May 16, 2019, concerned the "Civil Engineering" scope of construction contracts for waste-to-energy processing plants, four in the United Kingdom and one in the Middle East.

In the United Kingdom, the problems mainly concerned the bankruptcy of Clugston, CNIM's civil engineering partner for several construction contracts for waste-to-energy plants. The company filed for administration on December 6, 2019.

Forced to take-over the execution of the entire Clugston's scope to honor its contractual commitments, the Group has mobilized new resources and has negotiated or renegotiated several dozens of purchase orders or subcontracts under unfavorable emergency conditions. This takeover, which is now effective and under control, generated significant additional costs primarily connected to purchases and penalties for late delivery related provisions.

In the Middle East, the Group also incurred significant additional costs on the civil engineering scope of work of the Sharjah contract. The Sharjah plant will be the first waste-to-energy facility in the United Arab Emirates and represents a key business reference for the Group.

In this context, the Group has significantly reinforced its supply chain management strategy, in particular with regard to civil engineering, for the entire Environment & Energy EPC business.

The results of Environment & Energy segment is also impacted by the impairment losses on certain assets as mentioned in Note 8 relating to non operating income (loss).

Financial restructuring

Heavily impacted by the operating losses generated over FY 2020 and by the resulting cash burn, the Group, as from July 2019, has brought its syndicated credit-line drawdown amount to its maximum amount (see note 22 "loans and borrowings") and has begun a financial restructuring process in close collaboration with all its financial partners, including the banking consortium and credit insurers (which issue bank guarantees) as well as Martin GmbH (CNIM's longstanding industrial partner).

This process came to an end on June 2020 thanks to the approval of a conciliation protocol whose key terms are described in Note 1 "Basis of preparation and significant accounting policies", paragraph B. "Going concern".

Acquisition of Airstar Aerospace

On March 22, CNIM S.A. acquired 85% of the Airstar Aerospace Company previously owned by the Airstar group. Thales Alenia Space remains a minority shareholder alongside CNIM and a key industrial partner, particularly for the StratobusTM stratospheric airship program.

Airstar Aerospace is a leading designer and manufacturer of tethered aerostats, stratospheric balloons (aerostats capable of ascending to and traveling in the stratosphere), airships and thermal insulation for satellites.

Through this acquisition, CNIM aims to become the European leader in balloon- and airship-based platforms for defense, security, inspection and space applications. Airstar Aerospace was renamed CNIM Airspace.

[5] The business division E&E EPC (business division « Engineering, Procurement, Construction » of « Environnement & Energie » oerating segment) carries the construction contracts for waste-to-energy and biomass plants. It is one of the 6 business Division of the Group.

Acquisition of Cométal France

On May 29, CNIM S.A. acquired 100% of Cométal France.

This French industrial company, which was incorporated in 2000, specializes in the production and maintenance of combustion grates for biomass cogeneration plants and waste-to-energy plants.

With this acquisition, CNIM has expanded and strengthened its service offering, retrofit activity and spare parts supply in its preferred energy markets.

NOTE 4 Consolidation scope

A. Main fully consolidated companies at December 31, 2019

COMPANY	HEADQUARTERS	% CONTROL
Environment and Energy		
Babcock Services	Morocco	100%
CNIM 6 (ex BWH)	France	100%
CNIM Azerbaijan	Azerbaijan	100%
CNIM Activ'emploi	France	100%
CNIM Babcock Maroc	Morocco	99.86%
CNIM Bahrein	Bahrain	100%
CNIM Centre France	France	100%
CNIM Clugston (Avonmouth) Ltd(3)	United Kingdom	100%
CNIM Clugston (Earls Gate) Ltd(3)	United Kingdom	100%
CNIM Clugston (Leeds) Ltd(3)	United Kingdom	100%
CNIM Clugston (Lincolnshire) Ltd(3)	United Kingdom	100%
CNIM Clugston (Lostock) Ltd(3)	United Kingdom	100%
CNIM Clugston (Oxfordshire) Ltd(3)	United Kingdom	100%
CNIM Clugston (Ridham) Ltd(3)	United Kingdom	100%
CNIM Clugston (Shropshire) Ltd(3)	United Kingdom	100%
CNIM Clugston (Staffordshire) Ltd(3)	United Kingdom	100%
CNIM Clugston (Wilton) Ltd(3)	United Kingdom	100%
CNIM Construction LLC	United Arab Emirates	100%
CNIM ECS	United Kingdom	100%
CNIM Engineers	United Arab Emirates	100%
CNIM Environnement & Energie O&M(1)	France	100%
CNIM Environnement & Energie Participations(1)	France	100%
CNIM Environnement & Energie Services(1)	France	100%
CNIM Environnement & Energie(1)	France	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	United Arab Emirates	100%
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%

COMPANY	HEADQUARTERS	% CONTROL
Cometal France[(2)]	France	100%
LAB SA	France	100%
LAB GmbH	Germany	100%
LAB Geodur UK	United Kingdom	100%
LAB Hoffman	United States	100%
LAB Red Wing	United States	100%
LAB USA Holding	United States	100%
LAB Washington	United States	100%
MES Environmental	United Kingdom	100%
SUNCNIM	France	55.56%
Innovation & Systems		
AMI Enterprise Intelligence Software Ltd (Go Albert UK)	United Kingdom	100%
ARKONIA Holdings	United Kingdom	100%
Bertin Corp	United States	100%
Bertin GmbH	Germany	100%
Bertin IT	France	100%
Bertin Italia SRL	Italy	63%
Bertin Technologies	France	100%
Bertin Vietnam	Vietnam	100%
CNIM Air Space[(2)]	France	85%
CNIM Canada	Canada	100%
CNIM Hong-Kong	Hong Kong	99.99%
CNIM Innovation & Systèmes[(1)]	France	100%
CNIM Singapore	Singapore	100%
CNIM Systèmes industriels[(1)]	France	100%
CNIM Transport Equipment	China	100%
CNIM Transport France	France	100%
CNIM Transport Holding	France	100%
Exensor Technology AB	Sweden	100%
Exensor Technology GmbH	Germany	100%
Exensor Technology Ltd	United Kingdom	100%
Go Albert Africa	Morocco	99.90%
Vecsys	France	99.38%
Winlight System Finance	France	100%
Other		
CNIM Mutual Services[(1)]	France	100%
SCI du 35 rue de Bassano	France	100%

(1) Companies created in connection with the Group's legal reorganization, with no impact on the consolidated financial statements.
(2) Acquisitions during the period.
(3) These shell companies are used by the Group and the civil engineering company Clugston as vehicles for invoicing services performed under joint-venture construction contracts. When Clugston fell into administration, CNIM increased its percentage ownership in these companies from 50% to 100% as CNIM took over Clugston's civil engineering contract obligations. Upon completion of these contracts by the Group, the shell companies will be wound up. These companies are exempt from the obligations set out in Section 479A of the UK Companies Act 2016 with regard to the audit of their financial statements.

B. Equity-accounted investments at December 31, 2019

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 Energie	France	44.95%
Wolverhampton Waste Services Ltd (WWS Ltd)	United Kingdom	33.33%
Innovation & Systems		
Technoplus Industries	France	34.79%

All equity-accounted investments 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, 2018	% Control at Dec. 31, 2018
Environment and Energy			
CNIM CZ Sro (liquidation)	Czech Republic	Full consolidation	100%
EKOMZ (liquidation)	Russia	Full consolidation	70%
CNIM Babcock Services (liquidation)	Algeria	Full consolidation	100%
Innovation & Systems			
Exensor Security International AB (merger)	Sweden	Full consolidation	100%
Verbalys (merger)	France	Full consolidation	100%
Winlight Optics (merger)	France	Full consolidation	100%
Winlight System (merger)	France	Full consolidation	100%
Winlight X (merger)	France	Full consolidation	100%

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, 2019	Dec. 31, 2018*	Dec. 31, 2019	Dec. 31, 2018*	Dec. 31, 2019	Dec. 31, 2018*
Revenues	391,684	493,306	196,704	196,463	588,388	689,769
Operating income	(188,099)	(17,306)	6,403	19,866	(181,696)	2,560
Share of net income from equity-accounted investments	2,107	25,311	112	61	2,219	25,372
Operating income after share of net income of equity-accounted investments	(185,993)	8,005	6,515	19,927	(179,477)	27,932

* Amounts not restated for the effects of IFRS 16, as discussed in Note 2.

(in € thousands)	Environment & Energy		Innovation & Systems		Total	
	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
Intangible assets	2,117	2,702	21,772	20,172	23,889	22,874
Goodwill	31,717	31,171	41,035	39,624	72,752	70,795
Property, plant and equipment	15,045	35,904	37,135	33,687	52,180	69,591
Right-of-use assets	8,033	-	14,349	-	22,382	-
Other non-current financial assets	15,850	14,328	1,797	1,576	17,647	15,903

Breakdown of revenues by geographic area

The geographical breakdown is based on the country in which contracts are performed.

(in € thousands)	Dec. 31, 2019				Dec. 31, 2018			
	France	United Kingdom	Rest of the world	Total	France	United Kingdom	Rest of the world	Total
Revenues	304,932	134,642	148,814	588,388	261,108	273,572	155,089	689,769

(in € thousands)	Dec. 31, 2019				Dec. 31, 2018			
	France	United Kingdom	Rest of the world	Total	France	United Kingdom	Rest of the world	Total
Intangible assets	20,301	180	3,408	23,889	18,416	179	4,279	22,874
Property, plant and equipment	40,411	1,186	10,583	52,180	42,460	736	26,395	69,591
Right-of-use assets	19,644	107	2,631	22,382	-	-	-	-
Other non-current financial assets	14,587	2,315	745	17,647	13,993	1,369	541	15,903

NOTE 6 Revenue

A. Breakdown of revenue

The Group's revenue per business division breaks down as follows:

(in € thousands)	Dec. 31, 2019	Dec. 31, 2018*
EPC	173,438	290,103
LAB	70,497	48,232
Services	63,466	81,438
O&M	84,284	73,533
Environment & Energy	**391,684**	**493,306**
Industrial Systems Division	105,690	97,582
Bertin	91,013	98,881
Innovation & Systems	**196,703**	**196,463**
TOTAL	**588,388**	**689,769**

* Amounts restated for the effects of the reclassification of Geodur business from the LAB division to the O&M division for €1,261 thousand.

The breakdown matches the segment information for revenue presented in Note 5, in accordance with IFRS 8.

The Group's two operating segments have very different activities.

- Environment & Energy: energy offering covering all of the businesses: design and manfucture of turnkey plants, operation of energy recovery plants, 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 – Turnkey plants
- LAB
- Services
- O&M

Two business divisions have been defined within the Innovation & Systems operating segment:

- Industrial Systems division
- Bertin and its 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.

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.

B. Backlog

Group backlog reflects revenue to be recognized when outstanding performance obligations are satisfied (in particular following the receipt of service orders or when suspensive conditions are fulfilled).

Changes in backlog over the period are as follows:

(in € thousands)	Dec. 31, 2018	Order Intake	Revenue	Dec. 31, 2019
Environment & Energy	712,737	792,181	391,684	1,113,233
Innovation & Systems	268,778	242,657	196,703	314,732
TOTAL	**981,515**	**1,034,839**	**588,388**	**1,427,965**

Approximately 50% of backlog at December 31, 2019 should generate revenue by 2020 and 97% of the remaining amount within the next five years.

NOTE 7 Research and development

(in € thousands)	Dec. 31, 2019	Dec. 31, 2018
Research and development expenses recognized in expenses (1)	13,764	12,883
Capitalized research and development expenses (2)	1,937	2,810

(1) Including amortization of capitalized development programs.
(2) Development costs capitalized over the period (see Note 12).

NOTE 8 Non-recurring income and expense

(in € thousands)	Dec. 31, 2019	Dec. 31, 2018
Gains or losses from disposals of business operations or groups of assets	356	18,773
Reorganization or restructuring costs	(2,491)	-
Impairment	(24,149)	(11,326)
Other	(4,548)	(628)
NON-RECURRING OPERATING INCOME (EXPENSE)	**(30,832)**	**6,819**

Transactions of material amounts that do not contribute to recurring operating performance are classified under 'other operating income' and 'other operating expenses'.

They may include:

- gains or losses on disposals of business or groups of assets;
- acquisition and integration costs relating to business combinations;
- restructuring costs resulting from restructuring plans whose unusual and significant nature may hinder the clarity of recurring operating income;
- impairment of property, plant and equipment or intangible assets of material amounts;
- estimated or actual costs relating to factors independent of operating effectiveness such as political decisions.

In 2019, the Group recognized the following items under non-recurring income and expense:

- costs relating to the Group's legal reorganization (see Note 3);
- asset impairment relating to:
- the cost of setting up and pre-executing a contract previously awarded to the Group, but subject to final approval by a local political body. Notice to proceed has again been postponed, raising uncertainty as to whether the contract will be enforced;
- "Geodur" assets, after factoring in a lower price index for non-ferrous metals in the medium-term forecasts, given 2019 changes in the index. Fixed assets were written off or their carrying amount reduced to their resale value as confirmed by third parties. The total impairment loss amounts to €15.1 millions (see Note 12 and Note 14).
- Compensation costs paid in connection with the Bahrain contract following a ruling by the International Court of Arbitration.

In 2018, the Group recognized under 'non-recurring income' the gain from the disposal of Bertin Ergonomie and the SELCHP equity interest as well as the impairment of assets relating to the Solar and Geodur businesses.

NOTE 9 Financial income (expense)

(in € thousands)	Dec. 31, 2019	Dec. 31, 2018
Interest income from cash equivalents	63	109
Other interest and similar income	1,022	926
Interest and financial expense (1)	(3,176)	(1,691)
Cost of net debt	**(2,091)**	**(656)**
Foreign exchange gains	4,693	10,291
Foreign exchange losses	(8,820)	(10,023)
Foreign exchange gains (losses) (2)	**(4,127)**	**268**
Other financial income (expense) (3)	129	1,176
FINANCIAL INCOME (EXPENSE)	**(6,089)**	**789**

(1) Of which €493 thousand in interest expense relating to lease liabilities (see Note 26).
(2) Mainly includes the carrying cost (unrealized and realized forward points) of derivative instruments set up to hedge future commercial contract flows.
(3) 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, 2019	Dec. 31, 2018
Current tax	(4,605)	(4,668)
Deferred tax income (expense)	(11,898)	3,807
TOTAL INCOME TAX	**(16,503)**	**(861)**

B. Reconciliation of effective and theoretical income tax expense

(in € thousands)	Dec. 31, 2019	Dec. 31, 2018
Operating income	(181,696)	2,560
Financial income (expense)	(6,089)	789
Consolidated pretax income	**(187,785)**	**3,348**
Tax rate effective in France	34.43%	34.43%
Theoretical income tax expense at the tax rate effective in France	**64,655**	**(1,153)**
Effect of differences in local income tax rates	260	2,149
Impact of tax loss carry-forwards (3)	(82,299)	(6,665)
Taxes not levied on a specific tax base (1)	(1,100)	(1,618)
Research tax credits (2)	4,204	6,137
Non-deductible taxes	(36)	(124)
Other permanent differences	(1,547)	411
Other	(639)	2
Effective income tax expense	**(16,503)**	**(861)**
Effective income tax rate	**-8.79%**	**25.71%**

(1) Mainly French value-added business tax (CVAE).
(2) Impact of tax credits recognized in operating income and exempt from tax.
(3) Given the losses generated by and the difficult conditions relating to the takeover of contracts from civil engineering partners that defaulted on five major projects in 2018 and 2019 as well as the financial restructuring process undertaken with its lenders, the Group decided to limit the recognition of deferred tax assets on the French tax consolidation scope to recognized deferred tax liabilities. This estimate will be revised during the 2020 reporting period.

C. Breakdown of deferred taxes

a. Deferred tax assets

(in € thousands)	Dec. 31, 2019			Dec. 31, 2018
	< 1 year	> 1 year	TOTAL	TOTAL
Temporary differences between tax and accounting base of assets and liabilities	3,855	1,684	5,539	6,144
Provisions for retirement benefits	-	183	183	8,657
Recognition of tax loss carryforwards	709	1,304	2,013	6,954
Other*	8	-	8	1,226
TOTAL	**4,571**	**3,172**	**7,743**	**22,981**
Impact of offsetting assets/liabilities by entity			(1,251)	(5,145)
TOTAL DEFERRED TAX ASSETS			**6,492**	**17,835**

* 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.

At December 31, 2019, deferred tax on taxable losses across the tax consolidation scope in France was fully reversed.

b. Deferred tax liabilities

(in € thousands)	Dec. 31, 2019			Dec. 31, 2018
	< 1 year	> 1 year	TOTAL	TOTAL
Temporary differences between tax and accounting base	(908)		(908)	(225)
Temporary differences between items recognized on a percentage-of-completion basis and contract completion basis	(911)	-	(911)	(911)
Elimination of internal margins	-		-	(11)
Tax-driven provisions		(118)	(118)	(956)
Other	(30)	-	(30)	(3,747)
TOTAL	**(1,849)**	**(118)**	**(1,967)**	**(5,850)**
Impact of offsetting assets/liabilities by entity			1,251	5,145
TOTAL DEFERRED TAX LIABILITIES			**(714)**	**(704)**

NOTE 11 Earnings per share

Basic earnings per share

(in € thousands)	Dec. 31, 2019	Dec. 31, 2018
Net income attributable to owners of the parent	(200,702)	32,825
Weighted average number of ordinary shares(1)	2,826,922	2,839,817
Earnings per share (€)	**(71.00)**	**11.56**

(1) Number of shares excluding treasury shares (see Note 21). There are no dilutive equity instruments.

Diluted earnings per share

(in € thousands)	Dec. 31, 2019	Dec. 31, 2018
Net income attributable to owners of the parent	(200,702)	32,825
Weighted average number of ordinary shares(1)	2,826,922	2,839,817
Weighted average number of ordinary shares used to calculate diluted earnings per share	2,826,922	2,839,817
Diluted earnings per share (€)	**(71.00)**	**11.56**

(1) Number of shares excluding treasury shares (see Note 21). There are no dilutive equity instruments.

NOTE 12 Intangible assets

(in € thousands)	Dec. 31, 2018	Acquisitions / Increases / Additions (1)	Disposals / Decreases / Reversals	Changes in consolidation scope	Translation and other adjustments	Dec. 31, 2019
Capitalized development costs	52,644	1,937	(2,576)	23	467	52,494
Concessions, patents and licenses	10,788	178	-	113	(31)	11,048
Other intangible assets	26,594	1,481	(1,680)	-	257	26,653
Intangible assets in progress	8,862	4,209	-	-	(1,860)	11,212
Gross value	**98,889**	**7,806**	**(4,255)**	**136**	**(1,167)**	**101,406**
Capitalized development costs	(43,467)	(4,029)	2,576	(12)	60	(44,871)
Concessions, patents and licenses	(9,698)	(315)	-	-	33	(9,980)
Other intangible assets	(22,135)	(2,423)	1,680	(113)	1,040	(21,951)
Intangible assets in progress	(715)	-	-	-	-	(715)
Amortization/ impairment	**(76,015)**	**(6,767)**	**4,255**	**(125)**	**1,134**	**(77,517)**
Capitalized development costs	9,177	(2,091)	-	10	527	7,623
Concessions, patents and licenses	1,090	(137)	-	113	2	1,068
Other intangible assets	4,459	(941)	-	(113)	1,297	4,702
Intangible assets in progress	8,148	4,209	-	-	(1,860)	10,497
CARRYING AMOUNT	**22,874**	**1,039**	**-**	**11**	**(34)**	**23,889**

(1) In 2019, of which impairment of Geodur business for €0.8 million recognized under 'non-recurring operating income' (see Note 8).

(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 construction 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, indications of impairment on Geodur business led to the €2.0 million impairment of a demonstration facility.

NOTE 13 Goodwill

A. Changes over the period

(in € thousands)	Dec. 31, 2019	31.12.2018
At January 1 (carrying amount)	**70,795**	**73,845**
Foreign currency translation adjustments(3)	(299)	(1,589)
Goodwill impairment	-	-
Changes in consolidation scope(1)	2,256	(735)
Deconsolidations, assets sold (2)	-	(726)
At December 31 (carrying amount)	**72,752**	**70,795**

(1) In 2019, goodwill of the newly-acquired Airstar Aerospace and Cométal France for €1,710 thousand and €546 thousand, respectively. In 2018, a €412 thousand downward adjustment of the purchase price allocation of Winlight and a €323 thousand downward adjustment in the purchase price allocation of Exensor.
(2) In 2018, disposal of Bertin Ergonomie and Bertin Conseil's multi-physical modeling and scientific IT businesses.
(3) Translation differences on the goodwill of Exensor.

Acquisition of Airstar Aerospace

On March 22, 2019 the Group acquired 85% of the shares and voting rights of the French company Airstar Aerospace, thus obtaining control of it (see Note 3).

Airstar Aerospace, renamed Cnim Air Space, joined the Industrial Systems division, within which synergies are expected.

Over the nine-month period from the acquisition date to December 31, 2019, following amortization of the fair value adjustments in the income statement, Cnim Air Space contributed to Group performance as follows:

- Revenues: €3,564 thousand;
- Operating income: €225 thousand;
- EBITDA: €399 thousand.

Management believes that if the acquisition had taken place on January 1, 2019, revenues in the consolidated financial statements would have amounted to €4.1 million, operating expense for the period would have amounted to -€0.1 million, and EBITDA would have amounted to -€0.1 million. To determine these amounts, Management assumed that the provisional fair value adjustments made at the acquisition date would have been the same if the acquisition had taken place on January 1, 2019.

The consideration transferred for this transaction was a cash payment of €1,700 thousand.

At the acquisition date, the provisional fair value of assets acquired and liabilities assumed and provisional goodwill resulting from the acquisition were as follows:

(in € thousands)	Dec. 31, 2019
Acquisition cost	**1,700**
Amount paid	*1,700*
Assets	
Property, plant and equipment and intangible assets	3,351
Right-of-use assets	594
Other non-current financial assets	104
Deferred tax assets	834
Inventories and work-in-progress	541
Trade and other receivables	494
Social security and tax receivables	1,167
Other current assets	58
Cash and cash equivalents	153
Liabilities	
Borrowings and debt	1,847
Non-current lease liabilities	477
Provisions for retirement	239
Other non-current provisions	74
Other current financial liabilities	330
Current lease liabilities	117
Trade accounts payable	1,627
Deferred income from contracts	313
Social security and tax payables	782
Other current operating liabilities	1,500
Total net assets acquired	**(11)**
Attributable to:	
. Non-controlling interests	(2)
. Owners of the parent	(10)
Goodwill	**1,710**

Fixed assets mainly include development costs for the Stratobus™ stratospheric airship demonstrator.

Goodwill mainly relates to Cnim Air Space know-how and technical expertise on a range of products that complement those already offered by the Industrial Systems division, as well as the synergies expected from Cnim Air Space joining the Group. Goodwill recognized is not tax deductible.

Acquisition of Cométal France

On May 29, 2019 the Group acquired all the shares and voting rights of the French company Cométal France, thus obtaining control of it (see Note 3).

Cométal has joined the E&E Services Division, within which synergies are expected.

Over the seven-month period from the acquisition date to December 31, 2019, Cométal France contributed to Group performance as follows:

- Revenues: €1,131 thousand;
- Operating expense: -€126 thousand;
- EBITDA: -€64 thousand.

The consideration transferred for this transaction was a cash payment of €925 thousand.

At the acquisition date, the provisional fair value of assets acquired and liabilities assumed and provisional goodwill resulting from the acquisition were as follows:

(in € thousands)	Dec. 31, 2019
Acquisition cost	925
Amount paid	*925*
Assets	
Property, plant and equipment and intangible assets	213
Right-of-use assets	335
Other non-current financial assets	30
Deferred tax assets	18
Inventories and work-in-progress	508
Trade and other receivables	221
Other current assets	2
Liabilities	
Non-current lease liabilities	335
Provisions for retirement and other employee benefits	53
Other current financial liabilities	220
Trade accounts payable	206
Deferred income from contracts	4
Social security and tax payables	128
Other current operating liabilities	2
Total net assets acquired	**380**
Attributable to:	
. Non-controlling interests	-
. Owners of the parent	380
Provisional goodwill	**546**

Goodwill recognized is not tax deductible.

If new information on facts and circumstances that existed at the acquisition date were obtained within one year from that date and if this information highlighted necessary adjustments to the amounts presented above or additional provisions at the acquisition date, the acquisition accounting would be modified.

B. Breakdown by CGU

(in € thousands)	Dec. 31, 2019			Dec. 31, 2018		
	Gross amount	Impairment	Carrying amount	Gross amount	Impairment	Carrying amount
Environment & Energy - Construction CGU	31,171	-	**31,171**	31,171	-	**31,171**
Environment & Energy - Services/CBS CGU	546	-	**546**	-	-	**-**
Environment & Energy	**31,717**	**-**	**31,717**	**31,171**	**-**	**31,171**
Bertin Systems & Advisory CGU	35,868	-	**35,868**	36,166	-	**36,166**
Bertin IT CGU	4,158	(3,000)	**1,158**	4,158	(3,000)	**1,158**
Industrial Systems Division CGU	4,010	-	**4,010**	2,300	-	**2,300**
Innovation & Systems	**44,035**	**(3,000)**	**41,035**	**42,624**	**(3,000)**	**39,624**
TOTAL	**75,752**	**(3,000)**	**72,752**	**73,795**	**(3,000)**	**70,795**

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 or;
- a growth rate decreased by 100 basis points or;

- a forecast normative operating income in year five decreased by 5%.

NOTE 14 Property, plant and equipment

(in € thousands)	Dec. 31, 2018	Acquisitions / Increases / Additions (1)	Disposals / Decreases / Reversals	Changes in consolidation scope(2)	Translation and other adjustments(3)	Reclassification to assets held for sale(4)	Dec. 31, 2019
Land	8,700	-	(108)	-	3,422	(3,462)	8,552
Buildings	56,172	2,361	(585)	79	(8,307)	(5,849)	43,872
Technical facilities, equipment and tooling	82,827	2,708	(6,094)	546	1,311	-	81,297
Other property, plant and equipment	31,675	2,997	(162)	319	(212)	-	34,618
PP&E in progress and advances and down payments	4,940	5,379	-	3,004	(1,511)	-	11,812
Gross value	**184,314**	**13,446**	**(6,949)**	**3,948**	**(5,296)**	**(9,311)**	**180,151**
Land	(285)	(7)	-	-	-	-	(292)
Buildings	(32,380)	(2,088)	326	(28)	3,647	737	(29,786)
Technical facilities, equipment and tooling	(56,546)	(18,307)	4,418	(185)	1,358	-	(69,262)
Other property, plant and equipment	(25,135)	(2,442)	1,629	(181)	(1,114)	-	(27,242)
PP&E in progress and advances and down payments	(377)	(1,008)	-	-	(4)	-	(1,389)
Accumulated depreciation and impairment	**(114,723)**	**(23,851)**	**6,372**	**(394)**	**3,887**	**737**	**(127,972)**
Land	8,415	(7)	(108)	-	3,422	(3,462)	8,260
Buildings	23,792	274	(259)	51	(4,660)	(5,112)	14,086
Technical facilities, equipment and tooling	26,282	(15,599)	(1,677)	361	2,669	-	12,035
Other property, plant and equipment	6,541	556	1,467	138	(1,325)	-	7,376
PP&E in progress and advances and down payments	4,562	4,371	-	3,004	(1,514)	-	10,423
CARRYING AMOUNT	**69,591**	**(10,405)**	**(577)**	**3,554**	**(1,409)**	**(8,574)**	**52,180**

(1) In 2019, including the impairment of Geodur property, plant and equipment recognized under 'non-recurring operating income' (see Note 8).
(2) In 2019, acquisition of Airstar Aerospace and Cométal France (see Note 13).
(3) In 2019, reclassification of finance lease assets under IAS 17 as right-of-use assets for €3.7 million (gross value) and €1.8 million in accumulated depreciation at January 1, 2019, mainly relating to buildings (see Note 26).
(4) In 2019, reclassification under 'assets held for sale' of the building located rue de Bassano for a carrying amount of €8.6 million.

(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 construction 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, indications of impairment of Geodur business led to the €1.5 million impairment of one of the three units in operation.
(2) In 2018, mainly Winlight goodwill adjustment.

NOTE 15 Equity-accounted investments

A. Year-on-year change

(in € thousands)	Dec. 31, 2019	31.12.2018
At January 1	**24,022**	**33,083**
Share of net income of equity-accounted investments (1)	2,219	25.372
Foreign currency translation differences	325	748
Dividends	(606)	(31,253)
Change in consolidation scope (2)	-	1,404
Share of items that can be reclassified to other comprehensive income	(1,837)	(208)
Other (4)	1,368	(5,124)
At December 31	**25,491**	**24,022**

(1) In 2018, includes €22 million from the disposal of the SELCHP and MES SELCHP equity interests which CNIM Development held jointly with an investment fund (Cube before the disposal, Icon after the disposal).
(2) In 2018, inclusion of Picardie Biomasse Énergie and exit of SELCHP and MES SELCHP.
(3) In 2019, change in the fair value of derivative instruments designated as interest rate hedges amounting to -€1,837 thousand.
(4) In 2019, change in receivables from equity-accounted associates amounting to €1,368 thousand. In 2018, impairment of receivables from equity-accounted associates for -€4,536 thousand.

B. Breakdown of equity-accounted investments

(in € thousands)	% interest		Share of equity		Share of net income	
	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
CNIM Development (1)	50.00	50.00	2,477	(2,201)	662	22,870
CCUAT	49.88	49.88	76	81	(4)	(3)
CSBC	50.00	50.00	3	3	-	(0)
Dudley Waste Services Ltd (DWS Ltd)	33.33	33.33	3,136	3,126	554	260
Hanford Waste Services Holding Ltd (HWS Ltd)	34.75	34.75	3,561	5,691	602	(179)
MES SELCHP (2)	-	-	-	-	-	(1)
SELCHP (2)	-	-	-	-	-	1,600
Technoplus Industries	34.79	34.79	4,936	4,824	112	61
Wolverhampton Waste Services Ltd (WWS Ltd)	33.33	33.33	3,269	2,840	577	130
Ello (3)	28.34	28.34	6,729	8,532	(437)	756
Picardie Biomasse Energie (4)	44.95	44.95	1,304	1,125	153	(121)
TOTAL			**25,491**	**24,022**	**2,219**	**25,372**

(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 recognized at December 31, 2018.
(4) Share of equity including the loan relating to the equity interest and impairment of €1,411 thousand recognized at December 31, 2018.

C. Financial information at 100%

(in € thousands)	Revenues		Net income for the period		Balance sheet total		Borrowings and debt (2)	
	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018	Dec. 31, 2019	Dec. 31, 2018
CNIM Development	-	-	9,271	59,994	33,305	23,294	14,754	12,993
CCUAT	-	-	(8)	(6)	160	164	-	-
CSBC	-	-	-	(0)	38	36	24	22
Dudley Waste Services Ltd (DWS Ltd)	11,729	10,867	2,124	1,156	7,865	8,233	4,443	5,615
Hanford Waste Services Holding Ltd (HWS Ltd)	19,307	18,763	3,280	812	13,912	21,735	8,979	11,694
MES SELCHP (1)	nc	nc	nc	nc	nc	nc	nc	nc
SELCHP (1)	nc	nc	nc	nc	nc	nc	nc	nc
Technoplus Industries	322	175	322	175	26,681	26,359	3	3
Wolverhampton Waste Services Ltd (WWS Ltd)	12,383	10,801	1,993	799	8,361	7,965	5,156	6,480
Ello	1,580	-	(868)	1,483	64,366	64,235	60,425	60,501
Picardie Biomasse Energie	30,115	26,490	339	(270)	20,881	20,770	8,757	9,430

(1) Companies sold in 2018.
(2) Excluding IFRS 16 lease liabilities.

NOTE 16 Other non-current financial assets

(in € thousands)	Dec. 31, 2019			Dec. 31, 2018		
	Gross value	Impairment	Carrying amount	Gross value	Impairment	Carrying amount
Non-consolidated equity investments	13,222	(6,479)	6,743	11,666	(6,468)	5,199
Receivables relating to non-consolidated equity investments	8,694	(74)	8,620	8,273	(74)	8,199
Loans	487	-	487	1,176	-	1,176
Other non-current financial assets(1)	1,797	-	1,797	1,371	(42)	1,329
TOTAL	**24,200**	**(6,553)**	**17,647**	**22,487**	**(6,584)**	**15,903**

(1) Mainly deposits and guarantees.

Non-consolidated equity investments

(in € thousands)	Dec. 31, 2019						Dec. 31, 2018					
	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	
S.M.A	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%*	3,686	5,489	1,867	(64)	1,803	*10.87%*	3,510	5,313
Cogénération Biomasse d'Estrées-Mons(2)	613	(613)	-	*7.00%*	4,934	4,934	613	(613)	-	*7.00%*	4,689	4,689
Other	8,826	(5,802)	3,023		-	3,023	7,270	(5,791)	1,479		0	1,479
TOTAL	**13,222**	**(6,479)**	**6,743**		**8,620**	**15,363**	**11,666**	**(6,468)**	**5,199**		**8,199**	**13,398**

(1) Shareholders' current accounts without repayment schedules.
(2) Impairment of receivables relating to equity investments in Cogénération Biomasse d'Estrées-Mons amounting to €74 thousand.

NOTE 17 Inventories

(in € thousands)	Dec. 31, 2018	Increase / Decrease	Changes in consolidation scope (2)	Translation and other adjustments	Dec. 31, 2019
Raw materials	15,076	(1,880)	998	(705)	13,489
Purchased goods	1,503	399	-	7	1,910
Finished products	2,313	2,119	594	900	5,925
Work-in-progress	6,960	1,364	90	(12)	8,402
Contract costs(1)	2,658	(2,514)	-	-	144
Gross value	**28,510**	**(511)**	**1,682**	**190**	**29,871**
Raw materials	(5,593)	851	(613)	(20)	(5,375)
Purchased goods	(446)	(32)	-	104	(374)
Finished products	(595)	(406)	(20)	-	(1,021)
Work-in-progress	-	(70)	-	(107)	(177)
Contract costs(1)	-	-	-	-	-
Impairment	**(6,634)**	**343**	**(633)**	**(23)**	**(6,947)**
Raw materials	9,483	(1,029)	385	(725)	8,114
Purchased goods	1,057	367	-	111	1,536
Finished products	1,717	1,713	574	900	4,904
Work-in-progress	6,960	1,294	90	(120)	8,225
Contract costs(1)	2,658	(2,514)	-	-	144
CARRYING AMOUNT	**21,876**	**(168)**	**1,049**	**167**	**22,923**

(1) See Note 19.
(2) Acquisition of Airstar Aerospace and Cométal France (see Note 13).

NOTE 18 Trade and other receivables

(in € thousands)	Dec. 31, 2019	Dec. 31, 2018
Trade accounts receivable, not yet due	77,065	54,766
Trade accounts receivable past due by:	51,268	41,199
less than one month	15,187	18,167
between 1 and 3 months	12,251	7,513
between 3 and 6 months	4,804	5,426
between 6 and 12 months	7,871	3,567
more than 1 year	11,156	6,525
Gross trade accounts receivable	**128,333**	**95,965**
Impairment	(4,241)	(3,878)
Net trade accounts receivable	**124,091**	**92,087**
Accrued revenue	10,512	9,150
TOTAL	**134,603**	**101,237**

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	Increase / Decrease	Changes in consolidation scope	Translation and other adjustments	Dec. 31, 2019
Accrued income from contracts in progress	137,024	25,257	-	141	162,422
Contract costs(1)	2,658	(2,514)	-	-	144
CONTRACT ASSETS	**139,682**	**22,743**	**-**	**141**	**162,566**
Advances and down payments received from customers	2,157	30,666	317	9	33,149
Deferred income from contracts in progress	57,227	50,909	-	10	108,145
CONTRACT LIABILITIES	**59,384**	**81,575**	**317**	**19**	**141,295**
CONTRACT ASSETS NET OF CONTRACT LIABILITIES	**80,298**	**(58,832)**	**(317)**	**122**	**21,272**

(1) Reported in "Inventories and work in progress" (see Note 17).

Contract costs reflect costs incurred to secure and execute contracts, which correspond to satisfying outstanding performance obligations or performing specific planned contracts.

Other contract assets relate to the portion of performance obligations where the Group's enforceable right to payment is conditional upon the performance of other work provided for in the contract. Contract assets are recognized as receivables as the goods are gradually transferred to the customer, giving rise to the Group's enforceable right to payment.

Contract liabilities mainly relate to advances and downpayments received on orders or other current liabilities representing the amount of outstanding obligations for which payment from the customer has been received. Fulfillment of performance obligations results in the recognition of revenue to offset contract liabilities, with no future impact on the Group's cash flow.

The change in contract assets and liabilities was due to revenue recognized over the period based on percentage completion below the amount invoiced to customers over the period and accounted for separately (see Note 18).

NOTE 20 Other operating assets and liabilities

A. Social security and tax receivables and payables

(in € thousands)	Dec. 31, 2018	Increase / Decrease	Changes in consolidation scope (1)	Translation and other adjustments	Dec. 31, 2019
Amounts due from personnel	552	135	1	1	689
Amounts due from government and other public authorities	78,436	842	1,151	135	80,565
SOCIAL SECURITY AND TAX RECEIVABLES	**78,988**	**977**	**1,152**	**137**	**81,254**
Amounts due to personnel	33,273	4,784	711	19	38,788
Amounts due to government and other public authorities	38,082	7,567	200	101	45,949
SOCIAL SECURITY AND TAX PAYABLES	**71,355**	**12,351**	**911**	**120**	**84,737**

(1) Acquisition of Airstar Aerospace and Cométal France (see Note 13).

B. Other operating assets and liabilities

(in € thousands)	Dec. 31, 2018	Increase / Decrease	Changes in consolidation scope (1)	Translation and other adjustments	Dec. 31, 2019
Miscellaneous accounts receivable	7,065	(654)	499	(757)	6,153
Impairment of other receivables	(29)	0	(291)	(0)	(320)
Prepaid expenses	5,509	4,654	60	22	10,244
Derivative financial instruments	329	(325)	0	0	4
OTHER OPERATING ASSETS	**12,875**	**3,674**	**268**	**(735)**	**16,081**
Miscellaneous accounts receivable	5,352	5,515	2	34	10,903
Deferred income	3,786	1,774	1,500	232	7,291
Derivative financial instruments	2,125	3,449	0	0	5,574
OTHER OPERATING LIABILITIES	**11,262**	**10,737**	**1,502**	**266**	**23,768**

(1) Acquisition of Airstar Aerospace and Cométal France (see Note 13).

NOTE 21 Equity

A. Share capital

At December 31, 2019, 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 or 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, 2019, there were 2,400,188 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 June 26, 2019, the Company renewed a liquidity agreement with Exane.

Treasury share data for 2019 are presented in the following table:

	CNIM	Exane	Total
Number of shares at January 1, 2019	188,449	11,607	200,056
Number of shares purchased in 2019	-	9,969	9,969
Average purchase price	0.00	56.30	56.30
Number of shares sold in 2019	-	7,235	7,235
Average sales price	0.00	57.57	57.57
Number of treasury shares at December 31, 2019	188,449	14,341	202,790
Weighted average number of treasury shares			201,188
Weighted average number of ordinary shares			2,826,922
Total number of shares			3,028,110

F. Dividends proposed

No dividend will be proposed at the Annual General Meeting on July 31, 2020.

As decided at the Shareholders' Meeting of June 26, 2019, all net income for the period ended December 31, 2018 was allocated to "Retained earnings", so no dividends were paid for financial year 2018.

NOTE 22 Loans and borrowings

A. Breakdown of current and non-current financial liabilities

	Dec. 31, 2019			Dec. 31, 2018		
(in € thousands)	Non-current	Current	Total	Non-current	Current	Total
Borrowings	2,373	165,870	168,244	57,221	7,759	64,980
Payables on finance leases	16,142	4,539	20,681	-	-	-
Refundable advances	6,163	589	6,752	5,654	312	5,966
Sales of receivables	20,372	11,389	31,761	-	3,439	3,439
Other	256	353	609	208	704	912
GROSS FINANCIAL LIABILITIES	**45,306**	**182,740**	**228,046**	**63,083**	**12,214**	**75,297**
Bank overdrafts	-	5,687	5,687	-	1,543	1,543
NET FINANCIAL LIABILITIES	**45,306**	**188,428**	**233,734**	**63,083**	**13,758**	**76,840**

Loans and borrowings due in less than one year are recorded under 'current financial liabilities'.

Loans and borrowings due in more than one year are recorded under 'non-current financial liabilities'.

B. Change in gross financial liabilities

(in € thousands)	Dec. 31, 2019
Balance at January 1	**75,297**
Issue of loans and borrowings (1)	112,957
Repayment of loans and borrowings (1)	(13,446)
Other financing transactions (1)	28,259
Change in consolidation scope (2)	2,803
Other changes (3)	22,177
Balance at December 31	**228,046**

(1) Amounts analyzed in the Statement of Cash Flows, including net repayments relating to lease liabilities for €5.6 million (see Note 26).
(2) Acquisition of Airstar Aerospace and Cometal France (see Note 13).
(3) Including the effects of first-time adoption of IFRS 16 at January 1, 2019 for €22 million, as discussed in Note 2 and Note 26.

C. Breakdown of foreign currencies and maturities

(in € thousands)	Dec. 31, 2019			Dec. 31, 2018		
	Total	Euros	Foreign currency	Total	Euros	Foreign currency
Less than one year	188,428	185,994	2,434	13,758	12,765	992
1-5 years	35,931	34,569	1,362	60,574	60,574	-
More than 5 years	9,376	9,376	-	2,508	2,449	60
TOTAL	**233,734**	**229,939**	**3,795**	**76,840**	**75,788**	**1,052**

Equivalent value (in € thousands)	Foreign currency	Dec. 31, 2019	Dec. 31, 2018
Moroccan dirhams	MAD	2,322	923
US Dollars	USD	661	68
Pounds sterling	GBP	122	60
Other foreign currencies		692	-
TOTAL		**3,795**	**1,052**

D. Breakdown of loans and borrowings

(in € thousands)	Dec. 31, 2019	Dec. 31, 2018
Loan to invest in **Exensor Group**	24,000	30,000
Loan to fund work at **SCI Bassano**	1,135	2,256
Loan to invest in the **Estrées-Mons** project company	-	200
Drawdown of the renewable credit line	120,000	30,000
Financing loan for **R&D projects**	2,229	2,513
Other loans and borrowings (1)	20,880	11
TOTAL LOANS AND BORROWINGS	**168,244**	**64,980**
Non-current	2,373	57,221
Current	165,870	7,759

(1) In 2019, loan taken out with Martin GmbH, long-standing partner of CNIM, for €20 million which maturity date, initially on January, 15 2020 was postponed to the bond issuance date.

In December 2017, the Group renewed a syndicated credit line (multi-currency) of €120 million, which was renewable for a five-year period (extended by one year in 2019, with another one-year extension possible) at a floating rate (Euribor or Libor). The amount drawn down from the credit line was €120 million at December 31, 2019. 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. If breached, the terms of the covenant require the borrowers to repay the credit line upon demand by the lenders.

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 net debt to EBITDA ratio was calculated based on the following:

(in € thousands)	Dec. 31, 2019	Dec. 31, 2018
Consolidated EBITDA	(130,293)	14,548
Consolidated debt, net consolidated cash flow	133,188	(9,137)

The covenant conditions were not met at the 2019 reporting date.

Given the limitations of the waiver obtained at December 31, 2019, the three loans were classified, for their full amounts, under 'current financial liabilities' as the Group did not have an enforceable right to repay them in more than one year at December 31, 2019.

NOTE 23 Retirement and other employee benefits

(in € thousands)	Dec. 31, 2018	Additions	Reversals (utilizations)	Reversals (surplus)	Actuarial differences	Other*	Dec. 31, 2019
Provisions for long-service awards	485	33	-	-	-	-	518
Provisions for retirement benefits	25,827	2,729	(512)	(10,959)	3,072	301	20,458
TOTAL	**26,312**	**2,762**	**(512)**	**(10,959)**	**3,072**	**301**	**20,976**

* Acquisition of Airstar Aerospace and Cométal France (see Note 13).

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.
- Following the decision of the Chairman of the Management Board, and in light of the French law (Plan d'Action pour la Croissance et la Transformation des Entreprises) intended to introduce major pension reforms, the supplementary defined benefit plan (article 39) introduced by a unilateral decision of the employer at January 1, 1987 and replaced by the regulation of June 15, 2009, was definitively terminated at December 31, 2019, with cancellation of potential settlement rights. Termination of the plan resulted in a gain of €11 million.

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, 2019				Dec. 31, 2018
	France	United Kingdom	Other	TOTAL	TOTAL
Value of obligation	20,148	5,530	332	26,011	30,581
Fair value of plan assets	(23)	(7,552)	-	(7,575)	(6,018)
Liability recognized at reporting date	**20,126**	**-**	**332**	**20,458**	**25,827**
Asset recognized at reporting date	**-**	**2,022**	**-**	**2,022**	**1,264**

Changes in obligations over the reporting period relating to defined benefit plans are detailed below:

(in € thousands)	Dec. 31, 2019				Dec. 31, 2018
	France	United Kingdom	Other	Total	Total
Value of the obligation at the beginning of the reporting period	**25,523**	**4,731**	**327**	**30,581**	**31,551**
Change in consolidation scope *	-	-	-	-	(167)
Foreign currency translation adjustments	-	178	6	184	(29)
Current service costs	2,251	121	-	2,372	2,462
Interest cost	422	150	-	572	543
Tax	-	18	-	18	17
Plan settlements	(10,959)	-		(10,959)	(83)
Employee contributions	-	-	-	-	-
Benefits paid	-	(167)	-	(167)	(1,787)
Actuarial gains and losses	2,912	499	-	3,411	(1,927)
Value of the obligation at reporting date	**20,148**	**5,530**	**332**	**26,011**	**30,581**

Changes in plan assets over the reporting period are detailed below:

(in € thousands)	Dec. 31, 2019				Dec. 31, 2018
	France	United Kingdom	Other	Total	Total
Value of plan assets at beginning of reporting period	**23**	**5,996**	**-**	**6,018**	**5,509**
Foreign currency translation adjustments	-	161	-	161	(51)
Change in consolidation scope *	-	-	-	-	-
Expected return on plan assets	-	204	-	204	138
Employer contributions	-	826	-	826	720
Employee contributions	-	18	-	18	17
Plan settlements/benefits paid	-	(167)	-	(167)	(96)
Administrative costs	-	-	-	-	-
Actuarial gains and losses	-	514	-	514	(219)
Value of plan assets at reporting date	**23**	**7,552**	**-**	**7,575**	**6,018**

Components of pension expense recognized in the income statement were as follows:

(in € thousands)	Dec. 31, 2019				Dec. 31, 2018
	France	United Kingdom	Other	Total	Total
Current service costs	2,251	121	-	2,372	2,462
Interest cost	422	150	-	572	543
Return on plan assets	-	(204)	-	(204)	(138)
Administrative costs	-	-	-	-	-
Plan settlements	(10,959)	-	-	-	-
Expense for the period	**(8,286)**	**67**	**-**	**(8,219)**	**2,867**

The average weighted term of the obligation is 14.5 years.

The Company estimates that it will pay €0.6 million in retirement benefits in 2020.

At December 31, 2019, there were no longer any defined benefit schemes in France.

b. Actuarial assumptions

The main assumptions used to calculate the provisions for Group pension plans are as follows:

(in € thousands)	Dec. 31, 2019		Dec. 31, 2018	
	France	United Kingdom	France	United Kingdom
Discount rate	0.80%	2.00%	1.60%	2.75%
Future salary increase rate	3.00%	3.05%	3.00%	3.30%
Inflation rate	2.00%	3.05%	2.00%	3.25%
Mortality table	INSEE TGH05-TGF05 table	S2PXA, CMI_2017	INSEE TGH05-TGF05 table	S2PXA, CMI_2015

c. Breakdown of plan assets

The main asset categories and expected returns are as follows:

(%)	Dec. 31, 2019	Dec. 31, 2018
Equities	0%	0%
Bonds	9%	11%
Diversified growth funds	43%	39%
Other*	48%	50%
TOTAL	**100%**	**100%**

* Including for 2019, 25% for "Multi-assets credit" and 21% for "Liability Driven Investments"; and in 2018, 17% 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 3.4% 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, 2019 amounted to €518 thousand.

The provision for long-service awards at December 31, 2019 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 0.8% (including inflation) were used.

NOTE 24 Other provisions for contingencies and liabilities

(in € thousands)	Dec. 31, 2018	Additions	Reversals (utilizations)	Reversals (surplus)	Foreign currency translation adjustments	Other changes	Dec. 31, 2019
Provisions for litigation	5,689	2,921	(249)	(374)	3	-	7,990
Provisions for losses at completion (1)	4,316	-	-	-	-	(4,316)	-
Other contingency provisions	6,908	3,162	(1,663)	(3,147)	9	(88)	5,181
Provisions for other expenses	60	-	-	-	-	24	84
Total non-current provisions	**16,972**	**6,083**	**(1,912)**	**(3,521)**	**12**	**(4,380)**	**13,255**
Provisions for losses at completion (1)	-	60,205	(6,412)	-	5	4,454	58,253
Provisions for guarantees	10,882	8,153	(2,901)	(5,180)	52	-	11,005
Accruals on completed contracts	16,866	25,731	(11,805)	(2,477)	137	-	28,452
Total current provisions	**27,748**	**94,089**	**(21,118)**	**(7,658)**	**195**	**4,454**	**97,710**
TOTAL PROVISIONS FOR CONTINGENCIES AND LIABILITIES	**44,721**	**100,173**	**(23,030)**	**(11,179)**	**207**	**74**	**110,966**

(1) At January 1, 2019, the Group classified all provisions for losses at completion under 'current provisions', considering that these items related to the operating cycle. The increase in provisions for losses at completion was mainly due to expected losses on certain contracts (see Note 3).

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".

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

IFRS 9 defines 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 2019.

(in € thousands)	Dec. 31, 2019						Dec. 31, 2018	
	Category of financial instruments				Fair value level	Fair value	Carrying amount	Fair value
	FV through profit or loss	Derivatives	Amortized cost	Carrying amount				
Non-consolidated equity investments	6,743			6,743	3	6,743	5,199	5,199
Receivables relating to non-consolidated equity investments			8,620	8,620	3	8,620	8,199	8,199
Loans			487	487	2	487	1,176	1,176
Other non-current financial assets			1,797	1,797	2	1,797	1,329	1,329
Trade and other receivables			134,603	134,603	2	134,603	101,237	101,237
Accrued income from contracts			162,422	162,422	2	162,422	137,024	137,024
Cash and cash equivalents	100,546			100,546	1	100,546	85,978	85,978
Current derivatives		4		4	2	4	329	329
Financial assets	**107,289**	**4**	**307,929**	**415,222**		**415,222**	**340,472**	**340,472**
Non-current financial liabilities	(0)		29,165	29,165	2	29,165	63,083	63,096
Non-current lease liabilities			16,142	16,142	2	14,373	-	-
Trade accounts payable			156,814	156,814	2	156,814	186,327	186,327
Other current financial liabilities			183,888	183,888	2	156,009	13,758	13,758
Current lease liabilities			4,539	4,539	2	4,042	-	-
Current derivatives		5,574		5,574	2	5,574	2,125	2,125
Financial liabilities	**(0)**	**5,574**	**390,548**	**396,121**		**365,977**	**265,292**	**265,305**

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). As at December 31, 2019 as no reliable benchmark may be referred to, the calculation were performed with a rate of 8% that the Group deems to reflect the conditions the Group may achieved as at closing date.

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. Right-of-use assets

(in € thousands)	Dec. 31, 2018	Change in accounting policy[1]	Increase	Decrease	Changes in consolidation scope[2]	Translation and other adjustments[3]	Dec. 31, 2019
Land	-	-	-	-	-	281	281
Buildings	-	20,421	1,298	(150)	900	2,929	25,398
Technical facilities, equipment and industrial tooling	-	639	-	-	-	113	751
Other property, plant and equipment	-	1,356	439	-	29	469	2,292
Right-of-use assets, gross value	**-**	**22,416**	**1,737**	**(150)**	**929**	**3,791**	**28,723**
Land	-	-	-	-	-	-	-
Buildings	-	-	(3,925)	439	-	(1,381)	(4,867)
Technical facilities, equipment and industrial tooling	-	-	(265)	-	-	(23)	(288)
Other property, plant and equipment	-	-	(824)	58	0	(420)	(1,185)
Right-of-use assets, accumulated depreciation and impairment	**-**	**-**	**(5,014)**	**497**	**0**	**(1,824)**	**(6,340)**
Land	-	-	-	-	-	281	281
Buildings	-	20,421	(2,627)	289	900	1,548	20,531
Technical facilities, equipment and industrial tooling	-	639	(265)	-	-	90	464
Other property, plant and equipment	-	1,356	(385)	58	29	49	1,107
Right-of-use assets, carrying amount	**-**	**22,416**	**(3,277)**	**347**	**929**	**1,967**	**22,382**

(1) Acquisition of Airstar Aérospace and Cométal France (see Note 13).
(2) Effects of first-time adoption of IFRS 16 (see Note 2).
(3) Including the reclassification of finance lease assets in accordance with IAS 17 as right-of-use assets for €3.7 million (gross value) and €1.8 million in accumulated depreciation at January 1, 2019, mainly relating to buildings (see Note 14).

B. Lease liabilities

(in € thousands)	Dec. 31, 2019
Non-current lease liabilities	16,142
Current lease liabilities	4,539
TOTAL	**20,681**

The net change of €20.7 million recorded over the reporting period breaks down as follows:

- Effects of the first-time adoption of IFRS 16 for €22.1 million and reclassification of finance lease liabilities for €0.6 million;
- Acquisitions for €0.9 million;
- Interest income over the period for €0.5 million;
- Repayment of liabilities for €5.6 million;
- New contracts and effect of changes for €2.1 million;
- Other changes for €1 million.

Lease terms

(in € thousands)	Dec. 31, 2019
Less than one year	4,539
1-5 years	8,315
More than 5 years	7,827
LEASE LIABILITIES	**20,681**
Non-current	16,142
Current	4,539

C. Other information

Effects on performance of leases recognized under IFRS 16

(in € thousands)	Dec. 31, 2019
Cancellation of lease expenses	5,595
Depreciation and amortization expense	(4,942)
Net impact on operating income	**652**
Interest on lease liabilities	(493)
Interest income from lease liabilities	(48)
Net impact on pretax income	**111**
Net impact on EBITDA	**5,595**

NOTE 27 Off-balance sheet commitments

(in € thousands)	Dec. 31, 2019	Dec. 31, 2018
Commitments given		
Contract bank guarantees	547,684	429,591
Commitments received		
Bonds received from suppliers	82,997	168,003

NOTE 28 Contingent liabilities

In application of IAS 37 criteria, the Group considers that the legal proceeding described below did not have to be provisioned at December 31, 2019 since the outcome is uncertain:

In May 2019, CNIM and CNIM Industrie were named as parties in the lawsuit of a director of a foreign subsidiary who is demanding backpay over a very long period of time. The Group is contesting the conformity of the summons and the merit of the claim. The suit is awaiting hearing by the French commercial court (Tribunal de Commerce).

NOTE 29 Related parties

(in € thousands)	Dec. 31, 2019	Dec. 31, 2018
1) Sales of goods and services		
- Joint ventures and equity-accounted investments	22,044	21,014
2) Purchases of goods and services		
- Joint ventures and equity-accounted investments	3,018	4,242
- Martin GmbH	7,238	-
3) Operating receivables		
- Joint ventures and equity-accounted investments	2,197	2,182
4) Operating payables		
- Joint ventures and equity-accounted investments	395	539
- Martin GmbH	3,248	-
5) Loans granted		
- Joint ventures and equity-accounted investments	21,736	21,958
6) Loans received		
- Martin Gmbh (1)	20,000	-

(1) Loan taken out with Martin GmbH, (see Note 12).

7) Senior management

(in € thousands)	Management bodies			
	Dec. 31, 2019		Dec. 31, 2018	
	Group Directors' Committee and Management Board	Supervisory Board	Executive Committee and Management Board	Supervisory Board
Financial commitments	-	-	-	-
Retirement benefit commitments	716	-	7,422	-
Advances and loans granted	-	-	-	-
Remuneration	3,133	788	3,803	794

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 Bpifrance Assurance Export), 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, 2019, 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 2019 consolidated financial statements.

b. Interest rate risk

- **Debt**

Variable-rate debt accounted for €124 million at December 31, 2019 (see Note 22 to the 2019 consolidated financial statements).

The Group hedged a variable-rate loan (Euribor) maturing in December 2023, whose balance at December 31, 2019 was €24 million.

Variable-rate loans that are not certain to be drawn down are not hedged. Consequently, the Group did not hedge the variable-rate renewable credit line (Euribor or Libor), the balance of which was €120 million at December 31, 2019.

Certain equity-accounted investments also hedge their floating-rate debt to a limited extent.

- **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 relating 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 expenses irrevocably committed and the cashed-in amounts 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 2019 reporting period, and at the date of this document, the Group did not recognize any material non-payment(s) from any of its customers.

- **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.

In 2019, one of the Group's long-standing civil engineering partners fell into administration, resulting in a significant impact on the "civil engineering" scope of the E&E EPC division's contracts.

- **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

a. Exposure

Liquidity risk is the risk that the Group will have insufficient financial resources to meet its obligations.

b. Risk mitigation

Four times a year, Group management carries out a specific review of consolidated earnings and cash flow forecasts for the current year and following year. For the E&E EPC division, the review is based on a detailed, contract-by-contract analysis and monthly forecasts of receipts and disbursements corresponding to contractual milestones. For all divisions, the review is based on cash flow forecasts including analyses of EBITDA, working capital and investments. Funding requirements are determined based on these Group cash flow forecasts.

For the past several years, to hedge the specific risk of changes in working capital requirements or major contract losses on E&E EPC business, the Group has had a €120 million credit line at its disposal (maturing in 2023), which had remained undrawn for several years.

In 2019, following the difficulties encountered with the civil engineering scope of contracts when one of CNIM's long-standing civil engineering partners filed for administration, this credit line was drawn down in full. The major loss recorded in 2019 led to a financial restructuring plan aimed at restoring the Group's capacity to absorb the effect of a significant increase in working capital and/or major contract losses related to its E&E EPC business.

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 2019 and 2018 reporting periods.

(in € thousands)		Deloitte				PwC			
		Dec. 31, 2019		Dec. 31, 2018		Dec. 31, 2019		Dec. 31, 2018	
		Amount	%	Amount	%	Amount	%	Amount	%
Statutory audit and certification of parent company and consolidated financial statements	CNIM	119	25,8%	170	41,8%	161	28,7%	170	41,6%
	Consolidated subsidiaries	326	70,4%	204	50,2%	396	70,7%	205	50,1%
	Total	**446**	**96,1%**	**374**	**92,0%**	**557**	**99,3%**	**375**	**91,7%**
Other services category 1 (1)	CNIM	-	-	-	-	-	-	-	-
	Consolidated subsidiaries	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-
Other services category 2 (2)	CNIM	-	-	-	-	-	-	34	8,3%
	Consolidated subsidiaries	18	3,9%	33	8,0%	4	0,7%	-	-
	Total	**18**	**3,9%**	**33**	**8,0%**	**4**	**0,7%**	**34**	**8,3%**
Other services	CNIM	-	-	-	-	-	-	34	8,3%
	Consolidated subsidiaries	18	3,9%	33	8,0%	4	0,7%	-	-
	Total	**18**	**3,9%**	**33**	**8,0%**	**4**	**0,7%**	**34**	**8,3%**
Total	CNIM	119	25,8%	170	41,8%	161	28,7%	204	49,9%
	Consolidated subsidiaries	344	74,2%	237	58,2%	400	71,3%	205	50,1%
	Total	**464**	**100,0%**	**407**	**100,0%**	**560**	**100,0%**	**409**	**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 2019, this mainly comprised attestations concerning statements made by CNIM or subsidiaries regarding expenses or other accounting items.

NOTE 32 Subsequent events

The Group has not identified any subsequent events other than:

- the health crisis caused by the COVID-19 pandemic whose consequences are described in Note 1 "Basis of preparation and significant accounting policies" paragraph B "Going Concern".s
- the finalization of the financial restructuring process initiated in July 2019 and described in Note 3 "Significant events of the period".

6.2 Parent company financial statements at December 31, 2019 (AFR)

6.2.1 Balance sheet

6.2.1.1 ASSETS

(in € thousands)	Notes	Dec. 31, 2019			Dec. 31, 2018
		GROSS	Acc. depr. amort. & prov.	NET	NET
Intangible assets	4	**16,675**	**2,202**	**14,473**	**35,946**
Land		2,792	291	2,502	2,617
Buildings		37,129	25,800	11,329	10,478
Technical facilities, equipment and tooling		12,080	11,518	562	8,007
Other tangible assets		4,306	2,856	1,450	3,678
Assets in progress		46		46	2,002
Property, plant and equipment	5	**56,353**	**40,464**	**15,889**	**26,782**
Equity investments		173,340	4,919	168,421	106,230
Receivables related to equity investments		65,713	26,965	38,747	64,213
Other non-current financial assets		26,769	18,133	8,636	19,664
Non-current financial assets	6	**265,822**	**50,018**	**215,804**	**190,107**
NON-CURRENT ASSETS		**338,850**	**92,684**	**246,166**	**252,835**
Inventories and work-in-progress		1,855	1,125	730	4,940
Advances and down payments made on orders		7,796	4,964	2,832	5,806
Trade and other receivables	7	154,389	2,364	152,025	159,444
Other receivables	7	198,763	40,968	157,796	153,473
Marketable securities	8	1,025	642	382	4,645
Cash		63,925		63,925	43,360
Prepaid expenses	9	9,582		9,582	6,087
CURRENT ASSETS		**437,335**	**50,063**	**387,273**	**377,755**
Expenses to be allocated to future reporting periods	9	612		612	807
Unrealized exchange losses	15	359		359	340
TOTAL		**777,156**	**142,747**	**634,410**	**631,738**

6.2.1.2 EQUITY AND LIABILITIES

(in € thousands)	Notes	Dec. 31, 2019	Dec. 31, 2018
Share capital		6,056	6,056
Additional paid-in capital		7,237	7,237
Legal reserve		606	606
Retained earnings		88,179	90,171
Net income for the period		(156,848)	(1,992)
Tax-driven provisions	11	696	4,445
Equity	10	**(54,074)**	**106,523**
Provision for contingencies and liabilities	12	**82,459**	**22,481**
Bank borrowings and debt	13	150,159	62,466
Other borrowings and debt	13	211,406	206,158
Total borrowings and debt		**361,565**	**268,624**
Advances and down payments received		**3,793**	**1,923**
Trade accounts payable	13	136,640	142,986
Social security and tax payables	13	39,260	48,287
Operating liabilities		**175,899**	**191,273**
Other liabilities	13	5,862	621
Total liabilities		**185,554**	**193,817**
Deferred income	14	58,259	39,943
Unrealized exchange gains	14	646	351
TOTAL		**634,410**	**631,738**

6.2.2 Income Statement

(in € thousands)	Notes	Dec. 31, 2019	Dec. 31, 2018
Revenue	17	398,032	457,288
Capitalized production		2,598	2,205
Increase in semi-finished and finished goods	17	(2,514)	2,658
Operating grants		14	6
Reversal of depreciation, amortization and provisions		16,565	20,502
Expense transfers	17	3,414	2,116
Other operating income		5,222	1,375
OPERATING INCOME		**423,331**	**486,150**
Purchases and change in inventories		(349,620)	(328,927)
Other external expenses		(51,906)	(51,135)
Taxes other than income taxes		(5,226)	(6,931)
Wages and salaries		(73,995)	(63,726)
Social security contributions		(32,036)	(28,054)
Depreciation and amortization expense		(6,088)	(5,368)
Change in provisions		(89,761)	(9,047)
Other operating expenses		(5,366)	(5,197)
OPERATING EXPENSES		**(613,998)**	**(498,384)**
OPERATING INCOME (LOSS)		**(190,668)**	**(12,234)**
Income from marketable securities		8	9
Income from loans, receiveables and other financial income		2,133	2,290
Reversals of provisions & expense transfers		3,493	6,829
Foreign exchange gains		2,849	3,883
Income from equity investments		74,221	7,239
FINANCIAL INCOME		**82,704**	**20,250**
Amortization allowances and provisions for financial items		(36,666)	(14,538)
Interest and financial expense		(2,896)	(1,065)
Foreign exchange losses		(6,096)	(2,634)
FINANCIAL EXPENSE		**(45,658)**	**(18,237)**
NET FINANCIAL INCOME	18	**37,046**	**2,013**
PRE-TAX INCOME		**(153,622)**	**(10,222)**
Non-recurring income		2,961	3,093
Non-recurring expenses		(11,652)	(2,944)
NON-RECURRING INCOME, NET	19	**(8,691)**	**150**
Employee profit sharing expense		-	(19)
Income tax	20	5,465	8,099
NET INCOME		**(156,848)**	**(1,992)**

6.2.3 Statement of Cash Flows

(in € thousands)	Dec. 31, 2019	Dec. 31, 2018
Net income	**(156,848)**	**(1,992)**
Depreciation, amortization and provisions	104,857	(5,696)
Gains or losses on disposals	2,767	188
Net cash from operations	**(49,224)**	**(7,500)**
Inventories and work-in-progress	2,464	(5,281)
Advances and down payments made	539	(265)
Net change in trade and other receivables	(92,343)	(45,688)
Other receivables and adjustment accounts	(7,378)	(3,655)
Advances and down payments received	31,129	(7,845)
Change in operating liabilities	60,396	(3,090)
Change in other liabilities	9,316	1,705
Change in working capital	**4,125**	**(64,117)**
Net cash flow from (used in) operating activities (A)	**(45,100)**	**(71,617)**
Acquisition of non-current assets	(18,449)	(67,244)
Change in loans to subsidiaries	2,981	3,563
Disposal of non-current assets	855	2,937
Impact of restructuring	(5,280)	-
Net cash flow from (used in) investing activities (B)	**(19,893)**	**(60,745)**
Dividends paid	-	(14,849)
Investment grants	1,081	681
Proceeds from borrowings	110,117	30,781
Repayment of borrowings	(7,323)	(1,708)
Change from use of BPI funding	27,859	(883)
Disposal (acquisition) of treasury shares	-	(3,300)
Net cash flow from financing activities (C)	**131,733**	**10,722**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS A+B+C	**66,741**	**(121,640)**
Marketable securities and treasury shares	11,043	15,093
Cash	53,907	33,324
Bank overdrafts	(5,025)	(10)
Current accounts with subsidiaries	(19,977)	(75,199)
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	**39,949**	**(26,792)**
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**66,741**	**(121,640)**

6.2.4 Notes to the parent company financial statements

NOTE 1 Consolidation scope

CNIM Groupe SA is the parent company of the CNIM Group.

NOTE 2 Accounting policies and methods

The financial statements for the year ended December 31, 2019 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.

Going concern

Management has prepared and approved the parent company's financial statements on a going concern basis for a minimum period of twelve months from the date of the financial statements. Management has apprehended this going concern assumption based on the activity of the Group taken as a whole and the consolidated financial statements.

Note 3 to the financial statements outlines the significant events of the period that led to material losses during the reporting period and generated increasing financing requirements.

As a result, at December 31, 2019,

- the Group's net debt amounted to €133 million (compared with €9 million in net cash at December 31, 2018);
- the Group's cash flow level (cash and cash equivalents and additional drawdown capacity net of cash held by subsidiaries excluding the cash pool set up by the Group) amounted to €86 million at December 31, 2019 (compared with €156 million at December 31, 2018);
- Most financial liabilities were classified as current, given the limitations in the waiver obtained after banking covenants were not met (see Note 13).

Given the circumstances, Management has based its assumption of going concern on:

- The financial restructuring confirmed subsequent to the reporting date through the approval of the protocol,
- The business plan and cash flow projections prepared for financial years 2020 and 2021, updated during the year-end reporting process,
- The uncertainties generated by the COVID-19 health crisis.

With regard to financial restructuring

The Group has begun a financial restructuring process in close collaboration with all its financial partners, including the banking consortium and credit insurers (which issue bank guarantees) and Martin GmbH (CNIM's longstanding industrial partner).

The process led to the appointment by the French Commercial Court (Tribunal de Commerce) of an ad hoc receiver on November 12, 2019 to assist the Group in its discussions, and the initiation of a conciliation procedure, confirmed by a court ruling on January 2, 2020. As a result, the parties signed an initial agreement in March 2020 before finalizing a conciliation protocol in April 2020, which should enable the Group to continue operating in the medium term.

This protocol was approved by the French Commercial Court (Tribunal de Commerce de Paris) on June 23, 2020.

The financial restructuring measures are as follows:

		Type	Principal amount (in € millions)	Interest rate	Maturity/effective date	Counterparty
Initial agreement signed on March 16, 2020						
Bridge loan backed by sale of registered office	(2)	Financing	30.6	Eurib+5%	-	
			27.5 *3.1*			*Banking consortium* *Government (development fund)*
Bank guarantees	(1)	Guarantee	88.4	-	March 31, 2020	Banking consortium
Conciliation protocol signed on April 29, 2020						
Bond insurance		Financing	45.0	5%	Dec. 31, 2025	Martin GmbH
MT financing		Financing	43.8	Eurib+6%	April 30, 2021	
			35.0 *8.8*			*Banking consortium* *Government (development fund)*
New bank guarantee	(1)	Guarantee	170.8	-	March 31, 2021	Banking consortium
Sharjah bank guarantee		Guarantee	18.2	-	-	First Abu Dhabi Bank

(1) These bank guarantees cover the performance bonds that the Group is required to provide to enter into construction contracts as well as the advance payment guarantees required to obtain accelerated payments from certain customers (representing €63 million).
The new bank guarantee supplements the bank guarantee granted in the initial agreement dated March 16, 2020. The unused portion of the initial agreement, amounting to €51.7 million, was incorporated into the conciliation protocol, resulting in a new confirmed available credit line totaling €222.5 million.
A significant portion of these bank guarantees is covered by a counter-guarantee from BPI Assurance Export (up to 50% of the guarantee given). This counter-guarantee, amounting to €134 million, was obtained during the second half of 2019 to facilitate the issue of new guarantees by the banking consortium.
The effective date indicated in the table above refers to the date the guarantee may be used.
(2) On April 17, 2020, the Group sold its registered office in Paris for €41.3 million, and repaid the bridge loan associated with the sale.

Alongside these measures CNIM Group made the following commitments:

- to secure the commitments of Martin Gmbh, the banking partners, credit insurers and the government by pledging the securities of all Group subsidiaries and placing the French subsidiaries in trust, entitling the beneficiaries to i) scrutinize or veto decisions that could affect their rights or interests, and (ii) take control of the securities if adverse events occur or after a period of 12 months. Given the facts and circumstances on the trust effective dates, the company nevertheless retains operational control;
- to obtain backing from one or several partners for all of its business activities (Environment & Energy and Innovation & Systems operating segments) to enable it to continue operating. The main objective is to provide overall backing for the Group, by finding one or several buyers of all the securities, or alternatively of a majority stake in CNIM Group SA. However, the practical details may vary depending on the circumstances (such as the cumulative acquisition of the equity interests of the main subsidiaries or partial backing for an operating segment) and may include the sale of individual assets. To implement these measures, the Group may well have to deconsolidate the equity investments or assets concerned, and regroup the activities under "assets held for sale".

In addition, the French government commission set up to assist companies in financial difficulty *(Commission départementale des Chefs des Services Financiers)*, has granted the Group a moratorium on the payment of social security contributions and tax amounting to €13 million (payments to be made progressively over one year from May 2020).

Finally, the longstanding credit lines (revolving credit line and financing for the Exensor acquisition) are no longer subject to covenants, which require repayment on demand if the borrower breaches the covenant.

With regard to cash flow projections for financial years 2020 and 2021

In addition to the results of financial restructuring, Management has based its assumption of going concern on the business plan and cash flow projections prepared for financial years 2020 and 2021, which were updated during the year-end reporting process.

The updated cash flow projections were based on a contract-by-contract analysis of key payment milestones (both for trade receivables and trade accounts payable) for contracts in progress and assumptions of new order intake. The timing of cash flows was determined based on the conservatism principle but includes the inherent risk of cash inflows not taking place on a given date, or cash outflows being underestimated.

Before factoring in the challenges arising from the COVID-19 health crisis, given the financial resources already available and those generated under the two protocols discussed above, the cash flow projections showed a cash surplus.

Uncertainties arising from the health crisis caused by the COVID-19 pandemic

The COVID-19 crisis is a subsequent event that does not require an adjustment to the Group's accounting position at December 31, 2019 (value of assets and liabilities). However, the Group is required to report on the effect of the pandemic on its ability to continue as a going concern.

The COVID-19 pandemic, which spread during the first months of 2020, led numerous countries to take increasingly stringent measures to slow down the rate of infection.

The main risks for the Group identified to date are as follows:

- Employee health and safety (risk of infection);
- Absenteeism of CNIM personnel or sub-contractors on worksites;
- Restrictions on travel for CNIM employees, hindering progress on certain contracts;
- Business disruption (plants/offices/worksites);
- Requests from customers to shut down certain worksites or cease contract work;
- Contract breaches by sub-contractors/suppliers;
- Delayed delivery of key equipment or products;
- Lower productivity due to teleworking;
- Cancellation or deferral of new orders or potential amendments (to existing contracts).

Since the start of the pandemic, the Group has been closely monitoring developments in order to take appropriate action, as a priority to protect the health of its employees, customers and all third parties working with the Group, and also to maintain its ability to continue as a going concern.

To date, the main impacts of the pandemic for the Group are as follows:

- Operations have continued at most of the Group's plants, workshops and customer worksites. However, working conditions have had to be adapted leading to slowdowns;
- The vast majority of the company's administrative sites in France have been closed since the start of the lockdown (as of March 17, 2020) and employees have been asked to work from home whenever possible;
- The company has already implemented some government measures to provide financial support to French and UK companies, including part-time activity and deferred payment of tax and social security contributions.

Given the major uncertainty regarding the duration, extent and location of the rapidly developing COVID-19 pandemic, the Group is unable to make a reliable assessment of the financial impact of the current health crisis. However, with all the restrictions imposed by the lockdown, the Group has estimated the impact of the crisis on future cash flows, based on the following assumptions for its main contracts:

- More time required to complete contracts, resulting in increased construction site costs, delays in all key payment milestones for contracts in progress reflecting the duration of the local lockdown (between one and two months depending on the contract/country);
- For some of its activities, the postponement of contracts signing.

After taking into account Government aid (excluding Government-backed loans), and without forming a forecast as such, the negative impact on Group liquidity is estimated at a maximum aggregate amount of approximately €50 million (at October 2020), which is compatible with maintaining a cash surplus.

Consequently, Management has concluded that there is no reason to call into question the going concern assumption.

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

Business 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;
- several groups of assets, if it can be allocated on a reasonable, consistent and permanent basis;
- 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 loss is recognized. When net equity is negative and CNIM Groupe SA has undertaken to provide financial support to the subsidiary, an impairment loss 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 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.

When a contract has been completed, only outstanding expenses relating to the contract remain on the balance sheet. They are recorded under 'provisions for accruals on completed contracts'.

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, passed 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. An impairment loss 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

These provisions mainly comprise the following:

a. Provisions for contingencies

1) Provisions for ongoing litigation and disputes established on the basis of our 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) Provisions for losses at completion: when a loss at completion is expected on a construction contract, the loss to date is recognized as an expense based on the percentage of completion, and the loss beyond the percentage of completion is accrued in "Provisions for losses at completion.

4) Other contingency provisions: this line item includes provisions for subsidiaries' negative net assets, other than impaired assets such as current accounts and trade receivables. The line also includes provisions for foreign exchange loss risk.

b. Provisions for liabilities

Not all accrued expenses relating to completed contracts are recognized at the delivery date. 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 almost always utilized within 12 months of contract completion.

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, the number of years of service, and personnel turnover (see Note 12).

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 Groupe SA, as head of the tax group, which has no commitment to return savings to tax-consolidated subsidiaries when they recover profitability.

L. Retirement benefit obligations

Retirement benefits due to all employees on the payroll at December 31, 2019 have not been recognized in the parent company financial statements. The amount is presented in Note 21 to these financial statements.

Retirement benefit obligations are calculated using actuarial methods, based on retirement age, mortality, the number of years of service and personnel turnover assumptions.

NOTE 3 Significant events of the period

Operating losses in the Environment & Energy segment

The company recorded operating losses of -€183.2 million for the reporting period, particularly due to difficulties in executing construction contracts in the E&E EPC division[6] .

The difficulties encountered on the E&E EPC contracts, which were disclosed as early as May 16, 2019, concerned the "Civil Engineering" scope of construction contracts for waste-to-energy processing plants, four in the United Kingdom and one in the Middle East.

In the United Kingdom, the problems mainly concerned the bankruptcy of Clugston, CNIM's civil engineering partner for several construction contracts for waste-to-energy plants. The company filed for administration on December 6, 2019. Forced to take over the civil engineering component to honor its contractual commitments, CNIM Group mobilized new resources and negotiated or renegotiated several dozen procurement and sub-contracting agreements under urgent, unfavorable conditions. Although currently effective and under control, this takeover led to significant cost overruns particularly from purchases consumed and provisions for penalties for late delivery.

In the Middle East, the Group also incurred significant additional costs on the civil engineering scope of work of the Sharjah contract. The Sharjah plant will be the first waste-to-energy facility in the United Arab Emirates and represents a key business reference for the Group.

Against this backdrop, the Group has significantly reinforced its supply chain management strategy, in particular with regard to civil engineering, for the whole of its Environment & Energy EPC business.

Earnings for the period was negatively impacted by some asset impairments, particularly of receivables relating to equity investments in Geodur companies amounting to €23.7 million (see Note 6 Non-current financial assets).

Financial restructuring

Heavily affected by losses in the reporting period and the resulting cash outflows, in July 2019 the company had fully drawn down its syndicated credit line and initiated a financial restructuring process in close collaboration with all its financial partners, including the banking consortium and credit insurers (which issue bank guarantees) as well as Martin GmbH (CNIM's longstanding industrial partner).

The process was completed in June 2020 with the approval of a conciliation protocol, the main terms of which are described in Note 2 "Accounting policies and methods" in the paragraph on "Going concern".

Legal reorganization of the Group

In 2018, CNIM 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 asset contributions and then reclassify, on the one hand, all of CNIM Groupe SA parent company'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

[6] E&E EPC, the Engineering, Procurement, Construction division of the Environment & Energy segment holds construction contracts for biomass and household waste-to-energy processing plants. It is one of the Group's six business divisions.

- Group together, by means of contributions of shares, the (aforementioned) Division holding companies within a particular segment under an Intermediate Holding company placed at the head of the segment in question and owned by CNIM SA.
- The implementation of enhanced governance procedures across all Group entities, resulting in CNIM Groupe SA's Management Board and its Chairman having a significant involvement in the management of the subsidiaries and thereby guaranteeing consistency throughout the Group.

These measures were implemented following an information and consultation procedure involving the employee representative bodies, which issued a favorable opinion, and following Ordinary and Extraordinary General Meetings of the parent company CNIM Groupe SA and the companies in question respectively (on June 26, 2019 for CNIM Groupe SA). These meetings decided on the implementation of the aforementioned measures, entailing (i) the partial contribution of assets to the "Division head" companies, and (ii) the contribution of the shares of the "Division head" companies to the Intermediate Holding Companies.

At December 31, 2019, the reorganization was partially complete:

- The following Divisions were spun off through partial asset contributions: I&S CSI, E&E Services, E&E O&M, and CNIM Mutual Services, which provides intercompany IT, accounting and payroll services;
- The partial asset contribution of the E&E EPC Division could not take place by December 31, 2019, as too few customers agreed to the transfer of contracts to the new legal entity;
- By means of share contributions, the aforementioned Division holding companies were grouped together within a single segment under an Intermediate Holding company placed at the head of the segment in question and owned by CNIM SA.

As a result, the parent company CNIM Groupe SA no longer performs operating activities for the divisions other than E&E EPC. It now acts as a holding company, which involves managing the Group and providing cross-functional services to the subsidiaries. For this purpose, it has grouped together all the members of the Group's Managers' Committee and the employees responsible for Corporate cross-functional support functions. In addition, CNIM Groupe SA holds the Group's real estate assets and some brands and other intellectual property rights, which are made available to its subsidiaries.

The contributions were made on December 31, 2019. All 2019 earnings generated by the Divisions concerned was recognized by CNIM Groupe SA.

The impact of the asset contributions at December 31, 2019 is summarized below:

Dec. 31, 2019 Financial Aggregates (in € millions)	Carrying amount before contributions	Contributions to subsidiaries					Consideration for contributions	Carrying amount after contributions
		CNIM Industrial Systems	E&E Services	E&E O&M	E&E Participations	CNIM Mutual Services		
Intangible assets	38.4	(9.4)	(12.1)	-	-	(2.5)	-	**14.5**
Property, plant and equipment	30.9	(10.9)	(0.9)	(0.5)	-	(2.7)	-	**15.9**
Financial assets	156.7	(11.8)	(2.9)	(4.5)	(31.0)	-	109.4	**215.8**
NON-CURRENT ASSETS	**225.9**	**(32.1)**	**(15.9)**	**(5.0)**	**(31.0)**	**(5.2)**	**109.4**	**246.2**
Inventories and work in progress	2.5	(1.6)	(0.1)	-	-	-	-	**0.7**
Advances and down payments made on orders	5.3	(2.1)	(0.3)	(0.0)	-	(0.0)		**2.8**
Trade and other receivables	256.1	(82.2)	(11.7)	(6.0)	-	(4.1)		**152.0**
Other receivables (1)	182.7	(19.4)	(4.2)	(0.8)	-	(0.4)		**157.8**
Marketable securities	0.4	-	-	-	-	-		**0.4**
Cash	63.9	-	-	-	-	-		**63.9**
Prepaid expenses	10.3	(0.1)	(0.4)	(0.1)	-	(0.0)		**9.6**
CURRENT ASSETS	**521.1**	**(105.5)**	**(16.8)**	**(7.0)**	**-**	**(4.6)**		**387.3**
Expenses to be allocated to future reporting periods	0.6	-	-	-	-	-		**0.6**
Unrealized exchanges losses	0.4	(0.0)	(0.0)	(0.0)	-	-		**0.4**
TOTAL	**748.0**	**(137.6)**	**(32.7)**	**(12.0)**	**(31.0)**	**(9.8)**	**109.4**	**634.4**
(1) Including treasury contributed through current account		*(6.7)*	*(3.5)*	*(0.4)*	*-*	*(0.2)*		

Dec. 31, 2019 Financial Aggregates (in € millions)	Carrying amount before contributions	Contributions to subsidiaries					Consideration for contributions	Carrying amount after contributions
		CNIM Industrial Systems*	E&E Services	E&E O&M	E&E Participations	CNIM Mutual Services		
EQUITY [1]	**(50.7)**	**(63.0)**	**(6.8)**	**(5.2)**	**(31.0)**	**(6.7)**	**109.4**	**(54.1)**
PROVISIONS FOR CONTINGENCIES AND LIABILITIES	**89.6**	**(4.0)**	**(3.1)**	**(0.0)**	**-**	**(0.0)**		**82.5**
Bank borrowings and debt	150.2	-	-	-	-	-		150.2
Other borrowings and debt	220.4	(6.9)	(1.2)	(0.5)	-	(0.4)		211.4
TOTAL BORROWINGS AND DEBT	**370.5**	**(6.9)**	**(1.2)**	**(0.5)**	**-**	**(0.4)**		**361.6**
Advances and down payments received	33.1	(27.3)	(2.0)	-	-	-		3.8
Trade accounts payable	165.5	(11.2)	(11.7)	(4.4)	-	(1.6)		136.6
Social security and tax payables	51.5	(7.0)	(2.9)	(1.2)	-	(1.1)		39.3
Other liabilities	5.9	(0.0)	-	-	-	-		5.9
TOTAL LIABILITIES	**256.0**	**(45.6)**	**(16.5)**	**(5.6)**	**-**	**(2.7)**		**185.6**
Deferred income	81.9	(18.1)	(5.0)	(0.6)	-	-		58.3
Unrealized exchange gains	0.7	(0.0)	(0.0)	-	-	-		0.6
TOTAL	**748.0**	**(137.6)**	**(32.7)**	**(12.0)**	**(31.0)**	**(9.8)**	**109.4**	**634.4**

(1) Change in equity before and after corresponds to the contributions of investment grants

Acquisition of Airstar Aerospace

On March 22, CNIM SA acquired 85% of Airstar Aerospace from the Airstar group. Thales Alenia Space remains a minority shareholder alongside CNIM and a key industrial partner, particularly for the StratobusTM stratospheric airship program.

Airstar Aerospace is a leading designer and manufacturer of tethered aerostats, stratospheric balloons (aerostats capable of ascending to and traveling in the stratosphere), airships and thermal insulation for satellites.

Through this acquisition, CNIM aims to become the European leader in balloon- and airship-based platforms for defense, security, inspection and space applications. Airstar Aerospace was renamed CNIM Airspace.

Acquisition of Cométal France

On May 29, CNIM SA acquired 100% of Cométal France.

This French industrial company, which was incorporated in 2000, specializes in the production and maintenance of combustion grates for biomass cogeneration plants and waste-to-energy plants.

With this acquisition, CNIM has expanded and strengthened its service offering, retrofit activity and spare parts supply in its preferred energy markets.

NOTE 4 Intangible assets

(in € thousands)	Dec. 31, 2018	Increases due to acquisitions	Inter-account transfers	Changes due to amortization and impairment [1]	Partial transfer of assets [2]	Dec. 31, 2019
Concessions, patents, licences	3,571				(1,554)	2,017
Other intangible assets	13,315	817	1,031		(14,700)	462
Business goodwill	27,979				(13,850)	14,129
Capitalized development costs	4,833				(4,833)	(0)
Assets in progress	6,260	2,834	(975)		(8,051)	68
GROSS VALUE	**55,957**	**3,651**	**56**	**-**	**(42,988)**	**16,675**
Concessions, patents, licences	3,267			43	(1,554)	1,757
Other intangible assets	11,454			1,220	(12,228)	445
Business goodwill	457				(457)	(0)
Capitalized development costs	4,833				(4,833)	0
ACCUMULATED AMORTIZATION & IMPAIRMENT	**20,011**	**-**	**-**	**1,263**	**(19,073)**	**2,202**
CARRYING AMOUNT	**35,946**	**3,651**	**56**	**(1,263)**	**(23,916)**	**14,473**

(1) Impairment losses (+) Impairment reversals (-)
(2) Partial contributions (transfer of assets) from CNIM Groupe SA to its subsidiaries CMS, CNIM Systèmes Industriels, CNIM E&E Services and CNIM E&E O&M subject to French regulations on spin-offs (as mentioned in Note 3).

Business goodwill are made as follows:

(in € thousands)	Dec. 31, 2018	Contributions	Dec. 31, 2019	Investees
Goodwill - Cnim Transport France	10	(10)		Cnim Systèmes Industriels
Goodwill - INVEN	1,300	(1,300)		Cnim Systèmes Industriels
Goodwill - SACOM	347	(347)		CNIM E&E Services
Goodwill - Cittic asset merger	76	(76)		CNIM E&E Services
Goodwill - BABCOCK	5,903	(5,903)		CNIM E&E Services
Goodwill - ALFA-LAVAL (BE)	457	(457)		CNIM E&E Services
Goodwill - Agence Maromme	120	(120)		CNIM E&E Services
Goodwill - LAB Services	5,636	(5,636)		CNIM E&E Services
Goodwill - BTP/BTA merger loss	1,629		1,629	
Goodwill - Cnim Environnement full transfer of assets ("TUP")	12,500		12,500	
TOTAL	**27,979**	**(13,850)**	**14,129**	

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.

Business goodwill of TUP Cnim Environnement was allocated to the EPC division, while the business goodwill from the BTP/BTA merger deficit was allocated to the Bertin division.

NOTE 5 Property, plant and equipment

(in € thousands)	Dec. 31, 2018	Increases from acquisitions	Reclassification	Decreases	Changes due to depreciation and impairment (1)	Partial transfer of assets (2)	Dec. 31, 2019
Land and improvements	2,903			(108)		(2)	2,792
Buildings on owned land	19,347			(117)			19,231
General facilities, building fixtures and improvements	16,120	2,346	453	(468)		(553)	17,898
Buildings	35,468	2,346	453	(585)	-	(553)	37,129
Technical facilities, equipment and tooling	41,196	457	386	(2,304)		(27,654)	12,080
Transport and handling equipment	1,076	69	42	(45)		(475)	666
Office and computer equipment, furniture	12,013	1,589	191	(19)		(12,596)	1,178
Recoverable packaging and other items	2,637	302		(21)		(457)	2,462
Other property, plant and equipment	15,725	1,960	233	(86)	-	(13,528)	4,306
Assets under construction	2,002	4,526	(1,125)			(5,357)	46
GROSS VALUE	**97,294**	**9,289**	**(53)**	**(3,082)**	**-**	**(47,094)**	**56,353**
Land and improvements	285				7	(2)	291
Buildings on owned land	14,130				150		14,280
General facilities, building fixtures and improvements	10,859				804	(144)	11,520
Buildings	24,989	-	-	-	955	(144)	25,800
Technical facilities, equipment and tooling	33,189				(408)	(21,263)	11,518
Transport and handling equipment	995				24	(393)	626
Office and computer equipment, furniture	11,053				1,460	(10,283)	2,230
Recoverable packaging and other items							-
Other property, plant and equipment	**12,048**	**-**	**-**	**-**	**1,484**	**(10,677)**	**2,856**
AMORTIZATION AND IMPAIRMENT	**70,511**	**-**	**-**	**-**	**2,038**	**(32,085)**	**40,464**
CARRYING AMOUNT	**26,782**	**9,289**	**(53)**	**(3,082)**	**(2,038)**	**(15,009)**	**15,889**

(1) Impairment losses (+) Impairment reversals (-)

(2) Partial asset contributions by CNIM Groupe SA to its subsidiaries CMS, CNIM Systèmes Industriels, CNIM E&E Services and CNIM E&E O&M subject to French regulations on spin-offs (as mentioned in Note 3).

NOTE 6 Non-current financial assets

(in € thousands)	Dec. 31, 2018	Increases	Decreases	Partial transfer of assets (2)	Dec. 31, 2019
Equity interests	152,715	4,622	(3,174)	19,177	173,340
Receivables from equity investments	67,506	460	(2,253)		65,713
Equity securities held for investment (TIAP)	3,538				3,538
Other long term investments	5,813	462			6,275
Loans	959		(609)		350
Treasury shares	16,533				16,533
Deposits and guarantees	265		(94)	(97)	73
Other financial assets	27,107	462	(703)	(97)	26,769
GROSS VALUE	**247,328**	**5,544**	**(6,130)**	**19,080**	**265,822**
Equity interests	46,485	1,635	(3,135)	(40,065)	4,919
Receivables from equity investments	3,293	23,673			26,966
Equity securities held for investment (TIAP)	684				684
Other long term investments	5,637				5,637
Loans	-				-
Treasury shares	1,080	10,732			11,812
Deposits and guarantees	42		(42)		-
Other financial assets	7,443	10,732	(42)	-	18,133
IMPAIRMENT	**57,220**	**36,040**	**(3,177)**	**(40,065)**	**50,018**
CARRYING AMOUNT	**190,107**	**(30,496)**	**(2,953)**	**59,146**	**215,804**

1) Partial asset contributions (transfer of assets) by CNIM Groupe SA to its subsidiaries CMS, CNIM Systèmes Industriels, CNIM E&E Services, CNIM E&E O&M and CNIM E&E Participations, subject to French regulations on spin-offs (as mentioned in Note 3).

A. Equity investments

(in € thousands)	Dec. 31, 2019			
	Gross value	Impairment	Carrying amount	% holding
Babcock Services	5,661	619	5,042	100%
BERTIN Technologies	30,492		30,492	100%
CCUAT	82		82	50%
CNIM 10	3		3	100%
CNIM 4	3	3		100%
CNIM 6 (previously BWHolding)	2,453	291	2,163	100%
CNIM 9	3		3	100%
CNIM ASIA PACIFIC LTD	1		1	100%
CNIM Babcock Sulamerica	6	6	0	100%
CNIM CONSTRUCTION LLC	35		35	49%
CNIM E&E EPC (previously CNIM 13)	3		3	100%
CNIM E&E O&M (previously CNIM 7)	5,248		5,248	100%
CNIM E&E PARTICIPATIONS (previously CNIM 11)	31,003		31,003	100%
CNIM E&E SERVICES (previously CNIM 12)	6,799		6,799	100%
CNIM Environment & Energy (previously CNIM 3)	3	3		100%
CNIM INDIA	1,635	1,635	0	100%
CNIM INDUSTRIE	60	60	0	100%
CNIM INNOVATION & SYSTEMES (previously CNIM 2)	3	3		100%
CNIM Middle East	37		37	100%
CNIM MUTUAL SERVICES (previously CNIM 1)	6,719	3	6,717	100%
CNIM PRIVATE COMPAGNIES MANAGEMENT	35		35	49%
CNIM RUS	0		0	100%
CNIM SAOUDI	1,328	1,328	-	94%
CNIM SWITZERLAND	19		19	100%
CNIM SYSTEMES INDUSTRIELS (previously CNIM 8)	59,619		59,619	100%
CNIM UK / Martin E. S.	2,371		2,371	100%
CNIM US	178		178	100%
CSBC	1	1	0	50%
CTIPE	4	4	-	100%
DAUPHINE	1	1	(0)	100%
EKOMZ	2		2	70%
LAB	18,500		18,500	100%
PBE	962	962	-	49%
SCI 35, rue de Bassano	8		8	100%
SMA	63		63	3%
SOMMUDIMEC	4	4	-	0%
TOTAL	**173,340**	**4,919**	**168,421**	

Changes in equity investments in the reporting period are made as follows:

Increases

- Acquisition of COMETAL for €925 thousand,
- Acquisition of CNIM Air Space for €1,700 thousand,
- Subscription to capital of CNIM Babcock Maroc for €1,317 thousand and CNIM India for €635 thousand.

Decrease

- Liquidation of CNIM CZ SRO

Partial asset contribution capital in connection with the Group legal reorganization (as mentioned in Note 3)

- Contributions of shares:

(in € thousands)	Gross value	Impairment	Carrying amount	% interest	Investees
CTH	23,427	17,864	5,563	100%	CNIM Industrial Systems
CTF	12,302	12,302	0	100%	CNIM Industrial Systems
Technoplus Industries	4,500		4,500	35%	CNIM Industrial Systems
AIRSTAR	1,700		1,700	85%	CNIM Industrial Systems
CNIM Netherland	31,000		31,000	100%	CNIM Environment & Energy Participations
CNIM OUEST ARMOR	40		40	100%	CNIM Environment & Energy O&M
CNIM CTG	40		40	100%	CNIM Environment & Energy O&M
CNIM INSERTION (Ex STOMA)	51		51	100%	CNIM Environment & Energy O&M
CNIM CENTRE France	40		40	100%	CNIM Environment & Energy O&M
CTA	40		40	100%	CNIM Environment & Energy O&M
SUN CNIM	8,419	4,172	4,248	59%	CNIM Environment & Energy O&M
CNIM ACTIV'EMPLOI	40		40	100%	CNIM Environment & Energy O&M
CNIM PARIS BATIGNOLLES	40		40	100%	CNIM Environment & Energy O&M
CBM (ex BWMaroc)	7,617	5,716	1,901	98%	CNIM Environment & Energy Services
CB Services	11	11	0	100%	CNIM Environment & Energy Services
CNIM E.C.S	1		1	100%	CNIM Environment & Energy Services
COMETAL	925		925	100%	CNIM Environment & Energy Services
TOTAL	**90,194**	**40,065**	**50,129**		

- Remeasurement of the shares of the companies receiving the contributions:

(in € thousands)	TOTAL
CNIM MUTUAL SERVICES	6,712
CNIM INDUSTRIAL SYSTEMS	59,617
CNIM E&E SERVICES	6,796
CNIM E&E O&M	5,246
CNIM E&E PARTICIPATIONS	31,000
TOTAL	109,371

B. Receivables relating to equity investments

(in € thousands)	Gross value	Impairment	Carrying amount
Bertin Technologie	20,000		20,000
BW Maroc	643		643
CBEM (Estrée Mons)	5,008	74	4,934
CNIM Canada	2,770	2,770	-
PBE MMR (*)	495		495
Kogeban	3,686		3,686
LAB USA Pope Douglas	3,343	3,343	-
LAB USA Redwing	7,241	7,241	-
LAB USA Washington	13,089	13,089	-
PBE	1,227	449	778
SCI 35, rue de Bassano	8,188		8,188
Other	23		23
TOTAL	**65,713**	**26,965**	**38,747**

(*) Major Maintenance and Repairs.

In the reporting period, receivables relating to equity investments in Geodur companies (Lab USA Pope Douglas, Lab USA Redwing and Lab USA Washington) were fully written off for a total amount of €23,673 thousand.

C. Other non-current financial assets

Portfolio investments

Loans mainly comprise:

- 5,471 Foster Wheeler Fakop shares (€1,051 thousand) accounting for 10.96% of share capital;
- 21,487 Kogeban shares (€1,867 thousand), accounting for 10.87% of share capital. The shares were written down by €64 thousand;
- 2,450 CBEM shares (€613 thousand), accounting for 7% of share capital. The shares were written down by €613 thousand.

Loans

Loans mainly comprise 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 €284 thousand.

Treasury shares

The number of treasury shares included in non-current financial assets has not changed from 2018. It amounts to 188,449 shares.

NOTE 7 Maturities of receivables

(in € thousands)	Gross amount	Dec. 31, 2019		
		Due date less than 1 year	Due date 1-5 years	Due date more than 5 years
Receivables related to equity investments	65,713	19,204	40,116	6,393
Loans	350		350	
Deposits and guarantees (1)	73		73	
Receivables on non-current assets	**66,136**	**19,204**	**40,540**	**6,393**
Doubtful receivables	-	-		
Trade notes receivable	-	-		
Other trade accounts receivable (2)	154,389	154,389		
Trade and other receivables	**154,389**	**154,389**	**-**	**-**
Amounts due from personnel	300	300		
Amounts due from social security organizations	47	47		
Amounts due from government and other public authorities	56,092	56,092		
Other receivables	1,765	1,765		
Group and associates	140,560	140,560		
Other operating receivables	**198,763**	**198,763**	**-**	**-**
Prepaid expenses	9,582	9,582		
TOTAL RECEIVABLES	**428,870**	**381,938**	**40,540**	**6,393**

(1) Portion of other non-current financial assets.
(2) Of which related parties for €17,174 thousand and accrued income for €104,595 thousand.

NOTE 8 Marketable securities

(in € thousands)	Dec. 31, 2019		Dec. 31, 2018
	Number of shares	Amount	Amount
TREASURY SHARES (liquidity agreement)	14,341	1,002	1,364
HSBC	-	-	3,531
BNP PARIBAS MONEY 3M	1	23	162
TOTAL	**14,342**	**1,025**	**5,057**
Impairment of treasury shares		(642)	(412)
Purchase price of treasury shares		1,002	1,364
Market value		359	952
Unrealized capital gain on marketable securities after tax		-	-

NOTE 9 Adjustement accounts (Assets)

(in € thousands)	Dec. 31, 2019	Dec. 31, 2018
Prepaid expenses	9,582	6,087
Expenses to be allocated to future reporting periods	612	807
Unrealized exchange losses	359	340
TOTAL	**10,552**	**7,234**

Prepaid expenses result mainly from the percentage of completion of contracts in progress.

Expenses to be allocated to future reporting periods are recognized 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, 2018	Prior year net income (loss) appropriation	Dividend distribution	Change in tax-driven provisions	Partial transfer of assets (1)	Net income (loss) for the period	Dec. 31, 2019
Share capital	6,056						6,056
Additional paid-in capital	7,237						7,237
Legal reserve	606						606
Retained earnings	90,171	(1,992)					88,179
Tax-driven provisions	4,445			(390)	(3,360)		696
Equity before net income appropriation	**108,515**	**(1,992)**	**-**	**(390)**	**(3,360)**		**102,774**
Net income (loss) for the period	(1,992)	1,992				(156,848)	(156,848)
TOTAL	**106,523**	**-**	**-**	**(390)**	**(3,360)**	**(156,848)**	**(54,074)**

(1) Partial asset contributions by CNIM Groupe SA to its subsidiaries CMS, CNIM Systèmes Industriels, CNIM E&E Services and CNIM E&E O&M subject to French regulations on spin-offs (as mentioned in Note 3).

At December 31, 2019, 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.

NOTE 11 Tax-driven provisions

(in € thousands)	Dec. 31, 2018	Increases	Decreases	Partial transfer of assets (1)	Dec. 31, 2019
Accelerated depreciation/amortization	2,166	625	2,095	-	696
Investment grants	2,279	1,081		(3,360)	-
TOTAL	**4,445**	**1,705**	**2,095**	**(3,360)**	**696**

(1) Partial asset contributions by CNIM Groupe SA to its subsidiaries CMS, CNIM Systèmes Industriels, CNIM E&E Services and CNIM E&E O&M subject to French regulations on spin-offs (as mentioned in Note 3.

Accelerated depreciation/amortization is used mainly for tooling.

Investment grants are mainly used for research and development projects.

NOTE 12 Provisions for contingencies and liabilities, and asset impairments

(in € thousands)	Dec. 31, 2018	Additions	Reversals (utilizations)	Reversals (surplus)	Partial transfer of assets	Dec. 31, 2019
Provisions for litigation	4,318	1,807	(177)	(298)	(2,017)	3,633
Provisions for guarantees	5,149	3,797	(1,558)	(3,000)	(1,094)	3,294
Provisions for unrealized exchange losses	316	342	(316)		(1)	341
Provisions for losses at completion	1,712	56,457	(928)		(2,670)	54,571
Other contingency provisions	389	693		(187)		895
Provisions for contingencies	11,883	63,096	(2,979)	(3,485)	(5,782)	62,733
Provisions for long-service awards	423	33			(319)	137
Accrued expenses on completed contracts	10,175	20,065	(7,781)	(1,804)	(1,066)	19,589
Provisions for liabilities	10,598	20,098	(7,781)	(1,804)	(1,385)	19,726
TOTAL PROVISIONS FOR CONTINGENCIES AND LIABILITIES	**22,481**	**83,194**	**(10,759)**	**(5,289)**	**(7,167)**	**82,459**
Impairment of intangible assets and PP&E	482				(457)	25
Equity investments and other receivables	49,778	25,308	(3,135)		(40,065)	31,885
Other financial assets	7,443	10,732	(42)			18,133
Impairment of financial assets	57,220	36,040	(3,177)	-	(40,065)	50,018
Raw material inventories	4,069	91	(392)		(2,644)	1,124
Trade accounts receivable	1,270	1,857	(440)		(323)	2,363
Advances and down payments made on orders	5	4,961			(2)	4,964
Other receivables	40,914	54				40,968
Marketable securities	413	230				643
Provisions for impairment of current assets	46,671	7,193	(832)	-	(2,969)	50,063
ASSET IMPAIRMENTS	**104,373**	**43,233**	**(4,009)**	**-**	**(43,492)**	**100,105**
TOTAL PROVISIONS FOR CONTINGENCIES, LIABILITIES AND ASSET IMPAIRMENTS	**126,853**	**126,427**	**(14,769)**	**(5,289)**	**(50,659)**	**182,563**

		Additions	Reversals
Operating items		89,815	(16,565)
Financial items		36,612	(3,493)
Non-recurring items		-	-
TOTAL		**126,427**	**(20,058)**

The provision for long-service awards at December 31, 2019 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 0.8% (including inflation) were used.

NOTE 13 Loans and borrowings

(in € thousands)	Gross amount	Maturity of liability		
		Less than 1 year	1-5 years	More than 5 years
Bank overdrafts	5,025	5,025		
Other bank loans and borrowings	145,135	145,135	-	
Bank borrowings and debt	**150,159**	**150,159**	**-**	**-**
Miscellaneous non-Group borrowings and debt	51,049	30,731	20,318	
Current accounts liabilities (Group)	160,357	160,357		
Miscellaneous borrowings and debt	**211,406**	**191,088**	**20,318**	**-**
Trade accounts payable	136,640	136,640		
Social security and tax payables	39,260	39,260		
Other liabilities	5,862	5,862		
TOTAL	**543,327**	**523,008**	**20,318**	**-**

Other bank loans and borrowings

In December 2017, the Group renewed a syndicated credit line (multi-currency) of €120 million, which was renewable for a five-year period (extended by one year in 2019 with another one-year extension possible) at a floating rate (Euribor or Libor). €120 million of this credit line had been drawn down at December 31, 2019. 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. If breached, the terms of the covenant require the borrowers to repay the credit line upon demand by the lenders.

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 covenant conditions were not met at the 2019 reporting date.

Given the limitations of the waiver obtained at December 31, 2019, the three loans were classified, for their full amounts, under 'current financial liabilities' as the Group did not have an enforceable right – at December 31, 2019 - to repay them in more than one year.

At December 31, 2019 bank loans and borrowings comprised the following:

- Loan to fund work at SCI Bassano : €1,135 thousand,
- Loan to invest in the Exensor company : €24,000 thousand,
- Drawdown of the renewable credit line: €120,000 thousand.

Miscellaneous borrowings and debt

Miscellaneous external borrowings and debt comprised the following:

- Factoring of tax receivables (research tax credit) to BPI : €31,012 thousand,
- Martin Gmbh loan: €20,000 thousand,
- Other: €37 thousand.

NOTE 14 Adjustments accounts (Liabilities)

(in € thousands)	Dec. 31, 2019	Dec. 31, 2018
Deferred income	58,259	39,943
Unrealized exchange gains	646	351
TOTAL	**58,905**	**40,294**

NOTE 15 Unrealized exchange losses

(in € thousands)	Dec. 31, 2019	Dec. 31, 2018
Unrealized exchange losses	359	340
Provisions for contingencies	(341)	(316)
NET	**19**	**25**

Provisions are only recognized for unrealized exchange losses relating to unhedged transactions (see Note 2.1)

NOTE 16 Expenses payable

(in € thousands)	Dec. 31, 2019	Dec. 31, 2018
Trade accounts payable	85,837	58,946
Social security and tax payables	7,853	16,506
TOTAL	**93,690**	**75,452**

NOTE 17 Revenues – Increase in semi-finished and finished goods

(in € thousands)	Dec. 31, 2019	Dec. 31, 2018
France	221,982	158,557
Export	176,051	298,731
Revenue	398,032	457,288
France	-	-
Export	(2,514)	(2,657)
Increase (decrease) in semi-finished and finished goods	(2,514)	(2,657)
TOTAL	**395,518**	**454,631**

Breakdown of revenues by operating segment

(in € thousands)	Dec. 31, 2019	Dec. 31, 2018
Environment & Energy	298,431	365,114
Innovation & Systems	99,601	92,174
TOTAL	**398,032**	**457,288**

Breakdown of revenues by geographic area

(in € thousands)	Dec. 31, 2019	Dec. 31, 2018
France	218,646	182,716
United Kingdom	155,785	208,264
Rest of Europe	5,651	34,605
Asia	2,811	2,826
Other	15,141	28,877
TOTAL	**398,032**	**457,288**

Expense transfers

(in € thousands)	Dec. 31, 2019	Dec. 31, 2018
Insurance indemnities	3,414	2,116

NOTE 18 Net Financial Income (loss)

(in € thousands)	Dec. 31, 2019	Dec. 31, 2018
Dividends received from investments	74,221	7,239
Proceeds from disposals of marketable securities	8	9
Interest on non-current financial assets	2,041	2,214
Interest on current receivables	92	76
Reversals of provisions for exchange losses	316	1,070
Reversals of other provisions	3,177	5,758
Foreign exchange gains	2,849	3,883
FINANCIAL INCOME	**82,704**	**20,250**
Provisions for exchange losses	342	316
Impairment losses	36,324	14,222
Interest on current accounts and short-term investmer	1,933	794
Other financial expenses	456	66
Net expenses on disposal of marketable securities	507	206
Foreign exchange losses	6,096	2,634
FINANCIAL EXPENSE	**45,658**	**18,237**
NET FINANCIAL INCOME (LOSS)	**37,046**	**2,013**

Dividends received from investments are broken down as follows:

COA Dividends	230
LAB Dividends	2,612
CNIM NETHERLANDS Dividends	65,087
CTG Dividends	720
CNIM UK Dividends	3,493
BERTIN Dividends	2,000
SMA Dividends	78
TOTAL	74,221

Impairment losses recognized in the reporting period are made as follows:

Impairment of Cnim Groupe SA treasury shares	10,732
Impairment of CNIM India shares	1,635
Impairment of LAB USA holding loans	23,673
Other	284
TOTAL	36,324

NOTE 19 Non-recurring income (expense)

(in € thousands)	Dec. 31, 2019	Dec. 31, 2018
Reversal of depreciation, amortization and provisions	2,095	1,341
Proceeds from disposal of intangible assets and PP&E	860	76
Proceeds from disposal of financial assets	6	1,676
NON-RECURRING INCOME	**2,961**	**3,093**
Charges to depreciation, amortization and provisions	625	995
Carrying amount of intangible assets and PP&E sold	472	53
Carrying amount of financial assets sold	3,135	1,887
Other [1]	7,420	9
NON-RECURRING EXPENSES	**11,652**	**2,944**
NET NON-RECURRING INCOME (EXPENSE)	**(8,691)**	**149**

Other non-recurring expenses include:

- the indemnity paid to cover the legal costs concerning the Bahrain contract;
- costs from the Group's legal reorganization.

NOTE 20 Income tax

A. Consolidated tax group

(in € thousands)		Dec. 31, 2019 Contribution to consolidated tax group net income (loss)	Contribution to Group tax	Tax due not concerning consolidated tax group
CNIM - head of tax group		(151,807)	-	-
Contribution of subsidiaries after use of tax carry-forwards arising prior to tax consolidation	Loss-making subsidiaries	(4,150)	-	
	Profit-making subsidiairies	3,877	-	1,124
Consolidated net income (loss)		(152,080)		
Payable consolidated income tax expense				
Income tax savings				1,124

B. Breakdown of income tax expense

Dec. 31, 2019	Profit (loss) before income tax and employee profit sharing expense		Income tax					Net income		
(in € thousands)	Accounting	Tax	Other	Tax on dividends	Tax savings (tax consolidation)	Research tax credit and other	Due	Theoretical	Profit sharing	Accounting
France	(154,177)	(143,823)	(284)		1,124	4,770	5,609	(148,568)		(148,568)
International	556	610	(144)				(144)	412		412
Recurring	**(153,622)**	**(143,213)**	**(428)**	-	**1,124**	**4,770**	**5,465**	**(148,157)**	-	**(148,157)**
Non-recurring	**(8,691)**	**(8,594)**			-	-	-	(8,691)	-	(8,691)
TOTAL	**(162,313)**	**(151,807)**	**(428)**	-	**1,124**	**4,770**	**5,465**	**(156,848)**	-	**(156,848)**
France	(162,868)	(152,417)	(284)	-	1,124	4,770	5,609	(157,259)		(157,259)
International	556	610	(144)				(144)	412		412
TOTAL	**(162,313)**	**(151,807)**	**(428)**	-	**1,124**	**4,770**	**5,465**	**(156,848)**		**(156,848)**

C. Taxable and deductible temporary differences

Nature of temporary differences (in € thousands)	Dec. 31, 2019 Amount	Rate
- Accelerated depreciation/amortization	696	29%
- Unrealized exchange losses	360	29%
TAXABLE TEMPORARY DIFFERENCES	**1,056**	
Corporate income tax - Deferred tax liability	305	
Provisions and expenses not deductible in the year of recognition, Unrealized gains already taxed		
- Social security compensation tax for 2019	354	29%
- Other provisions	1,262	29%
- Provisions for losses at completion	48,571	26%
- Unrealized exchange gains	666	29%
DEDUCTIBLE TEMPORARY DIFFERENCES	**50,853**	
Corporate income tax - Deferred tax asset	13,201	

D. Impact of favorable tax treatment on net income

(in € thousands)	Dec. 31, 2019
Net income for the period	(156,848)
Charges to tax-driven provisions	625
Reversals of tax-driven provisions	(2,095)
Decrease in income tax due to provisions	(200)
Increase in income tax due to provision reversals	671
Net income excluding effect of tax treatment	**(157,847)**

NOTE 21 Off-balance sheet commitments

Commitments given (in € thousands)	Subsidiaries	Dec. 31, 2019	Dec. 31, 2018
Contract guarantees		519,556	375,744
including guarantees given on behalf of subsidiaries	CCF	119	119
	CNIM Singapore	3,467	3,360
	COA	184	253
	CTE	372	369
	CTF	265	26
	CTG	873	873
	Engineers FZC	5,500	5,500
	BERTIN Technologie	3,949	-
	LAB SA	22,720	7,464
	LAB USA Corp.	4,451	4,367
	LAB Washington	697	684
	MESE	3,426	4,488
	SUNCNIM	26,959	20,128
	VECSYS	-	803
	JVs CLUGSTON	250,777	-
	JVs LAGAN	12,535	-
	CPCM	38,722	-
	LAB GmbH	2,001	-
	Babcock Wanson Polska	50	-
	TOTAL	**377,066**	**48,433**

Commitments received (in € thousands)	Dec. 31, 2019	Dec. 31, 2018
Bonds received from suppliers	71,409	153,712

Reciprocal commitments 2019					
Currency	Contract type	Amount	Guaranteed rate	Currency	+/- 1 year
AED	Forward purchase	157,000	4.8912	EUR	+ 1 year
GBP	Forward purchase	29,514,271	0.8572	EUR	- 1 year
USD	Forward purchase	27,091,000	1.1799	EUR	- 1 year
USD	Forward purchase	8,948,000	1.2317	EUR	+ 1 year
CHF	Forward sale	1,578,220	1.1134	EUR	- 1 year
DKK	Forward sale	19,352,523	7.4671	EUR	+ 1 year
EUR	Forward sale	49,848,048	1.1455	GBP	- 1 year
EUR	Forward sale	169,196,445	1.1202	GBP	+ 1 year
GBP	Forward sale	22,721,357	0.8679	EUR	- 1 year
GBP	Forward sale	16,101,946	0.8930	EUR	+ 1 year
USD	Forward sale	35,611,000	1.1628	EUR	- 1 year
USD	Forward sale	70,171,000	1.2559	EUR	+ 1 year

Reciprocal commitments 2018					
Currency	Contract type	Amount	Guaranteed rate	Currency	+/- 1 year
GBP	Forward purchase	9,082,503	0.89456	EUR	-1 year
GBP	Forward purchase	211,647	0.91402	EUR	+1 year
USD	Forward purchase	14,004,000	1.16519	EUR	-1 year
USD	Forward purchase	29,385,000	1.21054	EUR	+1 year
CHF	Forward sale	1,803,680	1.18547	EUR	-1 year
CNH	Forward sale	4,610,640	8.15593	EUR	-1 year
GBP	Forward sale	11,034,882	0.87858	EUR	-1 year
GBP	Forward sale	1,120,265	0.88748	EUR	-1 year
USD	Forward sale	22,991,754	1.15543	EUR	-1 year
USD	Forward sale	78,240,000	1.23941	EUR	+1 year
DKK	Forward sale	19,352,523	7.4655	EUR	+1 year

Post-employment benefits (in € thousands)	Dec. 31, 2019	Dec. 31, 2018
Retirement benefits (1)	11,540	18,121

(1) Retirement benefits due to all employees in service.

Retirement benefits at December 31, 2019 were calculated using actuarial methods, based on retirement age, INSEE mortality tables TGH05 and TFF05, the number of years of service and personnel turnover assumptions. They also take into account a salary increase rate of 1% (excluding inflation), an inflation rate of 2.0% and a discount rate of 0.8% (including inflation).

NOTE 22 Headcount

	Average workforce 2019 before partial transfer of assets	Partial transfer of assets (1)	Workforce 2019 after partial transfer of assets
Engineers and management	779	(478)	**301**
Office staff	307	(211)	**96**
Other employees	151	(148)	**3**
TOTAL	1,236	(837)	**399**

(1) Partial asset contribution by CNIM Groupe SA to its subsidiaries CMS, CNIM Systèmes Industriels, CNIM E&E Services and CNIM E&E O&M subject to French regulations on spin-offs (as mentioned in Note 3).

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 23 Management compensation

(in € thousands)	Dec. 31, 2019			Dec. 31, 2018		
	Management bodies		Senior management	Management bodies		Senior management
	Management board and GMC [1]	Supervisory board		Management board and GMC [1]	Supervisory board	
Retirement benefit commitments	508		508	7,422	-	7,422
Remuneration	2,713	788	3,501	3,803	794	4,597

(1) Group Directors Committee.

NOTE 24 Subsidiaries and equity investments

(in € thousands)	FR /INT [1]	Share capital	Retained earnings (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 [2]									
1. Subsidiaries (equity interest >50%)									
Babcock Services	INT	5,969	(838)	(44)	100.00	5,661	5,042		-
BERTIN Technologies	FR	18,000	43,797	(5,712)	100.00	30,492	30,492	20,000	2,000
CNIM 10	FR	3	1	(2)	100.00	3	3	-	-
CNIM 4	FR	3	(5)	(2)	100.00	3	-	-	-
CNIM 6 (formerly BWHolding)	FR	50	2,113	(4)	100.00	2,453	2,163	-	-
CNIM 9	FR	3	1	(2)	100.00	3	3	-	-
CNIM E&E EPC (formerly CNIM 13)	FR	3	1	(4)	100.00	3	3	-	-
CNIM E&E O&M (formerly CNIM 7)	FR	2,518	2,730	(5)	100.00	5,248	5,248	-	-
CNIM E&E PARTICIPATIONS (formerly CNIM 11)	FR	31,003	(1)	(3)	100.00	31,003	31,003	-	-
CNIM E&E SERVICES (formerly CNIM 12)	FR	6,602	(1)	(5)	100.00	6,799	6,799	-	-
CNIM ENVIRONNEMENT & ENERGIE (formerly CNIM 3)	FR	3	(5)	(2)	100.00	3	-	-	-
CNIM INDIA	INT	3,125	(1,866)	(1,489)	52.02	1,635	0	-	-
CNIM INDUSTRIE	FR	39	(52)	(9)	100.00	60	0	-	-
CNIM INNOVATION & SYSTEMES (formerly CNIM 2)	FR	3	(5)	(2)	100.00	3	-	-	-
CNIM Middle East	INT	36	72	(40)	100.00	37	37	-	-
CNIM MUTUAL SERVICES (formerly CNIM 1)	FR	1,406	5,308	(6)	100.00	6,719	6,717	-	-
CNIM RUS	INT	0	4	-	100.00	0	0	-	-
CNIM Saoudi	INT	1,187	(19,187)	-	94.00	1,328	-	-	-
CNIM SWITZERLAND	INT	18	43	23	100.00	19	19	-	-
CNIM SYSTEMES INDUSTRIELS (formerly CNIM 8)	FR	30,231	29,387	(5)	100.00	59,619	59,619	-	-
CNIM UK / Martin E. S.	INT	1,887	294	44	100.00	2,371	2,371	-	3,493
CNIM US	INT	178	(91)	(29)	100.00	178	178	-	-
Ekomz	INT	-	-	-	70.00	2	2	-	-
LAB	FR	2,750	17,390	976	100.00	18,500	18,500	-	2,612
SCI 35, rue de Bassano	FR	8	25,265	496	100.00	8	8	8,188	-
2. Equity investments (equity interest between 10% and 50%)									
CCUAT	FR	153	9	(8)	49.88	82	82	-	-
CNIM CONSTRUCTION LLC	INT	73	(188)	213	49.00	35	35	-	-
CNIM PRIVATE COMPANIES MANAGEMENT	INT	73	-	-	49.00	35	35	-	-
PBE	FR	686	603	339	49.00	962	-	1,722	-
B. GENERAL INFORMATION [2]									
1. Subsidiaries (> 50% equity interest)									
a) French subsidiaries (all)	FR	92,621	125,922	(4,291)		160,917	160,556	28,188	4,612
b) Foreign subsidiaries (all)	INT	12,400	(21,570)	(1,534)		11,232	7,649	-	3,493
2. Equity investments									
a) In French companies (all)	FR	839	611	331		1,044	82	1,722	-
b) In foreign companies (all)	INT	145	(188)	213		70	70	-	-

(1) FR: France / INT: International.
(2) Amounts for non-French companies have been converted into euros at the exchange rate effective on December 31, 2019, with the exception of net income (loss), which was converted at the average exchange rate for the 2019 reporting period.

NOTE 25 Subsequent events

The Company has not identified any subsequent events other than:

- the Covid-19 crisis, the impacts of which are described in Note 2 “Accounting policies and methods” in the paragraph on “Going concern”, and
- The finalization of the financial restructuring process initiated in July 2019 and described in Note 3 “Significant events of the period”.

7 2019 GENERAL MEETING

7.1 Report of the Management Board on the resolutions proposed to the Ordinary and Extraordinary General Meeting of 31 July 2020(AFR)

Ladies and Gentlemen,

We have brought you together in Ordinary and Extraordinary General Meeting (the "General Meeting") on 31 July 2020 at the registered office, in accordance with the applicable law and the Company's bylaws, to deliberate on the agenda set out below.

By way of reminder, the Company is currently managed by a Management Board whose duties are performed under the permanent control of a Supervisory Board.

Since the start of the discussions concerning the Conciliation Protocol with the Company's banks and credit insurers, the latter have strongly recommended a change in the Company's governance structure and, in particular, the appointment of a Chief Executive Officer.

At the Supervisory Board meeting of 26 May 2020, Mr. Louis-Roch Burgard was appointed a member of the Management Board and given the title of Chief Executive Officer and, consequently, the same powers of representation as the Chairman of the Management Board.

In furtherance of this change, and in view of the bureaucracy this two-tier mode of governance involves, the Company intends to simplify and clarify its decision-making processes and to tailor its governance structure to the constrained environment in which it currently operates. The Company thus intends to change its mode of governance by putting in place a Board of Directors, to replace the current two-tier system (consisting of a Supervisory Board and a Management Board).

To this effect, we propose that you:

- adopt the principle of the change in the Company's governance structure and the setting up of a Board of Directors;
- amend the Company's bylaws accordingly (the draft bylaws are appended);
- appoint the first directors, thereby enabling the Board of Directors to be set up;
- set the remuneration policy for Corporate Officers; and
- grant the Board of Directors the financial authorizations that will enable it to carry out those actions that prove necessary for the proper functioning of the Company and its development.

The agenda reflects this proposal. Since you will decide on whether this new mode of governance is adopted, the resolutions relating to the financial authorizations will apply either to the Management Board or to the Board of Directors depending on the result of the vote on the change of governance. The resolutions relating to the approval of the remuneration policies that apply to the Corporate Officers also cover in consequence the remuneration policies that apply to the Chairman of the Supervisory Board and to the members of the Management Board as well as those that will apply to the members of the Board of Directors, the Chairman of the Board of Directors and the Chief Executive Officer, if the change in the Company's mode of governance is adopted.

In addition, we ask you to vote on whether or not the Company should be dissolved early.

Indeed, under the terms of Article L. 225-248 of the French Commercial Code (Code de commerce), if, due to the losses recognized in the accounting documents, the Company's equity falls to below one-half of the share capital, the Management Board must, within the four months following the approval of the financial statements in which such losses were disclosed, convene an Extraordinary General Meeting of the shareholders for the purpose of deciding whether there is cause for the early dissolution of the Company.

If early dissolution is not ordered, the Company must, no later than the end of the second financial year following that during which the losses were recognized, either reduce its share capital by an amount at least equal to that of the losses that could not be offset against reserves, without such reduction resulting in share capital of less than the minimum legal capital, or restore its equity to at least one-half its share capital.

The allocation of the loss for the year ended 31 December 2019 would result in the Company having negative equity of €54,073,755.32 in the financial statements to be approved by the General Meeting, and share capital of €6,056,220.

We recommend that you do not order the Company's dissolution given that the Conciliation Protocol has been entered into and approved.

We invite you to decide on the following resolutions on which we ask you to vote.

The Management Board

7.2 Resolutions proposed to the Ordinary and Extraordinary General Meeting of 31 July 2020(AFR)

- **For consideration as an Ordinary Meeting**

First resolution

Approval of the company financial statements for 2019

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the Management Report of the Management Board, 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 2019 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 2019 disclosing a net loss of €158,847,511.07, as well as the transactions recorded in those financial statements and summarized 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 French General Tax Code, which amount to €35,653.79 and the corresponding tax of €12,275.60, 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.

Second resolution

Approval of the consolidated financial statements for 2019

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the Management Report of the Management Board, 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 2019, 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 2019, drawn up in accordance with the provisions of Articles L. 233-16 et seq. of the French Commercial Code, disclosing a net loss of €200,701,816.82, as well as the transactions recorded in those financial statements and summarized in those reports.

Third resolution

Appropriation of profit/(loss)

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the Management Report of the Management Board, resolves to appropriate the entire loss for the year of €156,847,511.07 to the "Retained earnings" account, which would then have a negative balance of €149,150,380.06.

It is recalled that dividends distributed in respect of the previous three financial years were as follows:

(in €)	2018	2017	2016
No. of shares	3,028,110	3,028,110	3,028,110
Dividend	0	5.25	6.70

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.

Fifth resolution

Approval of the principles and criteria for the determination, distribution and allocation of the fixed, variable and exceptional components of the total remuneration and the benefits of all kinds accruing to the 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 on corporate governance prepared in accordance with Article L. 225-68 of the French Commercial Code and presented in section 5.1 of the Company's Universal 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, by virtue of their offices, to the Chairman of the Management Board and the members of the Management Board, as described in the above-mentioned report.

Sixth resolution

Approval of the principles and criteria for the determination, distribution and allocation of the fixed, variable and exceptional components of the total remuneration and the benefits of all kinds accruing to 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 on corporate governance prepared in accordance with Article L. 225-68 of the French Commercial Code and presented in section 5.1 of the Company's Universal 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, by virtue of their offices, to 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.

Seventh resolution

Approval of the information referred to in Article L. 225-37-3 I of the French Commercial Code

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the report on corporate governance presented in section 5.1 of the Company's Universal Registration Document, approves, in application of Article L. 225-100 of the French Commercial Code, the information referred to in Article L. 225-37-3 I of the French Commercial Code as presented in the above-mentioned report.

Eighth resolution

Approval of the items of remuneration paid or allocated in respect of the year ended 31 December 2019 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 on corporate governance prepared in accordance with Article L. 225-68 of the French Commercial Code, approves, in application of Article L. 225-100 of the French Commercial Code, the fixed remuneration forming the total remuneration and benefits of all kinds paid or allocated during the year ended 31 December 2019 to Ms Christiane Dmitrieff in her capacity as Chairwoman of the Supervisory Board as shown in section 5.1 of the Company's Universal Registration Document, noting that Ms Christiane Dmitrieff's remuneration does not include any variable or exceptional items.

Ninth resolution

Approval of the items of remuneration paid or allocated in respect of the year ended 31 December 2019 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 on corporate governance prepared in accordance with Article 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 components of the total remuneration and benefits of all kinds paid or allocated during the year ended 31

December 2019 to Mr Nicolas Dmitrieff in his capacity as Chairman of the Management Board as shown in section 5.1 of the Company's Universal Registration Document.

Tenth resolution

Appointment of Mr Nicolas Dmitrieff as a director of the Company, subject to the approval of the resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the report of the Management Board, subject to the condition precedent of the adoption of the twenty-sixth and twenty-seventh resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors, appoints:

Mr Nicolas Dmitrieff, born on 8 April 1970 at Boulogne Billancourt and residing at 2, rue d'Andigné, 75116 Paris (France), as a director 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 2023.

Mr Nicolas Dmitrieff indicated that he accepted this appointment and that he was not affected by any measure that could prevent him from holding the position.

Eleventh resolution

Appointment of Ms Christiane Dmitrieff as a director of the Company, subject to the approval of the resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the report of the Management Board, subject to the condition precedent of the adoption of the twenty-sixth and twenty-seventh resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors, appoints:

Ms Christiane Dmitrieff, born on 26 January 1935 in Paris (16th arrondissement) and residing at 2, avenue Princess Grace, 98000 Monaco (Monaco), as a director 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 2023.

Ms Christiane Dmitrieff indicated that she accepted this appointment and that she was not affected by any measure that could prevent her from holding the position

Twelfth resolution

Appointment of Ms Sophie Dmitrieff as a director of the Company, subject to the approval of the resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the report of the Management Board, subject to the condition precedent of the adoption of the twenty-sixth and twenty-seventh resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors, appoints:

Ms Sophie Dmitrieff, born on 21 June 1964 at Neuilly-sur-Seine and residing at 29 rue de Tolbiac, 75013 Paris (France), as a director 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 2023.

Ms Sophie Dmitrieff indicated that she accepted this appointment and that she was not affected by any measure that could prevent her from holding the position

Thirteenth resolution

Appointment of the company FREL as a director of the Company, subject to the approval of the resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the report of the Management Board, subject to the condition precedent of the adoption of the twenty-sixth and twenty-seventh resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors, appoints:

FREL, whose registered office is at 35 rue de Bassano, 75008 Paris, which is registered in the Paris Trade and Companies Register under number 388 471 450 and has as its permanent representative Ms Agnès Herlicq, born on 9 June 1963 in Paris (8th arrondissement) and residing at 8, allée des Hortensias, 75014 Paris, as a director 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 2023.

FREL indicated that it accepted this appointment and that it was not affected by any measure that could prevent it from holding the position.

Fourteenth resolution

Appointment of Mr Ulrich Martin as a director of the Company, subject to the approval of the resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the report of the Management Board, subject to the condition precedent of the adoption of the twenty-sixth and twenty-seventh resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors, appoints:

Mr Ulrich Martin, born on 21 November 1984 in Munich (Germany) and residing at Destouchesstrasse Munich 80796 (Germany), as a director 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 2023.

Mr Ulrich Martin indicated that he accepted this appointment and that he was not affected by any measure that could prevent him from holding the position.

Fifteenth resolution

Appointment of Mr Louis Roch Burgard as a director of the Company, subject to the approval of the resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the report of the Management Board, subject to the condition precedent of the adoption of the twenty-sixth and twenty-seventh resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors, appoints:

Mr Louis Roch Burgard, born on 16 December 1969 in Paris (15th arrondisssement) and residing at 146, rue Perronet, 92200 Neuilly-sur-Seine, as a director 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 2023.

Mr Louis Roch Burgard indicated that he accepted this appointment and that he was not affected by any measure that could prevent him from holding the position.

Sixteenth resolution

Appointment of Ms Sigrid Duhamel as a director of the Company, subject to the approval of the resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the report of the Management Board, subject to the condition precedent of the adoption of the twenty-sixth and twenty-seventh resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors, appoints:

Ms Sigrid Duhamel, born on 1 December 1965 in Paris (8th arrondissement) and residing at 1, rue de Villersexel, 75007 Paris (France), as a director 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 2023.

Ms Sigrid Duhamel indicated that she accepted this appointment and that she was not affected by any measure that could prevent her from holding the position.

Seventeenth resolution

Appointment of Ms Estelle Grelier as a director of the Company, subject to the approval of the resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the report of the Management Board, subject to the condition precedent of the adoption of the twenty-sixth and twenty-seventh resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors, appoints:

Ms Estelle Grelier, born on 22 June 1973 at La-Roche-sur-Yon and residing at 3, rue de Mer, 76400 Fécamp (France), as a director 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 2023.

Ms Estelle Grelier indicated that she accepted this appointment and that she was not affected by any measure that could prevent her from holding the position.

Eighteenth resolution

Appointment of Mr Xavier Girre as a director of the Company, subject to the approval of the resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the report of the Management Board, subject to the condition precedent of the adoption of the twenty-sixth and twenty-seventh resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors, appoints:

Mr Xavier Girre, born on 20 February 1969 in Rennes and residing at 5, square du capitaine Claude Barres, 92200 Neuilly-sur-Seine (France), as a director 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 2023.

Mr Xavier Girre indicated that he accepted this appointment and that he was not affected by any measure that could prevent him from holding the position.

Nineteenth resolution

Approval of the remuneration policy for the Chairman of the Board of Directors, subject to the approval of the resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the additional report of the Supervisory Board, approves, subject to the condition precedent of the adoption of the twenty-sixth and twenty-seventh resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors, in application of Article L. 225-37-2 II of the French Commercial Code, the remuneration policy for the Chairman of the Company's Board of Directors, as described in the above-mentioned report.

Twentieth resolution

Approval of the remuneration policy for the Vice-Chairman of the Board of Directors, subject to the approval of the resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the additional report of the Supervisory Board, approves, subject to the condition precedent of the adoption of the twenty-sixth and twenty-seventh resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors, in application of Article L. 225-37-2 II of the French Commercial Code, the remuneration policy for the Vice-Chairman of the Company's Board of Directors, as described in the above-mentioned report.

Twenty-first resolution

Approval of the remuneration policy for the Chief Executive Officer, subject to the approval of the resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the additional report of the Supervisory Board, approves, subject to the condition precedent of the adoption of the twenty-sixth and twenty-seventh resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors, in application of Article L. 225-37-2 II of the French Commercial Code, the remuneration policy for the Company's Chief Executive Officer, as described in the above-mentioned report.

Twenty-second resolution

Approval of the remuneration policy for the directors, subject to the approval of the resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the additional report of the Supervisory Board, approves, subject to the condition precedent of the adoption of the twenty-sixth and twenty-seventh resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors, in application of Article L. 225-37-2 II of the French Commercial Code, the remuneration policy for the Company's directors, as described in the above-mentioned report.

Twenty-third resolution

Renewal of the terms of office as a member and Vice-Chairman of the Supervisory Board of Mr François Cannelas, failing adoption of the resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the report of the Management Board, decides, if the twenty-sixth and twenty-seventh resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors are not adopted, to renew the term of office as a member of the Supervisory Board and as Vice-Chairman of the Supervisory Board of Mr François CANELLAS, born on 20 April 1936 in Marseille (second arrondissement) and residing at 1 bis, rue Vaneau, 75007 Paris (France), 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 2023.

Mr François CANELLAS indicated that he accepted this appointment and that he was not affected by any measure that could prevent him from holding the position.

Twenty-fourth resolution

Renewal of the terms of office as a member of the Supervisory Board and Chairwoman of the Strategic Committee of Ms Sigrid Duhamel, failing adoption of the resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the report of the Management Board, decides, if the twenty-sixth and twenty-seventh resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors are not adopted, to renew the terms of office as a member of the Supervisory Board and as Chairwoman of the Strategic Committee of Ms Sigrid Duhamel, born on 1 December 1965 in Paris (8th arrondissement) and residing at 1, rue de Villersexel, 75007 Paris (France), 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 2023

Ms Sigrid Duhamel indicated that he accepted this appointment and that he was not affected by any measure that could prevent him from holding the position.

Twenty-fifth resolution

Renewal of the term of office as a member of the Supervisory Board of Mr Johannes Martin, failing adoption of the resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors

The General Meeting, voting in accordance with the quorum and majority required for Ordinary General Meetings, having taken note of the report of the Management Board, decides, if the twenty-sixth and twenty-seventh resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors are not adopted, to renew the term of office as a member of the Supervisory Board of Mr Johannes Martin, born on 26 September 1954 in Munich (Germany) and residing at 62 Ina Seidel Bogen, Munich D81929 (Germany), 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 2023.

Mr Johannes Martin indicated that he accepted this appointment and that he was not affected by any measure that could prevent him from holding the position.

- **For consideration as an Extraordinary Meeting**

Twenty-sixth resolution

Change in the Company's mode of administration and management: adoption of a governance structure with a Board of Directors

The General Meeting, voting in accordance with the quorum and majority required for Extraordinary General Meetings, having taken note of the report of the Management Board and subject to the approval of the following resolution relating to the adoption of the new bylaws, amended to reflect the change in governance:

1. decides to amend the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors governed, notably, by Articles L. 225-17 to L. 225-56 of the French Commercial Code instead and in place of the current governance structure with a management board and a supervisory board;

2. decides that this amendment shall take effect upon adjournment of this General Meeting;

3. recognizes that the functions of the members of the Supervisory Board and of the members of the Management Board of the Company shall come to an end upon adjournment of this Meeting, in consequence of the adoption of the mode of administration;

4. decides that the financial statements for the year beginning 1 January 2020 will be drawn up and presented in accordance with the legal and statutory rules applicable to French limited companies (sociétés anonymes) with a board of directors;

5. where appropriate, approves the transfer to the Board of Directors (with power to sub-delegate in accordance with the law) of implementing powers conferred on the Management Board in respect of any delegation or authorization granted by the Extraordinary General Meeting and which had been used by the Management Board prior to the date of this Meeting.

Twenty-seventh resolution

Amendment of the bylaws: adoption of the Company's redrafted bylaws

The General Meeting, voting in accordance with the quorum and majority required for Extraordinary General Meetings, having taken note of the report of the Management Board and of the redrafted bylaws it is asked to adopt, subject to the approval of the above resolution relating to the change in the Company's mode of administration and management (adoption of a corporate governance structure with a Board of Directors), approves the amendment of the Company's bylaws, including the statutory amendments relating to the adoption of a governance structure with a board of directors, which involves the removal of all references to the Management Board and the Supervisory Board, and including where relevant the amendments linked to the harmonization of the bylaws with the new legal provisions of Law no. 2019-486 of 22 May 2019 relating to the growth and transformation of companies which amended the procedures for employee representation on boards of directors, and decides to adopt, article by article and in their entirety, the redrafted bylaws which will govern the Company in the form of a French limited company (société anonyme) with a board of directors at the adjournment of the General Meeting, the text of which will be appended to the minutes of this General Meeting.

Twenty-eighth resolution

Amendment of the bylaws in order to define the procedures for appointing the members of the Supervisory Board representing the employees, failing adoption of the resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors

The General Meeting, having taken note of the report of the Management Board and the provisions of Law no. 2019-486 of 22 May 2019 relating to the growth and transformation of companies which amended the procedures for employee representation on boards of directors, decides, if the twenty-sixth and twenty-seventh resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors are not adopted, to harmonize the Company's bylaws with these new legal provisions.

Twenty-ninth resolution

Recognition of the decrease in the equity to a level less than one-half of the share capital and decision on the continuation of the Company's operations in accordance with Article L. 225-248 of the French Commercial Code

The General Meeting, voting in accordance with the quorum and majority required, in accordance with the first paragraph of Article L. 225-248 of the French Commercial Code, notes that the Company's equity has fallen below one-half of the share capital and decides, in accordance with the provisions of Article L. 225-248 of the French Commercial Code, not to dissolve the Company and therefore to continue its operations.

- **For consideration as an Ordinary Meeting**

Thirtieth resolution

Appointment of a director to represent the employee shareholders in accordance with the stipulations of the Company's bylaws, subject to the approval of the resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors

The General Meeting, having taken note of the report of the Management Board and the stipulations of the bylaws, which provide that the meeting must vote on the appointment of a director to represent the employee shareholders on the basis of the list of candidates drawn up, notes the candidates eligible for the position of director representing the employee shareholders, and appoints the candidate to the position of director of the Company representing the employee shareholders, 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 2023.

Thirty-first resolution

Appointment of a member of the Supervisory Board to represent the employee shareholders in accordance with the stipulations of the Company's bylaws, failing adoption of the resolutions relating to the change in the Company's mode of administration and management by the adoption of a corporate governance structure with a Board of Directors

The General Meeting, having taken note of the report of the Management Board and the stipulations of the bylaws, which provide that the meeting must vote on the appointment of a member of the Supervisory Board to represent the employee shareholders on the basis of the list of candidates drawn up, notes the candidates eligible for the position of member of the Supervisory Board representing the employee shareholders, and appoints the candidate to the position of Supervisory Board member representing the employee shareholders, 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 2023.

Thirty-second resolution

Powers

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)

This is a free translation into English of the Statutory Auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

for the year ended 31 December 2019

To the General Meeting

CNIM Groupe (formerly CNIM)

35, rue de Bassano, 75008 Paris

- **Opinion**

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying consolidated financial statements of CNIM Groupe (formerly CNIM) for the year ended 31 December 2019. These financial statements were approved by the Management Board on 25 June 2020 based on information available as at that date and in the evolving context of the COVID-19 sanitary crisis.

In our opinion, the consolidated financial statements give a true and fair view of the assets and liabilities and of the financial position of the Group as at December 31, 2019 and of the results of its operations for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

The above opinion is consistent with the content of our report to the Audit Committee.

- **Basis of our opinion**

Audit framework

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.

Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with the independence rules applicable to us, for the period from 1 January 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics (Code de déontologie) for Statutory Auditors

- **Observations**

Without qualifying the above opinion, we draw your attention to:

- the financial restructuring completed in June 2020 by the approval, by the Commercial Court, of the conciliation protocol, the 2020/2021 cash projections and the assessment of the uncertainties relating to the sanitary crisis caused by the COVID-19 pandemic, described in Note 1.B to the consolidated financial statements, on which management based its decision to continue operating,
- Note 2 to the consolidated financial statements entitled "Change in accounting policies", which sets out the terms and the impacts of the first-time application as at 1 January 2019 of IFRS 16 "Leases".

- **Justification of our assessments - Key audit matters**

in accordance with the requirements of Articles L. 823-9 and R. 823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key 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 of the year, as well as how we addressed those risks.

These matters were addressed as part of our audit of the consolidated financial statements as a whole, approved in the context described above, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the consolidated financial statements.

Key point – Estimates to completion on long-term contracts

Risk identified

As indicated in Note 1.C.j to the consolidated financial statements, the Group's business involves long-term construction contracts for which revenues and margins are recognized based on the percentage of completion of each project. The percentage completed at year-end results from the ratio of cumulative costs incurred and expensed to date to estimated costs of the project at completion.

The revenue and margin to be recognized 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 uncertainties that inevitably weigh on long or complex operations (such as the construction of a waste treatment unit in the Environment Sector or the manufacture of advanced systems for the defense or space industries), or in the case of negotiations in progress vis-à-vis the client or subcontractors, changes in the scope of the contract or claims in respect of cost overruns.

These factors led us to consider the system for monitoring long-term contracts and assessing the reasonableness of the estimates to project completion as a key point of our audit.

Additional issues relating to the failure of Clugston

In addition, as indicated in Note 3 to the consolidated financial statements relating to the significant events of the period, as a result of the failure of Clugston, CNIM Groupe's civil engineering partner for several construction contracts in the UK and which went into administration on 6 December 2019, CNIM Groupe was obliged to assume responsibility for the completion of whole of the Clugston scope of work to honour its contractual commitments. This had a considerable impact on the 2019 results due, notably, to the costs incurred in remobilizing suppliers and subcontractors under unfavourable emergency terms and to delays caused to projects exposing the Group to penalties.

In this context and given the fact that the Clugston's failure occurred close to the year-end, we have paid particular attention to the estimates relating to the inclusion of the Clugston civil engineering scope of work into each project concerned.

Our response

We selected the projects with the highest risk profile based on criteria such as scale, technical complexity and margin rate at termination or variance in margin at completion, and for each of these projects, we:

- reviewed the operation, at 31 December 2019, of the Company's controls relating to the estimation of revenues and costs to completion;
- studied the Company's contractual terms and 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 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, audit evidence 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.

Additional issues relating to the failure of Clugston

Our initial approach involved reviewing the contractual takeover terms (“SPA”) and verifying the treatment of the takeover of the Clugston scope in respect of each project as an extension of the scope of CNIM Groupe's original contract.

For each project concerned, our approach also involved:

- Reviewing the past estimated budgets prepared by Clugston, their updating and the overall provision level through discussions with management concerning progress on the projects and costing assumptions,
- Checking the remaining amount the Company is entitled to bill by reconciling the contractual price with the records of billings issued to date as drawn up by Clugston, as well as the rights in respect of the bank guarantees put in place regarding the contracts,
- Reconciling the internal costs with the projected number of internal hours as reported in the project planning and the average hourly cost used, the consistency of which we have also assessed,
- Examining, on a sample basis, the contracts or quotes signed by the subcontractors and, in the absence of a signed contract or quote, the other information available as well as the status of negotiations that could be useful in assessing the costings used,
- Recomputing the provisions for late delivery based on the most recent planning and the contractual terms,
- Recalculating the revenue, margin and provisions for losses at completion, taking into account the situation of the projects, including CNIM Groupe’s historic scope and the scope taken over from Clugston.

Key point – Valuation of non-current assets

Risk identified

In the context of its growth, the Group has carried out targeted acquisitions which have resulted in the recognition of goodwill (whose valuation and recognition principles are described in Note 1.C.b to the consolidated financial statements) and has invested in new activities which have resulted in the recognition of tangible assets.

The total amount of goodwill shown in the balance sheet was €72.8 million at 31 December 2019. Of this, €31.2 million concerned the ‘Environment & Energy - Construction’ CGU of the Environment & Energy Sector, which has reported heavy losses in 2019 due to difficulties experienced in the execution of several major construction contracts, and €35.9 million concerned the ‘Bertin Systems & Consultancy’ CGU of the Innovation & Systems Sector.

The management makes sure during each year that the carrying amount of the goodwill does not exceed their recoverable amount. 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 computation of a terminal value deriving from the projection’s last year cash flow. The impairment test methods used are described in Note 1.C.g to the consolidated financial statements and details of the assumptions used are presented in Notes 13.A and 13.C to the consolidated financial statements.

In the absence of goodwill, an impairment test of the same nature was also carried out in respect of the Geodur business, which presented a risk of impairment. With regard to the historical accumulated losses and the decrease in metal prices which had a negative impact on selling prices, a €15.1 million impairment loss was recognized in 2019.

In view of the inherent sensitivity of the valuation of these assets to the financial assumptions (discounting and perpetual growth) and to the estimates made by the management regarding business volume and returns, and given the operating losses incurred by the Group in 2019, we considered the valuation of the goodwill items of the ‘Environment- Construction’ and ‘Bertin Systems & Consultancy’ businesses and of the Geodur assets as a key point of our audit.

Our response

We assessed the compliance of the methodology applied by the Company with the enforceable accounting standards.

We undertook a critical review of the means used to implement this methodology and have in particular:

- Reconciled the sum of the net assets tested with the total net assets in the consolidated financial statements;
- Reviewed the methodology for calculating the value in use and the reasonableness of the financial assumptions embedded in this calculation (long-term growth rate and discount rate);
- Assessed the reasonableness of the cash flow projections in light of:

  (i) the economic and financial context relevant to these activities,

  (ii) the contracts included in the backlog or expected contracts in future periods,

  (iii) actual cash flows generated during the year, and

(iv) the difference between the actual and expected cash flows for the same year in the projections made in previous reporting periods;

- Compared the cash flow projections with management's latest estimates as presented to the Management Board as part of the budget process;
- Assessed the relevance of the information provided in the notes to the consolidated financial statements.

Specific verifications

As required by legal and regulatory provisions and in accordance with professional standards applicable in France, we have also verified the information pertaining to the Group presented in the Management Board's management report approved on June 24, 2020. Management has confirmed that events that have occurred and information that has come to light relating to the Covid-19 crisis since the financial statements were closed will be reported to the Annual General Meeting called to approve these financial statements.

We have no matters to report as to its fair presentation and its consistency with the consolidated financial statements.

We attest that the information pertaining to the Group provided in the management report includes the consolidated non-financial information statement required under Article L.225-102-1 of the French Commercial Code. However, in accordance with Article L.823-10 of the French Commercial Code, we have not verified the fair presentation and consistency with the consolidated financial statements of the information given in that statement, which will be the subject of a report by an independent third party.

Report on other legal and regulatory requirements

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of CNIM Groupe by your Annual General Meeting held on 29 May 2013 as regards PricewaterhouseCoopers Audit, on 19 June 1995 as regards Calan Ramolino et Associés, an entity of the Deloitte network, and on 12 June 2007 as regards Deloitte & Associés, a member of the Deloitte network.

At 31 December 2019, PricewaterhouseCoopers Audit was in the seventh and Deloitte & Associés was in the twenty-fifth 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 those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems, and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

The consolidated financial statements have been approved by the Management Board.

Statutory Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Audit objective and audit approach

Our role is to issue a report on the consolidated financial statements. Our objective is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified by Article L. 823-10-1 of the French Commercial Code, our statutory audit does not include assurance on the viability of the Company or the quality of the Management of the Affairs of the Company

As part of an audit conducted with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit, and furthermore:

- identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion; The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the consolidated financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the consolidated financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The Statutory Auditor is responsible for the direction, supervision and performance of the audit of the consolidated financial statements and for the opinion expressed on these consolidated financial statements.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the year and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit Committee with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (Code de déontologie) for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris La Défense, 25 June 2020

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Sébastien Lasou	Philippe Battisti

7.4 Statutory Auditors' Report on the annual financial statements (AFR)

This is a free translation into English of the Statutory Auditors' report on the financial statements of the Company issued in French and it is provided solely for the convenience of English-speaking users.

This Statutory Auditors' report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or verification of the management report and other documents provided to shareholders.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

for the year ended 31 December 2019

To the General Meeting

CNIM Groupe (formerly CNIM)

35, rue de Bassano, 75008 Paris

- **Opinion**

In compliance with the engagement entrusted to us by your General Meeting, we have audited the accompanying financial statements of CNIM Groupe (formerly CNIM) for the year ended 31 December 2019. These financial statements were approved by the Management Board on 25 June 2020 based on information available as at that date and in the evolving context of the COVID-19 sanitary crisis.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as of December 31, 2019 and the results of its operations for the year then ended in accordance with French accounting principles.

The audit opinion expressed above is consistent with our report to the Audit Committee.

- **Basis of our opinion**

Audit framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our responsibilities under those standards are further described in the "Statutory Auditors' Responsibilities for the Audit of the Financial Statements" section of our report.

Independence

We conducted our audit engagement in compliance with independence rules applicable to us, for the period from January 1, 2019 to the date of our report and specifically we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No. 537/2014 or in the French Code of Ethics (Code de déontologie) for Statutory Auditors.

Observations

Without qualifying the above opinion, we draw your attention to:

- the financial restructuring completed in June 2020 by the approval, by the Commercial Court, of the conciliation protocol, the 2020/2021 cash projections and the assessment of the uncertainties relating to the sanitary crisis caused by the COVID-19 pandemic, described in Note 2 to the annual financial statements, on which management based its decision to continue operating,
- the legal reorganization of the Company carried out on 31 December 2019 and described in Note 3 to the annual financial statements.

- **Justification of our assessments - Key audit matters**

In accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code (Code de commerce) relating to the justification of our assessments, we inform you of the key audit matters relating to risks of material misstatement that, in our professional judgment, were of most significance in our audit of the financial statements of the year, as well as how we addressed those risks.

These matters were addressed as part of our audit of the financial statements as a whole, approved in the context described above, and therefore contributed to the opinion we formed as expressed above. We do not provide a separate opinion on specific items of the financial statements.

Key point – Estimates to completion on long-term contracts

<u>Risk identified</u>

As indicated in Note 2.D to the annual financial statements, the Company's business involves long-term construction contracts for which revenues and margins are recognized based on the percentage of completion of each project. The percentage completed at year-end results from the ratio of cumulative costs incurred and expensed to date to estimated costs of the project at completion.

The revenue and margin to be recognized 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 uncertainties that inevitably weigh on long or complex operations (such as the construction of a waste treatment unit in the Environment Sector or the manufacture of advanced systems for the defense or space industries), or in the case of negotiations in progress, vis-à-vis the client or subcontractors, changes in the scope of the contract or claims in respect of cost overruns.

These factors led us to consider the system for monitoring long-term contracts and assessing the reasonableness of the estimates to project completion as a key point of our audit.

Additional issues relating to the failure of Clugston

In addition, as indicated in Note 3 to the annual financial statements relating to the significant events of the period, as a result of the failure of Clugston, CNIM Groupe's civil engineering partner for several construction contracts in the UK and which went into administration on 6 December 2019, CNIM Groupe was obliged to assume responsibility for the completion of whole of the Clugston scope of work to honour its contractual commitments. This had a considerable impact on the 2019 results due, notably, to the costs incurred in remobilizing suppliers and subcontractors under unfavourable emergency terms and to delays caused to projects exposing the Group to penalties.

In this context and given the fact that the Clugston's failure occurred close to the year end, we have paid particular attention to the estimates relating to the inclusion of the Clugston civil engineering scope of work into each project concerned.

<u>Our response</u>

We selected the projects with the highest risk profile based on criteria such as scale, technical complexity and margin rate at completion or variance in margin at completion, and for each of these projects, we:

- reviewed the operation, at 31 December 2019, of the Company's controls relating to the estimation of revenues and costs to completion,
- studied the Company's contractual terms and 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 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, audit evidence 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.

Additional issues relating to the failure of Clugston

Our initial approach involved reviewing the contractual takeover terms ("SPA") and verifying the treatment of the takeover of the Clugston scope in respect of each project as an extension of the scope of CNIM's original contract.

For each project concerned, our approach also involved:

- Reviewing the past estimated budgets prepared by Clugston, their updating and the overall provision level through discussions with management concerning progress on the projects and costing assumptions,
- Checking the remaining amount the Company is entitled to bill by reconciling the contractual price with the records of billings issued to date as drawn up by Clugston, as well as the rights in respect of the bank guarantees put in pace regarding the contracts,
- Reconciling the internal costs with the projected number of internal hours reported in the project planning and the average hourly cost used, the consistency of which we have also assessed,
- Examining, on a sample basis, the contracts or quotes signed by the subcontractors and, in the absence of a signed contract or quote, the other information available as well as the status of negotiations that could be useful in assessing the costings used,
- Recomputing the provisions for late delivery based on the most recent planning and the contract terms,
- Recalculating the revenue, margin and provisions for losses at completion, taking into account the situation of the projects, including CNIM Groupe's historic scope and the scope taken over from Clugston.

Key point - Partial contributions of assets to Group entities at 31 December 2019

Risk identified

At midnight on 31 December 2019, as part of the reorganization of the Group's legal structure, CNIM SA, renamed CNIM Groupe SA, contributed part of its assets to three ad hoc subsidiaries which now house the operating divisions E&E Services, E&E Operation and CSI.

As from 1 January 2020, CNIM Groupe SA houses certain corporate activities and no longer carries out any operating activities with the exception of those of the E&E EPC Division.

Note 3 to the annual financial statements relating to "Significant events of the period" summarizes the impact of this reorganization on the year-end balance sheet.

Given the exceptional nature and materiality of this reorganization to the financial statements, we considered its accounting treatment as a key point of our audit.

Our response

As part of our audit, we reviewed the legal and tax documentation prepared by the Company, as well as the report prepared by the contributions auditor, with the help of experts in this type of operation.

We obtained and reconciled the allocation keys schedule for each financial aggregate between the various companies involved in this operation.

We assessed the relevance of the defined allocation rules and satisfied ourselves as to their correct application by reference, depending on the circumstances, to the company's management accounting records or a direct examination of the underlying accounting documentation. Where relevant, we carried out these verifications on a sample basis.

Lastly, we verified that the information disclosed in the notes to the annual financial statements is appropriate and facilitates comparisons between financial years.

- **Specific verifications**

In accordance with professional standards applicable in France, we have also performed the specific verifications required by French legal and regulatory provisions.

Information given in the management report and in the other documents provided to shareholders with respect to the financial position and the financial statements

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the Management Board's management report approved on June 24, 2020 and in the other documents provided to shareholders with respect to the financial position and the financial statements. Management has confirmed that events that have occurred and information that has come to light relating to the Covid-19 crisis since the financial statements were closed will be reported to the Annual General Meeting called to approve these financial statements. We attest to the fair presentation and the consistency with the financial statements of the information given with respect to the payment terms referred to in Article D.441-4 of the French Commercial Code.

Information on corporate governance

We attest to the existence in the Supervisory Board's report on corporate governance of the information required by Article L. 225-37-4 of the French Commercial Code (Code de commerce).

Concerning the information given in accordance with the requirements of Article L.225-37-3 of the French Commercial Code (Code de commerce) relating to compensation and benefits received by or allocated to the Directors and any other commitments made in their favour, 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 controlled consolidated companies. Based on this work, we attest the accuracy and fair presentation of this information.

In application of the law, we hereby inform you that the information relating to the so-called "equity" ratios for the financial years 2015 to 2018 as well as the annual change, during the last five financial years, in these ratios and in the average remuneration, on a full-time equivalent basis, of the Company's employees, other than the executives, specified by Article L. 225-37-3-I-6 and 7 of the French Commercial Code (Code de commerce) is not disclosed in the Supervisory Board's report on corporate governance. Consequently, we are unable to confirm the existence in this report of the information required by said Article.

With respect to the information relating to items that your Company considered likely to have an impact in the event of a takeover or exchange offer, provided pursuant to Article L.225-37-5 of the French Commercial Code (Code de commerce), we have verified their compliance with the source documents communicated to us. Based on our work, we have no observation to make on this information.

Other information

In accordance with French law, we have verified that the required information concerning the identity of the shareholders or holders of the voting rights has been properly disclosed in the management report.

- ### Information resulting from other legal and regulatory obligations

Appointment of the Statutory Auditors

We were appointed as Statutory Auditors of CNIM Groupe by your General Meeting held on 29 May 2013 as regards PricewaterhouseCoopers Audit, on 19 June 1995 as regards Calan Ramolino et Associés, an entity of the Deloitte network, and on 12 June 2007 as regards Deloitte & Associés, a member of the Deloitte network.

At 31 December 2019, PricewaterhouseCoopers Audit was in the seventh and Deloitte & Associés was in the twenty-fifth year of their respective uninterrupted terms, taking account of the mergers and acquisitions of auditing firms that took place before these dates.

- ### Responsibilities of Management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with French accounting principles and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is expected to liquidate the Company or to cease operations.

The Audit Committee is responsible for monitoring the financial reporting process and the effectiveness of internal control and risks management systems and where applicable, its internal audit, regarding the accounting and financial reporting procedures.

These financial statements have been approved by the Management Board.

- ## Statutory Auditor's responsibilities for the Audit of the Financial Statements

Audit objective and audit approach

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (Code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the Statutory Auditor exercises professional judgment throughout the audit, and furthermore:

- identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtains an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control;
- evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements;
- assesses the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern; This assessment is based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the Statutory Auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein;
- evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

Report to the Audit Committee

We submit a report to the Audit Committee which includes in particular a description of the scope of the audit and the audit program implemented, as well as the results of our audit. We also report, if any, significant deficiencies in internal control regarding the accounting and financial reporting procedures that we have identified.

Our report to the Audit Committee includes the risks of material misstatement that, in our professional judgment, were of most significance in the audit of the financial statements of the year and which are therefore the key audit matters that we are required to describe in this report.

We also provide the Audit with the declaration provided for in Article 6 of Regulation (EU) No. 537/2014, confirming our independence within the meaning of the rules applicable in France such as they are set in particular by Articles L.822-10 to L.822-14 of the French Commercial Code (Code de commerce) and in the French Code of Ethics (Code de déontologie) for Statutory Auditors. Where appropriate, we discuss with the Audit Committee the risks that may reasonably be thought to bear on our independence, and the related safeguards.

Neuilly-sur-Seine and Paris La Défense

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte & Associés
Sébastien Lasou	Philippe Battisti

7.5 Special report of the Statutory Auditors on regulated agreements and commitments(RFA)

This is a free translation into English of the Statutory Auditors' special report on related-party agreements issued in French and is provided solely for the convenience of English speaking readers.

This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

Annual General Meeting for the approval of the financial statements for the year ended 31 December 2019

To the shareholders,

In our capacity as Statutory Auditors of your Company, we hereby report to you on related-party agreements and commitments.

It is our responsibility to report to shareholders, based on the information provided to us, on the main terms and conditions of agreements that have been disclosed to us or that we may have identified as part of our engagement, as well as the reasons given as to why they are beneficial for the Company, without commenting on their relevance or substance or identifying any undisclosed agreements. Under the provisions of Article R.225-58 of the French Commercial Code (Code de commerce), it is the responsibility of the shareholders to determine whether the agreements are appropriate and should be approved.

Where applicable, it is also our responsibility to provide shareholders with the information required by Article R.225-58 of the French Commercial Code in relation to the implementation during the year of agreements already approved by the Annual General Meeting.

We conducted the procedures we deemed necessary in accordance with the professional guidelines of the French National Institute of Statutory Auditors (Compagnie Nationale des Commissaires aux Comptes) relating to this engagement. These procedures consisted in verifying the consistency of the information provided to us with the relevant source documents.

- **AGREEMENTS SUBMITTED FOR APPROVAL**

Agreements authorized 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 entered into during the year, which were subject to prior authorization by the Supervisory Board.

1. **Addendum to the employment contract of Mr Philippe Demigné**

Person 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 €24,511.77, and the variable portion, which was set at €245,000 for the year ended 31 December 2018. This addendum was authorized by the Supervisory Board in its meeting held on 19 March 2019.

Reason justifying the benefits of the agreement for the Company: Your Supervisory Board has taken the view that this agreement allows your Company to reward and retain the members of its 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 €20,438, and the variable portion, which was set at €221,400 for the year ended 31 December 2018. It also grants him a benefit in kind in the form of provision of accommodation. This addendum was authorized by the Supervisory Board in its meeting held on 19 March 2019.

Reason justifying the benefits of the agreement for the Company: Your Supervisory Board has taken the view that this agreement allows your Company to reward and retain the members of its 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 modifies the fixed portion of his remuneration, raising it to a gross monthly amount of €19,993.54, and the variable portion, which was set at €45,000 for the year ended 31 December 2018. It also grants him a benefit in kind corresponding to the provision of accommodation. This addendum was authorized by the Supervisory Board in its meeting held on 19 March 2019.

Reason justifying the benefits of the agreement for the Company: Your Supervisory Board has taken the view that this agreement allows your Company to reward and retain the members of its Management Board.

4. **Short-term financing contract entered into with Martin GmbH**

Persons concerned: Martin GmbH für Umwelt – und Energietechnik, represented by Mr Ulrich Martin (member of your Company's Supervisory Board) and Mr Johannes Martin (member of your Company's Supervisory Board and director of Martin AG für Umwelt – und Energietechnik)

Nature, purpose and conditions: The aim of this agreement was to make a cash advance of €20,000,000 to your Company, which was granted on 11 October 2019 by Martin GmbH für Umwelt und Energietechnik, the term of which, initially set at 15 January 2020, has been successively extended, in accordance with four addenda dated 10 January 2020, 29 February 2020, 19 March 2020 and 27 May 2020, until 29 February 2020, 20 March 2020, 30 April 2020 and 30 June 2020 respectively, bearing interest at the fixed annual rate of 1.8% until 30 April 2020 and at the fixed annual rate of 6.8% after 30 April 2020.

Reason justifying the benefits of the agreement for the Company: Your Supervisory Board has taken the view that this agreement allows your Company to finance its short-term cash requirements.

Agreements authorized and entered into since the reporting date

We have been advised of the following agreements, authorized and entered into since the end of the year last ended, which were subject to prior authorization by your Supervisory Board.

1. **Conciliation Protocol and its Appendices providing for the implementation of new confirmed lines of bonds entered into by CNIM Groupe and its subsidiaries and Soluni and the NL EPS institutions and the Agent and Martin GmbH für Umwelt – und Energietechnik and the French state.**

Persons concerned:

- Soluni SA (a shareholder in your Company holding a fraction of the voting rights greater than 10%)
- Ms Christiane Dmitrieff (member of your Company's Supervisory Board and Chairwoman and Chief Executive Officer of Soluni SA),
- Ms Sophie Dmitrieff and Lucile Dmitrieff (members of your Company's Supervisory Board and directors of Soluni SA),
- Martin GmbH für Umwelt – und Energietechnik, represented by Mr Ulrich Martin (member of the Supervisory Board) and Mr Johannes Martin (member of your Company's Supervisory Board and director of Martin AG für Umwelt – und Energietechnik)

Nature, purpose and conditions: The aim of this protocol is to formalize the parties' respective and reciprocal commitments, so as to submit them for the approval of the Commercial Court of Paris for the purposes of the conciliation procedures. The conciliation protocol (the "Protocol") was entered into on 29 April 2020 under the aegis of the Conciliator in accordance with Articles L. 611-4 et seq. and Articles R. 611-22 et seq. of the French Commercial Code.

Under the terms of this Protocol:

a. CNIM Groupe SA undertook to:

(i) carry out a bond issuance for a total nominal amount of €45,000,000 reserved for Martin GmbH für Umwelt – und Energietechnik only;

(ii) carry out a legal reorganization including, in particular, the spin-off of the EPC business contributed directly by CNIM Groupe SA, to CNIM Environment & Energy EPC.

b. financial institutions undertook to provide CNIM Groupe SA with a medium-term financing of a maximum principal amount of €35,000,000 in accordance with the terms and conditions set out in the related medium-term loan agreement;

c. the French state undertook to provide CNIM Groupe SA with a FDES loan of a maximum principal amount of €8,750,000 in accordance with the terms and conditions set out in the related medium-term loan agreement; and

d. the CNIM Group also undertook to implement an affiliation programme in respect of its activities to one or more new partners or, failing that, a divestment programme in respect of said activities.

The signing of this Protocol received prior authorization from the Supervisory Board at its meeting held on 21 April 2020. This agreement came into force in 2020.

Reason justifying the benefits of the agreement for the Company: Your Supervisory Board has taken the view that this protocol allows CNIM to restructure and refinance itself to improve its financial situation.

2. 2020 bond subscription agreement entered into with Martin GmbH

Persons concerned: Martin GmbH für Umwelt – und Energietechnik, represented by Mr Ulrich Martin (member of the Supervisory Board) and Mr Johannes Martin (member of the Supervisory Board and director of Martin AG für Umwelt – und Energietechnik)

Nature, purpose and conditions: Under the terms of this agreement, CNIM Groupe undertook to carry out a bond issuance in the amount of €45,000,000 reserved for Martin GmbH für Umwelt – und Energietechnik only. The main financial terms and features of this issue are as follows:

- Amount of the issuance: €45,000,000
- Nominal value: €100,000
- Securities issued: bonds in accordance with Article L. 223-38 of the French Commercial Code (Code de commerce);
- Number of bonds: 450;
- Interest rate: 5% per year;
- Interest period: twelve (12) months;
- Payment of interest: interest is paid annually on 31 December each year (the first interest payment date is 31 December 2020);
- Redemption price: 100% of the nominal amount at maturity;
- Subscription procedures: cash subscription, subscribed for €25,000,000 in cash and for €20,000,000 by offsetting against an advance from Martin GmbH für Umwelt– und Energietechnik;
- Lock-up period: none; and
- Maturity date: 31 December 2025

The signing of this agreement took place on 11 June 2020. It had been authorized in advance by the Supervisory Board in its meeting held on 8 June 2020. This agreement came into force in 2020.

Reason justifying the benefits of the agreement for the Company: Your Supervisory Board has taken the view that this agreement allows the CNIM Group to restructure and refinance itself to improve its financial situation.

• AGREEMENTS ALREADY APPROVED BY THE ANNUAL GENERAL MEETING

Agreements approved during previous financial years, performance of which continued during the year

In accordance with Article R. 225-57 of the French Commercial Code, we have been informed that performance of the following agreements, approved by the Annual General Meeting in previous years, continued during the year.

1. Amended sales assistance agreement with LAB S.A.

Persons concerned:

- Mr Nicolas Dmitrieff (Chairman of your Company's Management Board and representative of CNIM Groupe, and director of LAB S.A.)
- Messrs Christophe Favrelle and Stanislas Ancel (members of your Company's Management Board and directors of LAB S.A.)
- Mr François Canellas (member of your Company's Supervisory Board and director of LAB S.A.)

Nature, purpose and conditions: In consideration of the sales assistance provided by your Company and the exclusive rights granted by your Company to LAB S.A. for the delivery of flue-gas treatment systems dedicated to new plants built by your Company, it was agreed that LAB S.A. would pay your Company a fee amounting to 6% of revenues for compliance projects relating to existing plants and 3% of revenues for new plants. This agreement was authorized 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 projects concerned performed by its subsidiary LAB GmbH. In such a case, your Company and LAB S.A. wished to specify in an amendment to the sales assistance agreement that the fees due to your Company under this agreement would be paid directly by the subsidiary concerned.

The signing of this amendment was authorized by the Supervisory Board on 24 November 2011.

Pursuant to this agreement and its amendment, CNIM received the following fees in 2019:

- in respect of sales assistance to LAB S.A.:
  - revenue recorded (excl. VAT) during the year: €409,000
  - cash receipts (excl. VAT) during the year: €907,500
- in respect of sales assistance to LAB GmbH:
  - revenue recorded (excl. VAT) during the year: €0
  - cash receipts (excl. VAT) during the year: €0

2. Unemployment – loss of corporate office insurance contract entered into by the Company in favour of Mr Nicolas Dmitrieff

Person concerned: Mr Nicolas Dmitrieff (Chairman 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, your 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 authorized 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 authorized by the Supervisory Board on 22 October 2009.

This agreement remained in force in 2019; the amount recognized by your Company and paid during the year was €11,093.45.

3. Cooperation agreement entered into with Martin GmbH für Umwelt und Energietechnik

Persons concerned: Martin GmbH für Umwelt – und Energietechnik, represented by Mr Ulrich Martin (member of your Company's Supervisory Board) and Mr Johannes Martin (member of your Company's Supervisory Board and director of Martin AG für Umwelt – und Energietechnik)

Nature, purpose and conditions: Since 1970, CNIM has been working with Martin GmbH für Umwelt – und Energietechnik in the area of household waste incineration plants. The combustion system is provided by Martin GmbH für Umwelt – und Energietechnik and the rest of the plant by your Company (including energy recovery, power generation, electrical installation and the control system, as well as the Primary Contractor related services).

A new cooperation agreement was signed on 9 June 2005. It specifies the territories covered under the agreement and the respective responsibilities of your Company and Martin GmbH für Umwelt – und Energietechnik (remuneration for the design and delivery of the Martin combustion system).

This new agreement received prior authorization from the Supervisory Board on 27 January 2005.

This agreement remained in force in 2019. In respect of this agreement, your Company recognized expenses of €7,986,829 (excl. VAT) and paid a total amount of €10,928,107 (excl. VAT) during the year.

4. Cross-licensing patent agreements entered into by the Company and LAB S.A.

Persons concerned:

- Mr Nicolas Dmitrieff (Chairman of your Company's Management Board, representative of CNIM Groupe and director of LAB S.A.)
- Messrs Christophe Favrelle and Stanislas Ancel (members of your Company's Management Board and directors of LAB S.A.)
- Mr François Canellas (member of your Company's Supervisory Board and director of LAB S.A.)

Nature, purpose and conditions Since CNIM Groupe and LAB S.A. each have a certain number of patents and related trademarks, it seemed appropriate from a sales point of view for each company to be able to promote and propose to their customers the patents belonging to the other company. Accordingly, CNIM Groupe and LAB S.A. decided to sign cross-licensing patent agreements. These agreements also provide for the consequences of a reduction in your Company's shareholding in LAB S.A. to less than 50%.

These agreements were authorized by the Supervisory Board on 7 April 2011.

Under these agreements, no compensation is due by the licensee.

5. **Amendment to an agreement between the Company and SCI du 35 Rue de Bassano for current account advances**

Person concerned: Mr Nicolas Dmitrieff (Chairman of your Company's Management Board and representative of CNIM Groupe, and manager of SCI du 35 rue de Bassano)

Nature, purpose and conditions: Under an agreement dated 30 December 1994, your 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 subscribed by the SCI to finance the revamping

of the building located at 35, Rue de Bassano, 75008 Paris, your Company and the SCI decided to convert the current account advance balance to a €4,000,000 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 authorized by the Supervisory Board on 20 March 2014.

Interest accounted for and paid with respect to fiscal year 2019 amounted to €161,649.

6. **Group central services agreement entered into with Soluni SA**

Persons concerned:

- Soluni SA (a shareholder in your Company holding a fraction of the voting rights greater than 10%)
- Ms Christiane Dmitrieff (member of your Company's Supervisory Board and Chairwoman and Chief Executive Officer of Soluni SA),
- Ms Sophie Dmitrieff and Lucile Dmitrieff (members of your Company's Supervisory Board and directors of Soluni SA).

Nature, purpose and conditions: The purpose of the agreement is to provide Soluni with bookkeeping and cash management services. In consideration of these services, the compensation paid by Soluni to your Company corresponds to the re-invoicing by your Company of the internal and external costs incurred to perform such services, internal cots being billed on a pro rata basis according to time spent and including an handling fee of 5%..

The signing of this agreement was authorized by the Supervisory Board in its meeting held on 19 March 2015.

This agreement remained in force in 2019 and your Company received remuneration of €62,685.22.

Neuilly-sur-Seine and Paris-La Défense, 25 June 2020

The Statutory Auditors

PricewaterhouseCoopers Audit	Deloitte&Associés
Sébastien Lasou	Philippe Battisti

8 ADDITIONAL INFORMATION

8.1 General information

8.1.1 Legal and commercial name of the issuer

Company name: CNIM Groupe

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 20 July 1966, the date of its incorporation, except in the event of early dissolution or extension.

The Company was registered on 4 October 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 Auditors contact details

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 29 May 2013.
Expiry date of current engagement: at the end of the General Meeting called to rule on the 2024 financial statements.
Signatory: Sébastien Lasou

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 29 May 2013.
Expiry date of current engagement: at the end of the General Meeting called to rule on the 2024 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 29 May 2013.

Expiry date of current engagement: at the end of the General Meeting called to rule on the 2024 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 29 May 2013.

Expiry date of current engagement: at the end of the General Meeting called to rule on the 2024 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 26 June 2019.

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 Energy and Environmental Management, Defence and Industrial fields;
- the provision 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 the life of the Group through active participation in the execution of Group policy and oversight of its subsidiaries;
- 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 in order 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;
- Order book for the financial year.

c. Financial publications and information

- Universal registration document;
- Annual financial report;
- Half-yearly financial report;
- Quarterly information;
- Financial calendar.

d. Other documents

Description of share buyback 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 26 June 2019.

During the period of validity of this 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 herein;
- historical financial information of the Company and its subsidiaries for each of the two financial years preceding the publication of this document.

8.4 Responsible person (AFR)

8.4.1 Person responsible for the Universal Registration Document

Mr. Nicolas Dmitrieff, Chairman of the Management Board.

8.4.2 Declaration by the person responsible for the Universal Registration Document

I declare, having taken all reasonable steps for this purpose, that the information contained in this universal registration document is true and accurate to the best of my knowledge and contains no omissions that would alter its meaning.

I declare that, to the best of my knowledge, 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 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, and describes the principal risks and uncertainties to which they are exposed.

Paris, 29 June 2020

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 30 June, 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 31 December 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 1 January 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.

2019

In 2019, CNIM acquired:

- COMETAL France: COMETAL, established in 2000, specialises in the production and maintenance of combustion grates for biomass-fired cogeneration plants and waste-to-energy centres. The company also sells replacement parts. COMETAL's activities offer an excellent fit with those of CNIM Environment & Energy. This acquisition expands and enhances CNIM's offering in the area of spare parts and retrofit services for its core markets.
- 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 StratobusTM stratospheric airship programme. Airstar Aerospace was renamed CNIM Air Space.

Legal reorganisation of the Group's activities

From an operational perspective, the Group's activity was until recently structured as two Sectors, the Environment and Energy (E&E) sector and the Innovations & Systems (I&S) sector, each sub-divided into the following Divisions:

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

a. E&E EPC Division;

b. E&E Flue Gas Treatment Division (LAB);

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 generates almost half of the Group's revenue through activities a, c, d and e above. The remainder of the Group's revenue is accounted for by Group subsidiaries with no legal framework that clearly distinguishes between the various businesses.

This situation led to:

- 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 implemented in the various subsidiaries.

Consequently, in 2018, 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 were to:

- spin off by means of partial contributions of capital and then reclassify, on the one hand, all of the Parent Company'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;
- 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 the Parent Company.
- strengthen corporate governance across all Group entities.

All of the proposed measures were approved at the Shareholders' Meeting on 26 June 2019, and by the sole representative of each company receiving a contribution. These capital contribution transactions were subject to a number of conditions precedent.

Upon clearing the conditions precedent, the Group finalised the capital contributions at midnight on 31 December 2019, except for the transaction involving the E&E EPC division, which was not approved in time by an adequate number of co-contractors. Nevertheless, due diligence activities aimed at obtaining their approval continued, with a view to completing the transaction in FY 2020.

In summary, the Group spun off the various subsidiaries by means of partial contributions of tangible and intangible assets, with the exception of the E&E EPC division, postponed until 2020. The transactions consisting in CNIM SA contributing the shares in the division-level holding companies to two intermediate holding companies placed at the head of the two sectors were also deferred until 2020.

The Group also reclassified certain participating interests held indirectly by CNIM SA, via CNIM Netherlands BV, lodged in an intermediate sub-holding company (CNIM Environnement & Energie Participations) by means of the contribution by CNIM SA of the shares in CNIM Netherlands BV, at midnight on 31 December 2019.

The resulting organisational structure is shown in § 2.6. 'Principal companies in the CNIM Group at 31 December 2019.

The Group implemented enhanced governance procedures across all entities, resulting in significant involvement by CNIM SA's Management Board and its Chairman in the management of the subsidiaries, thereby ensuring consistency throughout the Group.

Lastly, the Parent Company was renamed 'CNIM Groupe', further to a resolution approved at its Shareholders' Meeting on 26 June 2019.

10 CROSS-REFERENCE TABLES

10.1 Universal Registration document

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7.2	Operating results	2.8-2.13 /6	59-80/162-239

7.2.1	Significant factors materially affecting the issuer's income from operations	2.8-2.13 /6	59-80/162-239
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10.2 Annual financial report

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Incorporation by reference

In accordance with Article 19 of Regulation (EU) No. 2017/1129, the following information is incorporated by reference into this document:

- the consolidated financial statements for the year ended 31 December 2018 and the Statutory Auditors' report in relation thereto as included respectively in paragraphs 6.1 and 7.3 of the 2018 registration document filed on 28 March 2019 with the Autorité des Marchés Financiers under number No. D.19-0221;
- the annual financial statements for the year ended 31 December 2018 and the Statutory Auditors' report in relation thereto as included respectively in paragraphs 6.2 and 7.4 of the 2018 registration document filed on 28 March 2019 with the Autorité des Marchés Financiers under number No. D.19-0221;
- the commentary on activities during the year ended 31 December 2018 as included in chapter 2 of the 2018 registration document filed on 28 March 2019 with the Autorité des Marchés Financiers under number No. D.19-0221;
- the consolidated financial statements for the year ended 31 December 2017 and the Statutory Auditors' report in relation thereto as included respectively in paragraphs 5.1 and 6.3 of the 2017 registration document filed on 27 March 2018 with the Autorité des Marchés Financiers under number No. D.18-0190;
- the annual financial statements for the year ended 31 December 2017 and the Statutory Auditors' report in relation thereto as included respectively in paragraphs 5.2 and 6.4 of the 2017 registration document filed on 27 March 2018 with the Autorité des Marchés Financiers under number No. D.18-0190;
- the commentary on activities during the year ended 31 December 2017 as included in chapter 1 of the 2017 registration document filed on 27 March 2018 with the Autorité des Marchés Financiers under number No. D.18-0190.

CNIM

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